

**Comprehensive Annual
Financial Report**

of the

**Caldwell-West Caldwell School District
Board of Education**

West Caldwell, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

**Caldwell-West Caldwell School District
Board Office**

**CALDWELL-WEST CALDWELL
SCHOOL DISTRICT**

**Caldwell-West Caldwell School District
West Caldwell, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018**

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
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INTRODUCTORY SECTION

BOARD OF EDUCATION CALDWELL-WEST CALDWELL

**Harrison School Building
Gray Street, West Caldwell, New Jersey 07006**

**Thomas J. Lambe
Business Administrator/Board Secretary**

(973) 228-3360

January 18, 2019

The Honorable President and Members of
the Board of Education
Caldwell-West Caldwell School District
County of Essex, New Jersey 07006

Dear Board Members:

The comprehensive annual report of the Caldwell-West Caldwell School District for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditor's Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *"Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid"*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Caldwell-West Caldwell School District is an independent entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Caldwell-West Caldwell School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The District's enrollment was 2,621 students, based on the annual October 13, 2017 ASSA count, which is an increase of 12 students from the previous year's enrollment.

2) ECONOMIC CONDITION AND OUTLOOK:

Borough of Caldwell

The Borough of Caldwell has grown from a suburban municipality of a few homes and farms to a fine, modern community of predominantly middle-class families. The Township is located in western Essex County, and has a land area of 1.20 square miles. Single family homes predominate with a number of two and three family houses, and twenty-five apartment complexes.

The Borough has almost no vacant land remaining for the development of single family homes and its future growth is limited. A majority of the more than two hundred businesses and commercial establishments are located along Bloomfield Avenue, which bisects the Township from east to west and is a major shopping center for the area.

A well-balanced blend of historic preservation, coupled with the business community's support, should retain the chain of Caldwell's past and meet the marketing needs of the future.

Township of West Caldwell

The Township of West Caldwell is an attractive residential community located in the northwest portion of Essex County, and has a land area of 5.28 square miles.

The Township is a community with a well-balanced economy, represented by a substantially developed industrial, commercial and residential base. The residential development of West Caldwell consists principally of single family owner-occupied homes. A Master Plan and revised Zoning Ordinance and a Land Use Procedure Ordinance provide for an orderly development of remaining land in the township and has been designed to maintain and improve its desirable residential character, as well as a strong commercial base. Areas are still available for several types of residential development as well as segregated areas for light industrial and commercial use.

3) MAJOR INITIATIVES:

During the 2017-18 school year, the District completed the next phase of the Five Year Curriculum Plan. This included revisions in the following areas:

- a. Refine alignment with NJ State Learning Standards (multiple subjects)
- b. Review and revise tiered instruction model
- c. Review and revise Gifted Achievement Program
- d. Create additional opportunities for students to personalize learning

The District also implemented Year Two of implementing Readers Workshop in the elementary schools and the middle school. The intent is to successfully promote a workshop approach to reading and writing model and to further ensure that a balanced approach to literacy defines our language arts spaces. This culminated with the formal revision of the K-5 ELA Curriculum.

We also continued to invest in afterschool programming. Year Three of the Expeditionary Learning Program was filled to capacity at each school and Year One of the After School Program was likewise successful.

In Professional Development, the District continued its work in design-based pedagogy, which has applications to all grade levels and subject areas. The district has now worked with Conquer Mathematics for Professional Development in math for several years. As always, professionals across the school district participated in Professional Learning Communities. Educators regularly met to review student performance data, analyze assessments and calibrate student work.

By the end of the 2017-2018 school year, the District had completed over 98% of the construction projects funded by the \$18+ million bond referendum from 2014. The remaining projects are expected to be completed by August 2019.

The District is beginning a \$3 million ESIP project, with all schools to have new LED lighting installed, new solar panels installed and HVAC controls replaced. Additionally, new boilers will be installed at the middle school. Energy savings will fund the projects at no cost to taxpayers.

The district continues to invest in security initiatives, including new and replacement cameras and PA systems. This is an ongoing process that will continue during the 2018-2019 school year.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 require 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 system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general, special revenue and the debt service funds. 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.

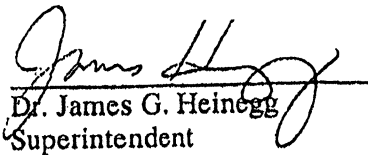
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as restrictions, commitments or assignments of fund balance at June 30, 2018.

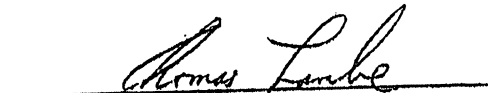
6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to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

7) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The Auditors’ Report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The Auditors’ Reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

8) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Caldwell-West Caldwell School District for their concern in providing fiscal accountability to the citizens of the Township of West Caldwell and the Borough of Caldwell and thereby contributing their full support to the development and maintenance of the District’s financial operation. We would like to note our appreciation for the assistance rendered by all of the District’s staff who helped in the preparation of this report.

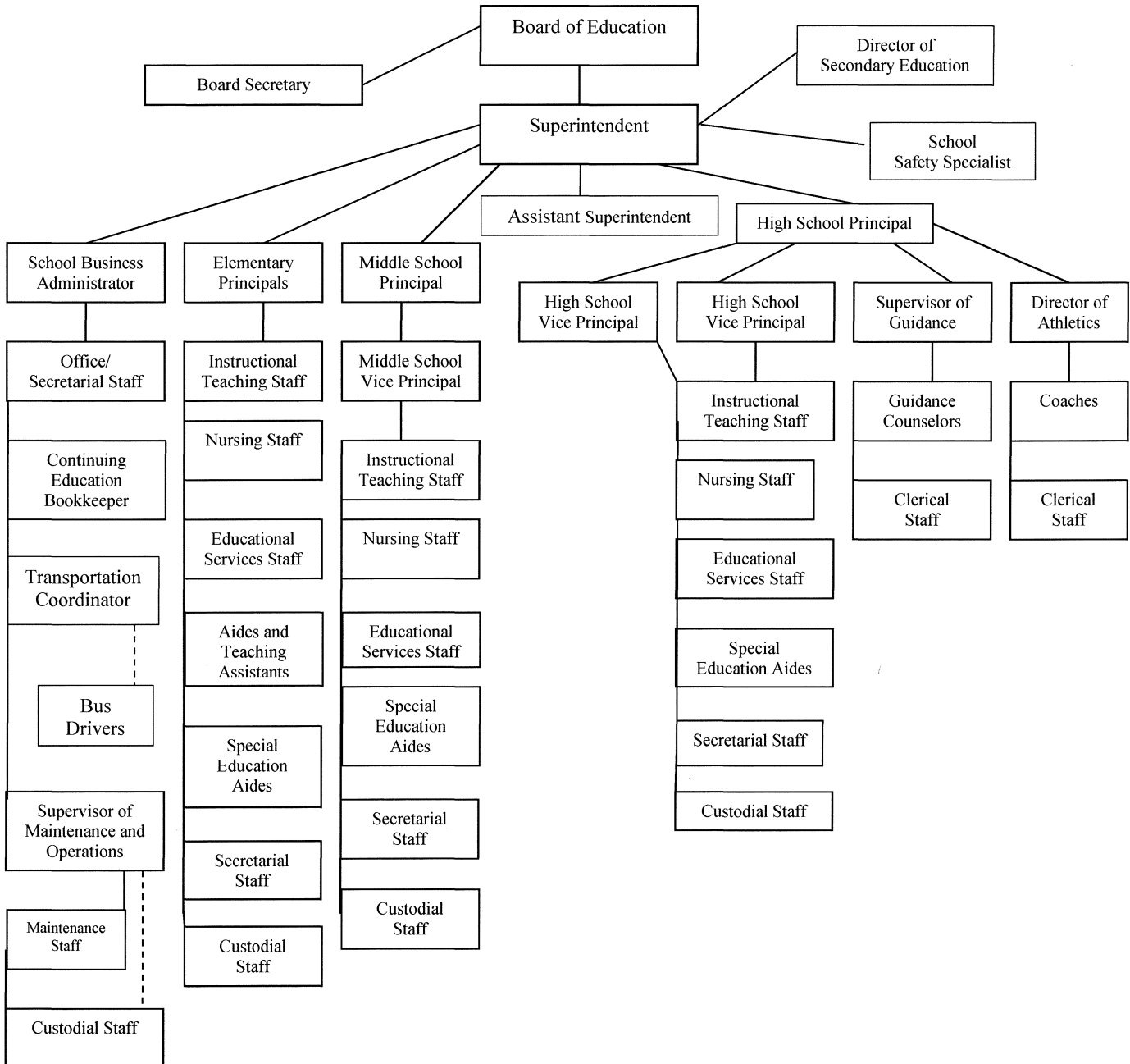
Respectfully submitted,


Dr. James G. Heinegg
Superintendent


Thomas J. Lambe
Business Administrator/Board Secretary

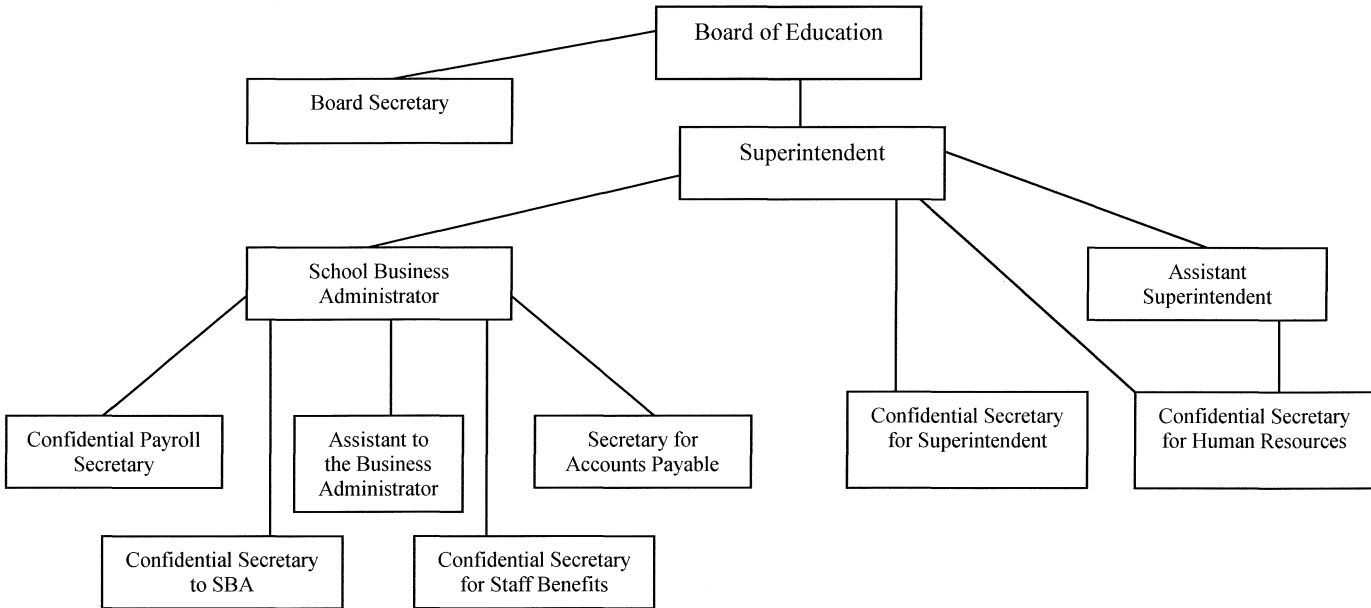
CALDWELL-WEST CALDWELL BOARD OF EDUCATION

ORGANIZATIONAL CHART



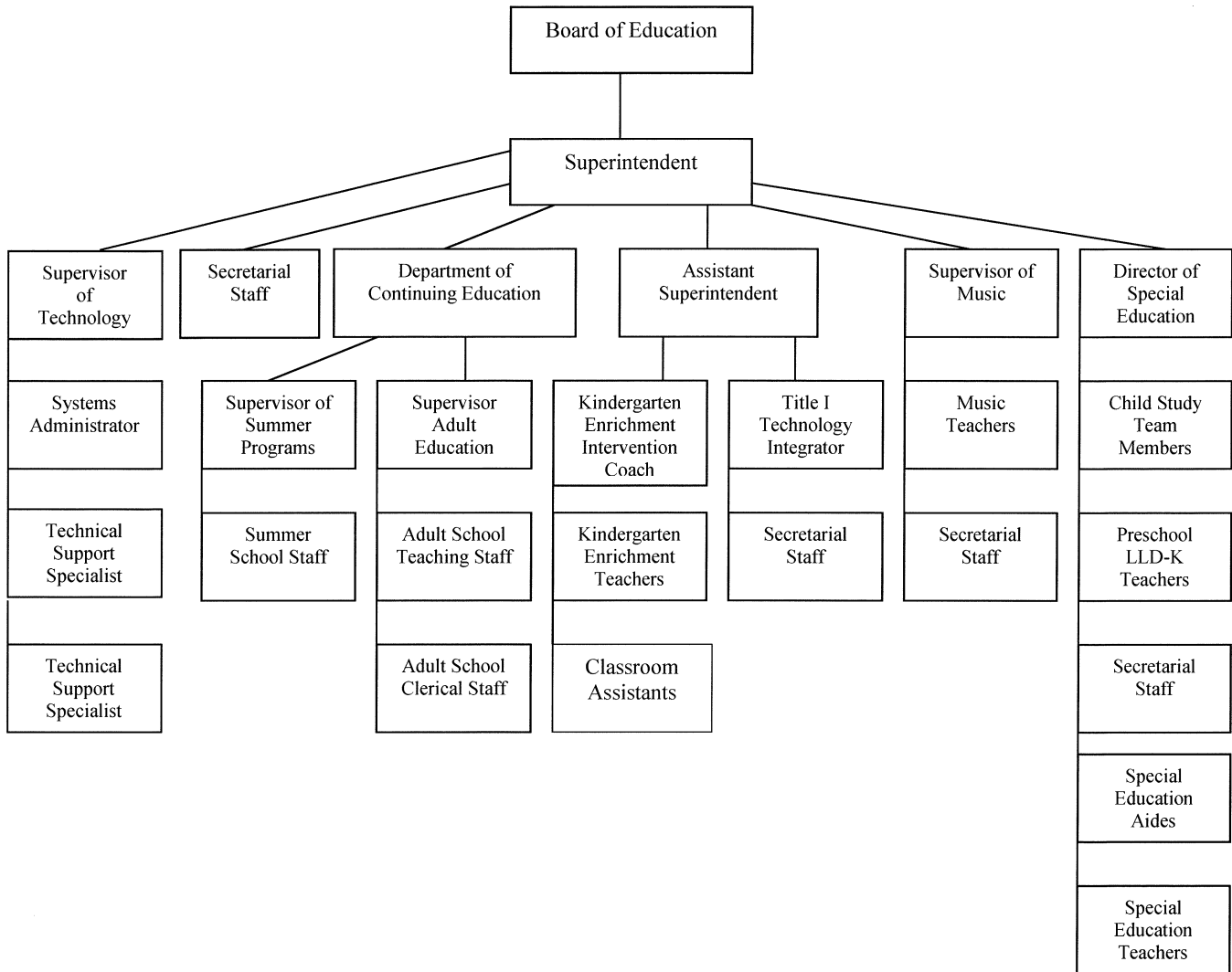
CALDWELL-WEST CALDWELL BOARD OF EDUCATION

Human Resources and Business Functions



CALDWELL-WEST CALDWELL BOARD OF EDUCATION

Office of the Superintendent, Music, Special Education, Technology, and Continuing Education



**CALDWELL-WEST CALDWELL SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Marie Lanfrank, President	12/2019
Thomas D. Adams, Vice President	12/2018
Daniel Cipoletti	12/2019
John King	12/2020
Chris D'Ambola	12/2018

<u>Other Officers</u>	<u>Title</u>
Dr. James G. Heinegg	Superintendent of Schools
Thomas Lambe	Business Administrator/Board Secretary
Michael Falkowski	Treasurer of School Monies
Frank Pomaco, Esq.	School Board Attorney

CALDWELL-WEST CALDWELL SCHOOL DISTRICT

Consultants and Advisors

Architect

Feitlowitz & Kosten Architects
5N Regent Street, Suite 501
Livingston, New Jersey 07039

Audit Firm

Nisivoccia LLP, CPAs
Mount Arlington Corporate Center
200 Valley Road Suite 300
Mount Arlington, New Jersey 07856-1320

Board Attorney

Gaccione & Pomaco, PC
524 Union Avenue
Belleville, New Jersey 07109

Bond Attorney

Wilentz, Goldman & Spitzer, PA
90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095

Special Education Attorney

Isabel Machado
Machado Law Group
1 Cleveland Place
Springfield Township, NJ 07081

Bond Financial Advisor

Phoenix Advisors, LLC
4 West Park Street
Bordentown, NJ 08505

Official Depositories

Valley National Bank

Lakeland Bank

TD Wealth

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Caldwell-West Caldwell School District
County of Essex, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Caldwell-West Caldwell School District (the "District") in the County of Essex, as of and for the fiscal year ended June 30, 2018, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Caldwell-West Caldwell School District, in the County of Essex, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-retirement benefit schedules in Exhibits L-1 through L-7 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Honorable President and Members
of the Board of Education
Caldwell-West Caldwell School District
Page 3

The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nisivoccia, LLP

NISIVOCCIA, LLP

January 18, 2019
Mount Arlington, New Jersey

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**CALDWELL-WEST CALDWELL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)**

This section of Caldwell-West Caldwell Board of Education's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

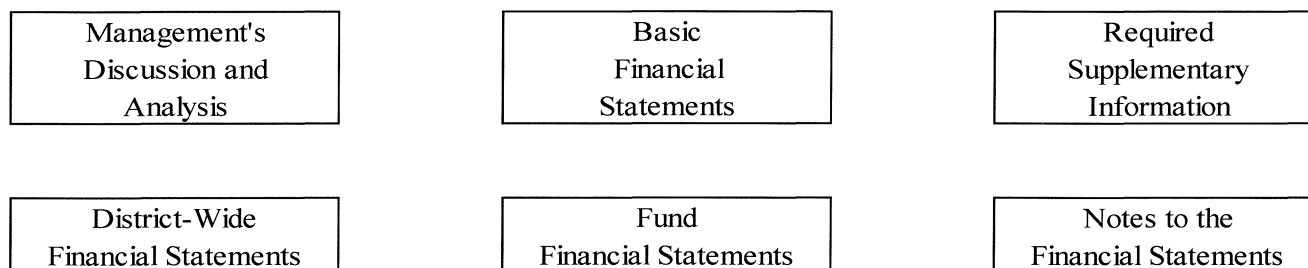
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of the School District's Financial Report



**CALDWELL-WEST CALDWELL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and continuing education.	Instances in which the District administers resources on behalf of someone else, such as student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities are included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**CALDWELL-WEST CALDWELL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, tuition and state formula aid finance most of these activities.
- *Business-type activities:* The District charges fees to help it cover the costs of certain services it provides. The District's food service and continuing education programs are included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. *Internal service funds* (the other kind of proprietary fund) report activities that provide supplies and services for other programs and activities. The District currently does not maintain any internal service funds.

**CALDWELL-WEST CALDWELL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)**

Fund Financial Statements

- *Fiduciary funds:* The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Basic Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position. The District's combined net position increased by \$2,789,470. Net position from governmental activities increased by \$2,657,757 and net position from business-type activities increased by \$131,713. Net investment in capital assets increased by \$1,659,009, restricted net position increased by \$948,444, and unrestricted net position increased by \$182,017.

**Figure A-3
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percent
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Change
Assets:							
Current and							
Other Assets	\$ 9,807,101	\$ 9,283,281	\$ 458,236	\$ 275,294	\$ 10,265,337	\$ 9,558,575	
Capital Assets, Net	36,194,399	33,323,644	181,660	203,279	36,376,059	33,526,923	
Total Assets	46,001,500	42,606,925	639,896	478,573	46,641,396	43,085,498	8.25%
Deferred Outflows of Resources	4,244,364	6,081,733			4,244,364	6,081,733	-30.21%
Liabilities:							
Other Liabilities	927,767	1,569,962	149,652	120,042	1,077,419	1,690,004	
Long-Term Liabilities	42,563,365	46,423,473			42,563,365	46,423,473	
Total Liabilities	43,491,132	47,993,435	149,652	120,042	43,640,784	48,113,477	-9.30%
Deferred Inflows of Resources	3,922,770	521,018			3,922,770	521,018	652.90%
Net Position:							
Net Investment in							
Capital Assets	13,464,517	11,783,889	181,660	203,279	13,646,177	11,987,168	
Restricted	3,489,294	2,540,850			3,489,294	2,540,850	
Unrestricted/(Deficit)	(14,121,849)	(14,150,534)	308,584	155,252	(13,813,265)	(13,995,282)	
Total Net Position	\$ 2,831,962	\$ 174,205	\$ 490,244	\$ 358,531	\$ 3,322,206	\$ 532,736	523.61%

**CALDWELL-WEST CALDWELL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)**

Changes in Net Position. The Changes in Net Position shows the cost of program services and the revenues of the District on a comparative schedule (Figure A-4).

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percent Change
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	
Revenue:							
Program Revenue:							
Charges for Services	\$ 88,584	\$ 72,391	\$ 1,180,602	\$ 682,716	\$ 1,269,186	\$ 755,107	
Operating Grants and Contributions	17,412,814	15,720,600	95,238	90,920	17,508,052	15,811,520	
General Revenue:							
Property Taxes	44,669,311	43,560,879			44,669,311	43,560,879	
Unrestricted State and Federal Aid	714,671	986,802			714,671	986,802	
Other	772,948	355,970	892	243	773,840	356,213	
Total Revenue	<u>63,658,328</u>	<u>60,696,642</u>	<u>1,276,732</u>	<u>773,879</u>	<u>64,935,060</u>	<u>61,470,521</u>	5.64%
Expenses:							
Instruction	35,751,501	34,318,403			35,751,501	34,318,403	
Pupil & Instruction Services	12,034,475	11,675,887			12,034,475	11,675,887	
Administrative & Business	5,368,462	5,910,527			5,368,462	5,910,527	
Maintenance & Operations	5,036,489	4,288,007			5,036,489	4,288,007	
Transportation	1,396,947	1,601,034			1,396,947	1,601,034	
Other	1,412,697	1,502,716	1,145,019	802,415	2,557,716	2,305,131	
Total Expenses	<u>61,000,571</u>	<u>59,296,574</u>	<u>1,145,019</u>	<u>802,415</u>	<u>62,145,590</u>	<u>60,098,989</u>	3.41%
Increase/(Decrease) in Net Position	<u>\$ 2,657,757</u>	<u>\$ 1,400,068</u>	<u>\$ 131,713</u>	<u>\$ (28,536)</u>	<u>\$ 2,789,470</u>	<u>\$ 1,371,532</u>	103.38%

**CALDWELL-WEST CALDWELL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)**

Governmental Activities

The financial position of the District improved significantly. However, maintaining existing programs while experiencing an increase in enrollment, combined with rising salary and benefits costs, places great demands on the District's resources.

The District continues to pursue and implement cost savings strategies in order to sustain its financial health. Some examples are:

- The District is beginning a \$3 million ESIP project, with all schools to have new LED lighting installed, new solar panels installed and HVAC controls replaced. Additionally, new boilers will be installed at the middle school. Energy savings will fund the projects at no cost to taxpayers.
- For the third consecutive year, the District entered into an Interlocal Agreement with the Township of West Caldwell to share lawn cutting services.
- Renewal of agreement with the Caldwell Community Center for use of their pool for the James Caldwell High School Boys and Girls Swim Teams.
- Continues to operate its regular education bus routes in-house, on two 54-passenger buses, which are also used for transportation for Kindergarten Enrichment and Athletics.
- Participation in multiple cooperative purchasing programs for district supplies.
- Shared service agreements with other public entities for busing services for special education students, athletics and field trips.
- The District participates in several cooperative purchasing programs for construction services. We have been able to significantly increase the scope of facility improvement projects by implementing a strategy of bidding and using cooperative purchasing to procure the most favorable prices for construction projects.
- The use of state contracts for reduced pricing in purchasing.
- Participation in the ACES cooperative energy purchasing program.
- Membership in the School Alliance Insurance Fund (SAIF), a joint insurance fund comprised of dozens of school districts that provides liability, workers compensation and automobile insurance. The pooling of resources, experiences and claims with other school districts reduces the risk of the District, resulting in lower claims and more reasonable premiums.

The District will continue its practice of examining all expenses carefully and being mindful of pressure to reduce taxes while maintaining and/or expanding programs.

**CALDWELL-WEST CALDWELL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)**

Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-5
Net Cost of Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2017/18	2017/18	2016/17	2016/17
Instruction	\$ 35,751,501	\$ 22,956,685	\$ 34,318,403	\$ 22,694,257
Pupil and Instruction Services	12,034,475	9,136,544	11,675,887	9,119,212
Administrative and Business	5,368,462	4,350,620	5,910,527	4,415,106
Maintenance and Operations	5,036,489	4,377,335	4,288,007	4,288,007
Transportation	1,396,947	1,265,292	1,601,034	1,484,285
Other	1,412,697	1,412,697	1,502,716	1,502,716
	<u>\$ 61,000,571</u>	<u>\$ 43,499,173</u>	<u>\$ 59,296,574</u>	<u>\$ 43,503,583</u>

Business-Type Activities

Net position from the District's business-type activity increased by \$131,713. (Refer to Figure A-4). Factors contributing to these results included:

- Continuing Education Fund revenues exceeded expenses by \$107,943 due to an increase in enrollment in the Kindergarten Enrichment program that began its second year in September 2018, and Food Service Fund expenses exceeded revenues by \$23,770, resulting in the overall increase in the net position of the business-type activities.

Financial Analysis of the District's Funds

The District's General Fund financial position improved \$1,354,272 on a fund basis despite continued difficult economic times. The weak economy and State budget problems have had a direct impact upon the District's revenue sources. The largest part of the operating budget comes from the local tax levy. The increasing reliance on local tax levy is caused by the lack of increased State funding and Federal funding. All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District will continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenues.

The District's Capital Projects Fund financial position decreased \$107,896 due to project expenditures related to the 2015 referendum; offset by the issuance of serial bonds related to the Energy Savings Improvement Program (ESIP) project.

**CALDWELL-WEST CALDWELL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)**

General Fund Budgetary Highlights

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

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Increased need to upgrade technology, including cameras and PA systems for security purposes. This is an ongoing process that will continue during the 2018-2019 school year
- Purchase of a third 54-passenger bus that allows all of athletics transportation to be done in-house, and a second minivan to bring another high-cost out-of-district special education route in-house. Both purchases provide budgetary savings over the long run.

Capital Asset and Long-Term Liabilities

The District's capital assets increased by \$2,849,136, or 8.50% as shown in Figure A-6. (More detailed information about the District's capital assets is presented in Note 6 to the financial statements.)

**Figure A-6
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	Change 2017/18
Sites	\$ 229,918	\$ 229,918			\$ 229,918	\$ 229,918	
Site Improvements	3,167,355	3,377,185			3,167,355	3,377,185	
Construction in Progress	18,559,972	15,292,474			18,559,972	15,292,474	
Buildings & Building Improvements	11,177,640	11,421,572			11,177,640	11,421,572	
Machinery and Equipment	3,059,514	3,002,495	\$ 181,660	\$ 203,279	3,241,174	3,205,774	
Total Capital Assets, Net	\$ 36,194,399	\$ 33,323,644	\$ 181,660	\$ 203,279	\$ 36,376,059	\$ 33,526,923	8.50%

During the fiscal year, the District acquired or constructed \$3,708,052 in capital asset additions (\$3,267,498 from ongoing capital projects and \$440,554 from current year budgeted capital outlay) and expensed \$858,916 in depreciation (\$837,297 from its governmental activities and \$21,619 from its business-type activities). (More detailed information about the District's capital assets is presented in Note 6 to the financial statements.)

**CALDWELL-WEST CALDWELL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)**

Long-term Liabilities

The District's long-term debt decreased by \$3,860,108 or 8.31% – as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

**Figure A-7
Outstanding Long-Term Liabilities**

	Total School District		Percentage
	2017/18	2016/17	Change 2017/18
General Obligation Bonds (Financed with Property Taxes)	\$ 27,625,000	\$ 26,610,000	
Unamortized Bond Issuance Premium	536,608	626,043	
Net Pension Liabilities	13,631,959	18,411,144	
Other Long-Term Liabilities	769,798	776,286	
	<u>\$ 42,563,365</u>	<u>\$ 46,423,473</u>	-8.31%

- The District continued to pay down its bonded debt, retiring \$1,785,000 of outstanding bonds.
- The District issued new bonds related to the ESIP project in the amount of \$2,800,000.
- Unamortized Bond Issuance Premium decreased \$89,435.
- Net Pension Liability decreased by \$4,779,185.
- Compensated absences payable decreased by a net amount of \$6,488.

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- There are several staff members with many years of service in education. It is reasonable to expect some changes in the future, which will be viewed as an opportunity to review resource allocation and structure.
- In February 2018, the district switched from the School Employers Health Benefits Plan (SEHBP) to a private health insurance plan from Horizon, with projected savings to the district and employees of about \$1.1 million over 17 months. Additionally, the district changed the base plan for most employees from Direct Access 10 (\$10 copay) to Direct Access 15 (\$15 copay) in July 2018 for additional savings. The employees will continue to contribute to health benefits at the Tier 4 rates.
- This switch in health coverage allowed the district to settle the teachers contract through June 30, 2021 without delay. The District's contract with the secretarial unit will expire on June 30, 2020, and custodial contracts that expired on June 30, 2018 are currently being negotiated. The contract with the administrative bargaining unit will expire on June 30, 2019. The result of the impending settlements will have a significant impact on future budgets.

**CALDWELL-WEST CALDWELL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Unaudited)**

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, Gray Street, West Caldwell, New Jersey, 07006.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,528,048	\$ 484,222	\$ 5,012,270
Interfund Receivable - Flexible Spending Trust	9,027		9,027
Interfund Receivable - Payroll Agency	1,412		1,412
Receivables from State Government	1,168,322	707	1,169,029
Receivables from Federal Government	90,384	15,468	105,852
Receivables from Other Governments	1,113,309		1,113,309
Other Accounts Receivables	12,314		12,314
Internal Balances	52,547	(52,547)	
Inventories		10,386	10,386
Restricted Cash and Cash Equivalents	2,831,738		2,831,738
Capital Assets, Net:			
Sites (Land) and Construction in Progress	18,783,989		18,783,989
Depreciable Site Improvements, Buildings & Building Improvements and Machinery and Equipment	17,410,410	181,660	17,592,070
Total Assets	46,001,500	639,896	46,641,396
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Amount on Refunding	403,390		403,390
Changes in Outflows - Pensions	3,840,974		3,840,974
Total Deferred Outflows of Resources	4,244,364		4,244,364
LIABILITIES			
Current Liabilities:			
Accounts Payable	625,985		625,985
Accrued Interest Payable	238,332		238,332
Payable to State Government	10,375		10,375
Unearned Revenue	53,075	149,652	202,727
Noncurrent Liabilities:			
Due Within One Year	2,114,606		2,114,606
Due Beyond One Year	40,448,759		40,448,759
Total Liabilities	43,491,132	149,652	43,640,784
DEFERRED INFLOWS OF RESOURCES:			
Changes in Inflows - Pensions	3,922,770		3,922,770
Total Deferred Inflows of Resources	3,922,770		3,922,770

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 13,464,517	\$ 181,660	\$ 13,646,177
Restricted for:			
Capital Projects	2,131,738		2,131,738
Debt Service	41,351		41,351
Maintenance Reserve	700,000		700,000
Excess Surplus	616,205		616,205
Unrestricted/(Deficit)	<u>(14,121,849)</u>	<u>308,584</u>	<u>(13,813,265)</u>
Total Net Position	<u>\$ 2,831,962</u>	<u>\$ 490,244</u>	<u>\$ 3,322,206</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 25,621,193	\$ 78,049	\$ 7,934,703	\$ (17,608,441)		\$ (17,608,441)
Special Education	7,655,254		4,017,635	(3,637,619)		(3,637,619)
Other Special Instruction	322,585		106,958	(215,627)		(215,627)
Other Instruction	2,152,469		657,470	(1,494,999)		(1,494,999)
Support Services:						
Tuition	2,458,883			(2,458,883)		(2,458,883)
Student and Instruction Related Services	9,575,592		2,897,931	(6,677,661)		(6,677,661)
General Administrative Services	986,508		198,213	(788,295)		(788,295)
School Administrative Services	3,464,280		1,195,039	(2,269,241)		(2,269,241)
Central Services	917,674		283,745	(633,929)		(633,929)
Administrative Information Technology	659,154			(659,154)		(659,154)
Plant Operations and Maintenance	4,377,335			(4,377,335)		(4,377,335)
Pupil Transportation	1,396,947	10,535	121,120	(1,265,292)		(1,265,292)
Unallocated Depreciation	639,551			(639,551)		(639,551)
Interest on Long-Term Debt	773,146			(773,146)		(773,146)
Total Governmental Activities	61,000,571	88,584	17,412,814	(43,499,173)		(43,499,173)
Business-Type Activities:						
Continuing Education	576,719	684,662			\$ 107,943	107,943
Food Service Fund	568,300	495,940	95,238		22,878	22,878
Total Business-Type Activities	1,145,019	1,180,602	95,238		130,821	130,821

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Total Primary Government	\$ 62,145,590	\$ 1,269,186	\$ 17,508,052	\$ (43,499,173)	\$ 130,821	\$ (43,368,352)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				42,805,131		42,805,131
Taxes Levied for Debt Service				1,864,180		1,864,180
Federal, State and Local Aid not Restricted				714,671		714,671
Interest Earnings				69,719	892	70,611
Miscellaneous Income				703,229		703,229
Total General Revenues				46,156,930	892	46,157,822
Change in Net Position				2,657,757	131,713	2,789,470
Net Position - Beginning				174,205	358,531	532,736
Net Position - Ending				\$ 2,831,962	\$ 490,244	\$ 3,322,206

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Debt</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	<u>Service</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 436,009		\$ 4,050,688	\$ 41,351	\$ 4,528,048
Interfund Receivable	101,985				101,985
Receivables From State Government	609,845	72	558,405		1,168,322
Receivables From Federal Government		90,384			90,384
Receivables From Other Governments	1,113,309				1,113,309
Other Accounts Receivable		12,314			12,314
Restricted Cash and Cash Equivalents	2,831,738				2,831,738
Total Assets	<u>\$ 5,092,886</u>	<u>\$ 102,770</u>	<u>\$ 4,609,093</u>	<u>\$ 41,351</u>	<u>\$ 9,846,100</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable		\$ 8,889			\$ 8,889
Accounts Payable - Vendors	\$ 47,446	30,431	\$ 30,110		\$ 77,877
Payable to State Government		10,375			10,375
Unearned Revenue		53,075			53,075
Total Liabilities	<u>47,446</u>	<u>102,770</u>	<u>30,110</u>		<u>180,326</u>
Fund Balances:					
Restricted:					
Capital Reserve Account	2,131,738				2,131,738
Maintenance Reserve	700,000				700,000
Excess Surplus - Subsequent Year's Expenditures	300,000				300,000
Excess Surplus	316,205				316,205
Capital Projects			4,491,728		4,491,728
Debt Service				\$ 41,351	41,351
Committed:					
Capital Projects			87,255		87,255
Assigned:					
Year-end Encumbrances	533,300				533,300

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Unassigned	\$ 1,064,197				\$ 1,064,197
Total Fund Balances	5,045,440	\$ - 0 -	\$ 4,578,983	\$ 41,351	9,665,774
Total Liabilities and Fund Balances	<u>\$ 5,092,886</u>	<u>\$ 102,770</u>	<u>\$ 4,609,093</u>	<u>\$ 41,351</u>	

Amounts reported for *Governmental Activities* in the Statement of Net Position (Exhibit A-1) are different because:

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds.

Bond Issuance Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold. The Amount is \$804,913 and the Accumulated Amortization is \$268,305

The Deferred Amount on the Refunding is not Reported as an Expenditure in the Governmental Funds in the Year of the Expenditure.

Interest on Long-Term Debt is not accrued in Governmental Funds, but rather is recognized as an expenditure when due.

Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:

Deferred Outflows		3,209,565		(238,332)
Deferred Inflows		(3,922,770)		83,301
Prepaid District Contribution Subsequent to the Measurement Date - Essex Pension				
Long-Term Liabilities, including Bonds Payable, Net Pension Liability for PERS and the Plan, are not Due and Payable in the Current Period and therefore are not Reported as Liabilities in the Governmental Funds.				<u>(42,026,757)</u>
Net Position of Governmental Activities (Exhibit A-1)				<u>\$ 2,831,962</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 42,805,131			\$ 1,864,180	\$ 44,669,311
Tuition from Other LEAs	78,049				78,049
Transportation Fees From Individuals	10,535				10,535
Rents & Royalties	127,633				127,633
Interest Earned on Capital Reserve Funds	5,069				5,069
Other Restricted Miscellaneous Revenue	183,356	\$ 69,064	\$ 359,602		359,602
Unrestricted Miscellaneous Revenue	43,209,773	69,064	30,110		282,530
Total - Local Sources	7,498,249	199,395	389,712	1,864,180	45,532,729
State Sources	7,498,249	970,584		663,053	8,360,697
Federal Sources					970,584
Total Revenues	50,708,022	1,239,043	389,712	2,527,233	54,864,010
EXPENDITURES:					
Current:					
Regular Instruction	13,325,789	268,459			13,594,248
Special Education Instruction	3,391,740	590,833			3,982,573
Other Special Instruction	187,413				187,413
School-Sponsored/Other Instruction	1,321,568				1,321,568
Support Services and Undistributed Costs:					
Tuition	2,458,883				2,458,883
Student/Other Instruction Related Services	5,991,780	379,751			6,371,531
General Administrative Services	624,685				624,685
School Administrative Services	1,939,895				1,939,895
Central Services	505,594				505,594
Administrative Information Technology	623,303				623,303

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

EXPENDITURES:	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Plant Operations and Maintenance	\$ 4,030,562				\$ 4,030,562
Student Transportation	1,270,795				1,270,795
Allocated Benefits	3,697,787				3,697,787
Unallocated Benefits	9,634,718				9,634,718
Capital Outlay	379,348		\$ 3,267,498		3,646,846
Debt Service:					
Principal				\$ 1,785,000	1,785,000
Interest and Other Charges				814,431	814,431
Total Expenditures	<u>49,383,860</u>	<u>\$ 1,239,043</u>	<u>3,267,498</u>	<u>2,599,431</u>	<u>56,489,832</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	1,324,162		(2,877,786)	(72,198)	(1,625,822)
Other Financing Sources/(Uses):					
Bond Proceeds			2,800,000		2,800,000
Transfers	30,110		(30,110)		
Total Other Financing Sources/(Uses)	<u>30,110</u>		<u>2,769,890</u>		<u>2,800,000</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	1,354,272		(107,896)	(72,198)	1,174,178
Fund Balance - July 1	<u>3,691,168</u>		<u>4,686,879</u>	<u>113,549</u>	<u>8,491,596</u>
Fund Balance - June 30	<u>\$ 5,045,440</u>	<u>\$ -0-</u>	<u>\$ 4,578,983</u>	<u>\$ 41,351</u>	<u>\$ 9,665,774</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 1,174,178

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

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 depreciation differs from capital outlays in the period.

Depreciation Expense	\$ (837,297)
Capital Outlays	<u>3,708,052</u>

2,870,755

In the Statement of Activities, interest on Long-Term Liabilities in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

19,081

Proceeds from debt issues are a financing source in the governmental funds, they are not revenue in the Statement of Activities; issuing debt increases long-term liabilities in the Statement of Net Position.

(2,800,000)

Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

1,785,000

The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

89,435

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The governmental funds report the effect of the deferred amount on refunding relative to an advance refunding when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities (-).

\$ (67,231)

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability

4,779,185

Change in Deferred Inflows

(3,401,752)

Change in Deferred Outflows

(1,785,493)

Change in Prepaid District Contribution Subsequent to the Measurement Date-Pensions

(11,889)

In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

6,488

Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 2,657,757

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Continuing Education</u>	<u>Food Service</u>	<u>Total</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 436,430	\$ 47,792	\$ 484,222
Intergovernmental Accounts Receivable:			
State		707	707
Federal		15,468	15,468
Inventories		10,386	10,386
Total Current Assets	<u>436,430</u>	<u>74,353</u>	<u>510,783</u>
Non-Current Assets:			
Capital Assets		533,480	533,480
Less: Accumulated Depreciation		(351,820)	(351,820)
Total Non-Current Assets		<u>181,660</u>	<u>181,660</u>
Total Assets	<u>436,430</u>	<u>256,013</u>	<u>692,443</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Interfund Payable - General Fund	474	52,073	52,547
Unearned Revenue - Prepaid Sales	121,180	25,362	146,542
Unearned Revenue - Donated Commodities		3,110	3,110
Total Current Liabilities	<u>121,654</u>	<u>80,545</u>	<u>202,199</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		181,660	181,660
Unrestricted/(Deficit)	<u>314,776</u>	<u>(6,192)</u>	<u>308,584</u>
Total Net Position	<u>\$ 314,776</u>	<u>\$ 175,468</u>	<u>\$ 490,244</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	
	Continuing Education	Food Service	Total
Operating Revenue:			
Daily Sales - Reimbursable Programs		\$ 447,251	\$ 447,251
Daily Sales - Non-Reimbursable Programs		48,689	48,689
Charges for Services:			
Program Fees	\$ 684,662		684,662
Total Operating Revenue	684,662	495,940	1,180,602
Operating Expenses:			
Cost of Sales - Reimbursable Programs		106,971	106,971
Cost of Sales - Non-Reimbursable Programs		188,171	188,171
Salaries, Benefits & Payroll Taxes	455,334	193,312	648,646
Purchased Professional and Technical Services		30,600	30,600
Other Purchased Services	29,598		29,598
Supplies and Materials	91,787	25,586	117,373
Miscellaneous Expense		2,041	2,041
Depreciation Expense		21,619	21,619
Total Operating Expenses	576,719	568,300	1,145,019
Operating Income/(Loss)	107,943	(72,360)	35,583
Non-Operating Revenue:			
Local Sources:			
Interest Income		892	892
State Sources:			
State School Lunch Program		3,575	3,575
Federal Sources:			
National School Lunch Program		79,108	79,108
Food Distribution Program		12,555	12,555
Total Non-Operating Revenue		96,130	96,130
Change in Net Position	107,943	23,770	131,713
Net Position - Beginning of Year	206,833	151,698	358,531
Net Position - End of Year	\$ 314,776	\$ 175,468	\$ 490,244

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-Type Activities - Enterprise Funds		
	Major Fund	Non-Major Fund	
	Continuing Education	Food Service	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 707,697	\$ 501,794	\$ 1,209,491
Payments to Food Service Contractors		(342,677)	(342,677)
Payments for Salaries, Payroll Taxes and Benefits	(455,334)	(193,312)	(648,646)
Payments to Suppliers	(121,385)		(121,385)
Net Cash Provided by/(Used for) Operating Activities	<u>130,978</u>	<u>(34,195)</u>	<u>96,783</u>
Cash Flows from Investing Activities:			
Interest Income		892	892
Net Cash Provided by Investing Activities		<u>892</u>	<u>892</u>
Cash Flows from Noncapital Financing Activities:			
State Sources		3,104	3,104
Federal Sources		69,947	69,947
Interfund Payable - General Fund	474		474
Net Cash Provided by Noncapital Financing Activities	<u>474</u>	<u>73,051</u>	<u>73,525</u>
Net Increase in Cash and Cash Equivalents	131,452	39,748	171,200
Cash and Cash Equivalents, July 1	<u>304,978</u>	<u>8,044</u>	<u>313,022</u>
Cash and Cash Equivalents, June 30	<u>\$ 436,430</u>	<u>\$ 47,792</u>	<u>\$ 484,222</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ 107,943	\$ (72,360)	\$ 35,583
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by/(Used for) Operating Activities:			
Depreciation		21,619	21,619
Food Distribution Program		12,555	12,555
Changes in Assets and Liabilities:			
(Increase)/Decrease in Inventory		(2,584)	(2,584)
Increase/(Decrease) in Unearned Revenue	23,035	5,854	28,889
Increase/(Decrease) in Unearned Revenue - Donated Commodities		721	721
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 130,978</u>	<u>\$ (34,195)</u>	<u>\$ 96,783</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program Valued at \$13,276 and Utilized Commodities Valued at \$12,555.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 281,443	\$ 120,571	\$ 20,462
Total Assets	<u>281,443</u>	<u>120,571</u>	<u>20,462</u>
<u>LIABILITIES:</u>			
Interfund Payable - General Fund	1,412		9,027
Payroll Deductions and Withholdings	13,575		
Due to Student Groups	<u>266,456</u>		
Total Liabilities	<u>281,443</u>		<u>9,027</u>
<u>NET POSITION:</u>			
Held in Trust for:			
Unemployment Claims		120,571	
Flexible Spending Claims			<u>11,435</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 120,571</u>	<u>\$ 11,435</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Unemployment Compensation Trust	Flexible Spending Trust
	<u>Trust</u>	<u>Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 73,807	\$ 71,250
Total Contributions	<u>73,807</u>	<u>71,250</u>
Investment Earnings:		
Interest	972	104
Net Investment Earnings	<u>972</u>	<u>104</u>
Total Additions	<u>74,779</u>	<u>71,354</u>
DEDUCTIONS:		
Flexible Spending Claims		68,664
Administrative Fees		3,420
Quarterly Unemployment Contributions	56,391	
Total Deductions	<u>56,391</u>	<u>72,084</u>
Change in Net Position	18,388	(730)
Net Position - Beginning of the Year	<u>102,183</u>	<u>12,165</u>
Net Position - End of the Year	<u>\$ 120,571</u>	<u>\$ 11,435</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Caldwell-West Caldwell Board of Education (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 capital 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 expenses by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus 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 or committed to expenditures for specified purposes.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Funds account for all revenue and expenses pertaining to the Board's Food Service and Continuing Education programs. The Food Service and Continuing Education programs are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students and community on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities, Payroll Agency, Unemployment Compensation Trust and Flexible Spending Trust.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the Governmental Funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue and Debt Service Funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget 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 Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA grants. These grants are recognized on the budgetary basis in full when they are awarded but recognized on the GAAP basis only to the extent of expenditures which have been submitted for reimbursement.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 50,712,851	\$ 1,264,343
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not.		
Current Year Encumbrances		(29,550)
Prior Year Encumbrances		4,250
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	94,655	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(99,484)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 50,708,022	\$ 1,239,043
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 49,383,860	\$ 1,264,343
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year Encumbrances		(29,550)
Prior Year Encumbrances		4,250
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 49,383,860	\$ 1,239,043

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	<u>Capital Projects Fund</u>	
	<u>Revenue</u>	<u>Fund Balance</u>
Revenue/Fund Balance (Budgetary Basis)	\$ 389,712	\$ 4,608,373
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Revenue/Receivable Not Recognized on the GAAP Basis		(29,390)
Revenue/Fund Balance per Governmental Funds (GAAP)	\$ 389,712	\$ 4,578,983

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments (Cont'd)

N.J.S.A 17:9-41et 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 market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. 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 and after non-operating revenues/expenses in the enterprise fund. Repayments 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 business-type activities or governmental and agency funds, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue 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.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings and Building Improvements	50 years
Site Improvements	20 years
Machinery and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

In the Fund financial statements, capital assets used in Governmental fund operations are accounted for as capital outlay expenditures in the Governmental Funds upon acquisition. Capital assets are not capitalized and the related depreciation is not reported in the Fund financial statements.

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premium and discounts, are amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year; therefore, there are no accrued salaries and wages as of June 30, 2018.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various employee contracts/agreements. Upon termination, employees are paid for accrued vacation. The District's various employee contracts/agreements permit employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's various employee contracts/agreements.

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components – the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned.

P. Fund Balance Appropriated:

General Fund: Of the \$5,045,440 General Fund fund balance at June 30, 2018, \$533,300 is assigned for year-end encumbrances; \$2,131,738 is restricted in the capital reserve account; \$700,000 is restricted in the maintenance reserve account; \$316,205 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020; \$300,000 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2019; and \$1,064,197 is unassigned, which is \$99,484 less than the calculated unassigned fund balance on the budgetary basis due to the last two state aid payments (which are not recognized on the GAAP basis until the fiscal year ended June 30, 2019).

Capital Projects Fund: Of the \$4,578,983 fund balance in the Capital Projects Fund at June 30, 2018, \$4,491,728 is restricted and \$87,255 is committed (which is \$29,390 less than the budgetary basis due to the recognition of SDA grants (which are not recognized on the GAAP basis until expended and submitted for reimbursement).

Debt Service Fund: The \$41,351 fund balance in the Debt Service Fund at June 30, 2018 is restricted.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated: (Cont'd)

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, C.73 (s1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General 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 year's budget. The District has excess surplus at June 30, 2018 as indicated above.

P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last 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 last two state aid payments in the subsequent fiscal year, the school district cannot recognize these last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments noted above.

Q. Deficit Net Position

The District has a deficit in unrestricted net position of \$14,121,849 in governmental activities, which is primarily due to the accrual of compensated absences payable, unamortized bond premiums, net pension liability and the related deferred inflows and outflows. This deficit does not indicate that the District is experiencing financial difficulties and is a permitted practice under generally accepted accounting principles.

The Food Service Enterprise Fund has a deficit in unrestricted net position of \$6,192 primarily due to past operating deficits. The District continues to work with the Food Service Management Company to improve operating performance of its cafeteria program.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred inflows of resources at June 30, 2018 for Pensions. The District had deferred outflows of resources at June 30, 2018 for the Deferred Amount on Bond Refunding, and Pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position (Cont'd):

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, a maintenance reserve, the capital projects fund and the debt service fund.

The Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had \$87,255 of committed resources at June 30, 2018 in the Capital Projects Fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has \$533,300 of assigned resources for year-end encumbrances in the General Fund at June 30, 2018.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Nonexchange Transactions:

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

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

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

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activities of the Enterprise Funds. These revenues are sales for Food Service, and program fees for Continuing Education. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the Enterprise Funds.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS), the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and the Board of Education Employees' Pension Fund of Essex County (the Plan) and additions to/deductions from the PERS's, the TPAF's and the Plan's net position have been determined on the same basis as they are reported by the PERS, the TPAF and the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The District's policy with respect to custodial credit risk ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
 - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
- (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

	Restricted		Cash and Cash Equivalents	Total
	<u>Cash and Cash Equivalents</u>			
	Capital Reserve	Maintenance Reserve		
Checking/Money Market Accounts	\$ 2,131,738	\$ 700,000	\$ 5,434,746	\$ 8,266,484
	<u>\$ 2,131,738</u>	<u>\$ 700,000</u>	<u>\$ 5,434,746</u>	<u>\$ 8,266,484</u>

During the period ended June 30, 2018, the District did not hold any investments other than certificates of deposit. The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$8,266,484 and the bank balance was \$10,617,809.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$200,000 on June 25, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts, or both.

A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Beginning Balance, July 1, 2017	\$ 1,326,669
Add: Interest Earnings	5,069
Transfer from Unassigned Fund Balance as per Board Resolution - June 2018	800,000
Ending Balance, June 30, 2018	\$ 2,131,738

The balance in the capital reserve account at June 30, 2018 does not exceed the local support costs of uncompleted capital projects in the District’s approved LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$100,000 was established by Board resolution on June 8, 2015. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current fiscal year in the advertised recapitulation of balances of the subsequent fiscal year’s budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the fiscal year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any fiscal year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at fiscal year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current fiscal year of the District's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent fiscal year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 500,000
Add: Transfer from Unassigned Fund Balance as per Board Resolution - June 2018	<u>200,000</u>
Ending Balance, June 30, 2018	<u><u>\$ 700,000</u></u>

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 229,918			\$ 229,918
Construction in Progress	15,292,474	\$ 3,267,498		18,559,972
Total Capital Assets Not Being Depreciated	<u>15,522,392</u>	<u>3,267,498</u>		<u>18,789,890</u>
Capital Assets Being Depreciated:				
Site Improvements	6,635,707	8,480		6,644,187
Buildings and Building Improvements	29,242,584			29,242,584
Machinery and Equipment	8,222,619	432,074		8,654,693
Total Capital Assets Being Depreciated	<u>44,100,910</u>	<u>440,554</u>		<u>44,541,464</u>
Governmental Activities Capital Assets	<u>59,623,302</u>	<u>3,708,052</u>		<u>63,331,354</u>
Less Accumulated Depreciation for:				
Site Improvements	(3,258,522)	(218,310)		(3,476,832)
Buildings and Building Improvements	(17,821,012)	(243,932)		(18,064,944)
Machinery and Equipment	(5,220,124)	(375,055)		(5,595,179)
	<u>(26,299,658)</u>	<u>(837,297)</u>		<u>(27,136,955)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u><u>\$33,323,644</u></u>	<u><u>\$ 2,870,755</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$36,194,399</u></u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 533,480			\$ 533,480
Less: Accumulated Depreciation	<u>(330,201)</u>	<u>\$ (21,619)</u>		<u>(351,820)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 203,279</u>	<u>\$ (21,619)</u>	<u>\$ -0-</u>	<u>\$ 181,660</u>

During the fiscal year, the District acquired or constructed \$3,708,052 in capital asset additions and expensed \$858,916 in depreciation (\$837,297 from its governmental activities and \$21,619 from its business-type activities).

As of June 30, 2018, the District has \$18,559,972 in active construction in progress, including \$1,284,461 of encumbrances.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 37,713
Special Education Instruction	8,279
Student and Other Instruction Related Services	2,581
General Administration	5,162
School Administration	36,136
Central Services	5,162
Administrative Information Technology	2,581
Operations and Maintenance of Plant	32,666
Student Transportation	67,466
Unallocated	<u>639,551</u>
	<u>\$ 837,297</u>

NOTE 7. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2018, the District transferred \$357,127 to capital outlay accounts. The transfers were to equipment line items which did not require approval from the County Superintendent.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance <u>6/30/2017</u>	Accrued	Retired	Balance <u>6/30/2018</u>
Serial Bonds Payable	\$ 26,610,000	\$ 2,800,000	\$ 1,785,000	\$ 27,625,000
Unamortized Bond Issuance Premium	626,043		89,435	536,608
Net Pension Liability:				
PERS	17,627,777		4,758,325	12,869,452
Essex County	783,367		20,860	762,507
Compensated Absences Payable	<u>776,286</u>	<u>48,081</u>	<u>54,569</u>	<u>769,798</u>
	<u>\$ 46,423,473</u>	<u>\$ 2,848,081</u>	<u>\$ 6,708,189</u>	<u>\$ 42,563,365</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

On June 19, 2008, the District issued serial bonds in the amount of \$14,765,000 to finance the referendum project approved by the voters in December of 2007. The bonds were issued with interest rates ranging from 4.125% to 5.000%. The bonds were to mature on September 1, 2010 through 2024. The District defeased \$7,435,000 of these bonds in 2016, and the final maturity is due September 1, 2018.

On March 19, 2015, the District issued serial bonds in the amount of \$18,205,000 to finance the referendum project approved by the voters in December of 2014. The bonds were issued with interest rates ranging from 2.50% to 3.00%. The bonds mature on March 15, 2017 through 2033.

On February 17, 2016, the District issued refunding school bonds of \$7,350,000 with interest rates ranging from 2.00% to 4.00% to refund \$7,435,000 of 2008 school bonds with interest rates ranging from 4.125% to 5.000%. The bonds mature on September 1, 2017 through 2024 and are non-callable. The net proceeds from the issuance of the refunding bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the 2008 school bonds are called on September 1, 2018. The refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements.

As a result of the refunding, the District will realize a total of \$497,227 in cash savings over the life of the bond issue. On a net present value basis, the savings equate to \$462,753, or 6.30%, of the bonds refunded.

On May 16, 2018, the District issued energy savings obligation refunding bonds in the amount of \$2,800,000 to finance the Energy Savings Improvement Program (ESIP). The bonds were issued with interest rates ranging from 2.000% to 5.500%. The bonds mature on July 15, 2019 through 2033 and July 15, 2026 is the first optional redemption date at 100% of par. The energy savings obligation refunding bonds were issued to fund the implementation of the District's energy savings improvement plan ("ESIP"), entailing various permitted energy conservation measures under the ESIP Law, at school district facilities.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable: (Cont'd)

The ESIP Law (P.L. 2009, c. 4) allowed the District to issue energy savings obligation refunding bonds without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements (collectively, "ECMs"); provided that the value of the savings will cover the cost of the ECMs. The ESIP law provides, however, that notwithstanding any law to the contrary, energy savings obligation refunding bonds shall not be excepted from any budget or school levy limitation otherwise provided by law, and shall be funded through appropriations in the General Fund annual budget, on the basis that the costs of implemented energy conservation measures should be fully offset by energy savings to be generated by such measures (on both an annual and aggregated basis).

The District had bonds outstanding as of June 30, 2018 as follows:

Purpose	Final Maturity Date	Interest Rate	Amount
School Bonds	09/01/18	4.125%	\$ 1,115,000
School Bonds	03/15/33	2.750-3.000%	16,370,000
Refunding School Bonds	09/01/24	2.000-4.000%	7,340,000
Energy Savings Improvement Program Bonds	07/15/33	2.000-5.500%	2,800,000
			<u>\$ 27,625,000</u>

Principal and interest due on serial bonds outstanding will be liquidated through the Debt Service Fund and the Energy Savings Improvement Program Bonds will be liquidated through the General Fund are as follows:

Fiscal Year Ending June 30,	Bonds		
	Principal	Interest	Total
2019	\$ 1,990,000	\$ 837,625	\$ 2,827,625
2020	2,160,000	816,475	2,976,475
2021	2,270,000	753,450	3,023,450
2022	2,355,000	679,800	3,034,800
2023	2,385,000	597,475	2,982,475
Thereafter 5 Years (2024-2028)	8,670,000	1,991,275	10,661,275
Thereafter 5 Years (2029-2033)	7,505,000	826,725	8,331,725
Thereafter 1 Year (2034)	290,000	7,975	297,975
	<u>\$ 27,625,000</u>	<u>\$ 6,510,800</u>	<u>\$ 34,135,800</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2018, the Board had \$394 of bonds authorized but not issued related to the 2015 referendum for various school facility improvements.

C. Capital Leases Payable:

The District did not have any Capital Leases Payable at June 30, 2018.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

D. Compensated Absences Payable:

The liability for compensated absences of the Governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds at June 30, 2018 is \$35,171 and is shown separately from the long-term portion of compensated absences of \$734,627. The entire compensated absences balance is recorded in long-term liabilities of the governmental funds and will be liquidated through the General Fund.

There is no liability for compensated absences in the Proprietary fund types.

E. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$12,869,452. See Note 10 for further information on the PERS.

The Board of Education Employees' Pension Fund of Essex County's (the Plan) net pension liability of the governmental fund types are recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$762,507. See Note 10 for further information on the Plan.

F. Unamortized Bond Issuance Premium:

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$89,435 and is separated from the long-term liability balance of \$447,173.

NOTE 9. OPERATING LEASES

The District has commitments to lease copying equipment under operating leases which expire in 2019 through 2022. Total operating lease payments made during the year ended June 30, 2018 were \$68,788. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2019	\$ 72,744
June 30, 2020	69,629
June 30, 2021	67,404
June 30, 2022	30,380
June 30, 2023	<u>3,956</u>
Total future minimum lease payments	<u>\$ 244,113</u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (Continued)

NOTE 10. PENSION PLANS

Substantially all of the Board’s employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers’ Pension and Annuity Fund (TPAF) or the Public Employee’s Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). A small number of the District’s retirees participate in the Board of Education Employees’ Pension Fund of Essex County (the “Plan”).

A. Public Employees’ Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees’ Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

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

The following represents the membership tiers for PERS:

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$520,864 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the District reported a liability of \$12,869,452 for its proportionate share of the net pension liability.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.055%, which was a decrease of 0.005% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$707,330. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 145,990	
	2015	5.72	614,950	
	2016	5.57	1,831,811	
	2017	5.48	<u>2,592,751</u>	\$ (2,583,246)
				<u>(2,583,246)</u>
Changes in Proportion	2014	6.44		(328,375)
	2015	5.72	199,045	
	2016	5.57		(256,520)
	2017	5.48	<u>199,045</u>	(754,629)
				<u>(1,339,524)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(154,214)	
	2015	5.00	131,553	
	2016	5.00	551,585	
	2017	5.00	<u>(441,292)</u>	
			<u>87,632</u>	
Difference Between Expected and Actual Experience	2015	5.72	170,615	
	2016	5.57	55,590	
	2017	5.48	<u>76,826</u>	
			<u>303,031</u>	
District Contribution Subsequent to the Measurement Date	2017	1.00	<u>548,108</u>	
			<u>\$ 3,730,567</u>	<u>\$ (3,922,770)</u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ 302,958
2019	457,173
2020	277,024
2021	(368,442)
2022	(268,545)
	\$ 400,168

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the 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 one year for females).

The actuarial assumptions used in the July 1, 2016 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.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 15,965,429	\$ 12,869,452	\$ 10,290,120

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.nj.gov/treasury/pensions/financial-reports.shtml.

Benefits Provided

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

The following represents the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$2,618,875 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$8,301,173.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

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

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$119,829,391. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.178%, which was an increase of 0.010% from its proportion measured as of June 30, 2016.

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Attributable to the District		<u>119,829,391</u>
Total	\$	<u>119,829,391</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$8,301,173 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
			<u>13,378,255,364</u>	<u>11,684,858,458</u>
Difference Between Expected and Actual Experience	2014	8.5		13,181,413
	2015	8.3	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
			<u>441,116,389</u>	<u>115,381,203</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(435,309,142)	
	2015	5	385,284,122	
	2016	5	1,295,565,574	
	2017	5	(904,033,050)	
			<u>341,507,504</u>	
		<u>\$ 14,160,879,257</u>	<u>\$ 11,800,239,661</u>	

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

Fiscal Year Ending June 30,	Total
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	<u>(1,714,363,628)</u>
	<u>\$ 2,360,639,596</u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 142,361,075	\$ 119,829,391	\$ 101,267,692

Pension Plan Fiduciary Net Position

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$21,726 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$42,085 for the year ended June 30, 2018.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan)

Plan Description

The Board of Education Employees' Pension Fund of Essex County (the "Plan"), is a multiple-employer contributory defined benefit pension plan that provides pension and life insurance benefits to employees of the Boards of Education within Essex County employed before July 1, 1981, except temporary employees and employees eligible for coverage under any New Jersey State administered pension plan created under prior New Jersey laws.

The plan became effective April 16, 1929. The Plan provides for retirement, service, and non-service connected death and disability benefits for its members. The Plan is governed by New Jersey Statutes under Title 18A, and is administered by a Board of Trustees for the Plan who is also responsible for the management and investment of Plan assets. The Board of Trustees consists of one active and five retired elected Plan members.

Pursuant to New Jersey Public Law enacted in 1980, members were given the option to transfer their membership in the Plan to the PERS. Approximately 2,775 members, 58% of the membership, elected to transfer to PERS effective July 1, 1981. The Plan is closed to new entrants.

Benefits Provided

Regular service retirement benefits are determined as $1/45^{\text{th}}$ of the highest 3-year average salary multiplied by the member's years of credited service. A member may elect early retirement benefits if they are under age 60 and have at least 25 years of credited service. The Plan also offers a special veterans benefit, disability and deferred benefits. Group life insurance benefits and death benefits are available to be paid to beneficiaries if elected by the member.

For more complete information about the Plan agreement and vesting and benefit provisions, participants are referred to the pamphlet, *A Summary of Benefits*, which is available from the Pension Fund Administration Office.

Contributions

Contributions are made by the members at 3%, the maximum contribution rate required by statute, of their annual compensation. Contributions made by the Boards are determined annually based upon actuarial valuations. The Boards are required to reimburse the Plan for administrative expenses and cost of living increases associated with its retirees. Plan provisions and contribution requirements are established by New Jersey state statute. District contributions to the Plan amounted to \$95,190 for fiscal year 2018.

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

At June 30, 2018, the District reported a liability of \$762,507 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 2.43%, which was a decrease of 0.31% from its proportion measured as of June 30, 2017.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

For the fiscal year ended June 30, 2018, the District recognized pension expense of \$110,352. At June 30, 2018, the District reported deferred outflows of resources related to pension from the sources noted in the below table. There were no deferred inflows of resources.

	Amortization Period in Years	Deferred Outflows of Resources
Net Difference Between Projected and Actual		
Investment Earnings on Pension Plan Investments		
2015	5	\$ 11,795
2016	5	103,934
2017	5	(74,514)
2018	5	(14,109)
Subtotal		27,106
District Contribution Subsequent to the		
Measurement Date		
	1	83,301
		\$ 110,407

The amounts reported as a deferred outflow of resources for the net difference between projected and actual investment earnings on pension plan investments only related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2019	\$ 19,092
2020	19,092
2021	13,194
2022	(21,450)
2023	(2,822)
	\$ 27,106

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2018. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.30%
Salary Increases	4.50%
Investment Rate of Return, net of Plan investment expense, including inflation	6.00%
Cost of Living Adjustments ("COLA")	2.00%

For active members, inactive members and healthy retirees, mortality rates were based on the RP-2000 separate annuitant and non-annuitant tables with static projections using Scale AA through the valuation year plus 7 years for annuitants and the valuation year plus 15 years for no annuitants. For disabled retirees, mortality rates are based on the 1994 Group Annuity Mortality Table set forward 10 years.

Long Term Expected Rate of Return

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class including in the Plan's target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
U.S. Fixed Income	50.00%	1.75%
U.S. Large CAP Equities	40.00%	6.40%
U.S. Small CAP Equities	10.00%	6.40%

* - Net of 2.0% inflation assumption

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

D. Board of Education Employees' Pension Fund of Essex County (the Plan) (Cont'd)

Discount Rate

The discount rate used to measure the total pension liability was 6.00% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the actuarially determined amount, including the reimbursement of administrative expenses and COLA payments. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2018 calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the Net Pension Liability	\$ 1,040,509	\$ 762,507	\$ 520,727

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

NOTE 11. 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. Health Benefits are provided by Horizon Blue Cross Blue Shield.

Property and Liability Insurance

The Caldwell-West Caldwell School District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability Insurance (Cont'd)

The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

The June 30, 2018 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2017 is as follows:

	School Alliance Insurance Fund
Total Assets	\$ 41,637,320
Net Position	\$ 10,127,373
Total Revenue	\$ 41,896,275
Total Expenses	\$ 41,231,917
Change in Net Position	\$ 664,358
Members Dividends	\$ -0-

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	-0-	\$ 972	\$ 73,807	\$ 56,391	120,571
2016-2017	-0-	311	68,567	54,377	102,183
2015-2016	-0-	207	64,178	63,339	87,682

NOTE 12. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

NOTE 13. INTERFUND RECEIVABLES AND PAYABLES

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 101,985	
Special Revenue Fund		\$ 8,889
Capital Projects Fund		30,110
Enterprise Fund - Food Service		52,073
Enterprise Fund - Continuing Education		474
Fiduciary Fund - Payroll Agency		1,412
Fiduciary Fund - Flexible Spending Trust		9,027
	<u>\$ 101,985</u>	<u>\$ 101,985</u>

The interfund payables in the Capital Projects Fund and Payroll Agency Fund represent interest earnings that are due to the General Fund. The interfund payable in the Special Revenue Fund represents cash advanced from the General Fund awaiting the receipt of federal and state grant awards. The interfund payable in the Food Service Fund and in the Continuing Education Fund represents cash advanced in the prior year. The interfund payable in the Flexible Spending Trust are June claims paid by General Fund on behalf of the Flexible Spending Trust.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Sections 403(b) and 457. 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 for the 403(b) plans are as follows:

Variable Annuity Life (VALIC)	NJ Pension Supplemental Annuity
AXA Equivest	Vanguard Group
Penserv	

AXA Equivest and Vanguard Group are the plan administrators for the District's Internal Revenue Code Section 457 plans.

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year.

The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined mutually agreed-upon schedule.

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in pending lawsuits. The District estimates that any potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 16. CONTINGENT LIABILITIES (Cont'd)

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 533,300	\$ 29,550	\$ 1,284,461	\$ 1,847,311

On the District's Governmental Funds Balance Sheet as of June 30, 2018, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. On the GAAP basis, the year-end encumbrances of \$1,284,461 in the Capital Projects Fund are included in the \$4,491,728 restricted fund balance.

NOTE 17. ACCOUNTS PAYABLE

The following accounts payable existed as of June 30, 2018:

	Governmental Funds		District	Total Governmental Activities
	General Fund	Special Revenue Fund	Contribution Subsequent to the Measurement Date	
Vendors	\$ 47,446	\$ 30,431		\$ 77,877
Due to the State of New Jersey		10,375	\$ 548,108	558,483
	\$ 47,446	\$ 40,806	\$ 548,108	\$ 636,360

NOTE 18. 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 N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. TAX ABATEMENTS (Cont'd)

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 N.J.S.A. 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 Caldwell recognized revenue in the amount of \$156,099 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on these properties for 2017 without the abatement would have been \$494,200 of which \$252,670 would have been for the local school tax.

Note 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a "special funding situation", as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other

Than Pensions. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Note 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	<u>223,747</u>
Total	<u><u>366,078</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%		
	TPAF/ABP	PERS	PFRS
Salary Increases:			
Through 2026	1.55 - 4.55%	2.15 - 4.15%	2.10 - 8.98%
	based on years of service	based on age	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%	3.10 - 9.98%
	based on years of service	based on age	based on age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Note 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at June 30, 2016	\$ 57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	<u>45,748,749</u>
Net Changes	<u>(4,191,942,326)</u>
Balance at June 30, 2017	<u><u>\$ 53,639,841,858</u></u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Note 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>Plan Description and Benefits Provided</u>	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 107,397,355	\$ 90,472,475	\$ 77,047,499
	June 30, 2016		
	At 1% Decrease (1.85%)	At Discount Rate (2.85%)	At 1% Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 116,661,788	\$ 97,378,732	\$ 82,200,495

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 74,404,865	\$ 90,472,475	\$ 111,810,072

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Note 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate (Cont'd)

	June 30, 2016		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 79,901,961	\$ 97,378,732	\$ 120,743,510

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$5,730,895 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Note 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's proportion of the Net Pension Liability	0.0593593597%	0.0615338408%	0.0595188544%	0.0552849481%
District's proportionate share of the Net Pension Liability	\$ 11,113,696	\$ 13,813,114	\$ 17,627,777	\$ 12,869,452
District's Covered Employee Payroll	\$ 3,913,666	\$ 3,914,297	\$ 3,855,789	\$ 3,795,373
District's proportionate share of the Net Pension Liability as a percentage of its Covered Employee Payroll	283.97%	352.89%	457.18%	339.08%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually Required Contribution	\$ 489,350	\$ 529,026	\$ 534,791	\$ 520,864
Contributions in relation to the Contractually Required Contribution	(489,350)	(529,026)	(534,791)	(520,864)
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 3,835,393	\$ 3,913,666	\$ 3,914,297	\$ 3,855,789
Contributions as a percentage of Covered Employee Payroll	12.76%	13.52%	13.66%	13.51%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ASSOCIATED WITH THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
State's proportion of the Net Pension Liability attributable to the District	0.1807731877%	0.1725556498%	0.1677900007%	0.1777261680%
State's proportionate share of the Net Pension Liability attributable to the District	\$ 96,617,385	\$ 109,062,539	\$ 131,994,298	\$ 119,829,391
District's Covered Employee Payroll	\$ 16,272,569	\$ 18,859,397	\$ 18,225,898	\$ 18,474,319
State's proportionate share of the Net Pension Liability attributable to the District as a percentage of the District's Covered Employee Payroll	593.74%	578.29%	724.21%	648.63%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually Required Contribution	\$ 5,198,922	\$ 6,659,250	\$ 9,917,535	\$ 8,301,173
Contributions in relation to the Contractually Required Contribution	(624,840)	(925,660)	(1,929,171)	(2,618,875)
Contribution Deficiency/(Excess)	<u>\$ 4,574,082</u>	<u>\$ 5,733,590</u>	<u>\$ 7,988,364</u>	<u>\$ 5,682,298</u>
District's Covered Employee Payroll	\$ 16,272,569	\$ 18,859,397	\$ 18,225,898	\$ 18,474,319
Contributions as a percentage of Covered Employee Payroll	3.84%	4.91%	10.58%	14.18%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Years Ending	
	June 30, 2016	June 30, 2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	<u>(1,223,298,019)</u>	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	<u>46,849,651,824</u>	<u>57,831,784,184</u>
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

* - Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's Proportion of the Net Pension Liability	2.8052491%	2.7948026%	2.7409447%	2.4263189%
District's Proportionate Share of the Net Pension Liability	\$ 1,080,551	\$ 1,011,675	\$ 783,367	\$ 762,507
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position (*) as a Percentage of the Total Pension Liability	76.05%	75.39%	79.51%	77.36%
* Fiduciary Net Position Excludes: Amount Designated for Insurance Benefits	\$ 19,628,046	\$ 19,972,514	\$ 21,556,614	\$ 22,656,498

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY
LAST FOUR FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually Required Contribution	\$ 164,185	\$ 145,337	\$ 113,008	\$ 95,190
Contributions in Relation to the Contractually Required Contribution	<u>(164,185)</u>	<u>(145,337)</u>	<u>(113,008)</u>	<u>(95,190)</u>
Contribution Deficiency (Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Contributions as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

C. BOARD OF EDUCATION EMPLOYEES' PENSION FUND OF ESSEX COUNTY

Benefit Changes

There were none known.

Changes of Assumptions

The long-term expected rate of return on pension plan investments changed from 6.50% to 6.00%.

D. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017

BUDGETARY COMPARISON SCHEDULES

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 42,805,131		\$ 42,805,131	\$ 42,805,131	\$ 78,049
Tuition From Other LEAs			1,000	10,535	9,535
Transportation Fees From Individuals			42,500	127,633	85,133
Rents & Royalties	200		200	5,069	4,869
Interest Earned on Capital Reserve Funds	21,234		21,234	319	(20,915)
Unrestricted Miscellaneous Revenue	57,875		57,875	183,037	125,162
Other Restricted Miscellaneous Revenue					
Total - Local Sources	42,927,940		42,927,940	43,209,773	281,833
State Sources:					
Special Education Aid	838,058		838,058	971,862	133,804
Security Aid	46,270		46,270	46,270	
Transportation Aid	82,330		82,330	82,330	
PARCC Readiness Aid	26,025		26,025	26,025	
Per Pupil Growth Aid	26,025		26,025	26,025	
Professional Learning Community Aid	25,815		25,815	25,815	
Extraordinary Special Education Costs Aid	252,359		252,359	505,698	253,339
Excess Nonpublic School Transportation Costs	0		0	38,280	38,280
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)	0		0	1,732,523	1,732,523
TPAF On-Behalf Pension Contributions (Non-Budgeted)	0		0	2,618,875	2,618,875
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)	0		0	63,554	63,554
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)	0		0	3,506	3,506
TPAF Social Security (Reimbursed - Non-Budgeted)	0		0	1,362,315	1,362,315
Total State Sources	1,296,882		1,296,882	7,503,078	6,206,196
Federal Sources:					
Medicaid Assistance Program	30,742		30,742		(30,742)
Total - Federal Sources	30,742		30,742		(30,742)
Total Revenues	44,255,564		44,255,564	50,712,851	6,457,287

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 321,601	\$ 1,075	\$ 322,676	\$ 322,676	
Grades 1-5 - Salaries of Teachers	4,644,870	122,683	4,767,553	4,767,430	\$ 123
Grades 6-8 - Salaries of Teachers	2,622,011	114,225	2,736,236	2,736,236	
Grades 9-12 - Salaries of Teachers	4,212,287	142,714	4,355,001	4,353,195	1,806
Regular Programs - Home Instruction:					
Salaries of Teachers	19,000	(10,940)	8,060	8,060	
Purchased Professional-Educational Services	15,430	(1,178)	14,252	11,806	2,446
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	54,036	(845)	53,191	53,191	
Purchased Professional-Educational Services	10,044	36,855	46,899	46,899	
Other Purchased Services	125,422	(23,443)	101,979	99,711	2,268
General Supplies	779,400	163,169	942,569	842,632	99,937
Textbooks	79,972	41,924	121,896	58,468	63,428
Other Objects	15,777	9,708	25,485	25,485	
Total Regular Programs - Instruction	12,899,850	595,947	13,495,797	13,325,789	170,008
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	163,174	29,596	192,770	192,770	
General Supplies	8,689	(1,015)	7,674	7,553	121
Total Learning and/or Language Disabilities	171,863	28,581	200,444	200,323	121

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Special Education - Instruction:					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 2,726,797	\$ (76,689)	\$ 2,650,108	\$ 2,650,108	
General Supplies	15,936	(6,533)	9,403	9,403	
Textbooks	4,900	(3,414)	1,486	1,486	
Other Objects	997	(997)			
Total Resource Room/Resource Center	<u>2,748,630</u>	<u>(87,633)</u>	<u>2,660,997</u>	<u>2,660,997</u>	
Preschool Disabilities - Part-Time:					
Salaries of Teachers	248,999	312	249,311	249,311	
Other Salaries for Instruction	273,314	(20,557)	252,757	249,823	\$ 2,934
General Supplies	12,000	(9,278)	2,722	2,559	163
Total Preschool Disabilities - Part-Time	<u>534,313</u>	<u>(29,523)</u>	<u>504,790</u>	<u>501,693</u>	<u>3,097</u>
Home Instruction:					
Salaries of Teachers	20,000	190	20,190	20,190	
Purchased Professional-Educational Services	10,615	990	11,605	8,537	3,068
Total Home Instruction	<u>30,615</u>	<u>1,180</u>	<u>31,795</u>	<u>28,727</u>	<u>3,068</u>
Total Special Education - Instruction	<u>3,485,421</u>	<u>(87,395)</u>	<u>3,398,026</u>	<u>3,391,740</u>	<u>6,286</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	59,275	(3,341)	55,934	55,934	
Purchased Professional-Educational Services		4,446	4,446	4,446	
General Supplies		9,436	9,436	9,436	
Textbooks		2,750	2,750	2,750	
Total Basic Skills/Remedial - Instruction	<u>59,275</u>	<u>13,291</u>	<u>72,566</u>	<u>72,566</u>	

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 113,066	\$ 1,781	\$ 114,847	\$ 114,847	
General Supplies	3,572	(3,500)	72		\$ 72
Total Bilingual Education - Instruction	116,638	(1,719)	114,919	114,847	72
School Sponsored Cocurricular Activities:					
Salaries	291,042	47,322	338,364	338,364	
Purchased Services	34,000	(22,245)	11,755	11,755	
Supplies and Materials	17,536	(2,397)	15,139	11,304	3,835
Other Objects	16,164	(14,015)	2,149	2,149	
Transfers to Cover Deficit (Agency Funds)	8,330	(6,995)	1,335	1,335	
Total School-Sponsored Cocurricular Activities	367,072	1,670	368,742	364,907	3,835
School-Sponsored Athletics:					
Salaries	617,893	26,704	644,597	641,503	3,094
Purchased Services	128,282	4,555	132,837	122,759	10,078
Supplies and Materials	108,200	(27,677)	80,523	74,760	5,763
Other Objects	12,740	19,545	32,285	32,066	219
Transfers to Cover Deficit (Agency Funds)	18,265	(2,616)	15,649	15,649	
Total School-Sponsored Athletics	885,380	20,511	905,891	886,737	19,154
Community Services Programs:					
Salaries	76,725	(6,301)	70,424	69,924	500
Total Community Services Programs	76,725	(6,301)	70,424	69,924	500
Total Instruction	17,890,361	536,004	18,426,365	18,226,510	199,855

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures - Instruction:					
Tuition to Other LEA's Within the State - Special	\$ 161,515	\$ 95,006	\$ 256,521	\$ 240,197	\$ 16,324
Tuition to County Vocational School - Regular	15,369	(591)	14,778	14,778	
Tuition to County Vocational School - Special	118,028	(80,473)	37,555	33,458	4,097
Tuition to CSSD & Regional Day Schools	92,591	(92,591)			
Tuition to Private Schools for the Handicapped Within State	2,492,084	(222,602)	2,269,482	2,165,950	103,532
Tuition - State Facilities	4,500		4,500	4,500	
Total Undistributed Expenditures - Instruction	2,884,087	(301,251)	2,582,836	2,458,883	123,953
Undistributed Expenditures:					
Attendance and Social Work Services:					
Salaries	23,492	108	23,600	23,600	
Attendance and Social Work Services	23,492	108	23,600	23,600	
Health Services:					
Salaries	564,538	21,529	586,067	586,067	
Purchased Professional and Technical Services	15,014	3,444	18,458	18,458	
Supplies and Materials	13,260	6,425	19,685	19,552	133
Other Objects	8,950	(8,396)	554	554	
Total Health Services	601,762	23,002	624,764	624,631	133

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Speech, OT, PT & Related Services:					
Salaries	\$ 447,752	\$ 229	\$ 447,981	\$ 447,981	\$ 11,678
Purchased Professional - Educational Services	118,842	48,149	166,991	155,313	1
Supplies and Materials	5,000	6,631	11,631	11,630	
Other Objects	10,000	(8,845)	1,155	1,155	
Total Speech, OT, PT & Related Services	581,594	46,164	627,758	616,079	11,679
Other Support Services - Extraordinary Services:					
Salaries	682,209	247	682,456	678,969	3,487
Purchased Professional - Educational Services	803,468	166,118	969,586	931,602	37,984
Total Other Support Services - Extraordinary Services	1,485,677	166,365	1,652,042	1,610,571	41,471
Guidance:					
Salaries of Other Professional Staff	463,286	1,740	465,026	465,026	
Purchased Professional-Educational Services	273,000	2,000	275,000	275,000	
Other Purchased Professional and Technical Services	16,244	(10,515)	5,729	4,979	750
Other Purchased Professional Services		296	296	296	
Supplies and Materials	5,100	(1,294)	3,806	3,806	
Other Objects	1,894	(348)	1,546	1,540	6
Total Guidance	759,524	(8,121)	751,403	750,647	756
Child Study Team:					
Salaries of Other Professional Staff	1,104,095	(45,083)	1,059,012	1,059,012	
Salaries of Secretarial and Clerical Assistants	119,140	(1,356)	117,784	117,784	
Other Purchased Professional and Technical Services	83,431	(22,634)	60,797	45,293	15,504

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Child Study Team: (Cont'd)					
Miscellaneous Purchased Services	\$ 6,000	\$ 609	\$ 6,609	\$ 4,442	\$ 2,167
Supplies and Materials	31,840	4,284	36,124	36,124	
Other Objects	14,255	(7,185)	7,070	5,784	1,286
Total Child Study Team	1,358,761	(71,365)	1,287,396	1,268,439	18,957
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	143,588	(3,673)	139,915	139,915	
Salaries of Other Professional Staff	21,658	(21,658)			
Other Salaries	1,010	28,568	29,578	29,578	
Purchased Professional - Educational Services	18,663	46,260	64,923	62,124	2,799
Other Purch Prof. and Tech. Services	10,521	2,887	13,408	13,408	
Other Purchased Services	4,602	(4,602)			
Supplies and Materials	95,637	48,340	143,977	137,101	6,876
Other Objects	24,275	(6,926)	17,349	11,726	5,623
Total Improvement of Instructional Services	319,954	89,196	409,150	393,852	15,298
Educational Media Services/School Library:					
Salaries	518,028	(45,332)	472,696	472,696	
Purchased Professional and Technical Services		58,024	58,024	58,024	
Supplies and Materials	77,386	7,764	85,150	83,421	1,729
Total Educational Media Services/School Library	595,414	20,456	615,870	614,141	1,729

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Instructional Staff Training Services:					
Purchased Professional - Educational Services	\$ 11,312	\$ 24,980	\$ 36,292	\$ 30,423	\$ 5,869
Other Purchased Prof. and Tech Services	31,187	(30,600)	587	587	
Other Purchased Services	1,664	(1,089)	575		575
Other Objects	107,507	(46,622)	60,885	58,810	2,075
Total Instructional Staff Training Services	151,670	(53,331)	98,339	89,820	8,519
General Administration:					
Salaries	318,499		318,499	316,489	2,010
Legal Services	40,000	101,845	141,845	136,608	5,237
Audit Fees	40,000		40,000	39,025	975
Architectural/Engineering Services	11,135	7,499	18,634	7,509	11,125
Other Purchased Professional Services	16,819	(7,500)	9,319		9,319
Purchased Technical Services	2,031	(2,031)			
Communications/Telephone	77,677		77,677	75,362	2,315
BOE Other Purchased Services	2,010		2,010	800	1,210
Miscellaneous Purchased Services (400-500)	31,390	2,335	33,725	17,674	16,051
General Supplies	6,668		6,668	3,175	3,493
Miscellaneous Expenditures	13,981	(31)	13,950	9,787	4,163
BOE Membership Dues and Fees	19,433		19,433	18,256	1,177
Total General Administration	579,643	102,117	681,760	624,685	57,075
School Administration:					
Salaries of Principals/Assistant Principals	1,236,247	6,460	1,242,707	1,242,707	
Salaries of Secretarial and Clerical Assistants	654,482	5,000	659,482	659,482	
Other Salaries		7,718	7,718	5,945	1,773
Other Purchased Services	3,200	(774)	2,426	226	2,200
Supplies and Materials	33,800	(6,667)	27,133	18,916	8,217

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
School Administration: (Cont'd)					
Other Objects	\$ 12,130	\$ 1,991	\$ 14,121	\$ 12,619	\$ 1,502
Total School Administration	<u>1,939,859</u>	<u>13,728</u>	<u>1,953,587</u>	<u>1,939,895</u>	<u>13,692</u>
Central Services:					
Salaries	469,692	(16,633)	453,059	453,059	
Purchased Technical Services	1,622		1,622		1,622
Purchased Professional Services	42,073	(5,363)	36,710	32,162	4,548
Miscellaneous Purchased Services	12,390	4,321	16,711	10,864	5,847
Supplies and Materials	7,951		7,951	5,932	2,019
Miscellaneous Expenditures	13,945	(4,667)	9,278	3,577	5,701
Total Central Services	<u>547,673</u>	<u>(22,342)</u>	<u>525,331</u>	<u>505,594</u>	<u>19,737</u>
Administrative Information Technology:					
Salaries	362,412	(92,930)	269,482	269,482	
Purchased Professional Services	81,208	51,916	133,124	129,372	3,752
Other Purchased Services	244,633	(19,075)	225,558	222,134	3,424
Supplies and Materials	24,712	(22,397)	2,315	2,315	
Total Administrative Information Technology	<u>712,965</u>	<u>(82,486)</u>	<u>630,479</u>	<u>623,303</u>	<u>7,176</u>
Required Maintenance for School Facilities:					
Salaries	679,534	(15,657)	663,877	663,877	
Cleaning, Repair and Maintenance Services	702,570	108,628	811,198	652,881	158,317
General Supplies	164,582	20,531	185,113	185,113	
Other Objects	7,475	1,421	8,896	8,896	
Total Required Maintenance for School Facilities	<u>1,554,161</u>	<u>114,923</u>	<u>1,669,084</u>	<u>1,510,767</u>	<u>158,317</u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Custodial Services:					
Salaries	\$ 1,234,418	\$ (11,676)	\$ 1,222,742	\$ 1,222,742	
Salaries of Non-Instructional Aides	91,997	(5,372)	86,625	86,625	
Cleaning, Repair and Maintenance Services	134,962	(49,232)	85,730	85,730	
Other Purchased Property Services	97,573	(294)	97,279	63,310	\$ 33,969
Insurance	258,292	1,225	259,517	258,292	1,225
General Supplies	126,650	(9,351)	117,299	114,561	2,738
Energy (Natural Gas)	277,138	(47,787)	229,351	169,165	60,186
Energy (Electricity)	502,565	(22,528)	480,037	329,015	151,022
Energy (Gasoline)	20,000	(9,902)	10,098	7,098	3,000
Other Objects	2,175	(2,175)			
Total Custodial Services	2,745,770	(157,092)	2,588,678	2,336,538	252,140
Care & Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	129,410	25,607	155,017	120,101	34,916
General Supplies	56,500	6,656	63,156	63,156	
Total Care & Upkeep of Grounds	185,910	32,263	218,173	183,257	34,916
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Regular	26,426	46,485	72,911	72,911	
Between Home and School - Special Education	165,783	46,838	212,621	212,621	
Other than Between Home and School	46,225	23,484	69,709	69,709	
Management Fees - ESC Transportation Programs	41,134	(1,715)	39,419	39,419	
Cleaning, Repair and Maintenance Services	12,000	6,285	18,285	18,285	

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Student Transportation Services: (Cont'd)					
Contracted Services:					
Between Home and School -Vendors	\$ 41,134	\$ (41,134)	\$ 8,865	\$ 3,474	\$ 5,391
Other than Between Home and School -Vendors	57,159	(48,294)	879,378	684,325	195,053
Special Education Students - ESCs & CTSA's	1,028,344	(148,966)	148,165	131,400	16,765
Aid in Lieu of Payments for Nonpublic School Students	149,049	(884)	5,455	5,455	
Miscellaneous Purchased Services - Transportation	21,000	(21,000)	7,741	7,741	
General Supplies	11,524	(3,783)	25,455	25,455	
Transportation Supplies					
Fuel Costs Funded by Advertising Revenue					
Total Student Transportation Services	1,599,778	(111,774)	1,488,004	1,270,795	217,209
Allocated Benefits:					
Regular Programs - Instruction:	2,308,119		2,308,119	2,308,119	
Health Benefits					
Total Regular Programs - Instruction	2,308,119		2,308,119	2,308,119	
Special Programs - Instruction:	1,303,983	(99,267)	1,204,716	1,204,716	
Health Benefits					
Total Special Programs - Instruction	1,303,983	(99,267)	1,204,716	1,204,716	
Undist. Expend. - Support Serv. - General Administration:					
Health Benefits	40,696	65,434	106,130	106,130	
Total Undist. Expend. - Support Serv. - General Administration	40,696	65,434	106,130	106,130	
Undist. Expend. - Support Serv. - School Administration:					
Health Benefits	106,130	(73,520)	32,610	32,610	
Total Undist. Expend. - Support Serv. - School Administration	106,130	(73,520)	32,610	32,610	
Undist. Expend. - Support Serv. - Central Services:					
Health Benefits	46,212		46,212	46,212	
Total Undist. Expend. - Support Serv. - Central Services	46,212		46,212	46,212	
Total Allocated Benefits	3,805,140	(107,353)	3,697,787	3,697,787	

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE:					
Undistributed Expenditures: (Cont'd)					
Unallocated Benefits:					
Social Security Contributions	\$ 587,405	\$ (13,366)	\$ 574,039	\$ 562,818	\$ 11,221
Other Retirement Contributions - PERS	542,902	(22,038)	520,864	520,864	
Other Retirement Contributions - ERIP	1,183	(711)	472	472	
Other Retirement Contributions - DCRP	7,333	15,028	22,361	21,726	635
Other Retirement Contributions - Regular	163,762	(80,461)	83,301	83,301	
Workmen's Compensation	270,179		270,179	261,179	9,000
Health Benefits	2,825,901	(492,737)	2,333,164	2,240,020	93,144
Tuition Reimbursement	117,117	(10,562)	106,555	91,849	14,706
Other Employee Benefits	38,500	33,816	72,316	71,716	600
Total Unallocated Benefits	4,554,282	(571,031)	3,983,251	3,853,945	129,306
On-Behalf Contributions (Non-budgeted):					
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,732,523	(1,732,523)
TPAF On-Behalf Pension Contributions (Non-Budgeted)				2,618,875	(2,618,875)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				63,554	(63,554)
TPAF Long-Term Disability Insurance (On-Behalf - Non-Budgeted)				3,506	(3,506)
TPAF Social Security (Reimbursed - Non-Budgeted)				1,362,315	(1,362,315)
Total On-Behalf Contributions (Non-Budgeted)				5,780,773	(5,780,773)
Total Unallocated Benefits	4,554,282	(571,031)	3,983,251	9,634,718	(5,651,467)
Total Personal Services - Employee Benefits	8,359,422	(678,684)	7,680,738	13,332,505	(5,651,767)
Total Undistributed Expenditures	26,987,116	(877,824)	26,109,292	30,778,002	(4,668,710)
TOTAL GENERAL CURRENT EXPENSE	44,877,477	(341,820)	44,535,657	49,004,512	(4,468,855)

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY:					
Equipment:					
Regular Programs - Instruction:					
Grades 1-5	\$ 26,610	\$	\$ 26,610	\$ 5,000	\$ 21,610
Grades 6-8	19,397		19,397	19,397	
Grades 9-12	199,159		199,159	199,159	
Undistributed Expenditures:					
Required Maint for School Fac.	\$ 38,354		38,354	38,354	
School Buses - Special	111,961		111,961	111,961	
Total Equipment	<u>38,354</u>	<u>357,127</u>	<u>395,481</u>	<u>373,871</u>	<u>21,610</u>
Facilities Acquisition and Construction Services:					
Assessment for Debt Service on SDA Funding	5,477		5,477	5,477	
Total Facilities Acquisition and Construction Services	<u>5,477</u>		<u>5,477</u>	<u>5,477</u>	
TOTAL CAPITAL OUTLAY	43,831	357,127	400,958	379,348	21,610
Transfer of Funds to Charter Schools	15,307	(15,307)			
TOTAL EXPENDITURES	44,936,615		44,936,615	49,383,860	(4,447,245)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(681,051)		(681,051)	1,328,991	2,010,042
Other Financing Sources:					
Transfer In- Capital Projects Fund Interest				30,110	30,110
Total Other Financing Sources				<u>30,110</u>	<u>30,110</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(681,051)		(681,051)	1,359,101	2,040,152
Fund Balance, July 1	3,785,823		3,785,823	3,785,823	
Fund Balance, June 30	<u>\$ 3,104,772</u>	<u>\$ -0-</u>	<u>\$ 3,104,772</u>	<u>\$ 5,144,924</u>	<u>\$ 2,040,152</u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	<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				\$ 2,131,738	
Maintenance Reserve				700,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				300,000	
Excess Surplus				316,205	
Assigned Fund Balance:					
Year End Encumbrances				533,300	
Unassigned Fund Balance				1,163,681	
				<u>5,144,924</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				<u>(99,484)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 5,045,440</u>	

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 30,700	\$ 85,214	\$ 115,914	\$ 69,143	\$ (46,771)
State Sources		227,699	227,699	217,396	(10,303)
Federal Sources		997,887	997,887	977,804	(20,083)
Total Revenues	30,700	1,310,800	1,341,500	1,264,343	(77,157)
EXPENDITURES:					
Instruction:					
Salaries of Teachers		164,663	164,663	164,663	
Purchased Professional - Educational Services		3,000	3,000	3,000	
Tuition		548,777	548,777	548,777	
General Supplies	30,700	164,135	194,835	147,824	47,011
Textbooks		25,965	25,965	25,965	
Other Objects					
Total Instruction	30,700	906,540	937,240	890,229	47,011
Support Services:					
Salaries of Other Professional Staff		13,217	13,217	13,217	
Personal Services - Employee Benefits		29,437	29,437	20,899	8,538
Purchased Professional and Technical Services		328,566	328,566	307,630	20,936
Other Purchased Services		20,815	20,815	20,815	
Supplies and Materials		6,130	6,130	5,458	672
Other Objects		6,095	6,095	6,095	
Total Support Services		404,260	404,260	374,114	30,146
Total Expenditures	30,700	1,310,800	1,341,500	1,264,343	77,157
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 50,712,851	\$ 1,264,343
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not:		
Current Year Encumbrances		(29,550)
Prior Year Encumbrances		4,250
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	94,655	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(99,484)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 50,708,022</u>	<u>\$ 1,239,043</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 49,383,860	\$ 1,264,343
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Current Year Encumbrances		(29,550)
Prior Year Encumbrances		4,250
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 49,383,860</u>	<u>\$ 1,239,043</u>

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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 Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The General Fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	I.D.E.A.			Elementary and Secondary Education Act			Fund for the Improvement of Education
	Basic	Preschool	Title I	Title IIA	Title III		
REVENUES:							
Local Sources							
State Sources							
Federal Sources	\$ 575,570	\$ 18,831	\$ 204,974	\$ 62,253	\$ 9,943	\$ 106,233	
Total Revenues	<u>575,570</u>	<u>18,831</u>	<u>204,974</u>	<u>62,253</u>	<u>9,943</u>	<u>106,233</u>	
EXPENDITURES:							
Instruction:							
Salaries of Teachers			164,663				
Purchased Professional - Educational Services		3,000					
Tuition	536,777	12,000					
General Supplies	5,000	3,831	17,737		1,889		
Textbooks							
Total Instruction	<u>541,777</u>	<u>18,831</u>	<u>182,400</u>		<u>1,889</u>		
Support Services:							
Salaries of Other Professional Staff				353		10,000	
Personal Services - Employee Benefits			20,899				
Purchased Professional and Technical Services	33,793			60,661	8,054	87,594	
Other Purchased Services							
Supplies and Materials			1,675	1,239		2,544	
Other Objects						6,095	
Total Support Services	<u>33,793</u>		<u>22,574</u>	<u>62,253</u>	<u>8,054</u>	<u>106,233</u>	
Total Expenditures	<u>\$ 575,570</u>	<u>\$ 18,831</u>	<u>\$ 204,974</u>	<u>\$ 62,253</u>	<u>\$ 9,943</u>	<u>\$ 106,233</u>	

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonpublic Auxiliary Services		Nonpublic Handicapped Services	
	Compensatory Education	Transportation	Supplementary Instruction	Examination and Classification
				Corrective Speech
REVENUES:				
Local Sources				
State Sources	\$ 18,691	\$ 20,815	\$ 17,128	\$ 30,391
Federal Sources				\$ 5,268
Total Revenues	<u>18,691</u>	<u>20,815</u>	<u>17,128</u>	<u>30,391</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Tuition				
General Supplies				
Textbooks				
Total Instruction				
Support Services:				
Salaries of Other Professional Staff				
Personal Services - Employee Benefits	18,691		17,128	30,391
Purchased Professional and Technical Services				5,268
Other Purchased Services		20,815		
Supplies and Materials				
Other Objects				
Total Support Services	<u>18,691</u>	<u>20,815</u>	<u>17,128</u>	<u>30,391</u>
Total Expenditures	<u>\$ 18,691</u>	<u>\$ 20,815</u>	<u>\$ 17,128</u>	<u>\$ 5,268</u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonpublic						Totals
	Home Instruction	Nursing	Textbooks	Technology Initiative	Security	Private Donations	
REVENUES:							
Local Sources							
State Sources	72	\$ 45,978	\$ 25,965	\$ 17,538	\$ 35,550	\$ 69,143	\$ 69,143
Federal Sources							217,396
Total Revenues	72	45,978	25,965	17,538	35,550	69,143	977,804
							<u>1,264,343</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers							164,663
Purchased Professional - Educational Services							3,000
Tuition							548,777
General Supplies				17,538	35,550	66,279	147,824
Textbooks			25,965				25,965
Total Instruction			25,965	17,538	35,550	66,279	890,229
Support Services:							
Salaries of Other Professional Staff						2,864	13,217
Personal Services - Employee Benefits							20,899
Purchased Professional and Technical Services	72	45,978					307,630
Other Purchased Services							20,815
Supplies and Materials							5,458
Other Objects							6,095
Total Support Services	72	45,978				2,864	374,114
Total Expenditures	72	\$ 45,978	\$ 25,965	\$ 17,538	\$ 35,550	\$ 69,143	\$ 1,264,343

CAPITAL PROJECTS FUND

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Revenue:	
Reoffering Premium	\$ 359,602
Interest on Investments	<u>30,110</u>
Total Revenue	<u>389,712</u>
Expenditures and Other Financing Uses:	
Legal Services	62,527
Purchased Professional and Technical Services	153,380
Construction Services	3,051,591
Transfer to General Fund:	
Interest on Investments	<u>30,110</u>
Total Expenditures and Other Financing Uses	<u>3,297,608</u>
Other Financing Sources:	
Bond Proceeds	<u>2,800,000</u>
Total Other Financing Sources	<u>2,800,000</u>
Deficit of Revenue and Other Financing Sources	
Under Expenditures and Other Financing Uses	(107,896)
Fund Balance - Beginning of Year	<u>4,716,269</u>
Fund Balance - End of Year	<u>\$ 4,608,373</u>
<u>Recapitulation:</u>	
Restricted Fund Balance	\$ 3,207,267
Restricted - Year End Encumbrances	1,284,461
Committed Fund Balance	<u>116,645</u>
Total Fund Balance - Budgetary Basis	4,608,373
<u>Reconciliation to Governmental Funds Statements (GAAP):</u>	
SDA Grant Receivable not Recognized on the GAAP Basis	<u>(29,390)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 4,578,983</u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
JEFFERSON ELEMENTARY SCHOOL HVAC AND BOILER REPLACEMENT PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 587,795		\$ 587,795	\$ 587,795
Transfer from Capital Reserve	1,215,948		1,215,948	1,215,948
Total Revenue and Other Financing Sources	1,803,743		1,803,743	1,803,743
Expenditures:				
Purchased Professional and Technical Services	117,445		117,445	118,700
Construction Services	1,569,653		1,569,653	1,685,043
Total Expenditures	1,687,098		1,687,098	1,803,743
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 116,645	\$ - 0 -	\$ 116,645	\$ - 0 -

Additional Project Information:

Project Numbers	0660-070-14-1001
Grant Date	02/03/11
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,469,488
Additional Authorized Cost	\$ 334,255
Revised Authorized Cost	\$ 1,803,743
Percentage Increase over Original Authorized Cost	23%
Percentage Completion	93.53%
Original Target Completion Date	June 2013
Revised Target Completion Date	October 2015

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2015 REFERENDUM - VARIOUS SCHOOL FACILITIES IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue:				
Bond Proceeds	\$ 18,205,000		\$ 18,205,000	\$ 18,205,394
Total Revenue	18,205,000		18,205,000	18,205,394
Expenditures:				
Salaries	\$ 55,278	\$ 62,527	117,805	60,000
Purchased Professional and Technical Services	1,365,898	138,880	1,504,778	1,367,808
Construction Services	12,184,200	3,051,591	15,235,791	16,777,586
Total Expenditures	13,605,376	3,252,998	16,858,374	18,205,394
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ 4,599,624	\$ (3,252,998)	\$ 1,346,626	\$ - 0 -

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	10/13/14
Bonds Authorized	\$ 18,205,394
Bonds Issued	\$ 18,205,000
Original Authorized Cost	\$ 18,205,394
Additional Authorized Cost	\$ - 0 -
Revised Authorized Cost	\$ 18,205,394

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	93%
Original Target Completion Date	June 2018
Revised Target Completion Date	August 2019

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS

ENERGY SAVINGS IMPROVEMENT PROGRAM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Prior Periods	Current Year	Totals	Project Authorization
Revenue:				
Bond Proceeds		\$ 2,800,000	\$ 2,800,000	\$ 2,800,000
Reoffering Premium		359,602	359,602	359,602
Total Revenue		3,159,602	3,159,602	3,159,602
Expenditures:				
Purchased Professional and Technical Services		14,500	14,500	525,631
Construction Services				2,233,971
Other Objects				400,000
Total Expenditures		14,500	14,500	3,159,602
Excess/(Deficit) of Revenue Over/(Under) Expenditures	\$ -0-	\$ 3,145,102	\$ 3,145,102	\$ - 0 -

Additional Project Information:

Project Numbers	N/A
Grant Date	N/A
Bond Authorization Date	04/02/18
Bonds Authorized	\$ 5,000,000
Bonds Issued	\$ 2,800,000
Original Authorized Cost	\$ 3,159,602
Additional Authorized Cost	\$ - 0 -
Revised Authorized Cost	\$ 3,159,602

Percentage Increase over Original Authorized Cost	0%
Percentage Completion	0%
Original Target Completion Date	June 2020

PROPRIETARY FUNDS

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Continuing</u>	<u>Food</u>	
	<u>Education</u>	<u>Service</u>	<u>Totals</u>
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 436,430	\$ 47,792	\$ 484,222
Intergovernmental Accounts Receivable:			
State		707	707
Federal		15,468	15,468
Inventories		10,386	10,386
Total Current Assets	<u>436,430</u>	<u>74,353</u>	<u>510,783</u>
Non-Current Assets:			
Capital Assets		533,480	533,480
Less: Accumulated Depreciation		<u>(351,820)</u>	<u>(351,820)</u>
Total Non-Current Assets		<u>181,660</u>	<u>181,660</u>
Total Assets	<u>436,430</u>	<u>256,013</u>	<u>692,443</u>
<u>LIABILITIES:</u>			
Current Liabilities:			
Interfund Payable	474	52,073	52,547
Unearned Revenue - Prepaid Sales	121,180	25,362	146,542
Unearned Revenue - Donated Commodities		<u>3,110</u>	<u>3,110</u>
Total Current Liabilities	<u>121,654</u>	<u>80,545</u>	<u>202,199</u>
<u>NET POSITION:</u>			
Investment in Capital Assets		181,660	181,660
Unrestricted/(Deficit)	<u>314,776</u>	<u>(6,192)</u>	<u>308,584</u>
Total Net Position	<u>\$ 314,776</u>	<u>\$ 175,468</u>	<u>\$ 490,244</u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Continuing</u>	<u>Food</u>	
	<u>Education</u>	<u>Service</u>	<u>Totals</u>
Operating Revenue:			
Daily Sales:			
Reimbursable Programs		\$ 447,251	\$ 447,251
Non-Reimbursable Programs		48,689	48,689
Charges for Services:			
Program Fees	\$ 684,662		684,662
Total Operating Revenue	<u>684,662</u>	<u>495,940</u>	<u>1,180,602</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs		106,971	106,971
Cost of Sales - Non-Reimbursable Programs		188,171	188,171
Salaries, Benefits & Payroll Taxes	455,334	193,312	648,646
Purchased Technical Services		30,600	30,600
Other Purchased Services	29,598		29,598
Supplies and Materials	91,787	25,586	117,373
Miscellaneous Expense		2,041	2,041
Depreciation Expense		21,619	21,619
Total Operating Expenses	<u>576,719</u>	<u>568,300</u>	<u>1,145,019</u>
Operating Income/(Loss)	107,943	(72,360)	35,583
Non-Operating Revenue:			
Local Sources:			
Interest Earnings		892	892
State Sources:			
State School Lunch Program		3,575	3,575
Federal Sources:			
National School Lunch Program		79,108	79,108
Food Distribution Program		12,555	12,555
Total Non-Operating Income		<u>96,130</u>	<u>96,130</u>
Change in Net Position	107,943	23,770	131,713
Net Position - Beginning of Year	<u>206,833</u>	<u>151,698</u>	<u>358,531</u>
Net Position - End of Year	<u>\$ 314,776</u>	<u>\$ 175,468</u>	<u>\$ 490,244</u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Major Fund</u>	<u>Non-Major Fund</u>	
	<u>Continuing</u>	<u>Food</u>	
	<u>Education</u>	<u>Service</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 707,697	\$ 501,794	\$ 1,209,491
Payments to Food Service Contractors		(342,677)	(342,677)
Payments for Salaries, Payroll Taxes and Benefits	(455,334)	(193,312)	(648,646)
Payments to Suppliers	(121,385)		(121,385)
Net Cash Provided by/(Used for) Operating Activities	<u>130,978</u>	<u>(34,195)</u>	<u>96,783</u>
Cash Flows from Investment Activities:			
Interest Income		892	892
Net Cash Provided by Investment Activities		<u>892</u>	<u>892</u>
Cash Flows from Noncapital Financing Activities:			
State Sources		3,104	3,104
Federal Sources		69,947	69,947
Interfund Payable - General Fund	474		474
Net Cash Provided by Noncapital Financing Activities	<u>474</u>	<u>73,051</u>	<u>73,525</u>
Net Increase in Cash and Cash Equivalents	131,452	39,748	171,200
Cash and Cash Equivalents, July 1	<u>304,978</u>	<u>8,044</u>	<u>313,022</u>
Cash and Cash Equivalents, June 30	<u>\$ 436,430</u>	<u>\$ 47,792</u>	<u>\$ 484,222</u>
Reconciliation of Operating Income/(Loss) to Net Cash			
Provided by/(Used for) Operating Activities:			
Operating Income/(Loss)	\$ 107,943	\$ (72,360)	\$ 35,583
Adjustment to Reconcile Operating Income/(Loss) to Net			
Cash Provided by/(Used for) Operating Activities:			
Depreciation		21,619	21,619
Food Distribution Program		12,555	12,555
Changes in Assets and Liabilities:			
(Increase)/Decrease in Inventory		(2,584)	(2,584)
Increase/(Decrease) in Unearned Revenue	23,035	5,854	28,889
Increase/(Decrease) in Unearned Revenue - Donated Commodities		721	721
Net Cash Provided by/(Used for) Operating Activities	<u>\$ 130,978</u>	<u>\$ (34,195)</u>	<u>\$ 96,783</u>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities through the Food Distribution Program Valued at \$13,276 and Utilized Commodities Valued at \$12,555.

FIDUCIARY FUNDS

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Totals</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 266,456	\$ 14,987	\$ 281,443	\$ 120,571	\$ 20,462
Total Assets	266,456	14,987	281,443	120,571	20,462
<u>LIABILITIES:</u>					
Interfund Payable - General Fund		1,412	1,412		9,027
Payroll Deductions and Withholdings Due to Student Groups	266,456	13,575	266,456		
Total Liabilities	266,456	14,987	281,443		9,027
<u>NET POSITION:</u>					
Held in Trust for:					
Unemployment Claims				120,571	
Flexible Spending Claims					11,435
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 120,571	\$ 11,435

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 73,807	\$ 71,250
Total Contributions	<u>73,807</u>	<u>71,250</u>
Investment Earnings:		
Interest	972	104
Net Investment Earnings	<u>972</u>	<u>104</u>
Total Additions	<u>74,779</u>	<u>71,354</u>
DEDUCTIONS:		
Flexible Spending Claims		68,664
Quarterly Unemployment Contributions	56,391	
Administrative Fees		3,420
Total Deductions	<u>56,391</u>	<u>72,084</u>
Change in Net Position	18,388	(730)
Net Position - Beginning of the Year	<u>102,183</u>	<u>12,165</u>
Net Position - End of the Year	<u>\$ 120,571</u>	<u>\$ 11,435</u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 12,792	\$ 29,596,613	\$ 29,594,418	\$ 14,987
Total Assets	<u>\$ 12,792</u>	<u>\$ 29,596,613</u>	<u>\$ 29,594,418</u>	<u>\$ 14,987</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 12,792	\$ 29,595,201	\$ 29,594,418	\$ 13,575
Interfund Payable - General Fund		<u>1,412</u>		<u>1,412</u>
Total Liabilities	<u>\$ 12,792</u>	<u>\$ 29,596,613</u>	<u>\$ 29,594,418</u>	<u>\$ 14,987</u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 265,609	\$ 508,215	\$ 507,368	\$ 266,456
Investments	14,213		14,213	
Total Assets	<u>\$ 279,822</u>	<u>\$ 508,215</u>	<u>\$ 521,581</u>	<u>\$ 266,456</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 279,822	\$ 508,215	\$ 521,581	\$ 266,456
Total Liabilities	<u>\$ 279,822</u>	<u>\$ 508,215</u>	<u>\$ 521,581</u>	<u>\$ 266,456</u>

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
Elementary Schools:				
Jefferson	\$ 13,316	\$ 19,941	\$ 22,692	\$ 10,565
Washington	13,803	25,645	24,537	14,911
Wilson	5,512	13,048	16,211	2,349
Lincoln	10,881	13,374	10,765	13,490
Junior High School:				
Grover Cleveland	27,057	110,459	120,767	16,749
Senior High School:				
James Caldwell:				
Activity Account	208,519	308,157	310,156	206,520
Athletic Account	734	17,591	16,453	1,872
Total All Schools	<u>\$ 279,822</u>	<u>\$ 508,215</u>	<u>\$ 521,581</u>	<u>\$ 266,456</u>

LONG-TERM DEBT

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding				Retired or Matured	Balance June 30, 2018
			June 30, 2018	Interest Rate	Balance July 1, 2017	Issued		
	Date	Amount						
School Bonds	06/19/08	\$ 14,765,000	\$ 1,115,000	4.125%	\$ 2,055,000	\$ 940,000	\$ 1,115,000	
School Bonds	03/19/15	18,205,000	860,000	2.750%				
	03/15/20	890,000	890,000	2.750%				
	03/15/21	920,000	920,000	2.750%				
	03/15/22	950,000	950,000	2.750%				
	03/15/23	980,000	980,000	2.750%				
	03/15/24	1,015,000	1,015,000	2.750%				
	03/15/25	1,045,000	1,045,000	2.750%				
	03/15/26	1,080,000	1,080,000	2.750%				
	03/15/27	1,115,000	1,115,000	3.000%				
	03/15/28	1,155,000	1,155,000	3.000%				
	03/15/29	1,190,000	1,190,000	3.000%				
	03/15/30	1,230,000	1,230,000	3.000%				
	03/15/31	1,270,000	1,270,000	3.000%				
	03/15/32	1,315,000	1,315,000	3.000%				
	03/15/33	1,355,000	1,355,000	3.000%	17,205,000	835,000	16,370,000	
Refunding School Bonds	02/17/16	7,350,000	15,000	2.000%				
	09/01/19	1,120,000	1,120,000	3.000%				
	09/01/20	1,190,000	1,190,000	3.000%				
	09/01/21	1,270,000	1,270,000	4.000%				
	09/01/22	1,270,000	1,270,000	4.000%				
	09/01/23	1,265,000	1,265,000	4.000%				
	09/01/24	1,210,000	1,210,000	4.000%	7,350,000	10,000	7,340,000	

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding				Retired or Matured	Balance June 30, 2018
			Date	June 30, 2018	Interest Rate	Balance July 1, 2017		
Energy Savings Improvement Program	05/16/18	\$ 2,800,000	07/15/19	\$ 150,000	2.000%			
			07/15/20	160,000	3.000%			
			07/15/21	135,000	4.000%			
			07/15/22	135,000	4.000%			
			07/15/23	145,000	4.000%			
			07/15/24	140,000	4.000%			
			07/15/25	155,000	5.000%			
			07/15/26	165,000	5.000%			
			07/15/27	180,000	5.000%			
			07/15/28	195,000	5.000%			
			07/15/29	210,000	5.000%			
			07/15/30	230,000	5.000%			
			07/15/30	245,000	5.500%			
07/15/32	265,000	5.500%						
07/15/33	290,000	5.500%						
						\$ 2,800,000	\$ 2,800,000	
							\$ 26,610,000	\$ 2,800,000
								\$ 1,785,000
								\$ 27,625,000

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,864,180		\$ 1,864,180	\$ 1,864,180	
State Sources:					
Debt Service Aid Type II	663,053		663,053	663,053	
Total Revenues	<u>2,527,233</u>		<u>2,527,233</u>	<u>2,527,233</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	814,332		814,332	814,431	\$ (99)
Redemption of Principal	1,785,000		1,785,000	1,785,000	
Total Expenditures	<u>2,599,332</u>		<u>2,599,332</u>	<u>2,599,431</u>	<u>(99)</u>
Deficit of Revenues Under Expenditures	(72,099)		(72,099)	(72,198)	(99)
Fund Balance, July 1	113,549		113,549	113,549	
Fund Balance, June 30	<u>\$ 41,450</u>	<u>\$ - 0 -</u>	<u>\$ 41,450</u>	<u>\$ 41,351</u>	<u>\$ (99)</u>
<u>Recapitulation:</u>					
Restricted - For Subsequent Year's Expenditures			<u>\$ 41,351</u>	<u>\$ 41,351</u>	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

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.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

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.

J-10 thru J-13

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 and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net Investment in Capital Assets	\$ 1,718,508	\$ 2,855,932	\$ 4,360,633	\$ 5,522,844	\$ 5,216,182	\$ 6,159,739	\$ 7,617,899	\$ 10,089,913	\$ 11,783,889	\$ 13,464,517
Restricted	2,169,786	2,263,340	2,083,084	2,659,225	1,651,092	2,100,022	1,349,827	1,881,100	2,540,850	3,489,294
Unrestricted (Deficit)	(72,914)	142,425	652,171	(16,912)	1,539,685	(11,948,153)	(11,675,726)	(13,196,876)	(14,150,534)	(14,121,849)
Total Governmental Activities										
Net Position/(Deficit)	\$ 3,815,380	\$ 5,261,697	\$ 7,095,888	\$ 8,165,157	\$ 8,406,959	\$ (3,688,392)	\$ (2,708,000)	\$ (1,225,863)	\$ 174,205	\$ 2,831,962
Business-type Activities:										
Investment in Capital Assets	\$ 32,380	\$ 24,073	\$ 16,580	\$ 11,540	\$ 294,393	\$ 269,565	\$ 244,969	\$ 224,898	\$ 203,279	\$ 181,660
Unrestricted	706,430	681,931	698,717	683,374	311,513	263,545	244,348	162,169	155,252	308,584
Total Business-type Activities										
Net Position	\$ 738,810	\$ 706,004	\$ 715,297	\$ 694,914	\$ 605,906	\$ 533,110	\$ 489,317	\$ 387,067	\$ 358,531	\$ 490,244
District-wide:										
Net Investment in Capital Assets	\$ 1,750,888	\$ 2,880,005	\$ 4,377,213	\$ 5,534,384	\$ 5,510,575	\$ 6,429,304	\$ 7,862,868	\$ 10,314,811	\$ 11,987,168	\$ 13,646,177
Restricted	2,169,786	2,263,340	2,083,084	2,659,225	1,651,092	2,100,022	1,349,827	1,881,100	2,540,850	3,489,294
Unrestricted (Deficit)	633,516	824,356	1,350,888	666,462	1,851,198	(11,684,608)	(11,431,378)	(13,034,707)	(13,995,282)	(13,813,265)
Total District-wide Net Position/(Deficit)	\$ 4,554,190	\$ 5,967,701	\$ 7,811,185	\$ 8,860,071	\$ 9,012,865	\$ (3,155,282)	\$ (2,218,683)	\$ (838,796)	\$ 532,736	\$ 3,322,206

Source: Caldwell-West Caldwell Board of Education Financial Reports.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Instruction:										
Regular	\$ 18,084,323	\$ 17,620,118	\$ 17,288,070	\$ 18,183,952	\$ 18,699,651	\$ 17,597,863	\$ 20,725,346	\$ 21,971,767	\$ 24,442,624	\$ 25,621,193
Special Education	3,608,427	4,043,701	3,930,359	3,978,308	4,334,306	4,731,689	5,426,362	6,438,375	7,456,464	7,655,254
Other Special Education	363,106	482,953	437,846	444,186	310,318	274,181	307,121	364,984	299,775	322,585
Other Instruction	1,206,622	1,266,121	1,193,152	1,243,831	1,270,526	1,471,628	1,718,067	1,815,902	2,119,540	2,152,469
Support Services:										
Tuition	2,066,504	2,068,588	2,263,498	2,510,239	2,591,562	2,201,414	2,760,285	2,472,465	2,634,435	2,458,883
Student & Instruction Related Services	5,397,927	5,731,157	5,583,897	5,664,327	5,745,182	6,669,738	7,677,084	8,300,424	9,041,452	9,575,592
General Administrative Services	672,186	649,484	652,454	721,574	617,134	707,478	795,701	729,656	790,157	986,508
School Administrative Services	2,203,771	2,399,848	2,400,576	2,504,564	2,483,110	2,498,544	2,724,898	3,003,053	3,429,065	3,464,280
Central Services	588,916	632,244	655,997	697,969	571,121	662,830	849,090	811,180	924,068	917,674
Administrative Information Technology	505,947	499,754	540,943	476,397	631,273	927,055	742,986	899,185	767,237	659,154
Plant Operations and Maintenance	4,541,700	4,244,849	4,202,786	4,121,393	4,266,708	5,241,904	4,457,300	4,344,130	4,288,007	4,377,335
Pupil Transportation	1,313,889	1,108,586	1,126,584	1,075,175	1,222,320	1,186,701	1,184,797	1,385,225	1,601,034	1,396,947
Transfer of Funds to Charter School	127									
Capital Outlay	489,045	657,494	611,528	584,922	558,316	519,300	7,263	5,477	5,477	773,146
Interest on Long-term Debt						176,037	591,939	1,044,412	839,110	639,551
Unallocated Depreciation							176,037	529,643	658,129	
Total Governmental Activities Expenses	41,042,490	41,404,897	40,887,690	42,206,837	43,301,527	44,866,362	50,144,276	54,115,878	59,296,574	61,000,571
Business-type Activities:										
Food Service	479,998	475,356	526,328	460,560	531,833	524,044	548,047	585,313	565,350	568,300
Continuing Education	266,779	230,623	207,418	199,188	196,336	193,360	204,636	213,195	237,065	576,719
Total Business-type Activities Expense	746,777	705,979	733,746	659,748	728,169	717,404	752,683	798,508	802,415	1,145,019
Total District-wide Expenses	\$ 41,789,267	\$ 42,110,876	\$ 41,621,436	\$ 42,866,585	\$ 44,029,696	\$ 45,583,766	\$ 50,896,959	\$ 54,914,386	\$ 60,098,989	\$ 62,145,590
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Regular Instruction						\$ 26,828	\$ 30,114	\$ 57,149	\$ 64,067	\$ 78,049
Pupil Transportation						1,773	6,148	4,685	8,324	10,535
Operating Grants and Contributions	\$ 3,253,887	\$ 3,883,092	\$ 3,417,756	\$ 3,726,882	\$ 4,528,522	\$ 5,904,622	\$ 10,444,942	\$ 12,539,154	\$ 15,720,600	\$ 17,412,814
Capital Grants and Contributions						12,544	112,896	558,405		
Total Governmental Activities Program Revenues	3,253,887	3,883,092	3,417,756	3,726,882	4,528,522	5,945,767	10,594,100	13,159,393	15,792,991	17,501,398
Business-type Activities:										
Charges for Services:										
Food Service	456,691	459,179	508,566	434,942	439,049	368,329	381,778	427,144	458,677	495,940
Continuing Education	304,489	205,763	233,207	203,897	199,306	228,037	255,585	189,006	224,039	684,662
Operating Grants and Contributions						48,462	71,518	79,961	90,920	95,238
Total Business-type Activities Program Revenues	761,180	664,942	741,773	638,839	638,355	644,828	708,881	696,111	773,636	1,275,840
Total District-wide Program Revenues	\$ 4,015,067	\$ 4,548,034	\$ 4,159,529	\$ 4,365,721	\$ 5,166,877	\$ 6,590,595	\$ 11,302,981	\$ 13,855,504	\$ 16,566,627	\$ 18,777,238

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
UNAUDITED
(Accrual Basis of Accounting)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue:										
Governmental Activities	\$ (37,788,603)	\$ (37,521,805)	\$ (37,469,934)	\$ (38,479,955)	\$ (38,773,005)	\$ (38,920,595)	\$ (39,550,176)	\$ (40,956,485)	\$ (43,503,583)	\$ (43,499,173)
Business-type Activities	14,403	(41,037)	8,027	(20,909)	(89,814)	(72,576)	(43,802)	(102,397)	(28,779)	130,821
Total District-wide Net Expense	\$ (37,774,200)	\$ (37,562,842)	\$ (37,461,907)	\$ (38,500,864)	\$ (38,862,819)	\$ (38,993,171)	\$ (39,593,978)	\$ (41,058,882)	\$ (43,532,362)	\$ (43,368,352)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 34,218,929	\$ 35,501,924	\$ 36,921,252	\$ 36,939,862	\$ 36,712,440	\$ 37,446,765	\$ 38,851,019	\$ 40,210,804	\$ 41,618,188	\$ 42,805,131
Taxes Levied for Debt Service	718,253	938,970	871,348	852,738	838,642	846,504	950,124	1,365,293	1,942,691	1,864,180
Unrestricted Grants and Contributions	2,151,602	2,339,205	1,290,795	1,527,089	1,720,159	401,759	496,927	489,147	986,802	714,671
Investment Earnings	55,805	15,611	4,740	1,253	1,524	3,580	23,164	72,548	53,662	69,719
Miscellaneous Income	177,745	172,412	215,989	228,282	250,722	205,658	209,334	300,830	302,308	703,229
Special Item					(18,534)					
Insurance Recovery Related to Flood Damages						807,788				
Transfers						6,871				
Total Governmental Activities	37,322,334	38,968,122	39,304,124	39,549,224	39,504,953	39,718,925	40,530,568	42,438,622	44,903,651	46,156,930
Business-type Activities:										
Investment Earnings	13,739	4,152	1,267	526	41	13	9	147	243	892
Miscellaneous Income	786,545	4,079			29,583					
Special Item					(31,267)	(233)				
Total Business-type Activities	800,284	8,231	1,267	526	(1,643)	(220)	9	147	243	892
Total District-wide General Revenues and Other Changes in Net Position	\$ 38,122,618	\$ 38,976,353	\$ 39,305,391	\$ 39,549,750	\$ 39,503,310	\$ 39,718,705	\$ 40,530,577	\$ 42,438,769	\$ 44,903,894	\$ 46,157,822
Change in Net Position:										
Governmental Activities	\$ (466,269)	\$ 1,446,317	\$ 1,834,190	\$ 1,069,269	\$ 731,948	\$ 798,330	\$ 980,392	\$ 1,482,137	\$ 1,400,068	\$ 2,657,757
Business-type Activities	814,687	(32,806)	9,294	(20,383)	(91,457)	(72,796)	(43,793)	(102,250)	(28,536)	131,713
Total District-wide Change in Net Position	\$ 348,418	\$ 1,413,511	\$ 1,843,484	\$ 1,048,886	\$ 640,491	\$ 725,534	\$ 936,599	\$ 1,379,887	\$ 1,371,532	\$ 2,789,470

Source: Caldwell-West Caldwell School District Financial Reports.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED
 (Modified Accrual Basis of Accounting)

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Reserved	\$ 2,169,786	\$ 2,263,340	\$ 2,083,084	\$ 2,659,225	\$ 3,094,436	\$ 2,028,115	\$ 1,257,970	\$ 1,789,051	\$ 2,425,831	\$ 3,447,943
Restricted						928,240	356,154	248,298	380,619	533,300
Assigned	555,777	827,222	1,221,780	571,730	532,455	815,154	871,190	1,028,064	884,718	1,064,197
Unassigned										
Total General Fund	\$ 2,725,563	\$ 3,090,562	\$ 3,304,864	\$ 3,230,955	\$ 3,626,891	\$ 3,771,509	\$ 2,485,314	\$ 3,065,413	\$ 3,691,168	\$ 5,045,440
All Other Governmental Funds:										
Reserved	\$ 5,735,683	\$ 950,836	\$ 2,073,718	\$ 1,049,050						
Restricted					\$ 85,622	\$ 71,907	\$ 17,811,339	\$ 9,009,824	\$ 4,713,173	\$ 4,533,079
Committed					58,708	174,968	903,348	87,255	87,255	87,255
Unreserved, Reported in:										
Capital Projects Fund	3,216,125	1,974,946	725,636	14,876						
Debt Service Fund		1								
Total All Other Governmental Funds	\$ 8,951,808	\$ 2,925,783	\$ 2,799,354	\$ 1,063,926	\$ 144,330	\$ 246,875	\$ 18,714,687	\$ 9,097,079	\$ 4,800,428	\$ 4,620,334
Total Governmental Funds	\$ 11,677,371	\$ 6,016,345	\$ 6,104,218	\$ 4,294,881	\$ 3,771,221	\$ 4,018,384	\$ 21,200,001	\$ 12,162,492	\$ 8,491,596	\$ 9,665,774

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:											
Tax Levy	\$33,593,059	\$34,937,182	\$36,440,894	\$37,551,082	\$37,792,600	\$37,551,082	\$38,293,269	\$39,801,143	\$41,576,097	\$43,560,879	\$44,669,311
Tuition from Other LEA's								4,592	28,677	39,547	78,049
Tuition from Individuals							26,828	25,522	28,472	24,520	
Transportation Fees			3,694	1,424	1,161	1,424	1,773	6,148	4,685	8,324	10,535
Rents and Royalties								76,785	85,961	132,486	127,633
Interest Earned on Capital Reserve Funds	16,723	6,363	1,193	101	92	101	2,329	3,214	449	609	5,069
Miscellaneous	372,133	227,187	183,135	250,722	228,282	250,722	318,689	201,891	482,790	289,553	642,132
State Sources	6,106,002	4,803,731	5,037,527	3,953,667	4,576,840	5,658,392	5,246,481	5,941,620	6,969,131	7,604,288	8,360,697
Federal Sources	610,821	601,758	1,184,771	754,884	677,131	590,289	960,664	797,730	1,105,895	1,048,071	970,584
Total Revenue	40,698,738	40,576,221	42,851,214	42,511,880	43,276,106	44,052,010	44,850,033	46,858,645	50,282,157	52,708,277	54,864,010
Expenditures:											
Instruction:											
Regular Instruction	12,033,197	12,933,462	12,942,086	12,364,390	12,663,677	12,364,390	12,488,647	13,115,671	13,278,595	13,292,141	13,594,248
Special Education Instruction	2,650,705	2,768,103	2,965,223	2,934,542	2,770,617	2,934,542	3,485,438	3,540,324	3,687,893	3,834,722	3,982,573
Other Special Instruction	217,276	284,786	358,472	215,809	311,496	215,809	192,571	186,693	229,197	170,664	187,413
School-Sponsored/Other Instruction	999,779	1,034,583	1,073,255	997,374	1,029,678	1,070,315	1,100,445	1,137,496	1,227,617	1,308,775	1,321,568
Support Services:											
Tuition	1,910,690	2,066,504	2,068,588	2,263,498	2,510,239	2,591,562	2,201,414	2,760,285	2,472,465	2,634,435	2,458,883
Student & Other Instruction Related Services	4,449,128	4,645,881	4,924,002	4,639,043	4,664,312	4,873,166	5,152,377	5,413,031	6,088,655	6,224,473	6,371,531
General Administrative Services	651,376	576,346	573,707	1,782,847	631,702	543,184	511,712	524,083	530,010	557,575	624,685
School Administrative Services	1,691,765	1,740,210	1,810,620	569,162	1,827,199	1,774,829	1,798,218	1,790,915	1,823,562	1,888,836	1,939,895
Central Services	495,370	504,949	523,289	535,677	564,932	465,764	466,973	542,591	492,065	533,077	505,594
Administrative Information Technology	371,549	433,809	474,930	513,258	562,857	602,217	832,683	629,266	833,117	697,518	623,303
Plant Operations and Maintenance	3,835,901	3,894,148	3,769,387	3,728,131	3,622,480	3,770,095	4,620,397	3,954,120	3,981,547	3,913,382	4,030,562
Student Transportation	1,076,665	1,126,556	1,077,685	1,088,816	1,036,595	1,222,320	1,123,218	1,118,579	1,344,658	1,530,196	1,270,795
Allocated Benefits									2,940,097	3,243,710	3,697,787
Unallocated Benefits	8,716,934	7,116,549	7,866,602	8,401,009	9,120,191	9,897,159	9,604,165	10,467,706	8,173,163	8,959,389	9,634,718
Transfer of Funds to Charter School	2,560	127									
Capital Outlay	479,224	5,555,997	6,694,900	1,292,086	2,539,546	1,100,375	628,283	1,582,043	10,381,401	4,762,102	3,646,846
Debt Service:											
Principal	650,000	700,000	734,000	645,000	645,000	645,000	680,000	860,000	860,000	1,940,000	1,785,000
Interest and Other Charges	92,738	489,045	657,494	611,528	584,922	558,315	530,988	499,225	975,624	888,178	814,431
Total Expenditures	40,324,857	45,871,055	48,512,240	42,582,170	45,085,443	44,629,042	45,417,529	48,122,028	59,319,666	56,379,173	56,489,832

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Accrual Basis of Accounting)

	Fiscal Year Ending June 30,										
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ 373,881	\$ (5,294,834)	\$ (5,661,026)	\$ (70,290)	\$ (1,809,337)	\$ (577,032)	\$ (567,496)	\$ (1,263,383)	\$ (9,037,509)	\$ (3,670,896)	\$ (1,625,822)
Other Financing Sources/(Uses):											
Long Term Debt Issued	14,765,000							18,205,000	7,350,000		2,800,000
School Refunding Bonds Issued											
Serial Bonds Issued											
Bond Premium									804,913		
Serial Bonds Defeased									(7,435,000)		
Bond Issuance Costs									(114,828)		
Deferred amount on Refunding									(605,085)		
Capital Leases								240,000			
Transfers							6,871				
Special Item						(18,534)					
Total Other Financing Sources/(Uses)	14,765,000	-0-	-0-	-0-	-0-	(18,534)	814,659	18,445,000	-0-	-0-	2,800,000
Net Change in Fund Balances	\$ 15,138,881	\$ (5,294,834)	\$ (5,661,026)	\$ (70,290)	\$ (1,809,337)	\$ (595,566)	\$ 247,163	\$ 17,181,617	\$ (9,037,509)	\$ (3,670,896)	\$ 1,174,178
Debt Service as a % of Noncapital Expenditures	1.86%	2.95%	3.33%	3.04%	2.89%	2.76%	2.70%	2.92%	3.75%	5.48%	4.92%

Source: Caldwell-West Caldwell School District Financial Reports.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(Modified Basis of Accounting)

Fiscal Year Ending June 30,	Interest on Investments	Insurance Dividends	Tuition	Gate Receipts	Transportation Fees	Rentals	Prior Year Refunds	Adjustment of Prior Years' Orders	Miscellaneous	Total
2009	\$ 56,138	\$ 35,664	\$ 8,757	\$ 31,268	\$ 4,262	\$ 62,901	\$ 17,674	\$ 579	\$ 9,307	\$ 226,550
2010	15,611		500	29,523	3,695	61,842	8,950	228	25,673	146,022
2011	4,740	3,589		36,112	3,807	69,878	58,342	11	37,262	213,741
2012	1,826			36,395	1,161	75,682	100,615		6,856	222,535
2013	672		24,597	38,098	1,424	66,488	60,665		50,586	242,530
2014	1,251		26,828	13,639	1,773	69,681	25,990		98,677	237,839
2015	448		30,114	12,273	6,148	76,785	42,898		80,144	248,810
2016	11,220		57,149	12,320	4,685	85,961	91,351		100,427	363,113
2017	11,603		64,067	15,889	8,324	132,486	37,783		116,760	386,912
2018	38,619		78,049	14,075	10,535	127,633	66,492		69,239	404,642

Source: Caldwell-West Caldwell School District Financial Reports.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended Dec. 31	Vacant Land	Residential	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax Exempt Property	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
<u>Borough of Caldwell</u>												
2008	\$ 7,095,800	\$ 819,061,100	\$ -0-	\$ 121,736,800	\$ -0-	\$ 77,955,000	\$ 1,025,848,700	\$ 4,009,252	\$ 1,029,857,952	\$ 126,374,300	\$ 1.09	\$ 1,143,440,806
2009	5,619,300	820,799,500	-0-	126,565,100	-0-	77,955,000	1,030,938,900	3,987,384	1,034,926,284	126,289,200	1.10	1,162,210,844
2010	4,840,100	821,868,350	-0-	126,626,300	-0-	77,655,000	1,030,989,750	4,061,607	1,035,051,357	126,252,200	1.11	1,131,875,733
2011	4,840,100	816,333,350	-0-	128,437,200	-0-	77,655,000	1,027,265,650	4,245,536	1,031,511,186	125,773,000	1.14	1,114,440,103
2012	4,583,200	809,028,850	-0-	127,391,700	-0-	77,155,000	1,018,158,750	4,262,527	1,022,421,277	126,177,800	1.15	1,074,905,267
2013	3,667,600	803,292,350	-0-	126,905,900	-0-	76,785,100	1,010,650,950	3,742,536	1,014,393,486	126,250,300	1.15	1,026,083,311
2014	3,505,600	800,217,350	-0-	125,410,900	-0-	75,779,900	1,004,913,750	3,398,338	1,008,312,088	126,250,300	1.18	1,000,936,821
2015	3,219,600	803,972,450	-0-	121,488,700	-0-	75,779,900	1,004,460,650	3,118,098	1,007,578,748	126,250,300	1.26	1,064,904,624
2016	3,035,300	792,493,600	-0-	120,879,700	-0-	75,779,900	992,188,500	3,177,900	995,366,400	128,315,500	1.37	1,111,963,138
2017	3,685,800	804,887,800	-0-	128,263,100	-0-	91,967,400	1,028,804,100	3,534,500	1,032,338,600	261,463,500	1.36	1,089,486,704
<u>Township of West Caldwell</u>												
2008	\$ 7,707,200	\$ 777,413,400	\$ 81,400	\$ 162,519,000	\$ 182,895,200	\$ 7,906,700	\$ 1,138,522,900	\$ 674,800	\$ 1,139,197,700	\$ 70,073,300	\$ 2.02	\$ 2,384,318,194
2009	6,977,900	784,492,900	81,400	163,136,800	176,637,600	7,906,700	1,139,233,300	659,800	1,139,893,100	69,773,300	2.14	2,568,255,600
2010	6,882,300	788,206,900	81,400	162,816,600	172,279,300	7,906,700	1,138,173,200	688,400	1,138,861,600	69,773,300	2.25	2,569,566,983
2011 *	14,481,200	1,514,974,700	81,800	347,629,600	338,616,100	16,160,900	2,231,944,300	1,552,700	2,233,497,000	133,024,264	1.17	2,417,264,444
2012	14,147,200	1,514,131,500	81,800	346,533,400	338,019,100	16,160,900	2,229,073,900	1,464,400	2,230,538,300	133,513,064	1.16	2,349,678,860
2013	20,189,800	1,512,331,600	81,800	342,256,700	334,247,000	16,160,900	2,225,267,800	1,633,200	2,226,901,000	134,552,264	1.18	2,346,745,819
2014	18,252,600	1,521,720,400	81,800	337,907,200	330,394,600	15,683,900	2,224,040,500	1,369,200	2,225,409,700	132,903,364	1.22	2,249,860,770
2015	15,436,100	1,532,626,400	81,800	339,895,200	331,551,200	15,683,900	2,235,274,600	1,442,400	2,236,717,000	133,733,464	1.31	2,183,656,002
2016	11,956,300	1,544,338,600	81,800	337,384,300	331,022,200	17,783,900	2,242,567,100	1,425,500	2,243,992,600	134,599,564	1.26	2,303,581,422
2017	12,550,700	1,549,818,100	81,800	332,431,900	328,425,500	24,265,600	2,247,573,600	1,378,900	2,248,952,500	134,826,400	1.34	2,407,987,039

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation.

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

^b Tax rates are per \$100 of assessed value.

* Revaluation became effective in this year.

Source: Borough of Caldwell and Township of West Caldwell Tax Assessor.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Caldwell-West Caldwell School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General		Total Direct	Borough of Caldwell	Essex County	
	Basic Rate ^a	Obligation Debt Service ^b				
2008	\$ 1.07	\$ 0.02	\$ 1.09	\$ 0.67	\$ 0.43	\$ 2.19
2009	1.07	0.03	1.10	0.68	0.44	2.22
2010	1.08	0.03	1.11	0.69	0.45	2.25
2011	1.11	0.03	1.14	0.69	0.48	2.31
2012	1.13	0.03	1.15	0.71	0.48	2.35
2013	1.13	0.03	1.15	0.72	0.50	2.37
2014	1.15	0.03	1.18	0.72	0.52	2.42
2015	1.22	0.04	1.26	0.73	0.55	2.54
2016	1.31	0.06	1.37	0.75	0.58	2.70
2017	1.30	0.06	1.36	0.75	0.55	2.66

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

^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

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

Source: Borough of Caldwell Tax Collector and School Business Administrator.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	Caldwell-West Caldwell School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	General		Total Direct	Township of West Caldwell	Essex County	
	Basic Rate ^a	Obligation Debt Service ^b				
2008	\$ 1.98	\$ 0.04	\$ 2.02	\$ 0.99	\$ 0.79	\$ 3.80
2009	2.09	0.05	2.14	1.00	0.89	4.03
2010	2.20	0.05	2.25	1.03	0.93	4.21
2011	* 1.14	0.03	1.17	0.55	0.48	2.20
2012	1.13	0.03	1.16	0.55	0.49	2.19
2013	1.15	0.03	1.18	0.56	0.52	2.26
2014	1.19	0.03	1.22	0.56	0.53	2.30
2015	1.27	0.04	1.31	0.57	0.51	2.39
2016	1.20	0.06	1.26	0.57	0.53	2.36
2017	1.28	0.06	1.34	0.58	0.55	2.48

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

^a The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

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

* Revaluation became effective in this year.

Source: Township of West Caldwell Tax Collector and School Business Administrator.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Borough of Caldwell

<u>Taxpayer</u>	<u>2017</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
Carlyle Towers, LLC	\$ 5,733,700	1	0.56%
Panyork Grup Inc.	\$ 5,641,600	2	0.55%
Caldwell Plaza Inc.	\$ 4,072,700	3	0.39%
Parkview Common Apartments LLC	\$ 2,822,200	4	0.27%
S&S @ 550 Bloomfield Ave.	\$ 2,642,500	5	0.26%
Rumsey Park Association co/ AFLTD Mgt	\$ 2,342,500	6	0.23%
Philip Hillside Realty, LLC (Prospect St.)	\$ 2,158,100	7	0.21%
Philip Hillside Realty, LLC (Academy Rd.)	\$ 2,158,100	8	0.21%
Seven Properties LLC	\$ 2,068,200	9	0.20%
Sidebrook Associates	\$ 1,971,300	10	0.19%
Total	<u>\$ 31,610,900</u>		<u>3.06%</u>

<u>Taxpayer</u>	<u>2008</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>

INFORMATION IS NOT AVAILABLE

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO

Township of West Caldwell

Taxpayer	2017		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Lutheran Social Ministries, Inc.	\$ 81,000,000	1	3.60%
GR/SS Caldwell	38,433,800	2	1.71%
Toyota Motor Sales	32,033,900	3	1.42%
LTS Lohmann Therapy Systems	32,016,600	4	1.42%
West Caldwell Plaza	22,911,600	5	1.02%
Leknarf Associates LLC	22,724,000	6	1.01%
Mountain Ridge Country Club	19,642,900	7	0.87%
CMI Essex Property	19,500,000	8	0.87%
Henderson Drive LLC	16,943,500	9	0.75%
Eagle Rock Convalescent Center	14,200,000	10	0.63%
Total	<u>\$ 299,406,300</u>		<u>13.34%</u>

Taxpayer	2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
INFORMATION IS NOT AVAILABLE			

Source: Township of West Caldwell Tax Assessor.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the</u> <u>Fiscal Year of the Levy</u> ^a		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
<u>Borough of Caldwell</u>				
2009	\$ 11,338,539	\$ 11,338,539	100.00%	\$ -0-
2010	11,454,861	11,454,861	100.00%	-0-
2011	11,750,554	11,750,554	100.00%	-0-
2012	11,589,876	11,589,876	100.00%	-0-
2013	11,726,967	11,726,967	100.00%	-0-
2014	11,624,823	11,624,823	100.00%	-0-
2015	12,227,880	12,227,880	100.00%	-0-
2016	13,628,983	13,628,983	100.00%	-0-
2017	14,181,660	14,181,660	100.00%	-0-
2018	13,916,366	13,916,366	100.00%	-0-
<u>Township of West Caldwell</u>				
2009	\$ 24,350,499	\$ 24,350,499	100.00%	\$ -0-
2010	25,661,886	25,661,886	100.00%	-0-
2011	26,042,046	26,042,046	100.00%	-0-
2012	25,236,275	25,236,275	100.00%	-0-
2013	25,824,115	25,824,115	100.00%	-0-
2014	26,668,446	26,668,446	100.00%	-0-
2015	27,573,263	27,573,263	100.00%	-0-
2016	27,947,114	27,947,114	100.00%	-0-
2017	29,379,219	29,379,219	100.00%	-0-
2018	30,752,945	30,752,945	100.00%	-0-

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

Source: Borough of Caldwell and Township of West Caldwell School District records including the Certificate and Report of School Taxes (A4F form).

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Obligations Under Capital Leases	Capital Leases		Capital Leases				
2009	\$ 15,499,000	\$ 443,174	\$ -0-	\$ -0-	\$ 15,942,174	1.71%	\$ 911		
2010	14,765,000	340,903	-0-	-0-	15,105,903	1.68%	862		
2011	14,120,000	238,632	-0-	-0-	14,358,632	1.47%	771		
2012	13,475,000	122,204	-0-	-0-	13,597,204	1.32%	726		
2013	12,830,000	317,096	-0-	-0-	13,147,096	1.27%	703		
2014	12,150,000	225,115	-0-	-0-	12,375,115	1.18%	659		
2015	29,495,000	325,888	-0-	-0-	29,820,888	2.71%	1,578		
2016	28,550,000	185,890	-0-	-0-	28,735,890	2.52%	1,512		
2017	26,610,000	-0-	-0-	-0-	26,610,000	2.31%	1,405		
2018	27,625,000	-0-	-0-	-0-	27,625,000	2.37%	1,446		

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

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

Source: Caldwell-West Caldwell School District Financial Reports.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation Taxable ^a	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 15,499,000	\$ -0-	\$ 15,499,000	0.71%	\$ 886
2010	14,765,000	-0-	14,765,000	0.68%	843
2011	14,120,000	-0-	14,120,000	0.65%	758
2012	13,475,000	-0-	13,475,000	0.41%	720
2013	12,830,000	-0-	12,830,000	0.39%	686
2014	12,150,000	-0-	12,150,000	0.37%	647
2015	29,495,000	-0-	29,495,000	0.91%	1,560
2016	28,550,000	-0-	28,550,000	0.88%	1,502
2017	26,610,000	-0-	26,610,000	0.82%	1,405
2018	27,625,000	-0-	27,625,000	0.84%	1,446

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

^a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

^b See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

Source: Caldwell-West Caldwell Board of Education Financial Reports.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes:			
Borough of Caldwell	\$ 9,500,917	100.000%	\$ 9,500,917
Township of West Caldwell	20,735,997	100.000%	20,735,997
Essex County General Obligation Debt:			
Borough of Caldwell Share	410,788,661	1.271%	5,221,390
Township of West Caldwell Share	410,788,661	2.809%	<u>11,540,332</u>
Subtotal, Overlapping Debt			46,998,636
Caldwell-West Caldwell School District Direct Debt			<u>28,640,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 75,638,636</u></u>

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

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

Sources: Assessed value data used to estimate applicable percentages provided by the Essex County Board of Taxation; debt outstanding data provided by each governmental unit.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 145,092,037	\$ 145,231,252	\$ 141,441,876	\$ 137,991,210	\$ 137,007,357	\$ 133,495,293	\$ 130,884,976	\$ 131,419,808	\$ 134,538,024	\$ 140,180,783
Total Net Debt Applicable to Limit	15,499,000	14,765,000	14,120,000	13,475,000	12,830,000	12,150,000	29,495,000	28,550,000	26,610,000	27,625,000
Legal Debt Margin	\$ 129,593,037	\$ 130,466,252	\$ 127,321,876	\$ 124,516,210	\$ 124,177,357	\$ 121,345,293	\$ 101,389,976	\$ 102,869,808	\$ 107,928,024	\$ 112,555,783

Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	10.68%	10.17%	9.98%	9.77%	9.36%	9.10%	22.54%	21.72%	19.78%	19.71%
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Legal Debt Margin Calculation for Fiscal Year 2018

	Borough of Caldwell	Township of West Caldwell	Total
Equalized valuation basis:			
2017	\$ 1,157,129,794	\$ 2,484,055,703	\$ 3,641,185,497
2016	1,079,521,162	2,390,796,482	3,470,317,644
2015	1,117,433,141	2,284,622,445	3,402,055,586
			<u>\$10,513,558,727</u>
Average Equalized Valuation of Taxable Property			<u>\$ 3,504,519,576</u>
Debt Limit (4% of average equalization value) ^a			\$ 140,180,783
Net Bonded School Debt			<u>27,625,000</u>
Legal Debt Margin			<u>\$ 112,555,783</u>

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

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Borough of Caldwell

<u>Year</u>	<u>Population^a</u>	<u>Essex County Per Capita Personal Income^b</u>	<u>Borough of Caldwell Personal Income^c</u>	<u>Unemployment Rate^d</u>
2009	7,115	\$ 51,288	\$ 364,914,120	5.10%
2010	7,823	52,324	409,330,652	5.20%
2011	7,874	55,014	433,180,236	4.90%
2012	7,869	55,404	435,974,076	5.10%
2013	7,888	55,692	439,298,496	6.50%
2014	7,917	58,319	461,711,523	5.40%
2015	7,948	60,030	477,118,440	5.10%
2016	8,018	60,887	488,191,966	4.50%
2017	8,085	60,887 *	492,271,395	3.80%
2018	8,085 **	60,887 *	492,271,395 ***	N/A

* - Latest Essex County per capita personal income available (2016) was used for calculation purposes.

** - Latest population data available (2017) was used for calculation purposes.

*** - Latest available population data (2017) and latest available Essex County per capita personal income (2016) was used for calculation purposes.

N/A - Information is not available.

Sources:

^a Population information provided by the NJ Department of Labor and Workforce Development.

^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Township of West Caldwell

Year	Population ^a	Essex County Per Capita Personal Income ^b	Township of West Caldwell Personal Income ^c	Unemployment Rate ^d
2009	10,407	\$ 51,288	\$ 533,754,216	7.30%
2010	10,799	52,324	565,046,876	7.30%
2011	10,849	55,014	596,846,886	7.00%
2012	10,843	55,404	600,745,572	7.20%
2013	10,877	55,692	605,761,884	4.00%
2014	10,984	58,319	640,575,896	5.10%
2015	11,060	60,030	663,931,800	4.10%
2016	10,928	60,887	665,373,136	4.00%
2017	11,021	60,887 *	671,035,627	3.80%
2018	11,021 **	60,887 *	671,035,627 ***	N/A

* - Latest Essex County per capita personal income available (2016) was used for calculation purposes.

** - Latest population data available (2017) was used for calculation purposes.

*** - Latest available population data (2017) and latest available Essex County per capita personal income (2016) was used for calculation purposes.

N/A - Information is not available.

Sources:

- ^a Population information provided by the NJ Department of Labor and Workforce Development.
- ^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.
- ^c Personal income has been estimated based upon the municipal population and per capita personal income presented.
- ^d Unemployment data provided by the NJ Department of Labor and Workforce Development.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - COUNTY OF ESSEX
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>Employer</u>	<u>2017</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
St. Barnabas Health Care System	23,000	1	6.64%
Verizon	17,100	2	4.94%
Prudential Ins. Co. of America	16,850	3	4.87%
Rutgers University-Newark Campus	15,500	4	4.48%
Continental Airlines	11,000	5	3.18%
Newark Board of Education	7,050	6	2.04%
Automatic Data Processing	5,649	7	1.63%
New Jersey Transit	4,000	8	1.16%
City of Newark	4,000	9	1.16%
Essex County	3,500	10	1.01%
	<u>107,649</u>		<u>31.09%</u>
Total Employment	<u>346,237</u>		
		<u>2008</u>	<u>Percentage of</u>

INFORMATION IS NOT AVAILABLE

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction:										
Regular	165	166	161	161	164	160	165	165	159	164
Special Education	44	46	44	46	46	47	45	45	50	55
Other Special Education	10	10	10	11	8	8	7			
Support Services:										
Student & Instruction Related Services	63	63	55	50	54	55	42	41	41	41
School Administration	23	23	23	22	24	24	23	22	22	21
General Administration	9	9	9	10	5	5	4	4	5	5
Central Services	6	6	6	6	6	6	6	7	6	7
Plant Operations and Maintenance	39	39	37	40	36	37	36	35	32	35
Pupil Transportation	3	3	3	4	4	2	2	2	2	5
Total	362	365	348	350	347	344	330	321	317	333

Source: Caldwell-West Caldwell School District Personnel Records.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year End June 30,	Operating Expenditures ^a	Cost Per Pupil ^b	Percentage Change	Teaching Staff ^c	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^d	Average Daily Attendance (ADA) ^d	% Change in Average Daily Enrollment	Student Attendance Percentage
					Elementary School	Middle School	High School				
2009	\$ 39,126,013	\$ 14,731	-0.92%	238	1:15	1:15	1:13	2,652	2,536	-0.04%	95.63%
2010	40,425,846	15,602	5.91%	240	1:15	1:15	1:13	2,573	2,492	-2.98%	96.85%
2011	40,033,556	15,445	-1.01%	232	1:15	1:15	1:14	2,597	2,493	0.93%	96.00%
2012	41,315,975	15,977	3.44%	236	1:15	1:17	1:14	2,602	2,494	0.19%	95.85%
2013	42,325,352	16,087	0.69%	238	1:15	1:17	1:14	2,596	2,514	-0.23%	96.84%
2014	43,578,258	16,526	2.73%	238	1:15	1:17	1:14	2,635	2,522	1.50%	95.71%
2015	45,180,760	17,094	3.44%	238	1:10	1:11	1:12	2,652	2,527	0.65%	95.29%
2016	47,102,641	17,681	3.43%	238	1:10	1:11	1:12	2,658	2,566	0.23%	96.54%
2017	48,788,893	18,700	5.76%	233	1:10	1:11	1:12	2,614	2,508	-1.66%	95.94%
2018	50,243,555	19,170	2.51%	238	1:10	1:11	1:12	2,621	2,493	0.27%	95.12%

Note: Enrollment based on annual October District count.

- ^a Operating expenditures equal total expenditures less debt service and capital outlay.
- ^b Cost Per Pupil calculated above is the sum of operating expenditures divided by enrollment. This may be different from the State's Cost Per Pupil calculations.
- ^c Teaching staff includes only full-time equivalents of certificated staff.
- ^d Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Jefferson School (1954)										
Square Feet	37,369	37,369	37,369	37,369	37,369	37,369	37,369	37,369	37,369	37,369
Capacity (Students)	350	350	350	350	350	350	350	350	350	350
Enrollment	293	305	295	309	307	320	326	294	294	273
Lincoln School (1915)										
Square Feet	35,461	35,461	35,461	35,461	35,461	35,461	35,461	35,461	35,461	35,461
Capacity (Students)	350	350	350	350	350	350	350	350	350	350
Enrollment	227	235	234	237	256	252	246	237	237	246
Washington School (1948)										
Square Feet	46,319	46,319	46,319	46,319	46,319	46,319	46,319	46,319	46,319	46,319
Capacity (Students)	523	523	523	523	523	523	523	523	523	523
Enrollment	401	375	367	362	372	354	346	360	360	367
Wilson School (1958)										
Square Feet	35,996	35,996	35,996	35,996	35,996	35,996	35,996	35,996	35,996	35,996
Capacity (Students)	350	350	350	350	350	350	350	350	350	350
Enrollment	239	239	251	255	245	248	298	288	288	250
Grover Cleveland Middle School (1925)										
Square Feet	114,670	114,670	114,670	114,670	114,670	114,670	114,670	114,670	114,670	114,670
Capacity (Students)	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256
Enrollment	613	631	634	645	647	637	626	633	633	628
James Caldwell High School (1960)										
Square Feet	127,023	127,023	127,023	127,023	127,023	127,023	127,023	127,023	127,023	127,023
Capacity (Students)	1,265	1,265	1,265	1,265	1,265	1,265	1,265	1,265	1,265	1,265
Enrollment	848	788	791	757	781	792	801	795	795	806

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

District Building	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Harrison School Building	35,759	35,759	35,759	35,759	35,759	35,759	35,759	35,759	35,759	35,759
Square Feet	35	18	20	21	23	34	42	42	42	51
Enrollment - PSD										
Maintenance Shop	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250	4,250
Square Feet										
Field House	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100
Square Feet										

Number of Schools at June 30, 2018

- Elementary = 4
- Middle School = 1
- High School = 1
- Other = 3

Source: Caldwell-West Caldwell School District Personnel Records.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

Undistributed Expenditures - Required Maintenance for School Facilities*
 Account Number 11-000-261-XXX

Fiscal Year Ended June 30,	Jefferson	Lincoln	Washington	Wilson	Harrison	Grover	James	Total
	Elementary School	Elementary School	Elementary School	Elementary School	School Building	Cleveland Middle School	Caldwell High School	
2009	\$ 99,945	\$ 85,543	\$ 112,508	\$ 99,368	\$ 113,510	\$ 252,946	\$ 453,131	\$ 1,216,951
2010	109,705	101,258	107,298	73,888	98,130	255,585	429,048	1,174,912
2011	90,237	112,879	126,005	90,158	89,459	221,611	439,534	1,169,883
2012	101,893	102,931	129,790	91,582	92,590	228,456	377,612	1,124,854
2013	136,869	66,961	98,144	89,060	159,225	303,942	470,565	1,324,766
2014	86,994	70,353	90,428	73,210	87,956	1,281,104	302,879	1,992,924
2015	71,642	69,049	81,395	61,353	87,991	465,735	498,475	1,335,640
2016	138,943	108,551	146,318	96,632	119,897	424,960	425,428	1,460,729
2017	217,222	132,395	140,765	157,169	206,388	279,745	369,666	1,503,350
2018	166,606	94,236	189,168	91,807	210,682	341,712	416,556	1,510,767

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

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2018
UNAUDITED

	Coverage	Deductible
School Alliance Insurance Fund (SAIF):		
School Package Policy:		
Building & Personal Property	\$ 250,000,000 Fund Limit	\$ 2,500
Inland Marine - Auto Physical Damage		
General Liability including Auto, Employee Benefits:		
Per Occurrence	5,000,000	
General Aggregate	100,000,000 Fund Aggregate	
Product/Completed Ops		
Personal Injury		
Fire Damage	2,500,000	
Medical Expenses (excluding students taking part in athletics)	5,000	
Automobile Coverage		
Combined Single Limit		
Hired/Non-owned		
Environmental Impairment Liability	1,000,000 / 25,000,000 Fund Aggregate	10,000
Crime Coverage	50,000 Inside/Outside	1,000
Blanket Dishonesty Bond	100,000	1,000
Boiler and Machinery	100,000,000	1,000
Excess Liability (AL/GL/SLPL)	10,000,000	
School Board Legal Liability	5,000,000	5,000
Workers' Compensation:	Statutory	
Employer's Liability	5,000,000	
Supplemental Indemnity	Statutory	
Public Officials' Bonds - Selective Insurance Company of America:		
Treasurer of School Monies	300,000	
Business Administrator/Board Secretary	300,000	
Student Accident/Athletes only - Bollinger	5,000,000	

Source: Caldwell-West Caldwell School District records.

SINGLE AUDIT SECTION



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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 Auditors' Report

The Honorable President and Members
of the Board of Education
Caldwell-West Caldwell School District
County of Essex, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Caldwell-West Caldwell School District, in the County of Essex (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

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

The Honorable President and Members
of the Board of Education
Caldwell-West Caldwell School District
Page 2

Compliance and Other Matters

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

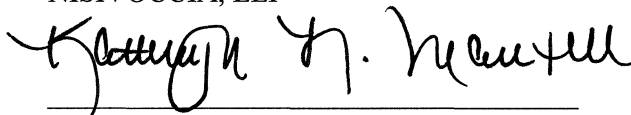
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

January 18, 2019
Mount Arlington, New Jersey



NISIVOCCIA, LLP



Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Caldwell-West Caldwell School District
County of Essex, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Caldwell-West Caldwell School District's (the "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 District's major federal and state programs for the fiscal year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the 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 federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the 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 federal and state programs for the fiscal year ended June 30, 2018.

The Honorable President and Members
of the Board of Education
Caldwell-West Caldwell School District
Page 2

Report on Internal Control Over Compliance

Management of the 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 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 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 or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

January 18, 2019
Mount Arlington, New Jersey

Nisivoccia, LLP

NISIVOCCIA, LLP

Kathryn L. Mantell

Kathryn L. Mantell
Licensed Public School Accountant #884
Certified Public Accountant

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017			Balance at June 30, 2018		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Education:										
Passed-through State Department of Education:										
Special Revenue Fund:										
Special Education Cluster:										
I.D.E.A. Part B, Basic	84.027	IDEA066018	7/1/17-6/30/18	\$ 597,103			\$ 552,728	\$ (575,570)	\$ (22,842)	
I.D.E.A. Part B, Basic	84.027	IDEA066017	7/1/16-6/30/17	578,118	\$ (27,127)		27,127			
I.D.E.A. Preschool	84.173	IDEA066018	7/1/17-6/30/18	18,831			18,438	(18,831)	(393)	
I.D.E.A. Preschool	84.173	IDEA066017	7/1/16-6/30/17	18,854	(1,713)		1,713			
Total Special Education Cluster					(28,840)		600,006	(594,401)	(23,235)	
Elementary and Secondary Education Act:										
Title I	84.010	ESEA066018	7/1/17-6/30/18	205,024			160,487	(204,974)	(44,487)	
Title I	84.010	NCLB066017	7/1/16-6/30/17	179,884	(21,787)		21,787			
Total Title I					(21,787)		182,274	(204,974)	(44,487)	
Title II	84.367A	ESEA066018	7/1/17-6/30/18	56,014			42,312	(62,253)	(19,941)	
Title II	84.367A	NCLB066017	7/1/16-6/30/17	29,607	(6,250)		6,250			
Total Title II					(6,250)		48,562	(62,253)	(19,941)	
Title III	84.365A	ESEA066018	7/1/17-6/30/18	10,133				(9,943)	(9,943)	
Total Title III								(9,943)	(9,943)	
Fund for the Improvement of Education	84.215E	N/A	5/1/15-4/30/19	606,306	(3,140)		110,241	(106,233)	(19,941)	\$ 868
Total Special Revenue Fund					(60,017)		941,083	(977,804)	(97,606)	868
Total U.S. Department of Education					(60,017)		941,083	(977,804)	(97,606)	868
U.S. Department of Agriculture:										
Passed-through State Department of Agriculture:										
Child Nutrition Cluster:										
Food Distribution Program	10.555	N/A	7/1/17-6/30/18	13,276			13,276	(10,166)		3,110
Food Distribution Program	10.555	N/A	7/1/16-6/30/17	12,204				(2,389)		
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	79,108			63,640	(79,108)	(15,468)	
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	76,251	(6,307)		6,307			
Total Child Nutrition Cluster					(6,307)		83,223	(91,663)	(15,468)	3,110
Total Federal Awards					\$ (66,324)		\$ 1,024,306	\$ (1,069,467)	\$ (113,074)	\$ 3,978

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Cancellation of Prior Years' Balances	Balance at June 30, 2018		MEMO
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					GAAP Accounts Receivable	Due to Grantor	
State Department of Education:													
General Fund State Aid:													
Special Education Aid Security Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 971,862				\$ 889,809	\$ (971,862)			\$ (82,053)	\$ 971,862	
Transportation Aid	18-495-034-5120-084	7/1/17-6/30/18	46,270				42,364	(46,270)			(3,906)	46,270	
PARCC Readiness Aid	18-495-034-5120-014	7/1/17-6/30/18	82,330				75,379	(82,330)			(6,951)	82,330	
Per Pupil Growth Aid	18-495-034-5120-098	7/1/17-6/30/18	26,025				23,828	(26,025)			(2,197)	26,025	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	25,815				23,828	(26,025)			(2,197)	26,025	
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/17-6/30/18	505,698				23,635	(25,815)			(2,180)	25,815	
Excess Nonpublic Transportation Costs Reimbursed TPAF Social Security	18-495-034-5120-014	7/1/17-6/30/18	38,280					(38,280)			(38,280)	38,280	
Contributions	18-495-034-5094-003	7/1/17-6/30/18	1,362,315				1,296,448	(1,362,315)			(65,867)	1,362,315	
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	1,732,523				1,732,523	(1,732,523)				1,732,523	
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	2,618,875				2,618,875	(2,618,875)				2,618,875	
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	63,554				63,554	(63,554)				63,554	
Insurance Contributions	18-495-034-5094-004	7/1/17-6/30/18	3,506				3,506	(3,506)				3,506	
Special Education Aid Security Aid	17-495-034-5120-089	7/1/16-6/30/17	848,871	\$ (75,945)			75,945					848,871	
Transportation Aid	17-495-034-5120-084	7/1/16-6/30/17	40,034	(4,193)			4,193					40,034	
PARCC Readiness Aid	17-495-034-5120-014	7/1/16-6/30/17	72,385	(7,461)			7,461					72,385	
Per Pupil Growth Aid	17-495-034-5120-098	7/1/16-6/30/17	26,025	(2,358)			2,358					26,025	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	25,815	(2,340)			2,340					25,815	
Extraordinary Special Education Costs Aid	17-495-034-5120-044	7/1/16-6/30/17	472,258	(472,258)			472,258					472,258	
Excess Nonpublic Transportation Costs Reimbursed TPAF Social Security	17-495-034-5120-014	7/1/16-6/30/17	26,970	(26,970)			26,970					26,970	
Contributions	17-495-034-5094-003	7/1/16-6/30/17	1,322,491	(65,459)			65,459					1,322,491	
Subtotal - General Fund				(659,342)			7,453,091	(7,503,078)			(609,845)	10,363,952	
Special Revenue Fund Aid:													
Nonpublic Auxiliary Services:													
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	18,691				18,691	(18,691)				18,691	
Compensatory Education Transportation	17-100-034-5120-067	7/1/16-6/30/17	17,020		\$ 448				\$ (448)			16,572	
Home Instruction	18-100-034-5120-068	7/1/17-6/30/18	20,815				20,815	(20,815)				20,815	
Home Instruction	18-100-034-5120-067	7/1/17-6/30/18	72					(72)			(72)	72	
Nonpublic Handicapped Services:	17-100-034-5120-067	7/1/16-6/30/17	320	(320)			320					320	
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	17,128				17,128	(17,128)				17,128	
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	17,106		784				(784)			16,322	
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	9,821				9,821	(5,268)			\$ 4,553	5,268	
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	9,719		3,858			(3,858)				5,861	
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	36,213				36,213	(30,391)			5,822	30,391	
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	47,719		15,847			(15,847)				31,872	

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance at June 30, 2017			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Cancellation of Prior Years' Balances	Balance at June 30, 2018		MEMO
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor					GAAP Accounts Receivable	Due to Grantor	
Special Revenue Fund Aid:													
N.J. Nonpublic Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	\$ 25,965			\$ 25,965	\$ (25,965)						\$ 25,965
N.J. Nonpublic Nursing Aid	18-100-034-5120-070	7/1/17-6/30/18	45,978			45,978	(45,978)						45,978
N.J. Nonpublic Technology Initiative	18-100-034-5120-373	7/1/17-6/30/18	17,538			17,538	(17,538)						17,538
N.J. Nonpublic Technology Initiative	17-100-034-5120-373	7/1/16-6/30/17	11,856		\$ 2,372			\$ (2,372)					
N.J. Nonpublic Security Aid	18-100-034-5120-509	7/1/17-6/30/18	35,550			35,550	(35,550)						35,550
Future Ready NJ	NGO 16-TG04-G02	2/1/16-8/31/16	92,120	\$ (2,545)					\$ 2,545				
Subtotal - Special Revenue Fund				(2,865)	23,309	228,019	(217,396)	(23,309)	2,545	(72)	10,375	(72)	288,343
Debt Service Fund Aid:													
Debt Service Aid - State Support	18-100-034-5120-125	7/1/17-6/30/18	663,053			663,053	(663,053)						663,053
Subtotal - Debt Service Fund						663,053	(663,053)						663,053
State Department of Education:													
Food Service Fund:													
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	3,575			2,868	(3,575)			(707)		(707)	3,575
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	2,983	(236)		236							2,983
Subtotal - Food Service Fund				(236)		3,104	(3,575)			(707)		(707)	6,558
Total State Department of Education				(662,443)	23,309	8,347,267	(8,387,102)	(23,309)	2,545	(610,624)	10,375	(710,108)	11,321,906
NJ Schools Development Authority:													
Capital Projects Fund:													
Educational Facilities Construction and Financing Act:	0660-070-14-1001	2/03/11-6/30/16	587,795	(587,795)						(558,405)		(587,795)	558,405
Jefferson Elementary HVAC/Boiler Project				(587,795)						(558,405)		(587,795)	558,405
Total NJ Schools Development Authority				(1,250,238)	\$ -	8,347,267	(8,387,102)	(23,309)	2,545	(1,169,029)	10,375	(1,297,903)	\$ 11,880,311
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18					1,732,523						
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18					2,618,875						
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18					63,554						
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18					3,506						
Subtotal - On-Behalf TPAF Pension System Contributions							4,418,458						
Total State Awards Subject to Single Audit Major Program Determination							(3,968,644)						

N/A - Not Applicable/Available

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Caldwell-West Caldwell Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2018. The information in these schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The General Fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$4,829) for the General Fund and (\$25,300) for the Special Revenue Fund (of which \$79 is attributable to local grants). See Note 1D for a reconciliation of the budgetary basis to the GAAP basis of accounting for the General, Special Revenue and Capital Projects Funds. Revenue from federal and state awards is reported in the Board's basic financial statements on the GAAP basis as presented below:

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 7,498,249	\$ 7,498,249
Special Revenue Fund	\$ 970,584	199,395	1,169,979
Debt Service Fund		663,053	663,053
Food Service Fund	91,663	3,575	95,238
Total Awards	<u>\$ 1,062,247</u>	<u>\$ 8,364,272</u>	<u>\$ 9,426,519</u>

NOTE 5. 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 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2018.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA GRANTS)

The District has been awarded a grant in the Capital Projects Fund totaling \$587,795 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. The Jefferson Elementary School HVAC and boiler replacement project was completed and \$558,405 was expended, submitted for reimbursement and realized as revenue on the GAAP basis in the prior fiscal year. In the Capital Projects Fund, the District realizes the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on the GAAP basis as it is expended and submitted for reimbursement.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following:

	<u>C.F.D.A.#/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/17-6/30/18	\$ 597,103	\$ 575,570
I.D.E.A. Preschool	84.173	7/1/17-6/30/18	18,831	18,831
<u>State:</u>				
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	1,362,315	1,362,315

- The threshold used for distinguishing between both federal and state Type A and Type B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for both federal and state programs.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

Summary of Auditors' Results: (Cont'd)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

CALDWELL-WEST CALDWELL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

The District had no prior year audit findings.