

WALDWICK BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Waldwick, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Waldwick Board of Education

Waldwick, New Jersey

For The Fiscal Year Ended June 30, 2018

Prepared by

Business Office

**WALDWICK BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	1-3
Organizational Chart	4
Roster of Officials	5
Consultants and Advisors	6

FINANCIAL SECTION

Independent Auditor's Report	7-9
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	10-23
--------------------------------------	-------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	24
A-2 Statement of Activities	25

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	26-27
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	28
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statements	29

Proprietary Funds

B-4 Statement of Net Position	30
B-5 Statement of Revenues, Expenses, and Changes in Net Position	31
B-6 Statement of Cash Flows	32

Fiduciary Funds

B-7 Statement of Fiduciary Net Position	33
B-8 Statement of Changes in Fiduciary Net Position	34

Notes to the Financial Statements	35-76
--	--------------

**WALDWICK BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	77-83
C-2	Budgetary Comparison Schedule – Special Revenue Fund	84

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

C-3	Budgetary Comparison Schedule –Required Supplementary Information	85
-----	---	----

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	86
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	87
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	88
L-4	Notes to Required Supplementary Information – Net Pension Liability	89
L-5	Required Supplementary Information – Schedule of Changes in District’s Proportionate Share of Total OPEB Liability	90
L-6	Notes to Required Supplementary Information – OPEB Liability	91

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	92-94
E-2	Schedule of Preschool Aid Expenditures – Budgetary Basis – Not Applicable	95

F. Capital Projects Fund – Not Applicable

F-1	Summary Schedule of Project Expenditures – Budgetary Basis	96
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	97
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – New Building #11 at Traphagen School	98

**WALDWICK BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

OTHER SUPPLEMENTARY INFORMATION

G. Proprietary Funds

Enterprise Fund

G-1	Combining Schedule of Net Position – Not Applicable	99
G-2	Combining Schedule of Revenues, Expenses and Changes in Net Position – Not Applicable	99
G-3	Combining Schedule of Cash Flows – Not Applicable	99

H. Fiduciary Funds

H-1	Combining Schedule of Agency Assets and Liabilities	100
H-2	Combining Schedule of Changes in Net Position – Not Applicable	100
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	101
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	101

I. Long-Term Debt

I-1	Schedule of Serial Bonds	102
I-2	Schedule of Obligations under Capital Leases – Not Applicable	103
I-3	Budgetary Comparison Schedule – Debt Service Fund	104

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	105
J-2	Changes in Net Position	106-107
J-3	Fund Balances – Governmental Funds	108
J-4	Changes in Fund Balances - Governmental Funds	109
J-5	General Fund Other Local Revenue by Source	110
J-6	Assessed Value and Actual Value of Taxable Property	111
J-7	Property Tax Rates Direct and Overlapping Governments	112
J-8	Principal Property Taxpayers	113
J-9	Property Tax Levies and Collections	114
J-10	Ratios of Outstanding Debt by Type	115
J-11	Ratios of Net General Bonded Debt Outstanding	116
J-12	Computation of Direct and Overlapping Outstanding Bonded Debt	117
J-13	Legal Debt Margin Information	118
J-14	Demographic Statistics	119
J-15	Principal Employers – Not Available	120
J-16	Full-Time Equivalent District Employees by Function/Program	121
J-17	Operating Statistics	122
J-18	School Building Information	123
J-19	Schedule of Required Maintenance for School Facilities	124
J-20	Schedule of Insurance	125

**WALDWICK BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards-Independent Auditor's Report	126-127
K-2	Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor's Report	128-130
K-3	Schedule of Expenditures of Federal Awards	131
K-4	Schedule of Expenditures of State Financial Assistance	132
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	133-134
K-6	Schedule of Findings and Questioned Costs – Part 1 - Summary of Auditor's Results	135-136
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	137
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questions Costs	138
K-8	Summary Schedule of Prior Audit Findings	139

INTRODUCTORY SECTION

WALDWICK BOARD OF EDUCATION



JOHN GRIFFIN
SCHOOL BUSINESS ADMINISTRATOR/
BOARD SECRETARY

155 SUMMIT AVENUE
WALDWICK, NJ 07463
201-445-9340 EXT. 4108

January 22, 2019

Honorable President and
Members of the Board of Education
Waldwick School District
County of Bergen, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Waldwick 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 Waldwick Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES: Waldwick School District is an independent reporting entity within the criteria adopted by the Governmental Accounts Standards Board (GASB) as established by NCGA. All funds of the District are included in this report. The Waldwick Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular, vocational and special education. The District completed the 2017-2018 fiscal year with an average daily enrollment of 1,586 students, which is an increase from the previous year's enrollment. The following details the changes in the average daily student enrollment of the District over the last ten years.

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-18	1,586	0%
2016-17	1,585	0%
2015-16	1,584	.4%
2014-15	1,577	-1.2%
2013-14	1,596	-1.4%
2012-13	1,618	1.6%
2011-12	1,593	0%
2010-11	1,593	.6%
2009-10	1,582	0%
2008-09	1,582	0%

2) ECONOMIC CONDITION AND OUTLOOK: The Waldwick area is experiencing limited development and expansion which is expected to continue. The number of businesses relocating to the area is limited due to the amount of available space in Waldwick. This results in a flat tax base.

3) MAJOR INITIATIVES: The school district continued its maintenance and construction program. The district started construction of the early learning center building to replace Building #11 at Traphagen School. The project covered the entire 2017-2018 school year and will be completed in December of the 2018-2019 school year. As of June 30, 2018, a majority of construction has been completed. All four schools continued the technology initiative with various devices purchased and installed. The Middle School received Chromebooks for the sixth grade, completing the district 1 to 1 computer initiative for all secondary school students in grades six to twelve. Additionally, the district planned the second phase of the security upgrade by including funding in the 2018-2019 budget for security cameras throughout all four schools. Painting of selected classrooms and hallways throughout the district continued. The Middle School had LED lights installed in the Multi-Purpose Room and the final hallway. LED lighting upgrades were also installed at the High School in the final hallway and seven classrooms. Additionally, the ceiling was replaced in the final hallway at the High School. Traphagen School had LED lights installed in the remaining classroom buildings. Two sets of outside doors were installed at the High School, replacing the original building doors. This completes the replacement of all main doors on the High School building and will enable future installation of security software. The district also replaced the twelve year old turf on the High School/Middle School turf field with state of the art FieldTurf including Cool Play, which reduces the heat on the field. Additionally, in order to comply with the new state law the district installed carbon monoxide detectors in all required locations.

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

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

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

5) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipalities. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at the end of the fiscal year are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned of fund balance at June 30.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect accounting principles generally accepted in the United States of America, 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 Financial Statements", Note 1.

7) DEBT ADMINISTRATION: At June 30, 2018, the District's long-term debt issue is for \$3,065,000 of general obligation bonds to provide funding for the school referendum.

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

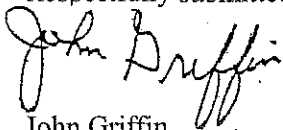
10) OTHER INFORMATION:

A. Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP, was selected by the Board's Finance Committee and approved by the full Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the state Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements is included in the financial section of this report.

11) ACKNOWLEDGMENTS:

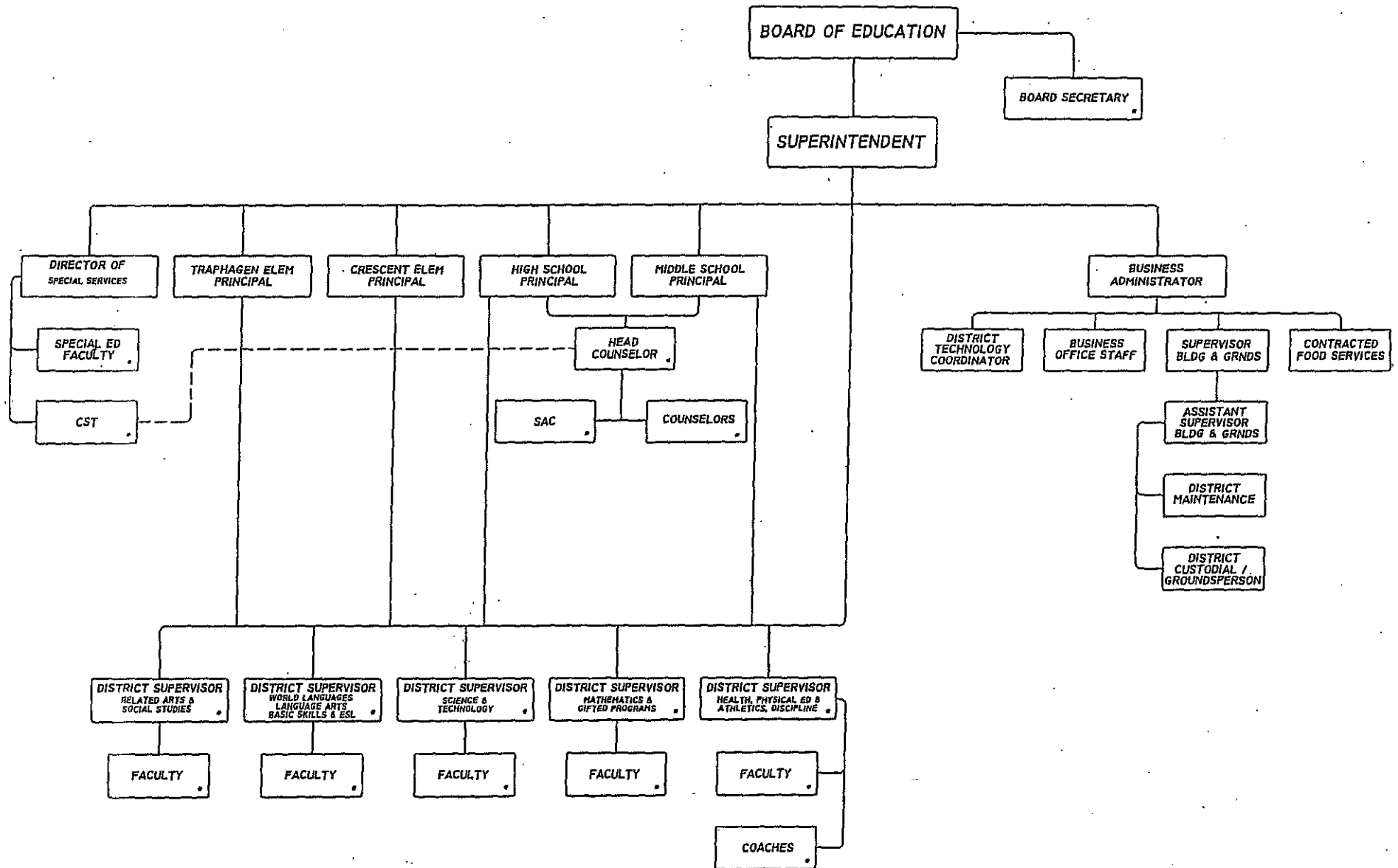
We would like to express our appreciation to the members of the Waldwick Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,



John Griffin
School Business Administrator/Board Secretary

WALDWICK PUBLIC SCHOOL DISTRICT ORGANIZATIONAL CHART



**WALDWICK BOARD OF EDUCATION
WALDWICK, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Daniel Marro, President	2020
Andrew Frey, Vice President	2021
Andrew Fowler	2019
Julie Mangler	2019
Mary Beth Nappi	2020
Timothy O'Hare	2021
Joseph Orlak	2019

Other Officials

Paul D. Casarico, Ed. D., Superintendent of Schools

John Griffin, School Business Administrator/Board Secretary

**WALDWICK BOARD OF EDUCATION
WALDWICK, NEW JERSEY**

CONSULTANTS AND ADVISORS

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208
Fair Lawn, NJ 07410

Attorney

Anthony Sciarrillo, Esquire
Sciarrillo Cornell Merlino, McKeever & Osborne, LLC
238 St. Paul Street
Westfield, NJ 07090

Official Depository

Capital One
464 Route 17 North
Paramus, NJ 07652

Architect

Dicara/Rubino
30 Galesi Drive, West Wing
Wayne, NJ 07470

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Waldwick Board of Education
Waldwick, 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 Waldwick Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waldwick Board of Education 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

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Waldwick Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is 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, budgetary comparison information, and pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

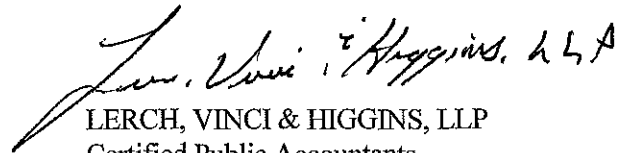
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Waldwick Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Waldwick Board of Education.

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


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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 22, 2019 on our consideration of the Waldwick Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Waldwick Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Waldwick Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
January 22, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WALDWICK BOARD OF EDUCATION
WALDWICK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

This discussion and analysis of the Waldwick School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2018. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements including the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- District-Wide - Overall revenues were \$42,737,317. General revenues accounted for \$29,735,157 or 70 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$13,002,160 or 30 percent of total revenues of \$42,737,317.
- District-Wide - The School District had \$41,805,049 in expenses; only \$13,002,160 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$29,735,157 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Waldwick Board of Education's governmental funds reported combined ending fund balances of \$4,827,936 a decrease of \$248,922 in comparison with the prior year. The decrease was attributable to the utilization of capital reserve resources for the new building at Traphagen School.
- Fund Financials - At the end of June 30, 2018, the unassigned fund balance, on a GAAP basis, for the General Fund was \$357,672, an increase of \$69,214 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the district-wide financial statements, fund financial statements and notes to the financial statements.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Waldwick Board of Education’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Waldwick Board of Education, reporting the Waldwick Board of Education’s operation in more detail than the district-wide statements.
 - The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the Waldwick Board of Education operates like a business.
 - 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 to whom the resources belong.

Table A-1 summarizes the major features of the Waldwick Board of Education’s financial statements, including the portion of the Waldwick Board of Education’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Governmental Funds	Proprietary 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
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows/inflows of resources and liability information	All assets, deferred outflows of resources, deferred inflows of resources 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 included	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues 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 revenues and expenses during the year, regardless of when cash is received or paid.

District-wide Statements. The *District-wide financial statements* are designed to provide readers with a broad overview of the Waldwick Board of Education's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Waldwick Board of Education's assets, deferred outflows/inflows of resource and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing the overall health of the District, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of the school buildings and other facilities.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

District-wide Statements (Continued)

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental activities*- Most of the District's basic services are included here, such as regular and special education, transportation, maintenance and administration services. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of the District's Food Service Fund.

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 uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

The District has three kinds of funds:

Governmental funds. The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to 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, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. A budgetary comparison statement has been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

Fund Financial Statements (Continued)

Proprietary Funds. The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service Fund. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Payroll Agency Fund, Unemployment Trust Fund, Scholarship Funds and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

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

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE WALDWICK BOARD OF EDUCATION AS A WHOLE

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-2 provides a summary of the school district's net position for fiscal years 2018 and 2017. For 2018 and 2017 net position were \$11,089,464 and \$10,157,196, respectively.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE WALDWICK BOARD OF EDUCATION AS A WHOLE (Continued)

**Table A-2
Statement of Net Position
As of June 30, 2018 and 2017**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current and Other Assets	\$ 5,022,283	\$ 5,302,833	\$ 92,985	\$ 50,954	\$ 5,115,268	\$ 5,353,787
Capital Assets	<u>19,946,182</u>	<u>17,551,469</u>	<u>35,137</u>	<u>33,703</u>	<u>19,981,319</u>	<u>17,585,172</u>
Total Assets	<u>24,968,465</u>	<u>22,854,302</u>	<u>128,122</u>	<u>84,657</u>	<u>25,096,587</u>	<u>22,938,959</u>
Deferred Outflows of Resources						
Deferred Amount on Net Pension Liability	2,497,361	3,602,799			2,497,361	3,602,799
Deferred Amounts on Debt Refunding	<u>117,690</u>	<u>158,425</u>	<u>-</u>	<u>-</u>	<u>117,690</u>	<u>158,425</u>
Total Deferred Outflows of Resources	<u>2,615,051</u>	<u>3,761,224</u>	<u>-</u>	<u>-</u>	<u>2,615,051</u>	<u>3,761,224</u>
Total Assets and Deferred Outflows of Resources	<u>27,583,516</u>	<u>26,615,526</u>	<u>128,122</u>	<u>84,657</u>	<u>27,711,638</u>	<u>26,700,183</u>
Liabilities						
Current Liabilities	238,570	268,267	3,104	-	241,674	268,267
Non-Current Liabilities	<u>13,956,537</u>	<u>15,408,114</u>	<u>-</u>	<u>-</u>	<u>13,956,537</u>	<u>15,408,114</u>
Total Liabilities	<u>14,195,107</u>	<u>15,676,381</u>	<u>3,104</u>	<u>-</u>	<u>14,198,211</u>	<u>15,676,381</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	<u>2,423,853</u>	<u>866,606</u>	<u>-</u>	<u>-</u>	<u>2,423,853</u>	<u>866,606</u>
Total Liabilities and Deferred Inflows of Resources	<u>16,618,960</u>	<u>16,542,987</u>	<u>3,104</u>	<u>-</u>	<u>16,622,064</u>	<u>16,542,987</u>
Net Position						
Net Investment in Capital Assets	16,853,079	13,888,639	35,137	33,703	16,888,216	13,922,342
Restricted	2,740,639	2,830,160		-	2,740,639	2,830,160
Unrestricted	<u>(8,629,162)</u>	<u>(6,646,260)</u>	<u>89,771</u>	<u>50,954</u>	<u>(8,539,391)</u>	<u>(6,595,306)</u>
Total Net Position	<u>\$ 10,964,556</u>	<u>\$ 10,072,539</u>	<u>\$ 124,908</u>	<u>\$ 84,657</u>	<u>\$ 11,089,464</u>	<u>\$ 10,157,196</u>

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE WALDWICK BOARD OF EDUCATION AS A WHOLE (Continued)

Governmental activities. Governmental activities for 2018 increased the District's net position by \$892,017.

Business-Type Activities. The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$288,188. These costs were funded by charges for services (Detailed on Table A-3). The operations resulted in an increase in net position of \$40,251.

Key elements of these increases and decreases are as follows:

Table A-3
Changes in Net Position
For the Fiscal Years Ended June 30, 2018 and 2017

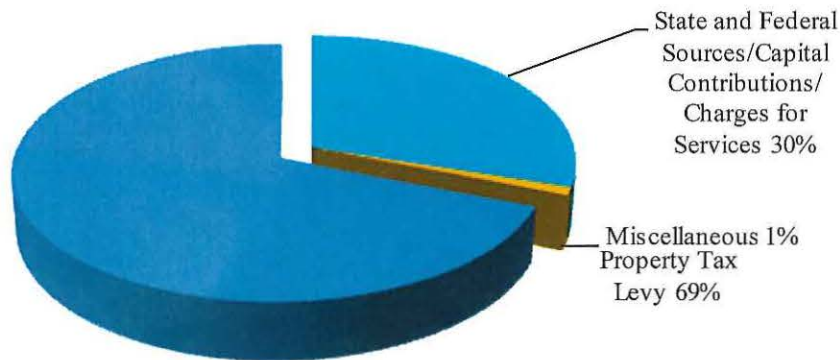
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues						
Charges for Services	\$ 61,934	\$ 91,180	\$ 328,439	\$ 265,403	\$ 390,373	\$ 356,583
Operating Grants and Contributions	12,595,207	11,018,331			12,595,207	11,018,331
Capital Grants and Contributions	16,580	34,721			16,580	34,721
General Revenues						
Property Taxes	29,467,618	28,690,154			29,467,618	28,690,154
Other	267,539	177,574	-	230	267,539	177,804
Total Revenues	<u>42,408,878</u>	<u>40,011,960</u>	<u>328,439</u>	<u>265,633</u>	<u>42,737,317</u>	<u>40,277,593</u>
Expenses						
Instruction						
Regular	17,096,355	16,752,442			17,096,355	16,752,442
Special Education	8,650,460	7,751,562			8,650,460	7,751,562
Other Instruction	1,495,761	1,390,437			1,495,761	1,390,437
School Sponsored Activities and Ath.	1,131,571	1,100,894			1,131,571	1,100,894
Support Services						
Student and Instruction Related Serv.	4,716,081	4,330,412			4,716,081	4,330,412
Health Services	463,463	472,088			463,463	472,088
Educational Media/School Library	325,459	321,174			325,459	321,174
General Administrative Services	767,480	817,703			767,480	817,703
School Administrative Services	2,636,863	2,359,692			2,636,863	2,359,692
Plant Operations and Maintenance	2,268,926	2,449,697			2,268,926	2,449,697
Pupil Transportation	739,605	564,502			739,605	564,502
Central Services	1,048,027	1,032,221			1,048,027	1,032,221
Food Service			288,188	273,127	288,188	273,127
Interest on Long-Term Debt	176,810	168,553	-	-	176,810	168,553
Total Expenses	<u>41,516,861</u>	<u>39,511,377</u>	<u>288,188</u>	<u>273,127</u>	<u>41,805,049</u>	<u>39,784,504</u>
Change in Net Position	892,017	500,583	40,251	(7,494)	932,268	493,089
Net Position, Beginning of Year	<u>10,072,539</u>	<u>9,571,956</u>	<u>84,657</u>	<u>92,151</u>	<u>10,157,196</u>	<u>9,664,107</u>
Net Position, End of Year	<u>\$ 10,964,556</u>	<u>\$ 10,072,539</u>	<u>\$ 124,908</u>	<u>\$ 84,657</u>	<u>\$ 11,089,464</u>	<u>\$ 10,157,196</u>

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE WALDWICK BOARD OF EDUCATION AS A WHOLE (Continued)

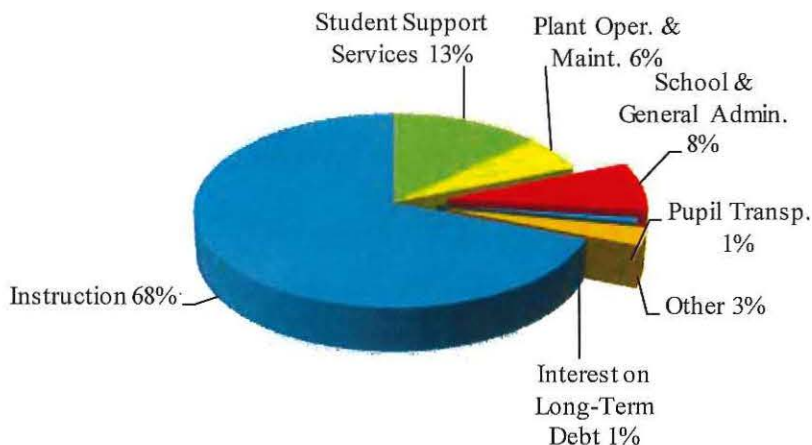
Governmental activities. The District’s total governmental revenues were \$42,408,878. The general revenues that included property taxes, interest, unrestricted state aid and miscellaneous revenue, amounted to \$29,735,157 or 70% of total revenues. Funding from state and federal sources capital grants/contributions and charges for services amounted to \$12,673,721 or 30%.

The District’s governmental expenses are predominantly related to instruction and support services. Instruction totaled \$28,374,147 (68%), student support services totaled \$12,965,904 (31%) and interest on long-term debt total \$176,810 (1%) of total expenditures. (See Table A-3.)

Revenues by Source- Governmental Activities
For Fiscal Year 2018



Expenditures by Type- Governmental Activities
For Fiscal Year 2018



**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE WALDWICK BOARD OF EDUCATION AS A WHOLE
(Continued)**

**Table A-4
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2018 and 2017**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Total Net Cost Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Governmental Activities				
Instruction				
Regular	17,096,355	\$ 16,752,442	\$ 11,821,247	\$ 11,941,514
Special Education	8,650,460	7,751,562	5,418,948	4,651,764
Other Instruction	1,495,761	1,390,437	887,399	943,220
School Sponsored Activities and Athletics	1,131,571	1,100,894	806,430	805,694
Support Services				
Student and Instruction Related Svcs.	4,716,081	4,330,412	3,084,559	2,996,803
Health Services	463,463	472,088	322,232	336,221
Educational Media/School Library	325,459	321,174	229,006	233,436
General Administrative Services	767,480	817,703	597,095	654,720
School Administrative Services	2,636,863	2,359,692	1,811,886	1,667,184
Plant Operations and Maintenance	2,268,926	2,449,697	2,059,486	2,421,833
Pupil Transportation	739,605	564,502	666,709	513,982
Central Services	1,048,027	1,032,221	961,333	1,032,221
Interest on Long-Term Debt	176,810	168,553	176,810	168,553
 Total Governmental Activities	 \$ 41,516,861	 \$ 39,511,377	 \$ 28,843,140	 \$ 28,367,145

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$4,827,936. In 2016-2017 the fund balance was \$5,076,858, therefore a decrease of \$248,922 from the fiscal year ended June 30, 2017.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$35,804,144 and expenditures were \$38,053,066.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal year ended June 30, 2018 and 2017.

	<u>Year Ended</u> <u>June 30, 2018</u>	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Local Sources	29,686,716	\$ 28,905,130	\$ 781,586	2.70%
State Sources	5,567,530	4,873,739	693,791	14.24%
Federal Sources	<u>549,898</u>	<u>431,496</u>	<u>118,402</u>	27.44%
Total Revenues	<u>\$ 35,804,144</u>	<u>\$ 34,210,365</u>	<u>\$ 1,593,779</u>	4.66%

The District's Funds (Continued)

The following schedule represents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2018 and 2017.

	<u>Year Ended</u> <u>June 30, 2018</u>	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 22,803,450	\$ 21,500,707	\$ 1,302,743	6.06%
Undistributed	10,691,859	10,387,672	304,187	2.93%
Capital Outlay	3,416,576	787,891	2,628,685	333.64%
Debt Service				
Principal	956,575	540,000	416,575	77.14%
Interest	<u>184,606</u>	<u>185,828</u>	<u>(1,222)</u>	-0.66%
 Total Expenditures	 <u>\$ 38,053,066</u>	 <u>\$ 33,402,098</u>	 <u>\$ 4,650,968</u>	 13.92%

General Fund Budgetary Highlights

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

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

- A significant increase in out-of-district tuition costs.
- A decrease in energy costs partially due to adjustments in boiler settings in the winter months and the continued installation of LED lights throughout District buildings.
- The deposit of \$600,000 into the district's Capital Reserve account.
- A deposit of \$100,000 into the District's Maintenance Reserve account.
- A decrease in legal expenditures.
- An increase in State Aid.

General Fund Budgetary Highlights (Continued)

- A decrease in health benefits expenditures due to the State rates being less than anticipated in the SEHBP plan.
- An increase in interest and principal expense due to a \$2 million dollar five year lease purchase to replace Building #11 at the Traphagen School campus.
- An increase in transportation expenditures for out of District students.
- A decrease in unemployment insurance expenditures due to an adequate amount in the UCI Trust account.
- A decrease in workers' compensation expenditures due to a favorable history of usage.

Capital Assets. The Waldwick Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2018 amounts to \$19,981,319 (net of accumulated depreciation). This investment in capital assets includes land improvements, buildings and building improvements, construction in progress and machinery and equipment.

**Table A-5
Capital Assets
(net of accumulated depreciation) at June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Construction in Progress	\$ 3,078,443	\$ 230,495			\$ 3,078,443	\$ 230,495
Land Improvements	1,901,735	1,469,252			1,901,735	1,469,252
Buildings and Building Improvements	25,624,673	25,584,514			25,624,673	25,584,514
Machinery and Equipment	<u>3,429,024</u>	<u>3,399,779</u>	\$ 79,202	\$ 75,959	<u>3,508,226</u>	<u>3,475,738</u>
Total	34,033,875	30,684,040	79,202	75,959	34,113,077	30,759,999
Less: Accumulated Depreciation	<u>14,087,693</u>	<u>13,132,571</u>	<u>44,065</u>	<u>42,256</u>	<u>14,131,758</u>	<u>13,174,827</u>
Total	<u>\$ 19,946,182</u>	<u>\$ 17,551,469</u>	<u>\$ 35,137</u>	<u>\$ 33,703</u>	<u>\$ 19,981,319</u>	<u>\$ 17,585,172</u>

Additional information on Waldwick Board of Education's capital assets can be found in Note 3 of this report.

Debt Administration. As of June 30, 2018 the school district had long-term debt and outstanding long-term liabilities in the amount of \$13,956,537 as stated in Table A-6.

Long-Term Liabilities

**Table A-6
Long-Term Debt
Outstanding Long-Term Liabilities**

	<u>Balance</u> <u>June 30, 2018</u>	<u>Balance</u> <u>June 30, 2017</u>
Serial Bonds (Including Original Issue Premium)	\$ 3,210,793	\$ 3,821,255
Capital Lease	1,603,425	
Compensated Absences Payable	524,347	521,929
Net Pension Liability	<u>8,617,972</u>	<u>11,064,930</u>
 Total	 <u>\$ 13,956,537</u>	 <u>\$ 15,408,114</u>

Additional information on Waldwick Board of Education’s long-term debt can be found in Note 3 of this report.

Moody’s Investors Service has assigned an Aa2 enhanced rating to the Waldwick Board of Education’s \$8,701,000 million General Obligation School Bonds. These bonds are secured by New Jersey’s Chapter 72 program. The Aa2 rating on this issue reflects: Chapter 72’s highly liquid reserve that by statute is perpetually sized at 1.5% of New Jersey school district related indebtedness; significant ability to regenerate the fund in the case of a draw; and, Moody’s anticipation that program mechanics will govern timely bond repayment in the case of a defaulting issuer. Additional information on this program follows:

CHAPTER 72 IS A CONSTITUTIONALLY CREATED FUND LOCATED IN THE STATE’S FUND FOR SUPPORT OF FREE PUBLIC SCHOOLS

The Chapter 72 reserves, authorized in 1980 (NJ 18A:56-19), to make scheduled debt service payments for a defaulting issuer are carved from the State of New Jersey’s larger constitutionally created Fund for Support of Free Public Schools. Chapter 72 assets currently valued at \$62 million are recalculated annually, to comply with the statutory requirement that the reserve equal exactly 1.5% of the \$4.1 billion of outstanding school related debt. Currently, Chapter 72 assets comprise 41% of the Fund.

FOR THE FUTURE

Currently, the District is in good financial condition. Everyone associated with the Waldwick School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. This, in an environment of declining flat state aid support, means an ever-increasing reliance on local property taxes.

In conclusion, the Waldwick School District has committed itself to financial and educational excellence. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report or need additional information, contact the School Business Administrator at the Waldwick Board of Education, 155 Summit Avenue, Waldwick, NJ 07643.

BASIC FINANCIAL STATEMENTS

**WALDWICK BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,884,917	\$ 90,655	\$ 4,975,572
Receivables, net	137,366		137,366
Inventory		2,220	2,220
Capital Assets, net			
Not Being Depreciated	3,078,443		3,078,443
Being Depreciated	<u>16,867,739</u>	<u>35,137</u>	<u>16,902,876</u>
Total Assets	<u>24,968,465</u>	<u>128,012</u>	<u>25,096,477</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	2,497,361		2,497,361
Deferred Amounts on Refunding of Debt	<u>117,690</u>	<u>-</u>	<u>117,690</u>
Total Deferred Outflows of Resources	<u>2,615,051</u>	<u>-</u>	<u>2,615,051</u>
Total Assets and Deferred Outflows of Resources	<u>27,583,516</u>	<u>128,012</u>	<u>27,711,528</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	126,777	3,104	129,881
Payable to Other Governments	14,803		14,803
Unearned Revenue	52,767		52,767
Accrued Interest Payable	44,223		44,223
Noncurrent Liabilities			
Due Within One Year	975,088		975,088
Due Beyond One Year	<u>12,981,449</u>	<u>-</u>	<u>12,981,449</u>
Total Liabilities	<u>14,195,107</u>	<u>3,104</u>	<u>14,198,211</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>2,423,853</u>	<u>-</u>	<u>2,423,853</u>
Total Liabilities and Deferred Inflows of Resources	<u>16,618,960</u>	<u>3,104</u>	<u>16,622,064</u>
NET POSITION			
Net Investment in Capital Assets	16,853,079	35,137	16,888,216
Restricted for			
Capital Projects	2,540,639		2,540,639
Other Purposes	200,000		200,000
Unrestricted	<u>(8,629,162)</u>	<u>89,771</u>	<u>(8,539,391)</u>
Total Net Position	<u>\$ 10,964,556</u>	<u>\$ 124,908</u>	<u>\$ 11,089,464</u>

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

**WALDWICK BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
Instruction							
Regular	\$ 17,096,355	\$ 14,000	\$ 5,244,528	\$ 16,580	\$ (11,821,247)		\$ (11,821,247)
Special Education	8,650,460		3,231,512		(5,418,948)		(5,418,948)
Other Instruction	1,495,761		608,362		(887,399)		(887,399)
School Sponsored Activities and Athletics	1,131,571		325,141		(806,430)		(806,430)
Support Services							
Student and Instruction Related Services	4,716,081		1,631,522		(3,084,559)		(3,084,559)
Health Services	463,463		141,231		(322,232)		(322,232)
Educational Media/School Library	325,459		96,453		(229,006)		(229,006)
General Administrative Services	767,480		170,385		(597,095)		(597,095)
School Administrative Services	2,636,863		824,977		(1,811,886)		(1,811,886)
Plant Operations and Maintenance	2,268,926	47,934	161,506		(2,059,486)		(2,059,486)
Pupil Transportation	739,605		72,896		(666,709)		(666,709)
Central Services	1,048,027		86,694		(961,333)		(961,333)
Interest on Long-Term Debt	176,810	-	-	-	(176,810)	-	(176,810)
Total Governmental Activities	41,516,861	61,934	12,595,207	16,580	(28,843,140)	-	(28,843,140)
Business-Type Activities							
Food Service	288,188	328,439	-	-	-	\$ 40,251	40,251
Total Business-Type Activities	288,188	328,439	-	-	-	40,251	40,251
Total Primary Government	\$ 41,805,049	\$ 390,373	\$ 12,595,207	\$ 16,580	(28,843,140)	40,251	(28,802,889)
General Revenues and Other Items							
Taxes:							
Property Taxes, Levied for General Purposes, Net					28,773,818		28,773,818
Taxes Levied for Debt Service					693,800		693,800
Unrestricted State Aid					135,145		135,145
Loss on Disposal of Capital Asset					(24,770)		(24,770)
Miscellaneous Income					157,164		157,164
Total General Revenues and Other Items					29,735,157	-	29,735,157
Change in Net Position					892,017	40,251	932,268
Net Position, Beginning of Year					10,072,539	84,657	10,157,196
Net Position, End of Year					\$ 10,964,556	\$ 124,908	\$ 11,089,464

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

FUND FINANCIAL STATEMENTS

WALDWICK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF 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>
ASSETS					
Cash and Cash Equivalents	\$ 3,668,920	\$ 2,718	\$ 1,213,279		\$ 4,884,917
Due from Other Funds	500	37			537
Receivables from Other Governments	61,410	75,456	-	-	136,866
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,730,830</u>	<u>\$ 78,211</u>	<u>\$ 1,213,279</u>	<u>\$ -</u>	<u>\$ 5,022,320</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 94,808	\$ 14,541			\$ 109,349
Deposits Payable	17,428				17,428
Due to Other Funds	37				37
Payable to State Government		14,803			14,803
Unearned Revenue	3,900	48,867	-	-	52,767
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>116,173</u>	<u>78,211</u>	<u>-</u>	<u>-</u>	<u>194,384</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus - Designated for Subsequent Year's Expenditures	842,385				842,385
Excess Surplus	798,044				798,044
Capital Reserve	1,327,360				1,327,360
Maintenance Reserve	200,000				200,000
Capital Projects Fund			\$ 1,213,279		1,213,279
Assigned Fund Balance					
Year-End Encumbrances	89,196				89,196
Unassigned Fund Balance					
General Fund	357,672	-	-	-	357,672
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>3,614,657</u>	<u>-</u>	<u>1,213,279</u>	<u>-</u>	<u>4,827,936</u>
Total Liabilities and Fund Balances	<u>\$ 3,730,830</u>	<u>\$ 78,211</u>	<u>\$ 1,213,279</u>	<u>\$ -</u>	

WALDWICK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018

Total Governmental Fund Balances (Exhibit B-1) \$ 4,827,936

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the capital assets is \$34,033,875 and the accumulated depreciation is \$14,087,693.

19,946,182

The District has financial capital assets through the issuance of serial bonds. The interest accrual at year end is:

(44,223)

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 2,497,361
Deferred Inflows of Resources	<u>(2,423,853)</u>

73,508

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable, Including Premium	(3,210,793)
Deferred Outflows of Resources- Deferred Amounts on Refunding of Debt	117,690
Capital Leases	(1,603,425)
Compensated Absences	(524,347)
Net Pension Liability	<u>(8,617,972)</u>

(13,838,847)

Total Net Position of Governmental Activities (Exhibit A-1) \$ 10,964,556

**WALDWICK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED 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>
REVENUES					
Local Sources					
Property Tax Levy	\$ 28,773,818	-	\$ 13,542	\$ 693,800	\$ 29,467,618
Miscellaneous	205,556	-	-	-	219,098
Total - Local Sources	28,979,374	-	13,542	693,800	29,686,716
State Sources	5,370,044	\$ 197,486	-	-	5,567,530
Federal Sources	-	549,898	-	-	549,898
Total Revenues	34,349,418	747,384	13,542	693,800	35,804,144
EXPENDITURES					
Current					
Regular Instruction	13,331,533	19,844	-	-	13,351,377
Special Education Instruction	6,999,478	354,957	-	-	7,354,435
Other Instruction	1,004,932	194,041	-	-	1,198,973
School-Sponsored Activities and Athletics	898,665	-	-	-	898,665
Support Services					
Student and Instruction Related Services	3,497,988	174,132	-	-	3,672,120
Health Services	362,296	-	-	-	362,296
Educational Media/School Library	256,367	-	-	-	256,367
General Administrative Services	645,429	-	-	-	645,429
School Administrative Services	2,045,912	-	-	-	2,045,912
Plant Operations and Maintenance	2,072,455	-	-	-	2,072,455
Pupil Transportation	717,574	-	-	-	717,574
Central Services	919,706	-	-	-	919,706
Debt Service					
Principal	396,575	-	-	560,000	956,575
Interest and Other Charges	50,806	-	-	133,800	184,606
Capital Outlay	593,723	4,410	2,818,443	-	3,416,576
Total Expenditures	33,793,439	747,384	2,818,443	693,800	38,053,066
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	555,979	-	(2,804,901)	-	(2,248,922)
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	-	2,000,000	-	2,000,000
Transfers In	-	-	2,018,180	-	2,018,180
Transfers Out	(2,018,180)	-	-	-	(2,018,180)
Total Other Financing Sources and Uses	(2,018,180)	-	4,018,180	-	2,000,000
Net Change in Fund Balances	(1,462,201)	-	1,213,279	-	(248,922)
Fund Balance, Beginning of Year	5,076,858	-	-	-	5,076,858
Fund Balance, End of Year	\$ 3,614,657	\$ -	\$ 1,213,279	\$ -	\$ 4,827,936

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

**WALDWICK BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ (248,922)**

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

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

Capital Outlay	\$ 3,416,576	
Depreciation Expense	<u>(1,009,263)</u>	2,407,313

The net effect of various miscellaneous transaction involving capital asset (i.e. sales, disposal, dentations) is to increase net position. These transactions are not reported in the governmental fund financial statements.

Loss on Capital Assets		(12,600)
------------------------	--	----------

In the statement of activities, "the issuance of long-term debt (e.g. bonds, loans and leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and other such items related to the refunding bond when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Bond Premium	50,462	
Amortization of Deferred Amounts on Refunding	(40,735)	
Capital Leases Issuance	(2,000,000)	
Principal Repayments		
Bond Principal	560,000	
Lease Principal	<u>396,575</u>	(1,033,698)

In the statement of activities, certain operating expenses - compensated absences net pension liability and claims and judgments for self insurance claims - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Net Pension Liability	(215,727)	
Increase Compensated Absences	<u>(2,418)</u>	(218,145)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Increase in Accrued Interest		<u>(1,931)</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 892,017**

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

**WALDWICK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2018**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 90,655
Inventories	<u>2,220</u>
Total Current Assets	<u>92,875</u>
Capital Assets	
Equipment	79,202
Less: Accumulated Depreciation	<u>(44,065)</u>
Total Capital Assets, Net	<u>35,137</u>
Total Assets	<u>128,012</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>3,104</u>
Total Current Liabilities	<u>3,104</u>
Total Liabilities	<u>3,104</u>
NET POSITION	
Investment in Capital Assets	35,137
Unrestricted	<u>89,771</u>
Total Net Position	<u>\$ 124,908</u>

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

**WALDWICK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 327,603
Special Functions	<u>836</u>
Total Operating Revenues	<u>328,439</u>
OPERATING EXPENSES	
Cost of Sales	133,166
Salaries and Employee Benefits	117,752
Purchase Professional Services	26,135
Supplies and Materials	8,849
Depreciation	<u>2,286</u>
Total Operating Expenses	<u>288,188</u>
Operating Income	<u>40,251</u>
Change in Net Position	40,251
Total Net Position, Beginning of Year	<u>84,657</u>
Total Net Position, End of Year	<u>\$ 124,908</u>

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

**WALDWICK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 328,439
Cash Payments for Employees' Salaries and Benefits	(117,752)
Cash Payments to Suppliers for Goods and Services	<u>(164,324)</u>
Net Cash Provided by (Used for) by Operating Activities	<u>46,363</u>
Cash Flows from Financing Activities	
Acquisition of Capital Assets	<u>(3,720)</u>
Net Cash Used by Financing Activities	<u>(3,720)</u>
Cash Flows from Investing Activities	
Interest on Deposits	<u>-</u>
Net Cash Provided by Investing Activities	<u>-</u>
Net Increase in Cash and Cash Equivalents	42,643
Cash and Cash Equivalents, Beginning of Year	<u>48,012</u>
Cash and Cash Equivalents, End of Year	<u>\$ 90,655</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ <u>40,251</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	2,286
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	3,104
(Increase)/Decrease in Inventory	<u>722</u>
Total Adjustments	<u>6,112</u>
Net Cash Used by Operating Activities	<u>\$ 46,363</u>

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

**WALDWICK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 448,403	\$ 17,057	\$ 51,990
Total Assets	<u>\$ 448,403</u>	<u>\$ 17,057</u>	<u>\$ 51,990</u>
 LIABILITIES			
Payroll Deductions and Withholdings			\$ 11,219
Flex Spending Benefits			2,650
Due to Other Funds			500
Due to Student Groups	<u>-</u>	<u>-</u>	<u>37,621</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 51,990</u>
 NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 448,403</u>	<u>\$ 17,057</u>	

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

**WALDWICK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Trust Funds</u>
ADDITIONS		
Contributions		
Board Contributions		
Employees	\$ 46,619	
Donations		\$ 3,600
Investment Earnings		
Interest	-	3
	<hr/>	<hr/>
Total Additions	46,619	3,603
	<hr/>	<hr/>
DEDUCTIONS		
Scholarships Awarded		13,600
Unemployment Claims and Contributions	37,899	-
	<hr/>	<hr/>
Total Deductions	37,899	13,600
	<hr/>	<hr/>
Change in Net Position	8,720	(9,997)
Net Position, Beginning of Year	439,683	27,054
	<hr/>	<hr/>
Net Position, End of Year	\$ 448,403	\$ 17,057
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Waldwick Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2018, the District adopted the following GASB statements:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

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

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

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

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

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Building Improvements	20-50
Machinery - Equipment	5-20

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. *Pensions*

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported including the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

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

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2).

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District’s policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amount are used only after the other resources have been used.

10. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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 committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, and additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 23, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$453,829. The increase was funded by additional state aid, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Custodial Services			
Purchased Professional & Technical Services	\$ 33,474	\$ 34,749	\$ (1,275)

The above variance was caused by an audit adjustment and was offset with other available resources.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017	\$ 2,730,160
Increased by:	
Deposits Approved by Board Resolution	<u>600,000</u>
Decreased by:	
Withdrawals Approved in District Budget	<u>2,002,800</u>
Balance, June 30, 2018	<u>\$ 1,327,360</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects is \$15,543,275. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan.

D. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district’s school facilities for the current year.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017	\$ 100,000
Increased by:	
Deposits Approved by Board Resolution	<u>100,000</u>
Balance, June 30, 2018	<u>\$ 200,000</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,308,673. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2018 is \$1,640,429. Of this amount, \$842,385 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$798,044 will be appropriated in the 2019/2020 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$5,493,022 and bank and brokerage firm balances of the Board’s deposits amounted to \$6,664,891. The Board's deposits which are displayed on the various fund balance sheets as "cash" or “cash and cash equivalents” are categorized as:

Depository Account

Insured	<u>\$ 6,664,891</u>
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**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board’s bank balance was not exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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 obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; 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 “Local Authorities Fiscal Control Law,” (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 school districts; Local Government investment pools; 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); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2018 for the district’s individual major funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Receivables:			
Intergovernmental			
Federal		\$ 75,456	\$ 75,456
State	\$ 61,410	-	61,410
Net Total Receivables	<u>\$ 61,410</u>	<u>\$ 75,456</u>	<u>\$ 136,866</u>

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Total</u>
General Fund	
Preschool Tuition	\$ 3,900
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>48,867</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 52,767</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	<u>Balance, July 1, 2017</u>	<u>Increases</u>	<u>Deletions</u>	<u>Balance, June 30, 2018</u>
Governmental activities:				
Capital Assets, Not Being Depreciated				
Construction In Progress	\$ 230,495	\$ 2,847,948	-	\$ 3,078,443
Total Capital Assets, Not Being Depreciated	<u>230,495</u>	<u>2,847,948</u>	<u>-</u>	<u>3,078,443</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,469,252	447,483	\$ (15,000)	1,901,735
Buildings and Building Improvements	25,584,514	40,159		25,624,673
Machinery and Equipment	<u>3,399,779</u>	<u>93,156</u>	<u>(63,911)</u>	<u>3,429,024</u>
Total Capital Assets Being Depreciated	<u>30,453,545</u>	<u>580,798</u>	<u>(78,911)</u>	<u>30,955,432</u>
Less Accumulated Depreciation for:				
Land Improvements	(1,197,101)	(42,029)	4,750	(1,234,380)
Buildings and Building Improvements	(10,021,680)	(663,417)		(10,685,097)
Machinery and Equipment	<u>(1,913,790)</u>	<u>(303,817)</u>	<u>49,391</u>	<u>(2,168,216)</u>
Total Accumulated Depreciation	<u>(13,132,571)</u>	<u>(1,009,263)</u>	<u>54,141</u>	<u>(14,087,693)</u>
Total Capital Assets, Being Depreciated, Net	<u>17,320,974</u>	<u>(428,465)</u>	<u>(24,770)</u>	<u>16,867,739</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,551,469</u>	<u>\$ 2,419,483</u>	<u>\$ (24,770)</u>	<u>\$ 19,946,182</u>

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
Business-Type activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 75,959	\$ 3,720	\$ (477)	\$ 79,202
Total Capital Assets Being Depreciated	<u>75,959</u>	<u>3,720</u>	<u>(477)</u>	<u>79,202</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(42,256)</u>	<u>(2,286)</u>	<u>477</u>	<u>(44,065)</u>
Total Accumulated Depreciation	<u>(42,256)</u>	<u>(2,286)</u>	<u>477</u>	<u>(44,065)</u>
Total Capital Assets, Being Depreciated, Net	<u>33,703</u>	<u>1,434</u>	<u>-</u>	<u>35,137</u>
Business-Type Activities Capital Assets, Net	<u>\$ 33,703</u>	<u>\$ 1,434</u>	<u>\$ -</u>	<u>\$ 35,137</u>

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 457,650
Special	158,481
Other Instruction	36,292
School-Sponsored/Activities & Athletics	<u>28,480</u>
Total Instruction	<u>680,903</u>

Support Services

Student and Instruction Related Services	127,658
Health Services	12,371
Educational Media/School Library	8,449
School Administration Services	72,263
General Administration Services	14,925
Plant Operations and Maintenance	52,510
Pupil Transportation	5,888
Central Services	<u>34,296</u>
Total Support Services	<u>328,360</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 1,009,263</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 2,286</u>
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Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Traphagen Building #11	\$ <u>2,818,443</u>	\$ <u>1,394,894</u>
	<u>\$ 2,818,443</u>	<u>\$ 1,394,894</u>

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Fund	\$ 500
Special Revenue Fund	General Fund	<u>37</u>
		<u>\$ 537</u>

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

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

Interfund transfers

	<u>Transfer In:</u>
	<u>Capital Projects</u>
Transfer Out:	
General Fund	\$ <u>2,018,000</u>
Total Transfers Out	\$ <u>2,018,000</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

F. Leases

Capital Leases

The District has entered into a capital lease for the financing of the new Traphagen Building #11 in the amount \$2,000,000. The lease term is for five years.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	417,353
2020	417,352
2021	417,353
2022	<u>417,353</u>
Total Lease Payments	1,669,411
Less: Amount Representing Interest	<u>(65,986)</u>
Present Value of Remaining Lease Payments	<u>\$ 1,603,425</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2018 are comprised of the following issues:

\$5,170,000, Refunding School Bonds, due in annual installments of \$585,000 to \$625,000 through September 15, 2022, interest at 4.00%	<u>\$ 3,065,000</u>
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**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2019	\$ 585,000	\$ 110,900	\$ 695,900
2020	610,000	87,000	697,000
2021	620,000	62,400	682,400
2022	625,000	37,500	662,500
2023	625,000	12,500	637,500
	<u>\$ 3,065,000</u>	<u>\$ 310,300</u>	<u>\$ 3,375,300</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 62,779,981
Less: Net Debt	<u>3,065,000</u>
Remaining Borrowing Power	<u>\$ 59,714,981</u>

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance, <u>July 1, 2017</u>	<u>Increased</u>	<u>Decreased</u>	Balance, <u>June 30, 2018</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 3,625,000		\$ 560,000	\$ 3,065,000	\$585,000
Add: Original Issue Premium	<u>196,255</u>	<u>-</u>	<u>50,462</u>	<u>145,793</u>	<u>-</u>
Total Bonds Payable	3,821,255	-	610,462	3,210,793	585,000
Capital Lease		\$2,000,000	396,575	1,603,425	390,088
Net Pension Liability	11,064,930		2,446,958	8,617,972	
Compensated Absences	<u>521,929</u>	<u>67,753</u>	<u>65,335</u>	<u>524,347</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 15,408,114</u>	<u>\$2,067,753</u>	<u>\$3,519,330</u>	<u>\$ 13,956,537</u>	<u>\$975,088</u>

For the governmental activities, the liabilities for compensated absences, capital leases and net pension liability are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance funds is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

<u>Fiscal Year Ended</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	-	\$ 46,619	\$ 37,899	\$ 448,403
2017	\$ 60,000	48,027	30,739	439,683
2016	60,000	43,844	33,000	362,395

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2018, the District has not estimated arbitrage earnings due to the IRS, if any.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan.

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:

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 tier 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 reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 ten years of service credit and have not reached the service retirement age for the respective tier.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The following represent 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 tier 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 reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members 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 retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) -- established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj.us/treasury/doinvest.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 353,844	\$ 1,901,460	\$ 10,767
2017	340,437	1,437,095	12,099
2016	310,153	975,823	30,645

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$353,844 and \$340,437, respectively for PERS and the State contributed \$2,332 and \$2,929, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$948,934 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

To facilitate the separate actual valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$8,617,972 for its proportionate share of the PERS net pension liability. 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 that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District’s proportionate share was .03702 percent, which was a decrease of .00034 percent from its proportionate share measured as of June 30, 2016 of .03668 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$569,571 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 202,923	
Changes of Assumptions	1,736,224	\$ 1,729,859
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	58,683	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>499,531</u>	<u>693,994</u>
Total	<u>\$ 2,497,361</u>	<u>\$ 2,423,853</u>

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 164,748
2020	164,748
2021	163,197
2022	(229,498)
2023	(189,687)
Thereafter	<u>-</u>
	<u>\$ 73,508</u>

Actuarial Assumptions

The District's 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:

	<u>PERS</u>
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%
Mortality Rate Table	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 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%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
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 Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 10,691,179</u>	<u>\$ 8,617,972</u>	<u>\$ 6,890,734</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. 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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,967,564 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$86,143,185. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .12776 percent, which was an increase of .00588 percent from its proportionate share measured as of June 30, 2016 of .12188 percent.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

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.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to Pensions (Continued)**

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 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 Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

Fiscal Year	Measurement Date	Discount Rate
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit

Payments for which the Following Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 102,340,806</u>	<u>\$ 86,143,185</u>	<u>\$ 72,799,514</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	\$223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>\$366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$1,228,112, \$1,197,427 and \$1,161,936, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$3,779,342. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$61,805,672. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .11522 percent, which was an increase of .00001 percent from its proportionate share measured as of June 30, 2016 of .11521 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 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	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Health Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF and his or her age for PERS.

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in future years.

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

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**WALDWICK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ 66,626,439
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 2,677,375
Interest on the Total OPEB Liability	1,957,881
Changes of Assumptions	(8,165,423)
Gross Benefit Payments	(1,339,940)
Contributions from the Member	49,340
Net Changes	<u>\$ (4,820,767)</u>
Balance, June 30, 2017 Measurement Date	<u>\$ 61,805,672</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 73,367,792</u>	<u>\$ 61,805,672</u>	<u>\$ 52,634,489</u>

**WALDWICK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	<u>\$ 44,113,584,560</u>	<u>\$ 53,639,841,858</u>	<u>\$ 66,290,599,457</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

F. Subsequent Events

On November 6, 2018, the District voters approved a separate proposal approving security upgrades in the amount of \$625,000 to be added to the District's 2018-19 approved budget. Funding for this proposal will be provided by the local tax levy.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 28,773,818		\$ 28,773,818	\$ 28,773,818	
Tuition	21,000		21,000	14,000	\$ (7,000)
Miscellaneous	112,181	-	112,181	191,556	79,375
Total Revenues- Local Sources	<u>28,906,999</u>	<u>-</u>	<u>28,906,999</u>	<u>28,979,374</u>	<u>72,375</u>
State Sources					
Categorical Transportation Aid	42,447		42,447	42,447	
Categorical Special Education Aid	748,580		748,580	748,580	
Equalization Aid	5,801	\$ 84,443	90,244	90,244	
Categorical Security Aid	27,492		27,492	27,492	
PARCC Readiness	16,220		16,220	16,220	
Per Pupil Growth Aid	16,220		16,220	16,220	
Professional Learning Community Aid	15,710		15,710	15,710	
Additional Adjustment Aid	1		1	1	
Extraordinary Aid	251,938		251,938	330,371	78,433
Nonpublic Transportation Aid				15,188	15,188
Lead Testing for Schools Aid				1,293	1,293
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				1,856,410	1,856,410
NCGI Premium				45,050	45,050
Post-Retirement Medical Contribution				1,228,112	1,228,112
Long-Term Disability				2,332	2,332
On-behalf TPAF Soc. Sec. (Non-Budgeted)	-	-	-	948,934	948,934
Total State Sources	<u>1,124,409</u>	<u>84,443</u>	<u>1,208,852</u>	<u>5,384,604</u>	<u>4,175,752</u>
Total Revenues	<u>30,031,408</u>	<u>84,443</u>	<u>30,115,851</u>	<u>34,363,978</u>	<u>4,248,127</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	483,182	(2,502)	480,680	480,378	302
Grades 1-5	2,832,801	(48,216)	2,784,585	2,778,639	5,946
Grades 6-8	1,909,623	6,703	1,916,326	1,916,273	53
Grades 9-12	2,947,328	(4,285)	2,943,043	2,939,006	4,037
Regular Programs - Home Instruction					
Salaries of Teachers	10,000	(4,222)	5,778	118	5,660
Purchased Professional-Educational Services	64,500	(60,278)	4,222	4,205	17
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Services		65,500	65,500	25,517	39,983
Purchased Technical Services		-		-	-
Other Purchased Services	57,566	492	58,058	50,260	7,798
General Supplies	662,880	(115,215)	547,665	453,231	94,434
Textbooks	23,500	449	23,949	18,666	5,283
Other Objects	14,250	(1,055)	13,195	6,932	6,263
Total Regular Programs	<u>9,005,630</u>	<u>(162,629)</u>	<u>8,843,001</u>	<u>8,673,225</u>	<u>169,776</u>
Special Education - Instruction					
Learning and/or Language Disabilities					
Salaries of Teachers	397,074	(2,809)	394,265	392,012	2,253
Other Salaries for Instruction	962,083	(472,892)	489,191	365,068	124,123
Purchased Professional - Educational Services		750	750	750	-
General Supplies	7,500	(1,150)	6,350	2,119	4,231
Textbooks	500	-	500	46	454
Other Objects	17,000	(11,962)	5,038	2,791	2,247
Total Learning and/or Language Disabilities	<u>1,384,157</u>	<u>(488,063)</u>	<u>896,094</u>	<u>762,786</u>	<u>133,308</u>

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT EXPENDITURES					
Resource Room					
Salaries of Teachers	\$ 1,555,369		\$ 1,555,369	\$ 1,470,402	\$ 84,967
Other Salaries for Instruction		\$ 462,110	462,110	445,805	16,305
General Supplies	3,000	-	3,000	1,452	1,548
Other Objects	1,000	-	1,000	75	925
Total Resource Room	<u>1,559,369</u>	<u>462,110</u>	<u>2,021,479</u>	<u>1,917,734</u>	<u>103,745</u>
Home Instruction					
Salaries of Teachers	10,000	(110)	9,890	4,425	5,465
Purchased Professional-Educational Services	-	110	110	110	-
Total Home Instruction	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>4,535</u>	<u>5,465</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	72,836	27,803	100,639	99,152	1,487
Other Salaries for Instruction	83,969	(49,803)	34,166	33,104	1,062
General Supplies	1,250	-	1,250	240	1,010
Total Preschool Disabilities - Part - Time	<u>158,055</u>	<u>(22,000)</u>	<u>136,055</u>	<u>132,496</u>	<u>3,559</u>
Total Special Education - Instruction	<u>3,111,581</u>	<u>(47,953)</u>	<u>3,063,628</u>	<u>2,817,551</u>	<u>246,077</u>
Basic Skills/Remedial					
Salaries of Teachers	496,371	(3,315)	493,056	466,794	26,262
Total Basic Skills/Remedial	<u>496,371</u>	<u>(3,315)</u>	<u>493,056</u>	<u>466,794</u>	<u>26,262</u>
Bilingual Education					
Salaries of Teachers	148,653	1,016	149,669	146,376	3,293
Other Salaries for Instruction	38,714	(7,826)	30,888	30,308	580
Total Bilingual Education	<u>187,367</u>	<u>(6,810)</u>	<u>180,557</u>	<u>176,684</u>	<u>3,873</u>
School Sponsored Co-Curricular Activities					
Salaries	142,112	17,506	159,618	159,618	-
Purchased Services	3,000	1,026	4,026	3,976	50
Supplies and Materials	2,700	-	2,700	1,917	783
Other Objects	2,000	80	2,080	1,911	169
Total School Sponsored Co-Curricular Activities	<u>149,812</u>	<u>18,612</u>	<u>168,424</u>	<u>167,422</u>	<u>1,002</u>
School Sponsored Athletics - Instruction					
Salaries	379,348	(100)	379,248	345,357	33,891
Purchased Services	64,700	120	64,820	63,049	1,771
Supplies and Materials	41,000	(731)	40,269	33,900	6,369
Other Objects	6,500	1,686	8,186	6,962	1,224
Total School Sponsored Athletics - Instruction	<u>491,548</u>	<u>975</u>	<u>492,523</u>	<u>449,268</u>	<u>43,255</u>
Summer School - Instruction					
Salaries	3,100	-	3,100	-	3,100
Other Salaries for Instruction	20,150	(17,406)	2,744	-	2,744
Total Summer School - Instruction	<u>23,250</u>	<u>(17,406)</u>	<u>5,844</u>	<u>-</u>	<u>5,844</u>

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT (Continued)					
Summer School - Support Services					
Salaries	\$ 7,750	-	\$ 7,750	-	\$ 7,750
Total Summer School - Support Services	7,750	-	7,750	-	7,750
Total - Instruction	13,473,309	\$ (218,526)	13,254,783	\$ 12,750,944	503,839
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Special	540,000	381,471	921,471	867,693	53,778
Tuition to County Vocational School District-Reg.	143,730	(43,434)	100,296	100,296	-
Tuition to CSSD & Regional Day Schools	375,000	203,375	578,375	578,375	-
Tuition to Private Schools - Disabled - State	1,591,580	(395,978)	1,195,602	1,069,220	126,382
Tuition - Other	40,000	49,833	89,833	88,229	1,604
Total Undistributed Expenditures - Instruction	2,690,310	195,267	2,885,577	2,703,813	181,764
Attendance and Social Work					
Salaries	58,560	2,809	61,369	61,369	-
Total Attendance and Social Work	58,560	2,809	61,369	61,369	-
Health Services					
Salaries	217,325	2,020	219,345	219,345	-
Purchased Professional and Technical Services	17,145	(1,270)	15,875	15,245	630
Supplies and Materials	3,100	410	3,510	3,292	218
Other Objects	1,500	1,162	2,662	1,933	729
Total Health Services	239,070	2,322	241,392	239,815	1,577
Speech, OT, PT & Related Svcs					
Salaries	294,475	2,892	297,367	297,267	100
Purchased Professional -Educational Services	150,000	(10,100)	139,900	102,471	37,429
Supplies and Materials	500	-	500	139	361
Total Speech, OT, PT & Related Svcs	444,975	(7,208)	437,767	399,877	37,890
Guidance					
Salaries of Other Professional Staff	394,226	3,633	397,859	397,859	-
Salaries of Secretarial and Clerical Assistants	112,509	540	113,049	112,001	1,048
Other Purchased Professional -Technical Services	25,000	350	25,350	20,805	4,545
Supplies and Materials	7,400	(4,224)	3,176	2,664	512
Other Objects	-	30	30	30	-
Total Guidance	539,135	329	539,464	533,359	6,105
Child Study Teams					
Salaries of Other Professional Staff	535,149	36,700	571,849	557,912	13,937
Salaries of Secretarial and Clerical Assistants	86,839	376	87,215	87,215	-
Purchased Professional-Educational Services	20,279	(376)	19,903	17,889	2,014
Other Purchased Professional -Technical Services		11,963	11,963	11,962	1
Miscellaneous Purchased Services	3,600	(130)	3,470	2,962	508
Supplies and Materials	7,000	6,400	13,400	10,145	3,255
Other Objects	500	-	500	200	300
Total Child Study Teams	653,367	54,933	708,300	688,285	20,015

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Improvement of Instruction Services/					
Salaries of Supervisor of Instruction	\$ 536,800	\$ (329)	\$ 536,471	\$ 530,493	\$ 5,978
Other Purchased Services	2,000	-	2,000	1,782	218
Other Objects	5,500	-	5,500	5,499	1
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	544,300	(329)	543,971	537,774	6,197
Educational Media Services/School Library					
Salaries	151,440	(750)	150,690	149,800	890
Purchased Professional and Technical Services	1,000	1,066	2,066	2,066	-
Supplies and Materials	26,000	(1,896)	24,104	20,854	3,250
Total Educational Media Services/School Library	178,440	(1,580)	176,860	172,720	4,140
Instructional Staff Training Services					
Purchased Professional-Educational Services		21,190	21,190	5,459	15,731
Other Purchased Services	24,500	(24,165)	335	335	-
Other Objects	-	130	130	104	26
Total Instructional Staff Training Services	24,500	(2,845)	21,655	5,898	15,757
Support Services General Administration					
Salaries	293,747	-	293,747	264,625	29,122
Legal Services	70,000	(4,000)	66,000	48,750	17,250
Audit Fees	35,000	30,780	65,780	34,237	31,543
Architectural/Engineering Services	13,442	(6,000)	7,442	-	7,442
Other Purchased Professional Services	5,540	-	5,540	4,985	555
Purchased Technical Services	21,328	-	21,328	20,935	393
Communications/Telephone	58,737	-	58,737	49,739	8,998
BOE Other Purchased Prof. Svc.	500	1,299	1,799	404	1,395
Miscellaneous Purchased Services	62,275	(4,371)	57,904	56,741	1,163
General Supplies	11,000	(4,365)	6,635	912	5,723
Miscellaneous Expenditures	5,000	(600)	4,400	4,329	71
BOE Membership Dues and Fees	12,250	-	12,250	12,008	242
Total Support Services General Administration	588,819	12,743	601,562	497,665	103,897
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,038,766	(14,435)	1,024,331	990,102	34,229
Salaries of Secretarial and Clerical Assistants	297,509	(4,684)	292,825	291,161	1,664
Unused Vacation Payment to Terminated/Retired Staff		19,119	19,119	14,435	4,684
Purchased Professional and Technical Services	3,500	-	3,500	760	2,740
Other Purchased Services	8,000	-	8,000	2,764	5,236
Supplies and Materials	20,500	3,000	23,500	20,178	3,322
Other Objects	3,210	3,594	6,804	6,804	-
Total Support Services School Administration	1,371,485	6,594	1,378,079	1,326,204	51,875
Central Services					
Salaries	451,409	(2,244)	449,165	446,790	2,375
Unused Vacation Payment to Terminated/Retired Staff		2,244	2,244	2,244	-
Purchased Professional Services	2,500	1,500	4,000	2,350	1,650
Purchased Technical Services	39,593	-	39,593	34,469	5,124
Misc. Purchased Services	6,021	-	6,021	5,422	599
Supplies and Materials	12,033	(4,525)	7,508	7,203	305
Interest on Capital Lease Agreement		20,778	20,778	20,778	-
Other Objects	2,136	-	2,136	1,245	891
Total Central Services	513,692	17,753	531,445	520,501	10,944

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Tech					
Salaries	\$ 174,807	\$ (820)	\$ 173,987	\$ 161,303	\$ 12,684
Other Purchased Services	79,000	1,220	80,220	68,980	11,240
Supplies and Materials	15,500	31,416	46,916	3,245	43,671
Total Admin. Info. Tech	<u>269,307</u>	<u>31,816</u>	<u>301,123</u>	<u>233,528</u>	<u>67,595</u>
Required Maintenance for School Facilities					
Salaries	131,835	(1,562)	130,273	128,149	2,124
Cleaning, Repair and Maintenance	137,000	33,415	170,415	152,216	18,199
General Supplies	16,000	46,394	62,394	62,394	-
Total Required Maintenance for School Facilities	<u>284,835</u>	<u>78,247</u>	<u>363,082</u>	<u>342,759</u>	<u>20,323</u>
Custodial Services					
Salaries	877,062	(15,461)	861,601	802,895	58,706
Unused Vacation Payment to Terminated/Retired Staff		1,935	1,935	1,935	-
Purchased Professional & Technical Svcs.	26,000	7,474	33,474	34,749	(1,275)
Cleaning, Repair and Maint. Svc.		185	185	185	-
Other Purchased Property Services	30,000	-	30,000	23,651	6,349
Insurance	173,102	1,690	174,792	174,792	-
Miscellaneous Purchased Services	1,500	-	1,500	1,061	439
General Supplies	65,000	(21,742)	43,258	43,077	181
Energy (Natural Gas)	150,000	(35,000)	115,000	80,520	34,480
Energy (Electricity)	282,753	(40,581)	242,172	194,075	48,097
Energy (Gasoline)	2,000	2,000	4,000	3,950	50
Other Objects	1,248	1,000	2,248	1,826	422
Total Custodial Services	<u>1,608,665</u>	<u>(98,500)</u>	<u>1,510,165</u>	<u>1,362,716</u>	<u>147,449</u>
Care and Upkeep of Grounds					
Salaries		-			-
Cleaning, Repair & Maintenance	55,127	18,816	73,943	63,990	9,953
General Supplies	20,120	(2,520)	17,600	17,511	89
Total Care and Upkeep of Grounds	<u>75,247</u>	<u>16,296</u>	<u>91,543</u>	<u>81,501</u>	<u>10,042</u>
Total Oper & Maint of Plant Services	<u>1,968,747</u>	<u>(3,957)</u>	<u>1,964,790</u>	<u>1,786,976</u>	<u>177,814</u>

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance with Final Budget
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	\$ 22,888	\$ (5,189)	\$ 17,699	\$ 17,218	\$ 481
Salaries for Pupil Transportation (Between Home and School) - Spec. Ed.	28,906	13,853	42,759	42,759	-
Salaries for Pupil Transportation (Other than Between Home and School)	73,656	(8,664)	64,992	44,422	20,570
Cleaning, Repair and Maintenance Services	9,000	3,506	12,506	12,506	-
Contracted Services (Other Than Between Home and School) - Vendors	22,550	(20,855)	1,695	1,695	-
Contracted Services (Spl. Ed. Students)- Vendors	902	98	1,000	1,000	-
Contracted Services (Regular Students)- ESCs & CTSA's	82,837	(15,374)	67,463	67,463	-
Contracted Services (Spl. Ed. Students)- ESCs & CTSA's	359,522	93,629	453,151	445,101	8,050
Contracted Services-Aid in Lieu of Payments-Nonpublic	37,871	6,571	44,442	44,253	189
Transportation Supplies	14,400	(3,048)	11,352	7,491	3,861
Other Objects	1,413	242	1,655	1,655	-
Total Student Transportation Services	653,945	64,769	718,714	685,563	33,151
Unallocated Benefits					
Group Insurance	1,000	8	1,008	1,008	-
Social Security Contributions	348,725	(2,241)	346,484	331,943	14,541
Other Retirement Contributions - PERS	371,981	(18,137)	353,844	353,844	-
Other Retirement Contributions - DCRP	32,467	(6,284)	26,183	10,767	15,416
Unemployment Compensation	33,000	(33,000)	-	-	-
Workers Comp	113,747	(22,991)	90,756	90,756	-
Health Benefits	4,815,278	(24,680)	4,790,598	4,560,439	230,159
Tuition Reimbursement	40,000	20,438	60,438	50,242	10,196
Other Employee Benefits	75,829	4,422	80,251	80,170	81
Unused Sick Payment to Terminated/Retired Staff	-	76,295	76,295	68,815	7,480
Total Unallocated Benefits	5,832,027	(6,170)	5,825,857	5,547,984	277,873
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Normal Costs				1,856,410	(1,856,410)
NCGI Premium				45,050	(45,050)
Post Retirement Medical Contributions				1,228,112	(1,228,112)
Long-Term Disability				2,332	(2,332)
On-behalf TPAF Soc. Sec. Contr. (Non-Budgeted)	-	-	-	948,934	(948,934)
Total On-Behalf TPAF	-	-	-	4,080,838	(4,080,838)
Total Undistributed Expenditures	16,570,679	367,246	16,937,925	20,022,169	(3,084,244)
Total Expenditures - Current Expense	30,043,988	148,720	30,192,708	32,773,113	(2,580,405)

**WALDWICK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
CAPITAL OUTLAY					
Instruction					
Equipment					
School Buses - Regular	\$ 80,626		\$ 80,626	\$ 78,834	\$ 1,792
Undistributed					
Undist. Expend. - Custodial Service	-	\$ 3,070	3,070	3,070	-
Undist. Expend. - Req. Maint. School Facilities	-	34,832	34,832	34,832	-
Total Equipment	<u>80,626</u>	<u>37,902</u>	<u>118,528</u>	<u>116,736</u>	<u>1,792</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	45,500	29,591	75,091	75,091	-
Construction Services	813,938	(412,042)	401,896	401,896	-
Lease Purchase Agreements		396,575	396,575	396,575	-
Assessment for Debt Service on SDA Funding	30,028	-	30,028	30,028	-
Total Facilities Acquisition and Construction Services	<u>889,466</u>	<u>14,124</u>	<u>903,590</u>	<u>903,590</u>	<u>-</u>
Interest Deposit to Capital Reserve	1,500	-	1,500	-	1,500
Total Capital Outlay	<u>971,592</u>	<u>52,026</u>	<u>1,023,618</u>	<u>1,020,326</u>	<u>3,292</u>
Total Expenditures	<u>31,015,580</u>	<u>200,746</u>	<u>31,216,326</u>	<u>33,793,439</u>	<u>(2,577,113)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(984,172)</u>	<u>(116,303)</u>	<u>(1,100,475)</u>	<u>570,539</u>	<u>1,671,014</u>
Other Financing Sources/(Uses)					
Transfer Out- Capital Projects Fund	(2,002,800)	(15,380)	(2,018,180)	(2,018,180)	-
Total Other Financing Sources/(Uses)	<u>(2,002,800)</u>	<u>(15,380)</u>	<u>(2,018,180)</u>	<u>(2,018,180)</u>	<u>-</u>
Excess (Deficiency) of Revenues and other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>(2,986,972)</u>	<u>(131,683)</u>	<u>(3,118,655)</u>	<u>(1,447,641)</u>	<u>1,671,014</u>
Fund Balances, Beginning of Year	<u>5,432,863</u>	<u>-</u>	<u>5,432,863</u>	<u>5,432,863</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2,445,891</u>	<u>\$ (131,683)</u>	<u>\$ 2,314,208</u>	<u>\$ 3,985,222</u>	<u>\$ 1,671,014</u>
Recapitulation					
Restricted Fund Balance:					
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 842,385	
Reserve for Excess Surplus				798,044	
Capital Reserve				1,327,360	
Maintenance Reserve				200,000	
Assigned Fund Balance:					
Year-End Encumbrances				89,196	
Unassigned Fund Balance					
				<u>728,237</u>	
Budgetary Fund Balance				3,985,222	
Reconciliation to Governmental Funds Statements (GAAP)					
Less: 2017/2018 State Aid Payment Not Recognized on a GAAP Basis				40,194	
Less: 2017/2018 Extraordinary Aid Payments Not Recognized on a GAAP Basis				<u>330,371</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 3,614,657</u>	

**WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
REVENUES					
Intergovernmental					
State	\$ 136,939	\$ 75,350	\$ 212,289	\$ 197,486	\$ (14,803)
Federal	399,562	162,353	561,915	549,898	(12,017)
Total Revenues	<u>536,501</u>	<u>237,703</u>	<u>774,204</u>	<u>747,384</u>	<u>(26,820)</u>
EXPENDITURES					
Instruction					
Purchased Professional Educational Services		7,200	7,200	7,200	-
Purchased Professional & Technical Services	88,174	55,964	144,138	133,477	10,661
Tuition	299,181	55,778	354,959	354,959	-
General Supplies	11,324	55,396	66,720	58,308	8,412
Textbooks	9,024	4,288	13,312	12,899	413
Total Instruction	<u>407,703</u>	<u>178,626</u>	<u>586,329</u>	<u>566,843</u>	<u>19,486</u>
Support Services					
Salaries	46,450	21,809	68,259	67,116	1,143
Purchased Professional/Educational Services	5,474	13,867	19,341	19,341	-
Purchased Professional/Technical Services	27,725	14,850	42,575	42,575	-
Other Purchased Services	16,320	(493)	15,827	10,800	5,027
Travel	21,489	(4,386)	17,103	15,979	1,124
General Supplies	11,340	9,020	20,360	20,320	40
Total Support Services	<u>128,798</u>	<u>54,667</u>	<u>183,465</u>	<u>176,131</u>	<u>7,334</u>
Facilities Acquisition and Constructions Services					
Non-Instructional Equipment	-	4,410	4,410	4,410	-
Total Facilities & Acq. Services	<u>-</u>	<u>4,410</u>	<u>4,410</u>	<u>4,410</u>	<u>-</u>
Total Expenditures	<u>536,501</u>	<u>237,703</u>	<u>774,204</u>	<u>747,384</u>	<u>26,820</u>
Excess Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**WALDWICK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibit C-2)	(C-1) \$ 34,363,978	(C-2) \$ 747,384
State Aid payments and Extraordinary Aid (2016/2017) recognized for GAAP purposes, not recognized for budgetary statements.	356,005	
State Aid payments and Extraordinary Aid (2017/2018) not recognized for GAAP purposes, recognized for budgetary statements.	<u>(370,565)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>34,349,418</u>	(B-2) \$ <u>747,384</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ <u>33,793,439</u>	(C-2) \$ <u>747,384</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>33,793,439</u>	(B-2) \$ <u>747,384</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND POST-EMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03702 %	0.03736 %	0.03608 %	0.04300 %	0.03836 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,617,972	\$ 11,064,930	\$ 8,098,239	\$ 8,050,372	\$ 7,330,857
District's Covered-Employee Payroll	\$ 2,434,435	\$ 2,489,123	\$ 2,446,301	\$ 2,588,920	\$ 2,844,778
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	354 %	444 %	331 %	310 %	258 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.11%	40.14%	47.93%	52.08%	48.72%

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

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

**WALDWICK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 353,844	\$ 340,437	\$ 310,153	\$ 354,468	\$ 297,337
Contributions in Relation to the Contractually Required Contribution	<u>353,844</u>	<u>340,437</u>	<u>310,153</u>	<u>354,468</u>	<u>297,337</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,434,435	\$ 2,489,123	\$ 2,446,301	\$ 2,588,920	\$ 2,844,778
Contributions as a Percentage of Covered-Employee Payroll	0.14535 %	0.13677 %	0.12678 %	0.13692 %	0.10452 %

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

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

Teachers Pension and Annuity Fund

Last Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	%	0 %	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	0 %	0 %	0 %	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 86,143,185</u>	<u>\$ 95,878,948</u>	<u>\$ 77,909,246</u>	<u>\$ 64,643,853</u>	<u>\$ 61,006,204</u>
Total	<u>\$ 86,143,185</u>	<u>\$ 95,878,948</u>	<u>\$ 77,909,246</u>	<u>\$ 64,643,853</u>	<u>\$ 61,006,204</u>
District's Covered-Employee Payroll	\$ 12,982,675	\$ 13,078,937	\$ 12,992,364	\$ 12,145,441	\$ 12,331,615
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	-	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**WALDWICK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutory required employer contribution are presented in Note 4.

**WALDWICK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 2,677,375
Interest on Total OPEB Liability	1,957,881
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	
Changes of Assumptions	(8,165,423.0)
Gross Benefit Payments	(1,339,940)
Contributions from the Member	49,340
Net Change in Total OPEB Liability	(4,820,767.0)
Total OPEB Liability - Beginning	66,626,439
Total OPEB Liability - Ending	61,805,672
District's Proportionate Share of OPEB Liability	\$0
State's Proportionate Share of OPEB Liability	61,805,672
Total OPEB Liability - Ending	61,805,672
District's Covered-Employee Payroll	\$ 15,417,110
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**WALDWICK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Chapter 192 <u>Auxiliary</u>		Chapter 193 <u>Handicapped</u>			Total Exhibit <u>E-1A</u>	Total Exhibit <u>E-1B</u>	Total <u>2018</u>
	Nonpublic Compensatory <u>Education</u>	Nonpublic <u>ESL</u>	Nonpublic <u>Suppl. Inst.</u>	Nonpublic Exam. and <u>Class.</u>	Nonpublic <u>Speech Corr.</u>			
REVENUES								
Intergovernmental								
State	\$ 60,857	\$ 7,137	\$ 12,132	\$ 26,716	\$ 23,659	\$ 66,985		\$ 197,486
Federal	-	-	-	-	-	163,904	\$ 385,994	549,898
Total Revenues	<u>\$ 60,857</u>	<u>\$ 7,137</u>	<u>\$ 12,132</u>	<u>\$ 26,716</u>	<u>\$ 23,659</u>	<u>\$ 230,889</u>	<u>\$ 385,994</u>	<u>\$ 747,384</u>
EXPENDITURES								
Instruction								
Purchased Professional Educational Services						\$ 7,200		\$ 7,200
Purchased Professional & Technical Svcs.	\$ 60,857	\$ 7,137	\$ 12,132	\$ 26,716	\$ 23,659		\$ 2,976	133,477
Tuition							354,959	354,959
Textbooks						12,899	-	12,899
General Supplies	-	-	-	-	-	55,554	2,754	58,308
Total Instruction	<u>60,857</u>	<u>7,137</u>	<u>12,132</u>	<u>26,716</u>	<u>23,659</u>	<u>75,653</u>	<u>360,689</u>	<u>566,843</u>
Support Services								
Salaries						63,975	3,141	67,116
Purchased Professional Educational Svcs.						17,341	2,000	19,341
Purchase Professional & Technical Svcs						25,456	17,119	42,575
Other Purchased Services						10,800	-	10,800
Travel						15,979	-	15,979
General Supplies	-	-	-	-	-	17,275	3,045	20,320
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,826</u>	<u>25,305</u>	<u>176,131</u>
Facilities Acquisition and Constructions Services								
Non-Instructional Equipment	-	-	-	-	-	4,410	-	4,410
Total Facilities & Acq. Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,410</u>	<u>-</u>	<u>4,410</u>
Total Expenditures	<u>\$ 60,857</u>	<u>\$ 7,137</u>	<u>\$ 12,132</u>	<u>\$ 26,716</u>	<u>\$ 23,659</u>	<u>\$ 230,889</u>	<u>\$ 385,994</u>	<u>\$ 747,384</u>

WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Non-Public Nursing Services</u>	<u>Non-Public Textbooks</u>	<u>Non-Public Technology</u>	<u>Non-Public Security</u>	<u>NCLB Title I</u>	<u>NCLB Title II</u>	<u>Total Exhibit E-2A</u>
REVENUES							
Intergovernmental							
State	\$ 25,456	\$ 12,899	\$ 8,945	\$ 19,685			\$ 66,985
Federal	-	-	-	-	\$ 130,284	\$ 33,620	163,904
Total Revenues	<u>\$ 25,456</u>	<u>\$ 12,899</u>	<u>\$ 8,945</u>	<u>\$ 19,685</u>	<u>\$ 130,284</u>	<u>\$ 33,620</u>	<u>\$ 230,889</u>
EXPENDITURES							
Instruction							
Purchased Professional & Educational Svc.					\$ 7,200		\$ 7,200
Tuition							
Textbooks		\$ 12,899					12,899
General Supplies	-	-	\$ 6,945	-	48,609	-	55,554
Total Instruction	<u>-</u>	<u>12,899</u>	<u>6,945</u>	<u>-</u>	<u>55,809</u>	<u>-</u>	<u>75,653</u>
Support Services							
Salaries					63,675	\$ 300	63,975
Purchased Professional Educational Svcs.						17,341	17,341
Purchased Professional & Technical Svcs.	\$ 25,456						25,456
Other Purchased Services					10,800		10,800
Travel						15,979	15,979
General Supplies	-	-	-	\$ 17,275	-	-	17,275
Total Support Services	<u>25,456</u>	<u>-</u>	<u>-</u>	<u>17,275</u>	<u>74,475</u>	<u>33,620</u>	<u>150,826</u>
Facilities Acquisition and Constructions Services							
Non-Instructional Equipment	-	-	\$ 2,000	2,410	-	-	4,410
Total Facilities & Acq. Services	<u>-</u>	<u>-</u>	<u>2,000</u>	<u>2,410</u>	<u>-</u>	<u>-</u>	<u>4,410</u>
Total Expenditures	<u>\$ 25,456</u>	<u>\$ 12,899</u>	<u>\$ 8,945</u>	<u>\$ 19,685</u>	<u>\$ 130,284</u>	<u>\$ 33,620</u>	<u>\$ 230,889</u>

WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	IDEA Part B- Basic Reg. Prog.	IDEA Part B-Basic Preschool	NCLB Title III	NCLB Title III Immigrant	NCLB Title IV	Total Exhibit E-2B
REVENUES						
Intergovernmental						
State						
Federal	\$ 356,889	\$ 14,470	\$ 7,577	\$ 1,363	\$ 5,695	\$ 385,994
Total Revenues	\$ 356,889	\$ 14,470	\$ 7,577	\$ 1,363	\$ 5,695	\$ 385,994
EXPENDITURES						
Instruction						
Purchased Professional & Educational Svc.					\$ 2,976	\$ 2,976
Purchased Professional & Technical Svcs.						354,959
Tuition	\$ 340,489	\$ 14,470				
General Supplies	-	-	\$ 1,391	\$ 1,363	-	2,754
Total Instruction	340,489	14,470	1,391	1,363	2,976	360,689
Support Services						
Salaries			3,141			3,141
Purchased Professional & Technical Svcs.	16,400				719	17,119
Purchased Other Professional Services					2,000	2,000
General Supplies	-	-	3,045	-	-	3,045
Total Support Services	16,400	-	6,186	-	2,719	25,305
Total Expenditures	\$ 356,889	\$ 14,470	\$ 7,577	\$ 1,363	\$ 5,695	\$ 385,994

**WALDWICK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**WALDWICK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Project</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2018</u>
		<u>Prior Periods</u>	<u>Current Year</u>	
2017-18 New Building #11 at Traphagen School	\$ 4,381,722 *	-	\$ 2,818,443	\$ 1,563,279
	<u>\$ 4,381,722</u>	<u>\$ -</u>	<u>\$ 2,818,443</u>	<u>\$ 1,563,279</u>
Project Balance				\$ 1,563,279
Less: Unrealized- Capital Reserve 2018-2019				<u>(350,000)</u>
Fund Balance - Budgetary Basis, June 30, 2018				<u>\$ 1,213,279</u>
<u>Reconciliation to GAAP</u>				
Restricted for Capital Projects:				
Reserve for Encumbrances				\$ 1,394,894
Available for Capital Projects				<u>(181,615)</u>
Total Fund Balance - Restricted for Capital Projects - GAAP Basis - June 30, 2018				<u>\$ 1,213,279</u>

*- Modified for Interest Earnings

**WALDWICK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Revenues and Other Financing
Sources**

Transfer In from Capital Reserve	\$ 2,002,800
Transfer In from Capital Outlay	15,380
Lease Proceeds	2,000,000
Interest Earnings	13,542
	4,031,722
Total Revenues and Other Financing Sources	4,031,722

**Expenditures and Other
Financing Uses**

Purchased Professional and Technical Services	63,091
Construction Services	2,743,322
Other Objects	12,030
	2,818,443
Total Expenditures and Other Financing Uses	2,818,443

Excess (Deficit) of Revenues over (under) Expenditures	1,213,279
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Fund Balance- Beginning	-
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Fund Balance- Ending	\$ 1,213,279
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Reconciliation to GAAP:

Project Fund Balances- Budgetary	\$ 1,213,279
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GAAP Fund Balance- Ending	\$ 1,213,279
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**WALDWICK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
NEW BUILDING #11 AT TRAPHAGEN SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve/Capital Outlay		\$ 2,018,180	\$ 2,018,180	\$ 2,368,180
Lease Proceeds		2,000,000	2,000,000	2,000,000
Interest Earnings	-	13,542	13,542	13,542
	-	4,031,722	4,031,722	4,381,722
Expenditures and Other Financing Uses				
Construction Services	-	2,743,322	2,743,322	4,138,216
Purchased Professional Services	-	63,091	63,091	90,000
Supplies and Equipment				138,506
Other Objects	-	12,030	12,030	15,000
Transfer Out	-	-	-	-
	-	2,818,443	2,818,443	4,381,722
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	\$ -	\$ 1,213,279	\$ 1,213,279	\$ -
Additional Project Information:				
Project Number	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	Not Applicable			
Bonds Issued	Not Applicable			
Original Authorized Cost	\$ 4,368,180			
Additional Authorized Cost	13,542			
Revised Authorized Cost	\$ 4,381,722			
Percentage Increase(Decrease) Over Original				
Authorized Cost	1.00%			
Percentage Completion	42%			
Original Target Completion Date	Dec-18			
Revised Target Completion Date	Dec-18			

PROPRIETARY FUNDS

EXHIBIT G-1

**WALDWICK BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING SCHEDULE OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**WALDWICK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING SCHEDULE OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds 2018</u>
ASSETS			
Cash and Cash Equivalents	\$ 37,621	\$ 14,369	\$ 51,990
Total Assets	<u>\$ 37,621</u>	<u>\$ 14,369</u>	<u>\$ 51,990</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 11,219	\$ 11,219
Flex Spending Benefits		2,650	2,650
Due to General Fund		500	500
Due to Student Groups	<u>\$ 37,621</u>	<u>-</u>	<u>37,621</u>
Total Liabilities	<u>\$ 37,621</u>	<u>\$ 14,369</u>	<u>\$ 51,990</u>

**COMBINING SCHEDULE OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**WALDWICK BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2018</u>
Middle School Activities	\$ 19,030	\$ 40,371	\$ 43,108	\$ 16,293
High School Activities	22,509	54,437	55,618	21,328
Athletic Account	<u>2,433</u>	<u>60,847</u>	<u>63,280</u>	<u>-</u>
 Total All Schools	 <u>\$ 43,972</u>	 <u>\$ 155,655</u>	 <u>\$ 162,006</u>	 <u>\$ 37,621</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2018</u>
Payroll Deductions and Withholdings	\$ 16,616	\$ 8,629,077	\$ 8,634,474	\$ 11,219
Accrued Salaries and Wages	-	10,645,455	10,645,455	
Flex Spending Benefits	3,417	5,047	5,814	2,650
Due to Other Funds	<u>(14,479)</u>	<u>14,979</u>	<u>-</u>	<u>500</u>
 Total	 <u>\$ 5,554</u>	 <u>\$ 19,294,558</u>	 <u>\$ 19,285,743</u>	 <u>\$ 14,369</u>

LONG-TERM DEBT

**WALDWICK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Matured</u>	<u>Balance, June 30, 2018</u>
Refunding School Bonds	12/6/2011	\$ 5,170,000	9/15/2018	\$ 585,000	4.00 %			
			9/15/2019	610,000	4.00			
			9/15/2020	620,000	4.00			
			9/15/2021	625,000	4.00			
			9/15/2022	625,000	4.00			
						<u>\$ 3,625,000</u>	<u>\$ 560,000</u>	<u>\$ 3,065,000</u>
						<u>\$ 3,625,000</u>	<u>\$ 560,000</u>	<u>\$ 3,065,000</u>
							Paid By Budget Appropriation	<u>\$ 560,000</u>

WALDWICK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance July 1, 2017</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2018</u>
<u>Capital Leases</u>						
Traphagen Building #11	\$ 2,000,000	1.81%	-	\$ 2,000,000	\$ 396,575	\$ 1,603,425
Total			\$ -	\$ 2,000,000	\$ 396,575	\$ 1,603,425

**WALDWICK BOARD OF EDUCATION
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 693,800	-	\$ 693,800	\$ 693,800	-
Total Revenues	<u>693,800</u>	<u>-</u>	<u>693,800</u>	<u>693,800</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	560,000		560,000	560,000	
Interest	<u>133,800</u>	<u>-</u>	<u>133,800</u>	<u>133,800</u>	<u>-</u>
Total Expenditures	<u>693,800</u>	<u>-</u>	<u>693,800</u>	<u>693,800</u>	<u>-</u>
Excess /(Deficit) of Revenue and Other Expenditures	-	-	-	-	
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011 (1)	2012	2013	2014 (2)	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 7,913,210	\$ 8,979,074	\$ 9,554,683	\$ 10,331,874	\$ 12,009,130	\$ 12,509,265	\$ 13,234,026	\$ 13,514,313	\$ 13,888,639	\$ 16,853,079
Restricted	296,460	451,172	820,776	1,146,499	511,219	615,160	1,140,160	2,100,160	2,830,160	2,740,639
Unrestricted	796,338	1,346,300	1,345,873	1,848,115	1,622,051	(5,870,944)	(6,146,959)	(6,042,517)	(6,646,260)	(8,629,162)
Total Governmental Activities Net Position	\$ 9,006,008	\$ 10,776,546	\$ 11,721,332	\$ 13,326,488	\$ 14,142,400	\$ 7,253,481	\$ 8,227,227	\$ 9,571,956	\$ 10,072,539	\$ 10,964,556
Business-Type Activities										
Investment in Capital Assets	\$ 4,086	\$ 3,495	\$ 2,904	\$ 11,957	\$ 10,562	\$ 9,167	\$ 13,873	\$ 19,924	\$ 33,703	\$ 35,137
Unrestricted	14,373	21,076	28,135	30,087	40,101	56,424	62,032	72,227	50,954	89,771
Total Business-Type Activities Net Position	\$ 18,459	\$ 24,571	\$ 31,039	\$ 42,044	\$ 50,663	\$ 65,591	\$ 75,905	\$ 92,151	\$ 84,657	\$ 124,908
District-Wide										
Investment in Capital Assets	\$ 7,917,296	\$ 8,982,569	\$ 9,557,587	\$ 10,343,831	\$ 12,019,692	\$ 12,518,432	\$ 13,247,899	\$ 13,534,237	\$ 13,922,342	\$ 16,888,216
Restricted	296,460	451,172	820,776	1,146,499	511,219	615,160	1,140,160	2,100,160	2,830,160	2,740,639
Unrestricted	810,711	1,367,376	1,374,008	1,878,202	1,662,152	(5,814,520)	(6,084,927)	(5,970,290)	(6,595,306)	(8,539,391)
Total District Net Position	\$ 9,024,467	\$ 10,801,117	\$ 11,752,371	\$ 13,368,532	\$ 14,193,063	\$ 7,319,072	\$ 8,303,132	\$ 9,664,107	\$ 10,157,196	\$ 11,089,464

Source: District's Financial Records

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

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 10,649,665	\$ 10,462,871	\$ 10,956,348	\$ 11,187,989	\$ 11,801,806	\$ 12,138,523	\$ 14,109,146	\$ 14,895,765	\$ 16,752,442	\$ 17,096,355
Special education	5,311,435	5,359,297	5,164,887	5,422,297	6,138,484	6,420,299	7,175,056	7,120,068	7,751,562	8,650,460
Other instruction	911,291	833,081	870,210	931,835	1,218,791	1,089,432	1,317,451	1,327,565	1,390,437	1,495,761
School Sponsored Activities and Athletics	784,616	749,276	764,823	803,976	853,495	778,886	897,075	961,012	1,100,894	1,131,571
Support Services:										
Student & instruction related services	2,549,129	2,777,747	2,778,321	2,801,208	2,805,182	2,876,680	3,313,052	3,844,404	4,330,412	4,716,081
Health Services	321,422	329,014	340,639	354,429	384,669	391,801	465,745	477,590	472,088	463,463
Educational Media/School Library	277,539	286,308	201,284	223,583	231,339	238,956	272,378	291,442	321,174	325,459
General administration	689,743	1,007,466	715,377	655,836	749,144	756,375	632,699	724,919	817,703	767,480
School Administrative services	1,351,888	1,309,276	1,347,638	1,405,377	1,654,444	1,610,925	1,971,077	2,089,066	2,359,692	2,636,863
Central Services	711,020	825,522	757,003	798,542	775,651	777,340	883,974	2,153,455	2,449,697	1,048,027
Plant operations and maintenance	2,182,993	2,168,813	2,263,510	2,185,014	2,135,670	2,140,290	2,198,405	507,806	564,302	2,268,926
Pupil transportation	760,898	554,171	561,135	662,474	649,994	697,149	600,407	974,052	1,032,221	739,605
Other support services										
Interest on long-term debt	325,213	295,034	312,549	328,639	180,582	228,193	208,039	188,767	168,553	176,810
Total governmental activities expenses	26,826,852	26,957,876	27,033,724	27,761,199	29,579,251	30,144,849	34,044,504	35,555,911	39,511,377	41,516,861
Business-type activities:										
Food service	304,198	253,883	235,271	214,037	211,302	232,605	232,419	234,946	273,127	288,188
Total business-type activities expense	304,198	253,883	235,271	214,037	211,302	232,605	232,419	234,946	273,127	288,188
Total district expenses	\$ 27,131,050	\$ 27,211,759	\$ 27,268,995	\$ 27,975,236	\$ 29,790,553	\$ 30,377,454	\$ 34,276,923	\$ 35,790,857	\$ 39,784,504	\$ 41,805,049
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 52,523	\$ 60,068	\$ 35,720		\$ 16,500	\$ 34,656	\$ 64,323	\$ 35,814	\$ 91,180	\$ 61,934
Operating grants and contributions	4,489,977	4,081,617	3,074,029	3,885,402	4,495,468	4,043,880	7,244,511	8,680,425	11,018,331	12,595,207
Capital grants and contributions	-	464,700	3,167	53,644	4,675	83,225	49,817	-	34,721	16,580
Total governmental activities program revenues	4,542,500	4,606,385	3,112,916	3,939,046	4,516,643	4,161,761	7,358,651	8,716,239	11,144,232	12,673,721
Business-type activities:										
Charges for services										
Food service	\$ 296,475	\$ 258,302	\$ 240,223	\$ 223,507	\$ 218,593	\$ 246,244	\$ 242,463	\$ 250,898	\$ 265,403	\$ 328,439
Operating grants and contributions	3,140	1,693	1,516	1,535	1,328	985	-	-	-	-
Total business type activities program revenues	299,615	259,995	241,739	225,042	219,921	247,229	242,463	250,898	265,403	328,439
Total district program revenues	\$ 4,842,115	\$ 4,866,380	\$ 3,354,655	\$ 4,164,088	\$ 4,736,564	\$ 4,408,990	\$ 7,601,114	\$ 8,967,137	\$ 11,409,635	\$ 13,002,160
Net (Expense)/Revenue										
Governmental activities	\$ (22,284,352)	\$ (22,351,491)	\$ (23,920,808)	\$ (23,822,153)	\$ (25,062,608)	\$ (25,983,088)	\$ (26,685,853)	\$ (26,839,672)	\$ (28,367,145)	\$ (28,843,140)
Business-type activities	(4,583)	6,112	6,468	11,005	8,619	14,624	10,044	15,952	(7,724)	40,251
Total district-wide net expense	\$ (22,288,935)	\$ (22,345,379)	\$ (23,914,340)	\$ (23,811,148)	\$ (25,053,989)	\$ (25,968,464)	\$ (26,675,809)	\$ (26,823,720)	\$ (28,374,869)	\$ (28,802,889)

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied	\$ 21,873,517	\$ 23,225,756	\$ 24,134,786	\$ 24,617,482	\$ 25,109,832	\$ 25,642,924	\$ 26,771,760	\$ 27,307,195	\$ 27,994,354	\$ 28,773,818
Taxes Levied for Debt Service	678,752	685,909	686,002	690,440	637,814	665,947	687,000	691,900	695,800	693,800
Unrestricted state aid	250,577	119,362	5,538		16,341	6,051	37,173	37,244	53,778	135,145
Miscellaneous income	216,039	91,002	127,496	123,866	114,533	110,104	163,666	148,062	123,796	132,394
Total governmental activities	23,018,885	24,122,029	24,953,822	25,427,309	25,878,520	26,425,026	27,659,599	28,184,401	28,867,728	29,735,157
Business-type activities:										
Investment earnings	-	-	-	-	-	-	270	294	230	-
Total business-type activities	-	-	-	-	-	-	270	294	230	-
Total district-wide	\$ 23,018,885	\$ 24,122,029	\$ 24,953,822	\$ 25,427,309	\$ 25,878,520	\$ 26,425,026	\$ 27,659,869	\$ 28,184,695	\$ 28,867,958	\$ 29,735,157
Change in Net Position										
Governmental activities	\$ 734,533	\$ 1,770,538	\$ 1,033,014	\$ 1,605,156	\$ 815,912	\$ 441,938	\$ 973,746	\$ 1,344,729	\$ 500,583	\$ 892,017
Business-type activities	(4,583)	6,112	6,468	11,005	8,619	14,624	10,314	16,246	(7,494)	40,251
Total district	\$ 729,950	\$ 1,776,650	\$ 1,039,482	\$ 1,616,161	\$ 824,531	\$ 456,562	\$ 984,060	\$ 1,360,975	\$ 493,089	\$ 932,268

Source: District's Financial Records

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 984,341	\$ 1,237,410								
Unreserved	310,447	519,090								
Restricted			\$ 1,739,919	\$ 2,397,640	\$ 2,008,989	\$ 2,072,349	\$ 2,616,070	\$ 3,817,767	\$ 4,639,759	\$ 3,167,789
Committed			113,763							
Assigned			267,098	660,734	269,549	155,407	133,779	196,430	148,641	89,196
Unassigned			241,204	239,407	294,120	283,149	282,092	254,394	288,458	357,672
Total general fund	<u>\$ 1,294,788</u>	<u>\$ 1,756,500</u>	<u>\$ 2,361,984</u>	<u>\$ 3,297,781</u>	<u>\$ 2,572,658</u>	<u>\$ 2,510,905</u>	<u>\$ 3,031,941</u>	<u>\$ 4,268,591</u>	<u>\$ 5,076,858</u>	<u>\$ 3,614,657</u>
All Other Governmental Funds										
Reserved	\$ 1,014,514				\$ 11,218					
Unreserved	(718,055)	\$ 451,171								
Restricted			\$ 220,775	\$ 146,498						\$ 1,213,279
Total All Other Governmental Funds	<u>\$ 296,459</u>	<u>\$ 451,171</u>	<u>\$ 220,775</u>	<u>\$ 146,498</u>	<u>\$ 11,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,213,279</u>

Source: District's Financial Records

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 22,905,687	\$ 23,911,665	\$ 24,820,788	\$ 25,307,922	\$ 25,747,646	\$ 26,308,871	\$ 27,458,760	\$ 27,999,095	\$ 28,690,154	\$ 29,467,618
Miscellaneous	270,911	151,070	163,216	126,811	133,990	149,201	228,223	183,876	214,976	219,098
State sources	3,137,506	3,904,630	2,587,418	3,434,551	4,083,158	3,677,026	4,032,040	4,449,799	4,873,739	5,567,530
Federal sources	421,614	761,049	495,316	447,906	425,694	430,698	437,384	486,632	431,496	549,898
Total revenue	26,735,718	28,728,414	28,066,738	29,317,190	30,390,488	30,565,796	32,156,407	33,119,402	34,210,365	35,804,144
Expenditures										
Instruction										
Regular Instruction	10,187,612	10,192,123	10,647,351	10,879,131	11,440,644	11,792,455	12,115,170	12,475,446	13,052,352	13,351,377
Special education instruction	5,128,677	5,257,903	5,065,878	5,314,161	6,011,836	6,296,702	6,455,732	6,257,011	6,493,856	7,354,435
Other instruction	884,119	811,810	848,231	909,021	1,186,415	1,062,104	1,149,281	1,117,307	1,084,211	1,198,973
School sponsored activities and athletics	684,821	728,963	744,182	783,056	829,047	757,850	779,676	813,284	870,288	898,665
Support Services:										
Student & inst. related services	2,580,433	2,725,601	2,708,101	2,728,319	2,719,697	2,793,031	2,864,302	3,234,619	3,378,476	3,672,120
Health Services	307,729	319,298	330,875	344,484	372,862	380,383	400,954	398,562	365,950	362,296
Educational Media/School Library	255,022	278,621	195,871	218,098	224,792	232,415	236,278	246,668	252,635	256,367
General administration	625,697	1,012,714	702,458	642,650	733,752	741,375	1,683,247	1,734,799	690,382	645,429
School administrative services	1,198,531	1,274,952	1,307,330	1,364,441	1,601,268	1,562,060	565,741	640,250	1,818,715	2,045,912
Central services	720,547	808,683	739,993	781,411	750,441	752,934	2,125,194	2,087,945	2,358,016	919,706
Plant operations and maintenance	2,109,389	2,127,126	2,218,712	2,140,968	2,084,824	2,092,988	591,339	499,940	554,307	2,072,455
Pupil transportation	718,724	548,674	556,122	657,008	643,767	691,428	842,724	932,133	969,191	717,574
Capital outlay	1,531,120	1,339,613	907,960	1,035,289	1,943,704	772,379	1,108,705	722,860	787,891	3,416,576
Debt Service										
Principal	370,000	390,000	405,000	425,000	445,000	465,000	490,000	515,000	540,000	956,575
Interest and other charges	310,159	295,909	313,586	752,091	262,842	245,663	227,028	206,928	185,828	184,606
Total expenditures	27,612,580	28,111,990	27,691,650	28,975,128	31,250,891	30,638,767	31,635,371	31,882,752	33,402,098	38,053,066
Excess (Deficiency) of revenues over (under) expenditures	(876,862)	616,424	375,088	342,062	(860,403)	(72,971)	521,036	1,236,650	808,267	(2,248,922)
Other Financing sources (uses)										
Premium on Bonds				530,458						
Refunding Bond Proceeds				5,170,000						
Payment to Refunded Bond Escrow Agent				(5,181,000)						
Capital Leases (Non-Budget)										2,000,000
Transfers in	987,628	928,976	504,962	756,516	1,723,092	666,785	161			2,018,180
Transfers out	(987,628)	(928,976)	(504,962)	(756,516)	(1,723,092)	(666,785)	(161)			(2,018,180)
Total other financing sources (uses)	-	-	-	519,458	-	-	-	-	-	2,000,000
Net change in fund balances	\$ (876,862)	\$ 616,424	\$ 375,088	\$ 861,520	\$ (860,403)	\$ (72,971)	\$ 521,036	\$ 1,236,650	\$ 808,267	\$ (248,922)
Debt service as a percentage of noncapital expenditures	2.61%	2.56%	2.68%	4.21%	2.42%	2.38%	2.35%	2.32%	2.23%	3.29%

* Noncapital expenditures are total expenditures less capital outlay.
Source: District Financial Records

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

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Health Benefits/ Insurance Rebate</u>	<u>Prior Year Tuition Refunds</u>	<u>Cancel Prior Year Accounts Payable</u>	<u>NJ Clean Energy Audit</u>	<u>E-Rate</u>	<u>Technology Fees</u>	<u>Facility Rental</u>	<u>Gate Receipts</u>	<u>Misc.</u>	<u>Total</u>
2009	\$ 133,202	\$ 48,780								\$ 3,136	\$ 73,165	\$ 258,283
2010	60,068	30,688		\$ 11,373						3,997	41,438	147,564
2011	35,720	35,719								4,473	82,406	158,318
2012	7,657	15,644		15,886		\$ 20,999				3,591	58,776	122,553
2013	16,500	16,555	\$ 18,393	14,485						3,614	56,719	126,266
2014	34,656	14,268	8,757		\$ 9,642					4,647	75,370	147,340
2015	64,324	10,220	3,393	9,097			\$ 16,137		\$ 43,985	5,307	75,365	227,828
2016	35,814	12,903			12,480		17,125		17,440	11,006	77,108	183,876
2017	91,180	17,936			6,781		13,316	\$ 14,395	11,782	4,923	54,663	214,976
2018	14,000	28,907		21,235	26,023	7,750	10,210	21,487	47,934	3,981	24,029	205,556

Source: District records (GAAP Basis)

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009	\$ 16,308,700	\$ 1,400,421,800	N/A	N/A	\$ 125,097,600	\$ 29,589,600	N/A	\$ 1,571,417,700	\$ 1,354,307	\$ 1,572,772,007	\$ 1,791,321,238	\$ 1.489
2010	16,310,500	1,384,119,500	N/A	N/A	126,610,400	29,589,600	N/A	1,556,630,000	1,578,554	1,558,098,687	1,679,032,604	1.564
2011	17,652,000	1,385,932,300	N/A	N/A	125,571,700	28,810,500	N/A	1,557,966,500	1,190,616	1,559,157,116	1,626,620,445	1.608
2012	17,061,700	1,385,802,700	N/A	N/A	125,243,200	28,810,500	N/A	1,556,918,100	1,234,107	1,558,152,207	1,568,251,207	1.639
2013	15,742,200	1,387,823,400	N/A	N/A	124,881,800	28,570,600	N/A	1,557,018,000	100,000	1,557,118,000	1,501,747,889	1.673
2014	15,172,800	1,388,543,300	N/A	N/A	125,681,800	28,570,600	N/A	1,557,968,500	100,000	1,558,068,500	1,502,749,915	1.726
2015	8,237,600	1,399,054,600	N/A	N/A	125,861,800	28,570,600	N/A	1,561,724,600	100,000	1,561,824,600	1,539,999,306	1.776
2016	8,428,600	1,408,833,800	N/A	N/A	128,126,700	28,570,600	N/A	1,573,959,700	100,000	1,573,959,700	1,543,242,913	1.801
2017	11,496,900	1,410,802,300	N/A	N/A	125,968,400	28,720,600	N/A	1,576,988,200	100,000	1,577,088,200	1,579,923,809	1.845
2018	8,547,400	1,414,823,500	N/A	N/A	125,912,300	28,720,600	\$ 19,600,000	1,597,603,800	100,000	1,597,703,800	1,631,626,486	1.873

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality (1)</u>	<u>County (2)</u>
2009	\$ 2.228	\$ 1.489	\$ 0.519	\$ 0.220
2010	2.325	1.564	0.549	0.212
2011	2.381	1.608	0.556	0.217
2012	2.420	1.639	0.560	0.221
2013	2.454	1.673	0.559	0.222
2014	2.510	1.726	0.558	0.226
2015	2.572	1.776	0.559	0.237
2016	2.602	1.801	0.559	0.242
2017	2.656	1.845	0.554	0.257
2018	2.679	1.873	0.556	0.250

(1) Includes Open Space Tax and Library

(2) Includes County Open Space Tax

Source: Tax Duplicate, Borough of Waldwick

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

Taxpayer	2018	
	Taxable Assessed Value	% of Total District Net Assessed Value
D&R Waldwick LLC	\$ 19,600,000	1.23%
HFZ Waldwick LLC	10,900,000	0.68%
LKD Realty Inc.	7,367,800	0.46%
Public Service Electric & Gas	5,214,700	0.33%
Hamilton-Franklin Assoc.	5,177,300	0.32%
168 Franklin Concepts Corp	4,102,100	0.26%
Med-Tech PTNRS LLC	3,766,600	0.24%
Waldwick North LLC	3,245,000	0.20%
UB Waldwick LLC	3,473,400	0.22%
Lesterick Corp. Inc.	3,375,000	0.21%
	<u>\$ 66,221,900</u>	<u>4.14%</u>

	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value
Waldwick Splash Park LLC	\$ 10,900,000	0.70%
LKD Realty Inc.	7,367,800	0.47%
Public Service Electric & Gas	5,214,700	0.33%
Hamilton Properties	5,177,300	0.33%
Med Tech Partners LLC	4,302,100	0.28%
Waldwick North LLC	3,766,600	0.24%
Waldwick Shopping Center	3,600,000	0.23%
Lesterick Corp. Inc.	3,473,400	0.22%
Wyckoff Ave Assoc. LLC	3,503,100	0.22%
Urstadt Biddle Property	3,341,700	0.21%
	<u>\$ 50,646,700</u>	<u>3.23%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 22,905,687	\$ 22,905,687	100.00%	-
2010	23,911,665	23,911,665	100.00%	-
2011	24,820,788	24,820,788	100.00%	-
2012	25,307,922	25,307,922	100.00%	-
2013	25,747,646	25,747,646	100.00%	-
2014	26,308,871	26,308,871	100.00%	-
2015	27,458,760	27,458,760	100.00%	-
2016	27,999,095	27,999,095	100.00%	-
2017	28,690,154	28,690,154	100.00%	-
2018	29,467,618	29,467,618	100.00%	-

Source: District Records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2009	\$ 7,311,000		\$ 7,311,000	9,586	\$ 763
2010	6,921,000		6,921,000	9,618	720
2011	6,516,000		6,516,000	9,703	672
2012	6,080,000		6,080,000	9,788	621
2013	5,635,000		5,635,000	9,859	572
2014	5,170,000		5,170,000	9,921	521
2015	4,680,000		4,680,000	100,501	47
2016	4,165,000		4,165,000	10,061	414
2017	3,625,000		3,625,000	10,092	359
2018	3,065,000	\$ 1,603,425	4,668,425	10,092 (Est.)	463

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2009	\$ 7,311,000	-	\$ 7,311,000	0.46%	\$ 763
2010	6,921,000	-	6,921,000	0.44%	720
2011	6,516,000	-	6,516,000	0.42%	672
2012	6,080,000	-	6,080,000	0.39%	621
2013	5,635,000	-	5,635,000	0.36%	572
2014	5,170,000	-	5,170,000	0.33%	521
2015	4,680,000	-	4,680,000	0.30%	47
2016	4,165,000	-	4,165,000	0.26%	413
2017	3,625,000	-	3,625,000	0.23%	362
2018	3,065,000	-	3,065,000	0.19%	306

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**WALDWICK BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2017
(UNAUDITED)**

	<u>Total Debt</u>
Debt:	
School District	\$ 3,065,000
Borough of Waldwick	<u>11,050,092</u>
 Total Direct Debt	 14,115,092
 Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	11,608,856
Northwest Bergen Regional Sewerage Authority (B)	<u>2,477,015</u>
	 <u>14,085,871</u>
 Total Direct and Overlapping Debt	 <u>\$ 28,200,963</u>

- (A) The debt for this entity was apportioned to the Borough of Waldwick by dividing the Municipality's 2018 equalized value by the total 2018 equalized value for Bergen County.
- (B) Overlapping debt was computed based upon municipal flow to the Authority.

Sources:

- (a) Borough of Waldwick 2017 Annual Debt Statement

Source: School District Financial Statements

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

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis
	2017 \$ 1,607,203,628
	2016 1,573,487,654
	2015 <u>1,527,807,278</u>
	<u>\$ 4,708,498,560</u>
Average equalized valuation of taxable property	\$ 1,569,499,520
Debt limit (4 % of average equalization value)	62,779,981 ^a
Total Net Debt Applicable to Limit	<u>3,065,000</u>
Legal debt margin	<u>\$ 59,714,981</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>
Debt limit	\$ 68,324,248	\$ 68,805,739	\$ 67,769,723	\$ 64,975,524	\$ 62,427,934	\$ 60,805,459	\$ 6,038,682	\$ 60,785,634	\$ 61,788,334	\$ 62,779,981
Total net debt applicable to limit	<u>7,311,000</u>	<u>6,921,000</u>	<u>6,516,000</u>	<u>6,080,000</u>	<u>5,635,000</u>	<u>5,170,000</u>	<u>4,680,000</u>	<u>4,165,000</u>	<u>3,625,000</u>	<u>3,065,000</u>
Legal debt margin	<u>\$ 61,013,248</u>	<u>\$ 61,884,739</u>	<u>\$ 61,253,723</u>	<u>\$ 58,895,524</u>	<u>\$ 56,792,934</u>	<u>\$ 55,635,459</u>	<u>\$ 1,358,682</u>	<u>\$ 56,620,634</u>	<u>\$ 58,163,334</u>	<u>\$ 59,714,981</u>
Total net debt applicable to the limit as a percentage of debt limit	10.70%	10.06%	9.61%	9.36%	9.03%	8.50%	77.50%	6.85%	5.87%	4.88%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population</u>
2008	2.3%	\$ 68,124	9,481
2009	4.3%	65,097	9,586
2010	4.4%	66,080	9,618
2011	4.3%	69,044	9,703
2012	4.4%	71,953	9,788
2013	7.9%	71,449	9,859
2014	4.5%	73,293	9,921
2015	3.7%	76,388	10,051
2016	3.8%	77,187	10,061
2017	3.5%	77,187	10,092

(1) County of Bergen

Source: United States Bureau of Census
U.S. Dept. of Commerce

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

NOT AVAILABLE

WALDWICK BOARD OF EDUCATION
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	114	112	104	111	111	112	117	109	113	112
Special education	20	20	31	34	35	35	36	36	34	36
Other special education	25	25	25	30	34	36	32	31	29	28
Support Services:										
Student & Instruction related services	27	29	29	31	34	34	33	32	34	32
General administration	3	3	3	3	3	3	3	3	3	2
School administrative services	10	10	10	11	11	11	12	12	11	13
Central services	5	5	5	5	7	7	8	8	7	7
Plant operations and maintenance	20	20	20	20	19	19	19	18	17	17
Pupil transportation	3	2	2	2	2	2	3	2	2	2
Total	<u>225</u>	<u>226</u>	<u>229</u>	<u>247</u>	<u>256</u>	<u>259</u>	<u>263</u>	<u>251</u>	<u>250</u>	<u>249</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2009	1,606	\$ 25,401,301	\$ 15,817	-1.83%	136	1:12	1:09	1:10	1,582	1,517	0.00%	95.89%
2010	1,590	26,086,468	16,407	3.73%	138	1:12	1:10	1:10	1,582	1,516	0.00%	95.83%
2011	1,605	26,065,104	16,240	-1.02%	139	1:12	1:10	1:10	1,593	1,521	0.70%	95.48%
2012	1,611	26,762,748	16,613	2.29%	145	1:12	1:10	1:10	1,593	1,527	0.00%	95.86%
2013	1,631	28,599,345	17,535	5.55%	146	1:13	1:14	1:12	1,618	1,542	1.57%	95.30%
2014	1,616	29,155,725	18,042	2.89%	147	1:13	1:14	1:12	1,596	1,526	-1.36%	95.61%
2015	1,605	29,809,638	18,573	2.94%	153	1:11	1:13	1:11	1,577	1,507	-1.19%	95.56%
2016	1,576	30,437,964	19,313	3.99%	145	1:11	1:12	1:11	1,584	1,517	0.44%	95.77%
2017	1,592	31,888,379	20,030	3.71%	147	1:10	1:12	1:09	1,585	1,509	0.06%	95.21%
2018	1,614	33,495,309	20,753	3.61%	148	1:10	1:10	1:09	1,586	1,514	0.06%	95.46%

Sources: District records

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
<u>Elementary</u>										
Crescent										
Square Feet	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500	34,500
Capacity (students)										
Enrollment	354	360	346	345	356	326	330	340	346	353
Traphagen										
Square Feet	33,300	33,300	33,300	33,300	33,300	36,400	36,400	36,400	36,400	36,400
Capacity (students)										
Enrollment	397	408	417	413	430	437	443	408	417	419
<u>Middle School</u>										
Square Feet										
Capacity (students)										
Enrollment	372	369	377	379	366	366	345	364	362	367
<u>High School</u>										
Square Feet	157,889	157,889	157,889	157,889	157,889	157,889	157,889	157,889	157,889	157,889
Capacity (students)										
Enrollment	459	438	446	453	456	459	465	456	449	440

123

Number of Schools at June 30, 2018

Elementary = 2

Middle School = 1

Senior High School = 1

Source: District Records

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

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

		<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>
School Facilities	Project #(s)										
Crescent E.S.	N/A	\$ 34,508	\$ 35,787	\$ 39,626	\$ 39,080	\$ 40,277	\$ 35,754	\$ 38,664	\$ 48,661	\$ 91,560	\$ 51,686
Traphagen E.S.	N/A	33,307	34,542	38,248	37,720	38,876	37,723	40,793	51,341	96,803	54,532
Waldwick Jr/Sr High School	N/A	<u>157,924</u>	<u>163,778</u>	<u>181,349</u>	<u>178,848</u>	<u>184,327</u>	<u>163,629</u>	<u>176,945</u>	<u>222,695</u>	<u>419,428</u>	<u>236,541</u>
Grand Total		<u>\$ 225,739</u>	<u>\$ 234,107</u>	<u>\$ 259,223</u>	<u>\$ 255,648</u>	<u>\$ 263,480</u>	<u>\$ 237,106</u>	<u>\$ 256,402</u>	<u>\$ 322,697</u>	<u>\$ 607,791</u>	<u>\$ 342,759</u>

Source: School District's Financial Statements

WALDWICK BOARD OF EDUCATION
SCHEDULE OF INSURANCE
June 30, 2018
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
Great American		
Package Policy		
Property- Blanket Building and Contents*	\$ 61,396,584	\$ 5,000
Earthquake/Flood (Outside Zones A&V)	5,000,000	50,000
Flood Zones A & V	1,000,000	500,000
Builder's Risk	5,000,000	5,000
Automobile*	1,000,000	1,000
Comprehensive General Liability*	1,000,000	
Selective Insurance		
Crime	100,000 per employee 400,000 Excess	5,000
Forgery & Alterations	50,000	1,000
Boiler and Machinery*	Included in Property Coverage	1,000
Chubb		
Environmental	2,000,000 per occurrence/ 4,000,000 aggregate 20,000,000 group aggregate	15,000
XL		
Educator's Legal Liability	1,000,000	25,000
Employment Practices	1,000,000	35,000
Great American		
Commercial Umbrella*	9,000,000	10,000
Fireman's Fund		
Excess Umbrella	50,000,000 group aggregate	
XL		
Cyber Liability	1,000,000 per occurrence 1st party 2,000,000 per occurrence 3rd party 6,000,000 group aggregate (subject to sublimits)	15,000

Source: School District's records

*Pool coverage for the Northeast Bergen County School Board Insurance Group.

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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ELIZABETH A. SHICK, CPA, RMA, PSA
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DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waldwick Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Waldwick Board of Education's basic financial statements and have issued our report thereon dated January 22, 2019.

Internal Control Over Financial Reporting

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

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

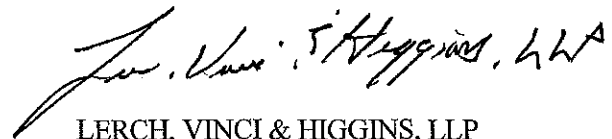
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



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



Paul J. Lerch
Public School Accountant
PSA Number CS0118

Fair Lawn, New Jersey
January 22, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Waldwick Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Waldwick Board of Education's major state programs for the fiscal year ended June 30, 2018. The Waldwick Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Waldwick Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

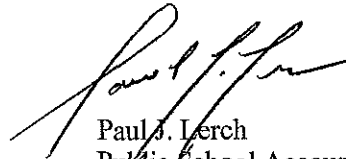
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Waldwick Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 22, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch
Public School Accountant
PSA Number CS0118

Fair Lawn, New Jersey
January 22, 2019

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal/Grantor/Pass-Through Grant Program Title	Federal CFDA Number	Grant Project Number	Federal Fain Number	Grant Period	Award Amount	Balance July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Balance, June 30, 2018			GAAP Receivable
											(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
Passed-through State Department of Education														
I.D.E.A. Part B, Basic	84.027	IDEA219018	H027A170100	7/1/17-6/30/18	\$ 359,109			\$ 314,076	\$ 356,889		\$ (45,033)	\$ 2,220		\$ (42,813)
I.D.E.A. Part B, Basic, Carryover	84.027	IDEA219017	H027A160100	7/1/16-6/30/17	359,476	\$ 33,288						33,288		
I.D.E.A. Part B, Preschool	83.173	IDEA219018	H173A170114	7/1/17-6/30/18	14,470			14,470	14,470		-	-		
I.D.E.A. Part B, Preschool	84.173	IDEA219016	H173A160114	7/1/15-6/30/16	14,338	(245)					(245)			(245)
Total I.D.E.A. Cluster														
									371,359					
Title I	84.010A	NCLB219018	S010A170030	7/1/17-6/30/18	131,432			114,513	130,284		(16,919)	1,148		(15,771)
Title I, Carryover	84.010A	NCLB219017	S010A160030	7/1/16-6/30/17	47,945	16					(3)	19		-
Total Title I														
									130,284					
Title II A	84.367A	NCLB219018	S367A170029	7/1/17-6/30/18	35,308		\$ 879	28,154	33,620		(7,154)	1,688		(5,466)
Title II A, Carryover	84.367A	NCLB219017	S367A160029	7/1/16-6/30/17	38,517	6,967	(879)	7,846			(2,328)	17,141		-
Total Title II														
									33,620					
Title III	84.365A	NCLB219018	S365A170030	7/1/17-6/30/18	10,000			2,497	7,577		(7,503)	2,423		(5,080)
Title III, Carryover	84.365A	NCLB219016	S365A160030	7/1/15-6/30/16	10,845						(1,628)	1,628		-
Title III, Immigrant	84-365A	NCLB219018	S365A170030	7/1/17-6/30/18	1,596			980	1,363		(616)	233		(383)
Title III, Immigrant, Carryover	84.365A	NCLB219017	S365A160030	7/1/16-6/30/17	2,332	(1,328)		1,328			(1,004)	1,004		-
Title III, Immigrant, Carryover	84.365A	NCLB219016	S365A160030	7/1/15-6/30/16	6,640	(24)	-	24			-	-		-
Total Title III Cluster														
									8,940					
Title IV	84.424	N/A	S424A170031	7/1/17-6/30/18	10,000	-	-	-	5,695		(10,000)	4,305		(5,695)
Total Special Revenue Fund														
						38,674	-	483,888	549,898		(92,433)	65,097		(75,453)
Total Federal Financial Assistance														
						\$ 38,674	\$ -	\$ 483,888	\$ 549,898	\$ -	\$ (92,433)	\$ 65,097	\$ -	\$ (75,453)

Note: This schedule is not subject to a single audit in accordance with the U.S. Uniform Guidance.

WALDWICK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017			Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Balance, June 30, 2018			GAAP Receivable	Cumulative Total Expenditures
				(Accounts Receivable)	Deferred Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor		
State Department of Education														
General Fund														
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 748,580				\$ 717,229	\$ 748,580		\$ (31,351)				\$ 748,580
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	748,580	(33,738)			33,738							
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	90,244				86,627	90,244		(3,617)				90,244
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	5,801	(397)			397							
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	27,492				26,286	27,492		(1,206)				27,492
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	27,492	(1,190)			1,190							
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	16,220				15,416	16,220		(804)				16,220
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	16,220	(794)			794							
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	16,220				15,416	16,220		(804)				16,220
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	16,220	(794)			794							
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	15,710				14,906	15,710		(804)				15,710
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	15,710	(794)			794							
Additional Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	1				1	1						1
Total State Aid Public-Cluster														
<u>914,467</u>														
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	42,447				40,839	42,447		(1,608)				42,447
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	42,447	(1,985)			1,985							
Extraordinary Aid	18-100-034-5120-044	7/1/17-6/30/18	330,371					330,371		(330,371)				330,371
Extraordinary Aid	17-100-034-5120-044	7/1/16-6/30/17	316,313	(316,313)			316,313							
NonPublic Transportation	18-495-034-5120-014	7/1/17-6/30/18	15,188					15,188		(15,188)		\$ (15,188)		15,188
NonPublic Transportation	17-495-034-5120-014	7/1/16-6/30/17	7,975	(7,975)			7,975							
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	1,293				1,293	1,293						1,293
On-Behalf TPAF Pension and Annuity Aid														
TPAF - Normal Costs	18-495-034-5094-002	7/1/17-6/30/18	1,856,410				1,856,410	1,856,410						1,856,410
TPAF-NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18	45,050				45,050	45,050						45,050
Post Retirement Medical Costs	18-495-034-5094-001	7/1/17-6/30/18	1,228,112				1,228,112	1,228,112						1,228,112
Long-Term Disability	18-495-034-5094-004	7/1/17-6/30/18	2,332				2,332	2,332						2,332
Total On-Behalf TPAF Pension Contributions														
<u>3,131,904</u>														
On-Behalf TPAF Social Security Aid	18-495-034-5094-003	7/1/17-6/30/18	948,934				902,712	948,934		(46,222)			(46,222)	948,934
On-Behalf TPAF Social Security Aid	17-495-034-5094-003	7/1/16-6/30/17	927,049	(45,384)			45,384							
Total General Fund														
<u>(409,364)</u>														
Special Revenue Fund														
New Jersey Nonpublic Aid														
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	13,312				13,312	12,899				\$ 413		\$ 12,899
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	13,027			\$ 936			\$ 936					
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	25,511				25,511	25,456				55		25,456
Nursing Services	17-100-034-5120-071	7/1/16-6/30/17	22,680			49			49					
Security	18-100-034-5120-509	7/1/17-6/30/18	19,725				19,725	19,685				40		19,685
Security	17-100-034-5120-509	7/1/16-6/30/17	12,600			10			10					
Technology	18-100-034-5120-373	7/1/17-6/30/18	8,991				8,991	8,945				46		8,945
Technology	17-100-034-5120-373	7/1/16-6/30/17	5,876			6			6					
Auxiliary Services														
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	62,453				62,453	60,857				1,596		60,857
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	36,728			20,156			20,156					
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	14,634				14,634	7,137				7,497		7,137
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	12,789			6,669			6,669					
Total Auxiliary Services (Chapter 192) Cluster														
<u>67,994</u>														
Handicapped Services														
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	27,479				27,479	26,716				763		26,716
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	19,995			5,791			5,791					
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	23,356				23,356	23,659				1,697		23,659
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	16,787			8,169			8,169					
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	14,828				14,828	12,132				2,696		12,132
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	12,555			6,610			6,610					
Total Handicapped Services (Chapter 193) Cluster														
<u>62,507</u>														
Total Special Revenue Fund														
<u>48,396</u>														
Total State Financial Assistance- Determination for Single Audit														
<u>\$ (409,364) \$ - \$ 48,396 \$ 5,574,282 5,582,090 \$ 48,396 \$ (431,975) \$ - \$ 14,803 \$ (61,410) \$ 5,582,090</u>														
State Financial Assistance Not Subject to Single Audit Determination														
On-Behalf-TPAF Pension and Annuity Aid														
TPAF - Normal Costs	18-495-034-5094-002							1,856,410						
TPAF-NCGI Premium	18-495-034-5094-004							45,050						
Post Retirement Medical Costs	18-495-034-5094-001							1,228,112						
Long-Term Disability	18-495-034-5094-004							2,332						
Amount Utilized to Determine Type A/B Programs														
<u>\$ 2,450,186</u>														

132

**WALDWICK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$14,560 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 5,370,044	\$ 5,370,044
Special Revenue Fund	\$ 549,898	197,486	<u>747,384</u>
Total Financial Assistance	<u>\$ 549,898</u>	<u>\$ 5,567,530</u>	<u>\$ 6,117,428</u>

**WALDWICK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$948,934 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$1,901,460, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,228,112 and TPAF Long-Term Disability Insurance in the amount of \$2,332 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to the basic financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards Section

NOT APPLICABLE

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I – Summary of Auditor’s Results

State Awards Section

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

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over compliance:

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

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

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

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>Special Education Aid</u>	<u>495-034-5120-089</u>
<u>Equalization Aid</u>	<u>495-034-5120-078</u>
<u>Security Aid</u>	<u>495-034-5120-084</u>
<u>PARCC Readiness Aid</u>	<u>495-034-5120-098</u>
<u>Per Pupil Growth Aid</u>	<u>495-034-5120-097</u>
<u>Additional Adjustment Aid</u>	<u>495-034-5120-085</u>
<u>Professional Learning Community Aid</u>	<u>495-034-5120-101</u>
<u>TPAF Social Security</u>	<u>495-034-5094-003</u>

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**WALDWICK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

There are none.

**WALDWICK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.