

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

Township of Wall, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Wall Township Board of Education

Township of Wall, New Jersey

For The Fiscal Year Ended June 30, 2018

Prepared by

Business Office

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INTRODUCTORY SECTION

WALL TOWNSHIP PUBLIC SCHOOLS
OFFICE OF THE BUSINESS ADMINISTRATOR/BOARD SECRETARY
PO Box 1199
Wall, New Jersey 07719-1199

Brian J. Smyth
Business Administrator/Board Secretary

Phone: 732-556-2016
FAX: 732-556-2102

January 18, 2019

Honorable President and
Members of the Board of Education
Wall Township School District
County of Monmouth
Wall, New Jersey, 07719

Dear Board Members and Constituents of Wall Township:

The Comprehensive Annual Financial Report of the Wall Township School District for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position, governmental activities, the business-type activities and the aggregate remaining fund information at June 30, 2018 and the respective changes in financial position and cash flows. 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 designed to complement Management's Discussion and Analysis and should be read in conjunction with it, the District's organizational chart and a list of principal officials and consultants and advisors. The financial section includes the management's discussion and analysis (immediately following the report of independent auditors), basic financial statements, required supplementary information and other supplementary information, as well as the auditors' report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and is unaudited.

The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey's OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*". Information related to this single audit, including the auditor's report on the internal control and compliance with applicable major programs, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Wall Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB 14. All funds of the District are included in this report. The Wall Township Board of Education and all its schools constitute the District's reporting entity.

1. REPORTING ENTITY AND ITS SERVICES (continued):

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular and special education students. In addition, services are also provided for pre-school handicapped special needs students. The District's enrollment for the 2017/2018 school year, as of October 15, 2018, was 3,400 students on rolls which is 60 students below the previous year's enrollment, and 3,351 resident students which is 78 students less than the previous year.

2. ECONOMIC CONDITIONS:

The Wall Township area continues to experience limited residential development and turnover which results in enrollment declining on a consistent basis. However, enrollment has increased at the lower grades at the elementary schools which is attributed to the district offering full-day kindergarten as well as a before and after school program.

3. MAJOR INITIATIVES:

The 2017-2018 budget was an increase of 1.87% over the prior year budget with the Operating Budget totaling \$ 69,624,654. The budget included capital project funds for replacement of visitor bleachers at the athletic stadium at Wall High School and replace of the emergency generator at Wall High School.

4. INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Internal control 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 whether the District has complied with applicable laws and regulations relating to its major programs.

5. BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

6. ACCOUNTING SYSTEM AND REPORTS:

The District's financial statements are presented in conformity with accounting principles generally accepted in the United States, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and these funds are explained in "Notes to the Basic Financial Statements"; Note 1.

7. DEBT ADMINISTRATION:

Under the provisions of New Jersey statutes, school districts may not incur indebtedness greater than 4% of the average equalized valuation of taxable property. At June 30, 2018 the District's outstanding debt issues are below the legal debt margin and are summarized in the "Notes to the Basic Financial Statements"; Note 4.

It is noted that the Wall Township Public School District continued to maintain its Moody's Investors Services Aa3 rating. Moody's most recent rating report states "The affirmation incorporates the District's improved financial condition following three years of structurally balanced operations despite a statutory two percent tax levy cap and state aid reductions." Moody's believes the District will maintain its satisfactory financial position given the trend of structurally balanced operations that improved liquidity and reserves due to conservative budgeting practices.

The district refunded 2005, 2006, and 2007 Series Bonds in March of 2015. The 2015 Refunding Bonds (2015 Series Bonds) were priced on March 25, 2015. The par amount of the bonds is \$17,515,000 and the net interest rate of the bonds is 1.98%. The total debt service savings will be approximately \$1,838,000 translating to an average savings of \$200,000 annually through June 30, 2024. Standard & Poor's Ratings Service assigned its 'AA' long-term rating and stable outlook to the 2015 bonds and affirmed its 'AA' rating and stable outlook on the district's existing debt.

The district will start to reduce its annual debt obligations in the year ending June 30, 2022, with a significant amount of debt as the maturity date of the 2015 Series Bonds mentioned above will reach their maturity date at the end of the 2023-24 school year. The district will start planning to identify programs and capital improvement projects best suited for debt service funding.

8. CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute, as detailed in "Notes to the Basic Financial Statements"; Note 4. The District utilizes 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 government 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 fire, general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10. OTHER INFORMATION:

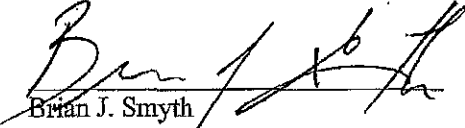
A. Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08. The auditor's report on the basic financial statements required supplementary information and other supplementary information are included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. SIGNIFICANT BUDGET VARIATIONS OR MODIFICATIONS DISCUSSION FOR NEXT YEAR

Legislative reforms and mandates will continue to have a significant impact on development of future budgets. The uncertainty of state aid and restrictions on tax levy increases will continue to impact the District's ability to enhance programs and facilities within the annual budget. The district will be required to use available reserve accounts to fund a budget that meets the goals of the district while staying within the constraints of the 2% tax levy cap.

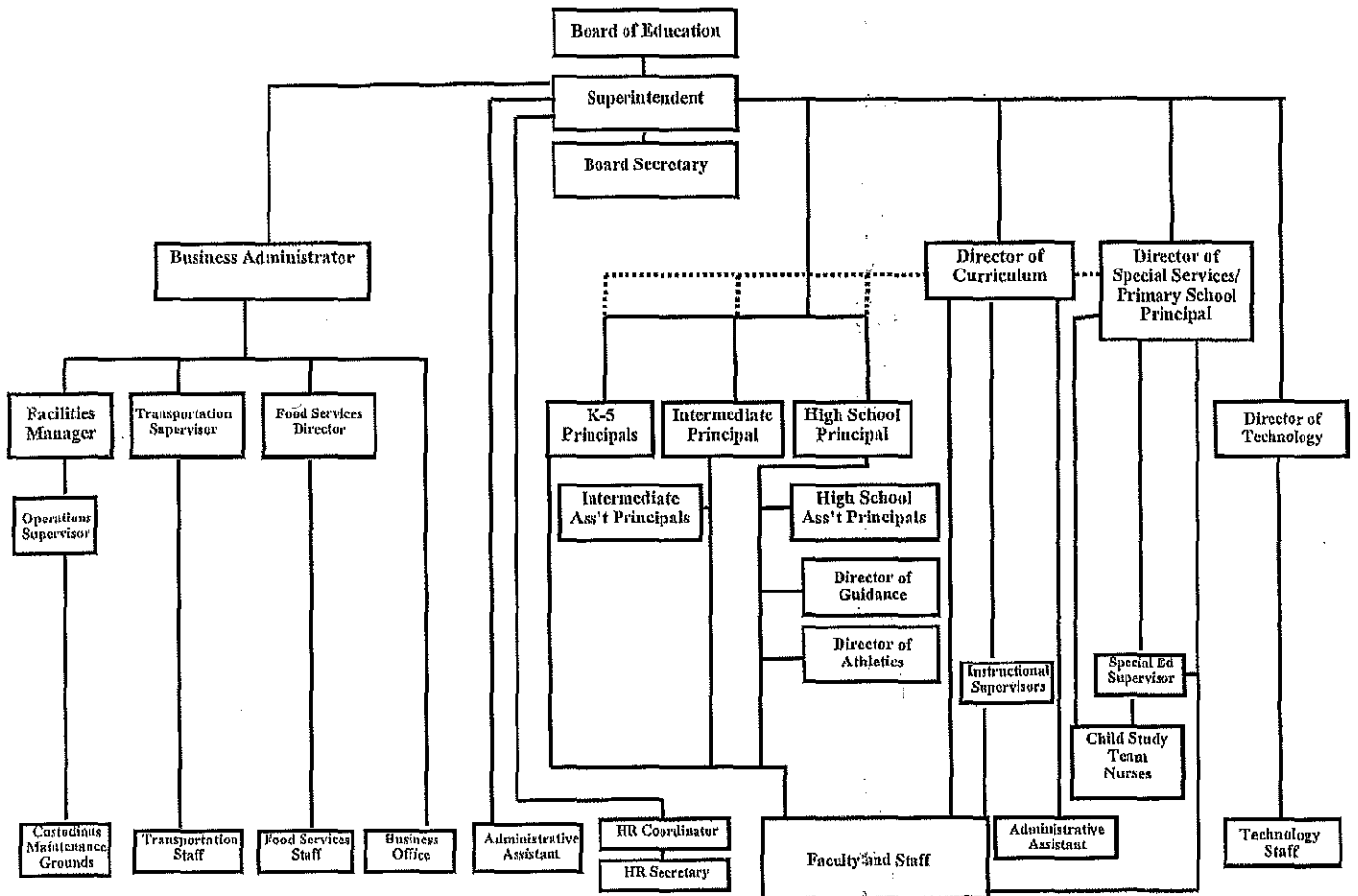
12. ACKNOWLEDGEMENTS:

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


Brian J. Smyth
Business Administrator


Cheryl Dyer
Superintendent of Schools

Wall Township Public Schools Organizational Chart



REVISED: July 15, 2014
 As defined by job descriptions
 Related to Curriculum and/or Special Education

Attachment S5

WALL TOWNSHIP BOARD OF EDUCATION

WALL, NEW JERSEY

ROSTER OF OFFICIALS

June 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robin Zawodniak - President	January 2019
Ralph Addonizio - Vice President	January 2020
Linda Bradley	January 2019
Allison Connolly	January 2021
Tennant Magee, Sr.	January 2019
Michael McArthur	January 2019
Dori Molloy	January 2020
Christopher San Filippo	January 2021
Kenneth Wondrack	January 2021

Other Officials

Cheryl Dyer, Superintendent of Schools

Brian J. Smyth, Business Administrator/Board Secretary

Mr. Pablo Canela, Treasurer

Michael J. Gross, Board Attorney

WALL TOWNSHIP BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Attorney

Kenney, Gross, Kovats & Parton
130 Maple Avenue
Red Bank, NJ 07701

Audit Firm

Lerch, Vinci, Higgins, LLP
17-17 Route 208 North
Fairlawn, NJ 07410

Financial Advisor

Phoenix Advisors
4 West Park Street
Bordentown, NJ 08505

**Health Benefit
Insurance Broker**

Brown & Brown Metro, Inc.
56 Livingston Avenue
P.O. Box 369
Roseland, NJ 07068-0369

Official Depository

TD Bank
1840 Old Mill Road
Wall, NJ 07719

**Property & Casualty
Insurance Broker**

Willis of New Jersey, Inc.
P.O. Box 5002
Short Hills, NJ 07078-5002

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 Education
Wall Township Board of Education
Wall Township, 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 Wall Township 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 Wall Township 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 Wall Township 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, 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 Wall Township Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and 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 Wall Township Board of Education.

The combining and individual nonmajor 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 and individual nonmajor 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 18, 2019 on our consideration of the Wall Township 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 Wall Township 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 Wall Township Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Donna L. Japhet
Public School Accountant
PSA Number CS002314

Fair Lawn, New Jersey
January 18, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

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

This section of the Wall Township Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-2018 fiscal year include the following:

- The assets and deferred outflows of resources of the Wall Township Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2,434,216 (net position).
- Overall revenues were \$103,424,468. General revenues accounted for \$67,841,560 or 66% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$35,582,908 or 34% of total revenues.
- The school district had \$97,538,355 in expenses for governmental activities; only \$33,644,579 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$67,841,560 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$10,306,400.
- The General Fund fund balance at June 30, 2018 was \$10,110,070, an increase of \$2,901,217 when compared with the beginning balance at July 1, 2017 of \$7,208,853.

**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

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

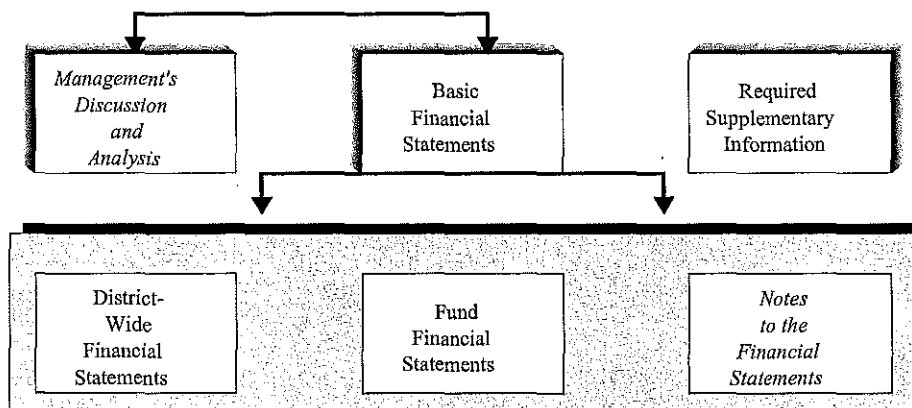
OVERVIEW OF THE FINANCIAL STATEMENTS

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 basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the District, reporting the District's operations in *more detail* than the district-wide statements.
 - The *Governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
 - *Proprietary funds statements* offer *short-term* and *long-term* financial information about the activities the district operated like *businesses*.
 - *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.

The basic financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1



**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

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

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

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular and special education and building maintenance, and community education.	Activities the district operates similar to private businesses: Enterprise funds	Instances in which the district administers resources on behalf of someone else, such as Unemployment, Payroll Agency, and Student Activities
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 Revenue, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset, deferred outflows/inflows of resources, and liability information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be utilized 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	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets.
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.	All additions and deductions during the year, regardless of when cash is received or paid.

District-Wide Financial Statements

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

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

**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

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

District-Wide Financial Statements (continued)

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

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

- *Governmental Activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aids finance most of these activities.
- *Business Type Activities* – This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund and the Before and After School Programs Fund are reported as Enterprise Funds.

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 bond covenants.
- The District establishes 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) to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

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

- *Proprietary Funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

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

Fund Financial Statements (Continued)

Enterprise Funds – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has a Food Service (cafeteria) enterprise fund and a Before and After School Programs enterprise fund.

- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

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. The notes to the financial statements can be found following the basic financial statements.

Other Information

In addition to the financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

The District also presents required supplementary information regarding the accounting and reporting for pensions as required under GASB Statement No. 68 as well as other post-employment benefits as required under GASB Statement No. 75. The required supplementary information can be found following the notes to the financial statements.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2,434,216 (net position) as of June 30, 2018. The deficit in unrestricted net position in the Governmental Activities is attributable to the unfunded long-term liabilities such as the net pension liability for the District employees participating in the NJ Public Employee Retirement System, compensated absences and the 2012 Pension Refunding Bonds. These liabilities are reported in the government-wide statements but not on the fund financial statements. This deficit is not an indication that the District is facing financial difficulties as there is currently no mechanism available to fund these liabilities in advance and they are being funded on a pay-as-you-go basis.

**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

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

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. 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.

**Net Position
As of June 30, 2018 and 2017**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	Restated		Restated		Restated	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current Assets	\$ 15,172,014	\$ 12,419,100	\$ 257,321	\$ 215,023	\$ 15,429,335	\$ 12,634,123
Capital Assets, Net	<u>37,573,449</u>	<u>37,506,588</u>	<u>94,376</u>	<u>109,259</u>	<u>37,667,825</u>	<u>37,615,847</u>
Total Assets	<u>52,745,463</u>	<u>49,925,688</u>	<u>351,697</u>	<u>324,282</u>	<u>53,097,160</u>	<u>50,249,970</u>
Deferred Outflows of Resources						
Deferred Amount on Refunding of Debt	202,119	263,283	-	-	202,119	263,283
Deferred Amounts on Net Pension Liability	<u>8,148,106</u>	<u>11,844,564</u>	<u>-</u>	<u>-</u>	<u>8,148,106</u>	<u>11,844,564</u>
Total Deferred Outflows of Resources	<u>8,350,225</u>	<u>12,107,847</u>	<u>-</u>	<u>-</u>	<u>8,350,225</u>	<u>12,107,847</u>
Total Assets and Deferred Outflows of Resources	<u>61,095,688</u>	<u>62,033,535</u>	<u>351,697</u>	<u>324,282</u>	<u>61,447,385</u>	<u>62,357,817</u>
Liabilities						
Long-Term Liabilities	47,443,884	58,651,743			47,443,884	58,651,743
Other Liabilities	<u>5,196,247</u>	<u>5,170,123</u>	<u>45,582</u>	<u>33,966</u>	<u>5,241,829</u>	<u>5,204,089</u>
Total Liabilities	<u>52,640,131</u>	<u>63,821,866</u>	<u>45,582</u>	<u>33,966</u>	<u>52,685,713</u>	<u>63,855,832</u>
Deferred Inflows of Resources						
Deferred Amounts of Net Pension Liability	6,325,839	29,735	-	-	6,325,839	29,735
Commodities	<u>-</u>	<u>-</u>	<u>1,617</u>	<u>-</u>	<u>1,617</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>6,325,839</u>	<u>29,735</u>	<u>1,617</u>	<u>-</u>	<u>6,327,456</u>	<u>29,735</u>
Total Liabilities and Deferred Inflows of Resources	<u>58,965,970</u>	<u>63,851,601</u>	<u>47,199</u>	<u>33,966</u>	<u>59,013,169</u>	<u>63,885,567</u>
Net Position						
Net Investment in Capital Assets	22,614,140	20,341,432	94,376	109,259	22,708,516	20,450,691
Restricted	7,879,125	6,045,607			7,879,125	6,045,607
Unrestricted	<u>(28,363,547)</u>	<u>(28,205,105)</u>	<u>210,122</u>	<u>181,057</u>	<u>(28,153,425)</u>	<u>(28,024,048)</u>
Total Net Position	<u>\$ 2,129,718</u>	<u>\$ (1,818,066)</u>	<u>\$ 304,498</u>	<u>\$ 290,316</u>	<u>\$ 2,434,216</u>	<u>\$ (1,527,750)</u>

**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

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

**Change in Net Position
For The Fiscal Years Ended 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>
Revenues						
Program Revenues						
Charges for Services	\$ 729,381	\$ 645,782	\$ 1,674,780	\$ 1,663,311	\$ 2,404,161	\$ 2,309,093
Operating Grants and Contributions	32,776,510	27,095,553	263,549	282,717	33,040,059	27,378,270
Capital Grants and Contributions	138,688	817,496			138,688	817,496
General Revenues						
Property Taxes	66,377,929	65,116,918			66,377,929	65,116,918
State Aid	461,720	460,086			461,720	460,086
Other	1,001,911	273,016	-	-	1,001,911	273,016
Total Revenues	<u>101,486,139</u>	<u>94,408,851</u>	<u>1,938,329</u>	<u>1,946,028</u>	<u>103,424,468</u>	<u>96,354,879</u>
Expenses						
Instruction						
Regular	39,377,966	37,630,745			39,377,966	37,630,745
Special Education	18,001,939	17,072,291			18,001,939	17,072,291
Vocational Education	631,973	593,542			631,973	593,542
Other Instruction	1,804,832	1,651,386			1,804,832	1,651,386
School Sponsored Cocurricular/Athletics	2,157,394	2,036,227			2,157,394	2,036,227
Support Services						
Student and Instruction Related Services	11,454,012	11,073,493			11,454,012	11,073,493
School Administrative Services	5,383,818	5,172,594			5,383,818	5,172,594
General Administrative Services	2,367,353	2,374,618			2,367,353	2,374,618
Plant Operations and Maintenance	8,213,055	8,476,832			8,213,055	8,476,832
Pupil Transportation	5,869,426	5,644,337			5,869,426	5,644,337
Business/Central and Other Support Services	1,857,613	1,428,365			1,857,613	1,428,365
Interest on Long-Term Debt	418,974	413,056			418,974	413,056
Food Service			1,507,486	1,489,665	1,507,486	1,489,665
After School Prep Programs	-	-	416,661	383,074	416,661	383,074
Total Expenses	<u>97,538,355</u>	<u>93,567,486</u>	<u>1,924,147</u>	<u>1,872,739</u>	<u>99,462,502</u>	<u>95,440,225</u>
Change in Net Position	3,947,784	841,365	14,182	73,289	3,961,966	914,654
Net Position, Beginning of Year (Restated)	<u>(1,818,066)</u>	<u>(2,711,104)</u>	<u>290,316</u>	<u>193,528</u>	<u>(1,527,750)</u>	<u>(2,517,576)</u>
Prior Period Adjustment-Capital Assets	-	51,673	-	23,499	-	75,172
Net Position, End of Year	<u>\$ 2,129,718</u>	<u>\$ (1,818,066)</u>	<u>\$ 304,498</u>	<u>\$ 290,316</u>	<u>\$ 2,434,216</u>	<u>\$ (1,527,750)</u>

**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

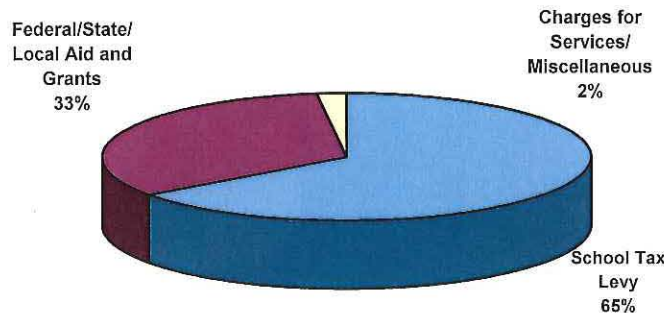
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Governmental Activities. The District's total governmental activities' revenues, which include State and Federal grants, were \$101,486,139 for the year ended June 30, 2018, an increase of \$7,077,288 or 7 percent increase over the previous year. A large portion of this increase is attributable to the adjustment to the on-behalf OPEB expense to recognize the actuarially determined amount that should have been contributed on behalf of the District. This adjustment which impacts both the revenues and expenses of the governmental activities was \$8,102,138 compared to the prior year adjustment of \$-0-. Property taxes of \$66,377,929 represented 65% of revenues. Another portion of revenues came from State, Federal and Local aid; total State, Federal and local aid was \$33,376,918. Charges for services such as tuition and rentals were \$729,381. The balance of revenues is miscellaneous income which includes items such as rentals, prior your accounts payable cancelled, prior year refunds, etc.

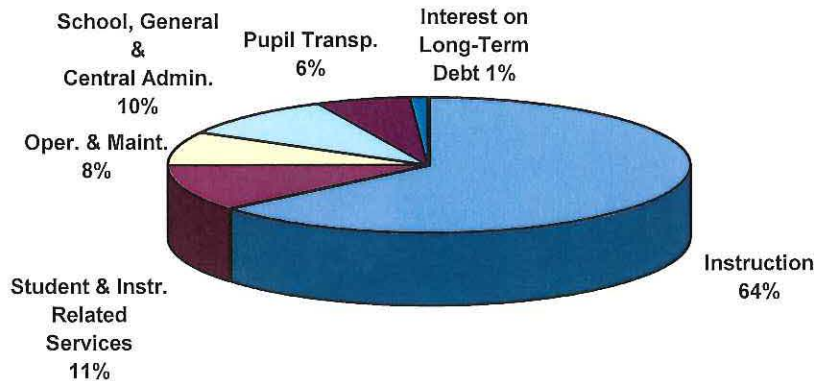
The total cost of all governmental activities programs and services was \$97,538,355. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$61,974,104 (64%) of total expenses. Student and instruction related and other support services (exclusive of interest on long-term debt) total \$35,145,277 or (35%) of total expenses. The balance of expenses was interest on long-term debt which represented 1% of total expenses.

Total governmental activities revenues exceed expenses, increasing net position \$3,947,784 from the previous year.

Revenues by Source- Governmental Activities
For Fiscal Year 2018



Expenses by Type-Governmental Activities
For Fiscal Year 2018



**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

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

Total and Net Cost of Governmental Activities. The District's total cost of services was \$97,538,355. After applying program revenues, derived from charges for services of \$729,381 and operating and capital grants and contributions of \$32,915,198, the net cost of services of the District is \$63,893,776.

**Total and Net Cost of Services of Governmental Activities
For The Fiscal Years Ended June 30, 2018 and 2017**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction				
Regular	39,377,966	\$ 37,630,745	\$ 23,187,456	\$ 23,278,673
Special Education	18,001,939	17,072,291	8,223,157	8,194,977
Vocational Education	631,973	593,542	631,973	593,542
Other Instruction	1,804,832	1,651,386	1,084,149	1,033,403
School Sponsored Cocurricular/Athletics	2,157,394	2,036,227	1,394,257	1,369,578
Support Services				
Student and Instruction Related Services	11,454,012	11,073,493	9,677,971	10,456,550
School Administrative Services	5,383,818	5,172,594	3,924,306	4,108,683
General Administrative Services	2,367,353	2,374,618	2,291,093	2,374,618
Plant Operations and Maintenance	8,213,055	8,476,832	7,012,063	7,205,417
Pupil Transportation	5,869,426	5,644,337	4,658,928	4,848,035
Business and Other Support Services	1,857,613	1,428,365	1,686,813	1,428,365
Interest on Long-Term Debt	418,974	413,056	121,610	116,814
Total	<u>\$ 97,538,355</u>	<u>\$ 93,567,486</u>	<u>\$ 63,893,776</u>	<u>\$ 65,008,655</u>

Business-Type Activities – The District's total business-type activities revenues were \$1,938,329 for the year ended June 30, 2018. Charges for services of \$1,674,780 accounted for 86% of total revenues. Operating grants and contributions of \$263,549 accounted for 14% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,924,147. The District's expenses are related to Food Service programs provided to all students, teachers and administrators as well as expenses related to the Before and After School programs.

Total business-type activities revenues exceeded expenses increasing net position by \$14,182 from the last year.

**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$10,306,400. At June 30, 2017, the fund balance was \$7,597,428.

Revenues and other financing sources for the District's governmental funds were \$84,251,511, while total expenses were \$81,542,539, thereby increasing fund balance by \$2,708,972.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from pre-kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedule presents a summary of General Fund Revenues (GAAP Basis).

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase <u>(Decrease)</u>	Percent <u>Change</u>
Local Sources				
Property Tax Levy	\$ 64,053,498	\$ 62,797,547	\$ 1,255,951	2%
Tuition	620,035	534,055	85,980	16%
Miscellaneous	1,111,257	384,743	726,514	189%
State/Federal Sources	<u>13,592,632</u>	<u>12,139,323</u>	<u>1,453,309</u>	12%
 Total General Fund Revenues	 <u>\$ 79,377,422</u>	 <u>\$ 75,855,668</u>	 <u>\$ 3,521,754</u>	 5%

Total General Fund Revenues increased by \$3,521,754 or 5% from the previous year.

Local property taxes increased by 2 percent over the previous year. State and federal aid revenues increased \$1,453,309 or 12%. This increase is predominantly attributed to an increase in State On-Behalf TPAF pension, other post-employment benefits and social security costs contributed by the State.

Miscellaneous income revenues increased by \$726,514 compared to the prior year due to non recurring cancellation of prior year accounts payable.

**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

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

The following schedule presents a summary of General Fund expenditures (GAAP Basis).

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase <u>(Decrease)</u>	Percent <u>Change</u>
Instruction	\$ 46,756,309	\$ 45,311,032	\$ 1,445,277	3%
Support Services	28,385,210	28,502,661	(117,451)	0%
Capital Outlay	1,372,102	484,671	887,431	183%
Debt Service	<u>262,584</u>	<u>260,669</u>	<u>1,915</u>	1%
Total Expenditures	<u>\$ 76,776,205</u>	<u>\$ 74,559,033</u>	<u>\$ 2,217,172</u>	3%

Total General Fund expenditures increased \$2,217,172 or 3% from the previous year. The District experienced increases in areas of instruction and capital outlay expenditures and debt service.

In 2017-2018 General Fund expenditures were less than revenues and other financing sources by \$2,901,217. As a result, total fund balance increased to \$10,110,070 at June 30, 2018. After deducting restrictions and assignments, the unassigned fund balance increased from \$851,602 at June 30, 2017 to \$854,228 at June 30, 2018.

**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

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

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal, State and Local sources utilized in the operations of the district in providing educational services to students.

Revenues of the Special Revenue Fund were \$1,379,559, for the year ended June 30, 2018. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 93% of the total revenue for the year.

Total Special Revenue Fund revenues increased by \$91,179 from the previous year. State sources decreased \$1,706, Federal sources increased \$71,613 and local sources increased by \$21,272.

Expenditures of the Special Revenue Fund were also \$1,379,559. Instructional expenditures were \$1,156,465 or 84%. Expenditures for the student and instructional related support services were \$211,094 or 15% of total expended for the year ended June 30, 2018. Expenditures for capital outlay were \$12,000 or 1% of total expended for the year ended June 30, 2018.

Capital Projects – The Capital Projects revenues were less than expenditures by \$190,032 decreasing fund balance to \$196,330 at June 30, 2018. The District is undertaking various improvements throughout the entire district, which began in 2016/17 and will continue into the 2019/20 year. These projects are being partially locally funded by budget appropriation as well as SDA grants awarded by the State of New Jersey.

Proprietary Funds

The District maintains the Enterprise Funds to account for activities which are supported in part through user fees.

Enterprise Fund - The District uses an Enterprise Fund to report activities related to the Food Services and Before and After School programs. The District's Enterprise Funds provide the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of these Funds have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to New Jersey Department of Education guidelines, 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 fall into the following categories

- Implementing budgets for specially funded projects, which include both federal and state grants and reinstating prior year purchase orders being carried over.
- Appropriating additional state aid allotted to the District.

Revisions in the budget were made through budget transfers to prevent over expenditures in specific line item accounts. There were certain revisions to the budget during the year other than the reappropriation of prior year encumbrances.

**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

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

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$37,667,825 (net of accumulated depreciation). The capital assets consist of land, land improvements, construction in progress, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2017-18 amounted to \$1,633,961 for governmental activities and \$14,883 for business-type activities.

Capital Assets at June 30, 2018 and 2017
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
		Restated		Restated		Restated
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 534,652	\$ 534,652			\$ 534,652	\$ 534,652
Construction in Progress	20,691	2,168,161			20,691	2,168,161
Building and Building Improvements	33,036,012	33,108,324			33,036,012	33,108,324
Improvements other than Buildings	409,664	489,692			409,664	489,692
Machinery and Equipment	<u>3,572,430</u>	<u>1,205,759</u>	<u>\$ 94,376</u>	<u>\$ 109,259</u>	<u>3,666,806</u>	<u>1,315,018</u>
Total Capital Assets, Net	<u>\$ 37,573,449</u>	<u>\$ 37,506,588</u>	<u>\$ 94,376</u>	<u>\$ 109,259</u>	<u>\$ 37,667,825</u>	<u>\$ 37,615,847</u>

Additional information on the District's capital assets are presented in the "Notes to the Financial Statements" of this report.

LONG TERM LIABILITIES

At year end, the District's long-term liabilities consisted of compensated absences payable of \$1,681,843, capital leases payable of \$416,145, bonds payable including unamortized premium of \$16,670,283 and net pension liability of \$28,675,613.

Additional information of the District's long-term liabilities is presented in the "Notes to the Financial Statements" of this report.

**WALL TOWNSHIP BOARD OF EDUCATION
TOWNSHIP OF WALL, NEW JERSEY**

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Wall Township Board of Education is in good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

Wall Township is primarily a residential community with very few commercial ratables. The majority of revenues needed to operate the District is derived from homeowners through property tax assessments and collections.

For the 2017/2018 school year, the School Board was able to sustain its general fund budget through the local tax levy, State education aid, federal aid, tuition and local revenue sources. Approximately 17% of the School Board's general fund revenue is from State and Federal Aid, 81% of total revenue is from local tax levy, and 2% is from other local sources, including interest, tuition, transportation fees, miscellaneous and the appropriation of prior year fund balance.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. The District may experience growth in student population and there is uncertainty regarding future funding levels of state aid. The tax levy will be the area that will need to absorb any increase in budget obligations.

Wall Township Public Schools are experiencing increased enrollment at the high school and at some of the elementary schools.

Many factors were considered by the District's administration during the process of developing the fiscal year 2018/2019 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing special education costs, liability insurance and employee related benefit costs.

In conclusion, the Wall Township Board of Education has committed itself to financial excellence for the future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Wall Township Public Schools, P.O. Box 1199, 18th Avenue, Wall, NJ 07719.

BASIC FINANCIAL STATEMENTS

**WALL TOWNSHIP 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	\$ 10,860,430	\$ 236,572	\$ 11,097,002
Receivables, net	2,384,338	16,296	2,400,634
Inventory		4,453	4,453
Restricted			
Cash with Fiscal Agents	1,927,246		1,927,246
Capital Assets			
Not Being Depreciated	555,343		555,343
Being Depreciated, Net	<u>37,018,106</u>	<u>94,376</u>	<u>37,112,482</u>
Total Assets	<u>52,745,463</u>	<u>351,697</u>	<u>53,097,160</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	202,119	-	202,119
Deferred Amounts on Net Pension Liability	<u>8,148,106</u>	<u>-</u>	<u>8,148,106</u>
Total Deferred Outflows of Resources	<u>8,350,225</u>	<u>-</u>	<u>8,350,225</u>
Total Assets and Deferred Outflows of Resources	<u>61,095,688</u>	<u>351,697</u>	<u>61,447,385</u>
LIABILITIES			
Accounts Payable	2,901,719	846	2,902,565
Accrued Interest Payable	330,633		330,633
Payable to Government	23,108		23,108
Unearned Revenue	188,753	44,736	233,489
Accrued Liability for Insurance Claims	1,752,034		1,752,034
Noncurrent Liabilities			
Due Within One Year	2,582,052		2,582,052
Due Beyond One Year	<u>44,861,832</u>	<u>-</u>	<u>44,861,832</u>
Total Liabilities	<u>52,640,131</u>	<u>45,582</u>	<u>52,685,713</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	6,325,839	-	6,325,839
Commodities	<u>-</u>	<u>1,617</u>	<u>1,617</u>
Total Deferred Inflows of Resources	<u>6,325,839</u>	<u>1,617</u>	<u>6,327,456</u>
Total Liabilities and Deferred Inflows of Resources	<u>58,965,970</u>	<u>47,199</u>	<u>59,013,169</u>
NET POSITION			
Net Investment in Capital Assets	22,614,140	94,376	22,708,516
Restricted for			
Capital Projects	7,079,125		7,079,125
Other - Maintenance	800,000		800,000
Unrestricted	<u>(28,363,547)</u>	<u>210,122</u>	<u>(28,153,425)</u>
Total Net Position	<u>\$ 2,129,718</u>	<u>\$ 304,498</u>	<u>\$ 2,434,216</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**WALL TOWNSHIP 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		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 39,377,966	\$ 565,110	\$ 15,613,400	\$ 12,000	\$ (23,187,456)		\$ (23,187,456)
Special Education	18,001,939	54,925	9,723,857		(8,223,157)		(8,223,157)
Vocational Education	631,973				(631,973)		(631,973)
Other Instruction	1,804,832		720,683		(1,084,149)		(1,084,149)
School Sponsored Cocurricular/Athletic	2,157,394		763,137		(1,394,257)		(1,394,257)
Support Services							
Student and Instruction Related Services	11,454,012		1,776,041		(9,677,971)		(9,677,971)
School Administrative Services	5,383,818		1,459,512		(3,924,306)		(3,924,306)
General Administrative Services	2,367,353		76,260		(2,291,093)		(2,291,093)
Plant Operations and Maintenance	8,213,055	109,346	964,958	126,688	(7,012,063)		(7,012,063)
Pupil Transportation	5,869,426		1,210,498		(4,658,928)		(4,658,928)
Business/Central and Other Support Services	1,857,613		170,800		(1,686,813)		(1,686,813)
Interest on Long-Term Debt	418,974	-	297,364	-	(121,610)	-	(121,610)
Total Governmental Activities	<u>97,538,355</u>	<u>729,381</u>	<u>32,776,510</u>	<u>138,688</u>	<u>(63,893,776)</u>	<u>-</u>	<u>(63,893,776)</u>
Business-Type Activities							
Food Service	1,507,486	1,226,757	263,549			\$ (17,180)	(17,180)
Before and After School Programs	416,661	448,023	-	-	-	31,362	31,362
Total Business-Type Activities	<u>1,924,147</u>	<u>1,674,780</u>	<u>263,549</u>	<u>-</u>	<u>-</u>	<u>14,182</u>	<u>14,182</u>
Total Primary Government	<u>\$ 99,462,502</u>	<u>\$ 2,404,161</u>	<u>\$ 33,040,059</u>	<u>\$ 138,688</u>	<u>(63,893,776)</u>	<u>14,182</u>	<u>(63,879,594)</u>

(Continued)

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
Carried Forward	\$ (63,893,776)	\$ 14,182	\$ (63,879,594)
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purposes	64,053,498		64,053,498
Property Taxes, Levied for Debt Service	2,324,431		2,324,431
State Aid Restricted for Debt Service Principal	446,047		446,047
State Aid- Unrestricted	15,673		15,673
Investment Earnings	41,107		41,107
Miscellaneous Income	960,804	-	960,804
Total General Revenues	67,841,560	-	67,841,560
Change in Net Position	3,947,784	14,182	3,961,966
Net Position, Beginning of Year (Restated)	(1,818,066)	290,316	(1,527,750)
Net Position, End of Year	\$ 2,129,718	\$ 304,498	\$ 2,434,216

FUND FINANCIAL STATEMENTS

**WALL TOWNSHIP 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	\$ 10,860,430				\$ 10,860,430
Cash with Fiscal Agents	1,927,246				1,927,246
Receivables From Other Governments	148,691	\$ 251,948	\$ 1,902,898		2,303,537
Other Receivables	70,113	10,688			80,801
Due from Other Funds	<u>1,722,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,722,187</u>
Total Assets	<u>\$ 14,728,667</u>	<u>\$ 262,636</u>	<u>\$ 1,902,898</u>	<u>\$ -</u>	<u>\$ 16,894,201</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 2,864,713	\$ 37,006			\$ 2,901,719
Due to Other Funds		175,508	\$ 1,546,679		1,722,187
Intergovernmental Payable					
Federal		10,758			10,758
State		12,350			12,350
Unearned Revenue	1,850	27,014	159,889		188,753
Accrued Liability for Insurance Claims	<u>1,752,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,752,034</u>
Total Liabilities	<u>4,618,597</u>	<u>262,636</u>	<u>1,706,568</u>	<u>-</u>	<u>6,587,801</u>
Fund Balances					
Restricted Fund Balance					
Capital Reserve	3,782,795				3,782,795
Capital Reserve - Designated for Subsequent Year's Expenditures (2018/19 Budget)	3,100,000				3,100,000
Maintenance Reserve	300,000				300,000
Maintenance Reserve - Designated for Subsequent Year's Expenditures (2018/19 Budget)	500,000				500,000
Emergency Reserve	695,000				695,000
Capital Projects			196,330		196,330
Committed Fund Balance					
Year-End Encumbrances	412,131				412,131
Assigned Fund Balance					
Year-End Encumbrances	115,916				115,916
Designated for Subsequent Year's Expenditures	350,000				350,000
Unassigned Fund Balance					
General Fund	<u>854,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>854,228</u>
Total Fund Balances	<u>10,110,070</u>	<u>-</u>	<u>196,330</u>	<u>-</u>	<u>10,306,400</u>
Total Liabilities and Fund Balances	<u>\$ 14,728,667</u>	<u>\$ 262,636</u>	<u>\$ 1,902,898</u>	<u>\$ -</u>	<u>\$ 16,894,201</u>

**WALL TOWNSHIP BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

Total Fund Balance (Exhibit B-1) \$ 10,306,400

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 assets is \$65,904,531 and the accumulated depreciation is \$28,331,082. 37,573,449

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (330,633)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 202,119

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 pension and deferred over future years.

Deferred Outflows of Resources	\$	8,148,106	
Deferred Inflows of Resources		<u>(6,325,839)</u>	1,822,267

Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2A) (47,443,884)

Net Position of Governmental Activities (Exhibit A-1) \$ 2,129,718

**WALL TOWNSHIP 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					
Local Property Tax Levy	\$ 64,053,498			\$ 2,324,431	\$ 66,377,929
Tuition	565,110				565,110
Preschool Tuition	54,925				54,925
Rental Fees	109,346				109,346
Investment Earnings	41,107				41,107
Miscellaneous	960,804	\$ 32,195	-	-	992,999
Total - Local Sources	65,784,790	32,195	-	2,324,431	68,141,416
State Sources	13,544,924	59,802	\$ 126,688	743,411	14,474,825
Federal Sources	47,708	1,287,562	-	-	1,335,270
Total Revenues	79,377,422	1,379,559	126,688	3,067,842	83,951,511
EXPENDITURES					
Current					
Regular Instruction	29,652,803	346,465			29,999,268
Special Education Instruction	13,423,956	810,000			14,233,956
Vocational Education	631,973				631,973
Other Instruction	1,360,592				1,360,592
School Sponsored Cocurricular/Athletics	1,686,985				1,686,985
Support Services					
Student & Instruction Related Services	9,204,465	211,094			9,415,559
School Administrative Services	4,250,464				4,250,464
General Administrative Services	1,074,753				1,074,753
Plant Operations and Maintenance	7,249,392				7,249,392
Pupil Transportation	5,008,659				5,008,659
Business and Other Support Services	1,597,477				1,597,477
Debt Service					
Principal	258,656			2,320,000	2,578,656
Interest and other charges	3,928			750,055	753,983
Capital Outlay	1,372,102	12,000	316,720	-	1,700,822
Total Expenditures	76,776,205	1,379,559	316,720	3,070,055	81,542,539
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	2,601,217	-	(190,032)	(2,213)	2,408,972
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	300,000	-	-	-	300,000
Total Other Financing Sources and Uses	300,000	-	-	-	300,000
Net Change in Fund Balances	2,901,217	-	(190,032)	(2,213)	2,708,972
Fund Balance, Beginning of Year	7,208,853	-	386,362	2,213	7,597,428
Fund Balance, End of Year	\$ 10,110,070	\$ -	\$ 196,330	\$ -	\$ 10,306,400

**WALL TOWNSHIP BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)		\$ 2,708,972
<p>Amounts reported for governmental activities in the statement of activities (A-2) are different because:</p> <p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the period.</p>		
Depreciation expense		\$ (1,633,961)
Capital outlays		<u>1,700,822</u>
		66,861
<p>In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.</p>		
Decrease in accrued interest		17,818
<p>The issuance of long term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount represents the net effect of these activities: (See Note 2B)</p>		
		2,278,656
<p>Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		
Amortization of Original Issue Premium		378,355
Amortization of Deferred Amount on Refunding of Debt		<u>(61,164)</u>
		317,191
<p>In the statement of activities, certain operating expenses, e.g., compensated absences and pension expense are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.</p>		
Compensated Absences, Net		(168,369)
Pension Expense, Net		<u>(1,273,345)</u>
		<u>(1,441,714)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)		<u>\$ 3,947,784</u>

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

	Business-Type Activities-Enterprise Funds		
	Food Services	Other Non-Major Enterprise Fund	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 129,534	\$ 107,038	\$ 236,572
Intergovernmental Accounts Receivable			
State	377		377
Federal	9,038		9,038
Accounts Receivable		6,881	6,881
Inventories	4,453	-	4,453
Total Current Assets	143,402	113,919	257,321
Capital Assets			
Machinery & Equipment	591,061		591,061
Less: Accumulated Depreciation	(496,685)	-	(496,685)
Total Capital Assets, Net	94,376	-	94,376
Total Assets	237,778	113,919	351,697
LIABILITIES			
Current Liabilities			
Accounts Payable	180	666	846
Unearned Revenue	39,616	5,120	44,736
Total Current Liabilities	39,796	5,786	45,582
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	1,617	-	1,617
Total Current Liabilities and Deferred Inflows of Resources	41,413	5,786	47,199
NET POSITION			
Investment in Capital Assets	94,376		94,376
Unrestricted	101,989	108,133	210,122
Total Net Position	\$ 196,365	\$ 108,133	\$ 304,498

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**WALL TOWNSHIP 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 Funds		
	Food Services	Other Non-Major Enterprise Fund	Total
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable	\$ 370,431		\$ 370,431
Daily Sales - Non Reimbursable	856,326		856,326
Program Fees	-	\$ 448,023	448,023
Total Operating Revenues	<u>1,226,757</u>	<u>448,023</u>	<u>1,674,780</u>
OPERATING EXPENSES			
Cost of Sales - Reimbursable	223,063		223,063
Cost of Sales - Non Reimbursable	354,812		354,812
Salaries and Employee Benefits	851,560	315,093	1,166,653
Purchased Property Services		76,286	76,286
Supplies and Materials	35,792	7,123	42,915
Purchased Professional and Technical Services	6,433		6,433
Repairs & Maintenance	13,994		13,994
Other Purchased Services	363	18,159	18,522
Miscellaneous Expenditures	6,586		6,586
Depreciation	14,883	-	14,883
Total Operating Expenses	<u>1,507,486</u>	<u>416,661</u>	<u>1,924,147</u>
Operating Income/(Loss)	<u>(280,729)</u>	<u>31,362</u>	<u>(249,367)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	8,757		8,757
Federal Sources			
School Breakfast Program	10,980		10,980
National School Lunch Program	198,036		198,036
Food Distribution Program	45,776	-	45,776
Total Nonoperating Revenues	<u>263,549</u>	<u>-</u>	<u>263,549</u>
Change in Net Position	(17,180)	31,362	14,182
Total Net Position, Beginning of Year (Restated)	<u>213,545</u>	<u>76,771</u>	<u>290,316</u>
Total Net Position, End of Year	<u>\$ 196,365</u>	<u>\$ 108,133</u>	<u>\$ 304,498</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

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

	Business-Type Activities-Enterprise Funds		
	Food Services	Other Non-Major Enterprise Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 1,232,979	\$ 448,277	\$ 1,681,256
Payments to Employees' Salaries and Benefits	(851,560)	(314,427)	(1,165,987)
Payments to Suppliers for Goods and Services	(595,362)	(101,568)	(696,930)
Net Cash Provided/(Used) by Operating Activities	(213,943)	32,282	(181,661)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
State and Federal Sources	219,250	-	219,250
Net Cash Provided by Noncapital Financing Activities	219,250	-	219,250
Net Increase in Cash and Cash Equivalents	5,307	32,282	37,589
Cash and Cash Equivalents, Beginning of Year	124,227	74,756	198,983
Cash and Cash Equivalents, End of Year	\$ 129,534	\$ 107,038	\$ 236,572
Reconciliation of Operating Income (Loss) to Net Cash Provided/ (Used) by Operating Activities			
Operating Income/ (Loss)	\$ (280,729)	\$ 31,362	\$ (249,367)
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities			
Depreciation	14,883		14,883
Food Distribution (USDA Commodities) National School Lunch	45,776		45,776
Change in Assets, Liabilities and Deferred Inflows of Resources			
Increase/(Decrease) in Accounts Payable	180	666	846
(Increase)/Decrease in Accounts Receivable		(4,294)	(4,294)
Increase/(Decrease) in Unearned Revenue	6,222	4,548	10,770
Increase/(Decrease) in Deferred Commodities Revenue	1,617		1,617
(Increase)/Decrease in Inventories	(1,892)	-	(1,892)
Total Adjustments	66,786	920	67,706
Net Cash Provided/(Used) by Operating Activities	\$ (213,943)	\$ 32,282	\$ (181,661)
Non-Cash Financing Activities			
Fair Value of Food Distribution Program - National School Lunch	\$ 47,393		

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

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

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Scholarships Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 245,584	\$ 45,468	\$ 364,670
Total Assets	<u>245,584</u>	<u>45,468</u>	<u>\$ 364,670</u>
LIABILITIES			
Intergovernmental Payable	4,225		
Payroll Deductions and Withholdings			\$ 77,500
Flexible Spending (Sect. 125) Plan			12,786
Due to Student Groups	<u>-</u>	<u>-</u>	<u>274,384</u>
Total Liabilities	<u>4,225</u>	<u>-</u>	<u>\$ 364,670</u>
NET POSITION			
Held in Trust for Unemployment Claims	<u>\$ 241,359</u>		
Restricted for Scholarships		<u>\$ 45,468</u>	

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

**WALL TOWNSHIP 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 Scholarships <u>Fund</u>
ADDITIONS		
Contributions		
Donations		\$ 2,681
Employee Contributions	\$ 77,161	<u>-</u>
Total Contributions	<u>77,161</u>	<u>2,681</u>
Investment Earnings		
Interest	<u>-</u>	<u>47</u>
Net Investment Earnings	<u>-</u>	<u>47</u>
Total Additions	<u>77,161</u>	<u>2,728</u>
DEDUCTIONS		
Unemployment Claims and Contributions	96,515	
Scholarships Awarded	<u>-</u>	<u>4,750</u>
Total Deductions	<u>96,515</u>	<u>4,750</u>
Change in Net Position	(19,354)	(2,022)
Net Position, Beginning of Year	<u>260,713</u>	<u>47,490</u>
Net Position, End of Year	<u>\$ 241,359</u>	<u>\$ 45,468</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement.

NOTES TO THE FINANCIAL STATEMENTS

**WALL TOWNSHIP 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 Wall Township 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 nine 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 Wall Township Board of Education this includes general operations, food service, before and after school programs 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 as required:

- 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.

**WALL TOWNSHIP 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.

**WALL TOWNSHIP 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

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.

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 the food service enterprise fund 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.

**WALL TOWNSHIP 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)

The District reports the following major proprietary fund which is 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.

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *before and after school programs fund* accounts for the activities of the District's before and after school program which provides summer classes to students in preparation for the upcoming school year and other before and after school programs.

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.

**WALL TOWNSHIP 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)

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.

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.

**WALL TOWNSHIP 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)

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. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts held by a fiscal agent and their use is limited for working capital amounts stipulated by health insurance agreements.

5. 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>
Improvements Other Than Buildings	15-20
Buildings	40
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	6-10
Computer Equipment	5

**WALL TOWNSHIP 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. 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 two types of item which arise only under the accrual basis of accounting that qualify for reporting in this category. 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. The other type of item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

7. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation, personal and 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 vacation and 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.

**WALL TOWNSHIP 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)

8. 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.

9. 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 with 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 and discounts, 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.

10. 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.

WALL TOWNSHIP 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)

10. Net Position/Fund Balance (Continued)

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.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3B).

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

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 3C).

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2018/2019 District budget certified for taxes

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 3D).

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's 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.

**WALL TOWNSHIP 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)

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

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 amounts are used only after the other resources have been used.

11. 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, an 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.

**WALL TOWNSHIP 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

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.

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 and of the before and after school program 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. Federal and State subsidies for the food service operation are considered nonoperating revenues.

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

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$47,443,884 difference are as follows:

Bonds Payable	\$ (15,420,000)
Add: Issuance of Premium (to be amortized over life of debt)	(1,250,283)
Capital Leases	(416,145)
Compensated Absences	(1,681,843)
Net Pension Liability	<u>(28,675,613)</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to arrive at Net Position - Governmental Activities	<u>\$ (47,443,884)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-wide statement of activities

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position”. The details of this \$2,278,656 difference are as follows:

Debt issued or incurred:	
Capital Lease	\$ (300,000)
Principal repayments:	
General Obligation Bonds	\$ 2,320,000
Payment on Capital Lease	<u>258,656</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to arrive at Changes in Net Position of Governmental Activities	<u>\$ 2,278,656</u>

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

NOTE 3 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. Capital lease transactions are accounted for on the GAAP basis.

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 17, 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.

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 \$1,220,498. The increase was funded by additional grant awards, appropriation of additional state aid in the General Fund 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.

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. 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		\$ 4,855,245
Increased by:		
Deposits Approved in District Budget	\$ 150,000	
Deposits Approved by Board Resolution	<u>2,527,550</u>	
		<u>2,677,550</u>
		7,532,795
Decreased by:		
Withdrawals Approved in District Budget		<u>650,000</u>
Balance, June 30, 2018		<u>\$ 6,882,795</u>
Designated in 2018/19 Budget	\$ 3,100,000	
Available Capital Reserve	<u>3,782,795</u>	
		<u>\$ 6,882,795</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$3,100,000 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. 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.

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

Balance, July 1, 2017	\$ 804,000
Increased by:	
Deposits Approved in District Budget	<u>500,000</u>
	1,304,000
Decreased by:	
Withdrawals Approved in District Budget	<u>504,000</u>
Balance, June 30, 2018	<u>\$ 800,000</u>
Designated in 2018/19 Budget	\$ 500,000
Available Maintenance Reserve	<u>300,000</u>
	<u>\$ 800,000</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$2,975,487. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. \$500,000 of the maintenance reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

D. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency 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. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Emergency Reserve (Continued)

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

Increased by:	
Deposits Approved by Board Resolution	\$ <u>695,000</u>
Balance, June 30, 2018	\$ <u>695,000</u>

E. Transfers to Capital Outlay

During the 2017/2018 school year, the district transferred \$150,000 to the non-equipment capital outlay accounts. The transfer was approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

NOTE 4 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 \$13,679,970 and bank and brokerage firm balances of the Board's deposits amounted to \$15,960,392. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" and "cash held with fiscal agents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured:	
Cash and Cash Equivalents	\$ 14,033,146
Uninsured and Collateralized	
Cash with Fiscal Agent	<u>1,927,246</u>
	<u>\$ 15,960,392</u>

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

NOTE 4 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 of \$1,927,246 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department or agent not in the Board's name

\$ 1,927,246

\$ 1,927,246

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 and nonmajor funds in the aggregate are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Non-Major Before and After School Program</u>	<u>Total</u>
Receivables:						
Accounts	\$ 70,113	\$ 10,688			\$ 6,881	\$ 87,682
Intergovernmental-						
Federal		251,948		\$ 9,038		260,986
State	148,691	-	\$ 1,902,898	377	-	2,051,966
Total Receivables	<u>\$ 218,804</u>	<u>\$ 262,636</u>	<u>\$ 1,902,898</u>	<u>\$ 9,415</u>	<u>\$ 6,881</u>	<u>\$ 2,400,634</u>

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

NOTE 4 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:

General Fund	
Facilities Rental Fees	\$ 1,250
Tuition	600
Special Revenue Fund	
Unencumbered Grant Draw Downs	4,124
Grant Draw Downs Reserved for Encumbrances	22,890
Capital Projects Fund	
Unrealized School Facilities Grants	<u>159,889</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 188,753</u>

D. Capital Assets

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

	(Restated) Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Transfers</u>	Balance, <u>June 30, 2018</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 534,652	-	-	\$ 534,652
Construction in Progress	<u>2,168,161</u>	-	<u>\$ (2,147,470)</u>	<u>20,691</u>
Total Capital Assets, Not Being Depreciated	<u>2,702,813</u>	-	<u>(2,147,470)</u>	<u>555,343</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	51,850,065	\$ 949,264	120,715	52,920,044
Improvements Other Than Buildings	2,280,531			2,280,531
Machinery and Equipment	<u>7,370,300</u>	<u>751,558</u>	<u>2,026,755</u>	<u>10,148,613</u>
Total Capital Assets Being Depreciated	<u>61,500,896</u>	<u>1,700,822</u>	<u>2,147,470</u>	<u>65,349,188</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(18,741,741)	(1,142,291)		(19,884,032)
Improvements Other Than Buildings	(1,790,839)	(80,028)		(1,870,867)
Machinery and Equipment	<u>(6,164,541)</u>	<u>(411,642)</u>	-	<u>(6,576,183)</u>
Total Accumulated Depreciation	<u>(26,697,121)</u>	<u>(1,633,961)</u>	-	<u>(28,331,082)</u>
Total Capital Assets, Being Depreciated, Net	<u>34,803,775</u>	<u>66,861</u>	<u>2,147,470</u>	<u>37,018,106</u>
Governmental Activities Capital Assets, Net	<u>\$ 37,506,588</u>	<u>\$ 66,861</u>	<u>\$ -</u>	<u>\$ 37,573,449</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	(Restated) 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	\$ 591,061	-	-	\$ 591,061
Total Capital Assets Being Depreciated	<u>591,061</u>	<u>-</u>	<u>-</u>	<u>591,061</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(481,802)	\$ (14,883)	-	(496,685)
Total Accumulated Depreciation	<u>(481,802)</u>	<u>(14,883)</u>	<u>-</u>	<u>(496,685)</u>
Total Capital Assets, Being Depreciated, Net	<u>109,259</u>	<u>(14,883)</u>	<u>-</u>	<u>94,376</u>
Business-Type Activities Capital Assets, Net	<u>\$ 109,259</u>	<u>\$ (14,883)</u>	<u>\$ -</u>	<u>\$ 94,376</u>

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

Governmental Activities:	
Regular Instruction	\$ <u>32,679</u>
Total Instruction	<u>32,679</u>
Support Services	
Student & Instruction Related Services	1,176,452
General Administrative Services	16,340
Operations and Maintenance of Plant	245,094
Pupil Transportation	<u>1,601,282</u>
Total Support Services	<u>1,633,961</u>
Total Governmental Funds	<u>1,633,961</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,633,961</u>
Business-Type Activities:	
Food Service Fund	\$ <u>14,883</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 14,883</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

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

<u>Project</u>	<u>Remaining Commitment</u>
Boiler Replacement Project - Old Mill Elementary School	\$ 172,000
Phone System and Public Address System Replacement (All Schools)	<u>47,826</u>
Total	<u>\$ 219,826</u>

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	Special Revenue Fund	\$ 175,508
General Fund	Capital Projects Fund	<u>1,546,679</u>
		<u>\$ 1,722,187</u>

The above balances are to cover cash balances which were in an overdraft position.

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

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing buses and equipment totaling \$1,282,992 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	<u>\$ 1,282,992</u>

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 176,151
2020	132,777
2021	62,819
2022	<u>62,819</u>
Total minimum lease payments	434,566
Less: amount representing interest	<u>(18,421)</u>
Present value of minimum lease payments	<u>\$ 416,145</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:

\$3,790,000, 2012 Pension Refunding Bonds, due in annual installments of \$85,000 to \$430,000 through July 15, 2027, interest at 2.440-4.202%	\$ 1,925,000
\$17,515,000, 2015 School Refunding Bonds, due in annual installments of \$2,020,000 to \$2,410,000 through July 15, 2023, interest at 4.00-5.00%	<u>13,495,000</u>
	<u>\$ 15,420,000</u>

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

NOTE 4 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:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2019	2,415,000	662,110	3,077,110
2020	2,525,000	565,977	3,090,977
2021	2,660,000	450,278	3,110,278
2022	2,435,000	324,958	2,759,958
2023	2,460,000	203,281	2,663,281
2024-2028	<u>2,925,000</u>	<u>115,821</u>	<u>3,040,821</u>
Total	<u>\$ 15,420,000</u>	<u>\$ 2,322,425</u>	<u>\$ 17,742,425</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)	\$ 236,601,951
Less: Net Debt	<u>15,420,000</u>
Remaining Borrowing Power	<u>\$ 221,181,951</u>

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

NOTE 4 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, July 1, 2017	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2018	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 17,740,000		\$ (2,320,000)	\$ 15,420,000	\$ 2,415,000
Add:					
Unamortized Premium	1,628,638	-	(378,355)	1,250,283	-
Bonds Payable, Net	19,368,638		(2,698,355)	16,670,283	2,415,000
Capital Leases	374,801	\$ 300,000	(258,656)	416,145	167,052
Compensated Absences	1,513,474	237,367	(68,998)	1,681,843	
Net Pension Liability	37,394,830	-	(8,719,217)	28,675,613	-
Governmental Activities Long-Term Liabilities	<u>\$ 58,651,743</u>	<u>\$ 537,367</u>	<u>\$ (11,745,226)</u>	<u>\$ 47,443,884</u>	<u>\$ 2,582,052</u>

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

NOTE 5 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 has established a health and prescription plan for its employees. The plan was established during the fiscal year ended June 30, 2011. Transactions related to the plan are accounted for in the General Fund. The District funds the entire cost of the plan. Claims are paid directly by the plan.

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2018, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$1,752,034 reported at June 30, 2018 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

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

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Changes in the balances of claims liabilities for the health insurance plan for the fiscal years ended June 30, 2018 and 2017 are as follows:

Governmental Activities:	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>
Unpaid Claims, Beginning of Year	\$ 1,737,880	\$ 1,430,263
Incurred claims (including IBNR's)	9,106,285	8,151,603
Claim payments	<u>9,092,131</u>	<u>7,843,986</u>
Unpaid Claims, End of Fiscal Year	<u>\$ 1,752,034</u>	<u>\$ 1,737,880</u>
General Fund		
Other Current Liabilities	<u>\$ 1,752,034</u>	<u>\$ 1,737,880</u>
	<u>\$ 1,752,034</u>	<u>\$ 1,737,880</u>

The District is a member of the School Excess Liability Joint Insurance Fund (SEL) and Diploma Joint Insurance Fund. The Funds are risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims and various other types of coverage.

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.

The Funds provide 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:

Fiscal Year Ended <u>June 30,</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2018	\$ 77,161	\$ 96,515	\$ 241,359
2017	50,064	33,440	260,713
2016	74,567	44,365	244,089

**WALL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

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 its arbitrage earnings due to the IRS, if any.

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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

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.

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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.

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

NOTE 5 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.

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

NOTE 5 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.

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

NOTE 5 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	\$ 1,141,182	\$ 4,400,607	\$ 43,363
2017	1,121,683	3,331,255	44,000
2016	1,014,803	2,264,637	45,157

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$21,254 and \$8,800, respectively for PERS and the State contributed \$8,687 and \$10,957, 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 \$2,270,032, 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.

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

NOTE 5 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 actuarial 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 \$28,675,613 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 0.12318 percent, which was a decrease of 0.00308 percent from its proportionate share measured as of June 30, 2016 of 0.12626 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,414,527 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	\$ 675,212	
Changes of Assumptions	5,777,148	\$ 5,755,968
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	195,262	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,500,484</u>	<u>569,871</u>
Total	<u>\$ 8,148,106</u>	<u>\$ 6,325,839</u>

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

NOTE 5 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 June 30,	Total
2019	\$ 1,031,555
2020	1,361,035
2021	879,096
2022	(774,407)
2023	(675,012)
Thereafter	-
	<u>\$ 1,822,267</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.

**WALL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 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%

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

NOTE 5 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>\$ 35,574,044</u>	<u>\$ 28,675,613</u>	<u>\$ 22,928,365</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.

**WALL TOWNSHIP BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 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 \$13,833,097 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 \$199,684,015. 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 0.29616 percent, which was an increase of 0.01331 percent from its proportionate share measured as of June 30, 2016 of 0.28285 percent.

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

NOTE 5 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.

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

NOTE 5 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%

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

NOTE 5 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 <u>(3.25%)</u>	Current Discount Rate <u>(4.25%)</u>	1% Increase <u>(5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 237,230,873</u>	<u>\$ 199,684,015</u>	<u>\$ 168,752,750</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.

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

NOTE 5 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.

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

NOTE 5 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.

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

NOTE 5 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 \$2,842,258, \$2,775,694 and \$2,696,558, 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.

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

NOTE 5 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 \$10,944,396. 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 \$174,013,289. 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 0.32441 percent, which was a decrease of 0.00075 percent from its proportionate share measured as of June 30, 2016 of 0.32516 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, Healthy 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 or his or her age for PERS.

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

NOTE 5 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 all 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.

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

NOTE 5 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 <u>(State Share 100%)</u>
Balance, June 30, 2016 Measurement Date	\$ <u>188,046,247</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 7,828,298
Interest on the Total OPEB Liability	5,525,917
Changes of Assumptions	(22,989,673)
Gross Benefit Payments	(4,565,617)
Contributions from the Member	168,117
Net Changes	<u>\$ (14,032,958)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>174,013,289</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>206,566,328</u>	\$ <u>174,013,289</u>	\$ <u>148,191,909</u>

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

NOTE 5 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)	\$ 143,109,108	\$ 174,013,289	\$ 215,053,677

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. Tax Abatements

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

For the year ended December 31, 2017, the Township provided property tax abatements through certain programs authorized under State statutes. These programs include the Long Term Tax Exemption Law (the "LTTE Law").

- The Long Term Tax Exemption Law (NJSA 40A:20 et. seq.) is focused on broad areas of redevelopment. It allows for a longer abatement term to carry out a larger development plan through declaring an area as being "in need of redevelopment". These long-term property abatements may last up to 30 years from completion of a project or 35 years from execution of the financial agreement. The process is initiated when the municipality passes a resolution calling for the municipal planning board to study the need for designating an area "in need of redevelopment". Upon adopting the planning board's recommendations and formalizing the redevelopment area designation, a municipality adopts a redevelopment plan, engages redevelopment entities to carry out the plan, and may authorize long-term tax abatements in the process. Developers submit abatement applications to the governing body for review. The financial agreement is approved through adoption of a local ordinance. The agreement exempts a project from taxation, but requires a payment in lieu of taxes (PILOTs) to the municipality in an amount based generally on a percentage of project costs or revenue generated by the project, depending on the type of project. For the year ended December 31, 2017 the Township abated property taxes totaling \$347,781 under the LTTE program of which \$207,303 represents the District's share.

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

NOTE 6 RESTATEMENT

The financial statements for June 30, 2017 have been restated to reflect an updated inventory of the District's capital assets as provided by an independent consultant. The effect of this restatement results in a net increase of \$51,673 in governmental activities capital assets and a net increase of \$23,499 in business-type activities capital assets for the food service enterprise fund with corresponding increases in the net investment in capital assets component of net position at June 30, 2017 from the amounts as originally reported for the effects of the adjustments to capital assets.

The results of these restatements is to increase total net position of Governmental Activities as of June 30, 2017 from a deficit of \$1,869,739, as originally reported to a deficit of \$1,818,066 and to increase total net position of Business-Type Activities as of June 30, 2017 from \$266,817 as originally reported to \$290,316.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**WALL TOWNSHIP BOARD OF EDUCATION
GENERAL 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 Final Budget To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 64,053,498		\$ 64,053,498	\$ 64,053,498	
Tuition from Other LEAs	335,000		335,000	512,855	\$ 177,855
Tuition from Individuals	35,000		35,000	52,255	17,255
Preschool Tuition (Spec Ed)				54,925	54,925
Rental Fees	30,000		30,000	109,346	79,346
Interest Earned				41,107	41,107
Miscellaneous	55,645	-	55,645	960,804	905,159
Total Local Sources	<u>64,509,143</u>	<u>-</u>	<u>64,509,143</u>	<u>65,784,790</u>	<u>1,275,647</u>
State Sources					
Special Education Categorical Aid	2,384,498	\$ 99,654	2,484,152	2,484,152	-
Security Aid	341,937		341,937	341,937	-
Transportation Aid	769,076		769,076	769,076	-
Adjustment Aid	15,712		15,712	15,712	-
PARCC Readiness Aid	35,095		35,095	35,095	-
Per Pupil Growth Aid	35,095		35,095	35,095	-
Professional Learning Community Aid	35,100		35,100	35,100	-
Extraordinary Aid	150,000		150,000	303,185	153,185
Lead Testing for Schools Aid				1,870	1,870
Additional NonPublic Transportation Aid	15,140		15,140	39,076	23,936
On-behalf TPAF Pension System Contributions- Normal Cost and Accrued Liabilities (Non-Budget)				4,296,345	4,296,345
On-behalf TPAF Pension System Contributions- Noncontributory Insurance (Non-Budget)				104,262	104,262
On Behalf TPAF Pension System Contribution Long Term Group Disability				8,687	8,687
On-behalf TPAF Pension System Contributions- Post Retirement Medical (Non-Budget)				2,842,258	2,842,258
Reimbursed TPAF Social Security Contributions (Non-Budget)	-	-	-	2,270,032	2,270,032
Total State Sources	<u>3,781,653</u>	<u>99,654</u>	<u>3,881,307</u>	<u>13,581,882</u>	<u>9,700,575</u>
Federal Sources					
Medical Assistance Program	50,504	-	50,504	47,708	(2,796)
Total Federal Sources	<u>50,504</u>	<u>-</u>	<u>50,504</u>	<u>47,708</u>	<u>(2,796)</u>
Total Revenues	<u>68,341,300</u>	<u>99,654</u>	<u>68,440,954</u>	<u>79,414,380</u>	<u>10,973,426</u>
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	843,150	(61,057)	782,093	782,092	1
Grades 1-5	6,057,186	184,747	6,241,933	6,183,566	58,367
Grades 6-8	4,404,123	158,293	4,562,416	4,547,181	15,235
Grades 9-12	7,390,614	(680,005)	6,710,609	6,685,727	24,882
Regular Programs - Home Instruction					
Salaries of Teachers	147,400	21,917	169,317	169,317	-
Purchased Professional-Educational Services	25,000	20,000	45,000	43,083	1,917
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	62,452	560	63,012	61,281	1,731
Purchased Professional-Educational Services	116,000	-	116,000	89,555	26,445
Other Purchased Services	116,900	-	116,900	101,119	15,781
General Supplies	856,002	10,697	866,699	750,536	116,163
Textbooks	69,300	(25,710)	43,590	42,280	1,310
Other Objects	2,200	-	2,200	1,801	399
Total Regular Programs	<u>20,090,327</u>	<u>(370,558)</u>	<u>19,719,769</u>	<u>19,457,538</u>	<u>262,231</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	221,461	2,781	224,242	224,242	-
Other Salaries for Instruction	100,056	11,993	112,049	111,967	82
General Supplies	40,000	(11,000)	29,000	19,232	9,768
Total Learning and/or Language Disabilities	<u>361,517</u>	<u>3,774</u>	<u>365,291</u>	<u>355,441</u>	<u>9,850</u>

WALL TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES					
Special Education (Continued)					
Behavioral Disabilities					
Salaries of Teachers	\$ 59,100	\$ 56,535	\$ 115,635	\$ 115,635	
Other Salaries for Instruction	79,068	30,272	109,340	108,629	\$ 711
General Supplies	13,000	(4,000)	9,000	6,658	2,342
Total Behavioral Disabilities	151,168	82,807	233,975	230,922	3,053
Multiple Disabilities					
Salaries of Teachers	406,676	6,731	413,407	410,976	2,431
Other Salaries for Instruction	201,556	44,508	246,064	234,959	11,105
General Supplies	18,750	(3,000)	15,750	13,028	2,722
Total Multiple Disabilities	626,982	48,239	675,221	658,963	16,258
Resource Room/ Resource Center					
Salaries of Teachers	5,386,351	(79,043)	5,307,308	5,206,637	100,671
Other Salaries for Instruction	719,506	20,402	739,908	647,330	92,578
General Supplies	21,600	-	21,600	18,906	2,694
Other Objects	3,500	-	3,500	2,911	589
Total Resource Room/ Resource Center	6,130,957	(58,641)	6,072,316	5,875,784	196,532
Preschool Disabilities - Part - Time					
Salaries of Teachers	231,440	7,480	238,920	235,169	3,751
Other Salaries for Instruction	128,480	6,431	134,911	134,441	470
General Supplies	3,375	-	3,375	3,153	222
Total Preschool Disabilities - Part - Time	363,295	13,911	377,206	372,763	4,443
Total Special Education	7,633,919	90,090	7,724,009	7,493,873	230,136
Basic Skills/Remedial					
Salaries of Teachers	647,240	48,330	695,570	689,615	5,955
General Supplies	-	-	-	-	-
Total Basic Skills/Remedial	647,240	48,330	695,570	689,615	5,955
Bilingual Education					
Salaries of Teachers	180,790	5,580	186,370	186,370	-
General Supplies	2,000	-	2,000	-	2,000
Total Bilingual Education	182,790	5,580	188,370	186,370	2,000
School Sponsored Co-Curricular Activities					
Salaries	278,696	16,815	295,511	295,304	207
Total School Sponsored Co-Curricular Activities	278,696	16,815	295,511	295,304	207
School Sponsored Athletics - Instruction					
Salaries	634,980	(551)	634,429	632,282	2,147
Purchased Services	175,745	(2,600)	173,145	160,069	13,076
Supplies and Materials	98,018	(9,110)	88,908	86,177	2,731
Total School Sponsored Athletics - Instruction	908,743	(12,261)	896,482	878,528	17,954
Total - Instruction	29,741,715	(222,004)	29,519,711	29,001,228	518,483

WALL TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition - Other LEA's Within State - Regular	\$ 17,315		\$ 17,315		\$ 17,315
Tuition - Other LEA's Within State - Special	43,409		43,409	25,520	17,889
Tuition to County Voc. School Dist.-Regular	522,860	\$ (1,437)	521,423	521,423	-
Tuition to County Voc. School Dist.-Special	93,500	22,000	115,500	110,550	4,950
Tuition to CSSD & Regional Day Schools	333,261	-	333,261	331,791	1,470
Tuition to Private Schools - Disabled Within State	1,668,476	(20,563)	1,647,913	1,462,403	185,510
Tuition - State Facilities	26,014	-	26,014	-	26,014
Tuition - Other	22,200	(7,600)	14,600	-	14,600
Total Undistributed Expenditures - Instruction	2,727,035	(7,600)	2,719,435	2,451,687	267,748
Attendance and Social Work Services					
Salaries	32,000	1,345	33,345	33,345	-
Salaries of Family Liaisons/Comin Parent Inv. Spec.	557,041	34,809	591,850	591,850	-
Total Attendance and Social Work Services	589,041	36,154	625,195	625,195	-
Health Services					
Salaries	510,855	(59,032)	451,823	451,818	5
Purchased Professional and Technical Services	12,500	-	12,500	12,000	500
Other Purchased Services	3,750	-	3,750	-	3,750
Supplies and Materials	28,000	-	28,000	26,756	1,244
Total Health Services	555,105	(59,032)	496,073	490,574	5,499
Speech, OT, PT & Related Services					
Salaries	783,530	26,879	810,409	810,409	-
Purchased Professional - Educational Services	229,645	(13,400)	216,245	192,394	23,851
Supplies and Materials	3,375	600	3,975	3,708	267
Total Speech, OT, PT & Related Services	1,016,550	14,079	1,030,629	1,006,511	24,118
Other Support Services-Students-Extra Serv.					
Salaries	902,801	(92,276)	810,525	803,478	7,047
Purchased Professional-Educational Services	175,000	7,020	182,020	157,813	24,207
Supplies and Materials	19,000	-	19,000	15,043	3,957
Other Objects	6,000	2,480	8,480	7,776	704
Total Other Support Services-Students-Extra Serv.	1,102,801	(82,776)	1,020,025	984,110	35,915
Guidance					
Salaries of Other Professional Staff	680,782	18,958	699,740	698,208	1,532
Salaries of Secretarial and Clerical Assistants	206,800	15,425	222,225	222,224	1
Supplies and Materials	22,490	-	22,490	17,003	5,487
Total Guidance	910,072	34,383	944,455	937,435	7,020
Child Study Teams					
Salaries of Other Professional Staff	1,562,300	(270,451)	1,291,849	1,279,056	12,793
Salaries of Secretarial and Clerical Assistants	194,745	(3,816)	190,929	190,929	-
Other Purchased Prof. and Tech. Services	91,500	14,620	106,120	101,070	5,050
Misc. Purchased Services	2,700	-	2,700	311	2,389
Supplies and Materials	32,000	5,003	37,003	30,291	6,712
Total Child Study Teams	1,883,245	(254,644)	1,628,601	1,601,657	26,944
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	757,103	(38,457)	718,646	681,636	37,010
Purchased Professional-Educ. Svcs.	15,600	-	15,600	13,885	1,715
Supplies and Materials	2,625	-	2,625	2,153	472
Other Objects	2,000	-	2,000	1,138	862
Total Improvement of Instructional Services	777,328	(38,457)	738,871	698,812	40,059
Educational Media Services/School Library					
Salaries	292,098	3,038	295,136	294,892	244
Other Purchased Services	12,000	-	12,000	9,146	2,854
Supplies and Materials	63,314	-	63,314	55,438	7,876
Total Educational Media Services/School Library	367,412	3,038	370,450	359,476	10,974

**WALL TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Instructional Staff Training Services					
Other Purchased Services	\$ 85,500	\$ (15,200)	\$ 70,300	\$ 35,954	\$ 34,346
Supplies and Materials	7,500	-	7,500	967	6,533
Total Instructional Staff Training Services	93,000	(15,200)	77,800	36,921	40,879
Support Services General Administration					
Salaries	415,069	(6,534)	408,535	408,294	241
Legal Services	125,000	20,000	145,000	145,000	-
Audit Fees	42,000	33,826	75,826	74,966	860
Architectural/Engineering Services	12,000	10,450	22,450	22,450	-
Other Purchased Professional Services	24,500	3,570	28,070	24,739	3,331
Communications/Telephone	150,760	-	150,760	107,049	43,711
BOE Other Purchased Services	2,500	1,135	3,635	2,632	1,003
Misc. Purchased Services	76,900	813	77,713	77,341	372
General Supplies	14,250	(975)	13,275	11,597	1,678
Judgments Against the School District	50,000	(15,745)	34,255	1,353	32,902
Miscellaneous Expenditures	5,000	340	5,340	5,017	323
BOE Membership Dues and Fees	29,000	-	29,000	28,063	937
Total Support Services General Administration	946,979	46,880	993,859	908,501	85,358
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	1,467,505	(5,683)	1,461,822	1,460,725	1,097
Salaries of Other Professional Staff	711,895	15,568	727,463	727,463	-
Salaries of Secretarial and Clerical Assistants	772,300	(75,493)	696,807	652,547	44,260
Purchased Technical Services	-	5,000	5,000	3,295	1,705
Other Purchased Services	20,325	4,000	24,325	12,772	11,553
Supplies and Materials	78,620	1,500	80,120	48,763	31,357
Other Objects	1,025	300	1,325	1,179	146
Total Support Services School Administration	3,051,670	(54,808)	2,996,862	2,906,744	90,118
Central Services					
Salaries	559,396	(7,152)	552,244	552,244	-
Purchased Professional Services	93,600	176	93,776	90,476	3,300
Misc. Purchased Services	31,800	(3,109)	28,691	11,022	17,669
Supplies and Materials	24,000	2,933	26,933	25,924	1,009
Other Objects	1,500	-	1,500	1,493	7
Total Central Services	710,296	(7,152)	703,144	681,159	21,985
Admin. Info. Tech					
Salaries	361,721	3,102	364,823	362,209	2,614
Purchased Technical Services	209,950	52,361	262,311	190,049	72,262
Other Purchased Services	4,000	-	4,000	1,178	2,822
Supplies and Materials	11,700	-	11,700	7,953	3,747
Total Admin. Info. Tech.	587,371	55,463	642,834	561,389	81,445
Required Maintenance for School Facilities					
Cleaning, Repair & Maintenance Services	357,000	14,420	371,420	286,114	85,306
General Supplies	222,500	(30,000)	192,500	143,210	49,290
Total Required Maintenance for School Facilities	579,500	(15,580)	563,920	429,324	134,596
Custodial Services					
Salaries	2,735,351	(125,827)	2,609,524	2,608,971	553
Salaries of Non-Instructional Aides	474,024	(12,984)	461,040	444,861	16,179
Purchased Professional & Technical Services	15,000	20,950	35,950	23,185	12,765
Cleaning, Repair and Maintenance Services	180,600	(13,303)	167,297	124,040	43,257
Rental of Land & Buildings Other Than Lease Purch. Agree.	48,500	-	48,500	47,992	508
Other Purchased Property Services	181,600	2,200	183,800	183,458	342
Insurance	468,000	(1,270)	466,730	466,149	581
Miscellaneous Purchased Services	500	-	500	-	500
General Supplies	218,500	(27,000)	191,500	170,319	21,181
Energy (Natural Gas)	375,000	40,000	415,000	345,905	69,095
Energy (Electricity)	675,000	(32,200)	642,800	619,153	23,647
Other Objects	3,000	-	3,000	642	2,358
Total Custodial Services	5,375,075	(149,434)	5,225,641	5,034,675	190,966

WALL TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Care & Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	\$ 146,000	\$ 13,579	\$ 159,579	\$ 148,144	\$ 11,435
General Supplies	39,000	37,600	76,600	65,447	11,153
Total Care & Upkeep of Grounds	185,000	51,179	236,179	213,591	22,588
Security					
Salaries	241,949	50,580	292,529	276,282	16,247
Purchased Professional and Technical Services	15,750	10,000	25,750	17,017	8,733
Cleaning, Repair and Maintenance Services	10,000	-	10,000	163	9,837
General Supplies	7,500	-	7,500	1,651	5,849
Total Security	275,199	60,580	335,779	295,113	40,666
Student Transportation Services					
Salaries of Non-Instructional Aides	223,443	19,762	243,205	231,698	11,507
Salaries for Pupil Transportation (Between Home and School) - Regular	1,415,977	(83,281)	1,332,696	1,290,428	42,268
Salaries for Pupil Transportation (Between Home and School) - Special Ed	522,786	8,966	531,752	522,730	9,022
Salaries for Pupil Transportation (Other Than Between Home & School)	65,000	6,000	71,000	63,081	7,919
Salaries for Pupil Transportation (Between Home and School) - NonPublic Sch	72,149	(14,300)	57,849	56,334	1,515
Other Purchased Prof. and Technical Services	50,000	-	50,000	45,242	4,758
Cleaning, Repair & Maintenance Svc	120,519	10,000	130,519	87,028	43,491
Lease Purchase Payments- School Buses	266,100	(10,000)	256,100	247,845	8,255
Contracted Services (Other Than Between Home and School) - Vendors	20,000	(750)	19,250	12,905	6,345
Contracted Services (Between Home and School)- Joint Agreements	-	-	-	-	-
Contracted Services (Special Ed Students) - Vendors	15,225	-	15,225	13,482	1,743
Contracted Services (Special Ed Students)- Joint Agreements	50,133	1,238	51,371	50,545	826
Contracted Services (Reg. Students)-ESCs & CTSAs	630,107	-	630,107	628,910	1,197
Contracted Services (Spl. Ed. Students)-ESCs & CTSAs	729,910	2,009	731,919	731,082	837
Contracted Services - Aid in Lieu of Payments- NonPublic	70,720	-	70,720	64,464	6,256
Miscellaneous Purchased Services- Transportation	56,000	-	56,000	55,753	247
General Supplies	7,500	750	8,250	6,802	1,448
Transportation Supplies	375,542	(10,000)	365,542	307,950	57,592
Other Objects	1,500	-	1,500	200	1,300
Total Student Transportation Services	4,692,611	(69,606)	4,623,005	4,416,479	206,526
Unallocated Benefits					
Group Insurance	29,250	(15,836)	13,414	13,414	-
Social Security Contributions	1,068,000	(107,886)	960,114	960,114	-
Other Retirement Contributions - PERS	1,160,000	(60,682)	1,099,318	1,099,318	-
Other Retirement Contributions-Regular	47,000	(3,637)	43,363	43,363	-
Workmen's Compensation	600,000	(4,048)	595,952	595,952	-
Health Benefits	9,271,800	795,543	10,067,343	9,092,131	975,212
Tuition Reimbursement	41,000	(24,914)	16,086	16,086	-
Other Employee Benefits	333,945	11,936	345,881	345,881	-
Unused Sick Payment to Terminated/Retired Staff	52,000	16,998	68,998	68,998	-
Total Unallocated Benefits	12,602,995	607,474	13,210,469	12,235,257	975,212

WALL TOWNSHIP BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
On Behalf TPAF Pension System Contribution Noncontributory Insurance (Non Budgeted)				\$ 104,262	\$ (104,262)
On Behalf TPAF Pension System Contribution Long Term Group Disability				8,687	(8,687)
On Behalf TPAF Pension System Contribution-Normal Cost and Accrued Liabilities				4,296,345	(4,296,345)
On Behalf TPAF Pension System Contribution Post- Retirement Medical -(Non Budgeted)				2,842,258	(2,842,258)
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	2,270,032	(2,270,032)
Total On-Behalf Contributions	-	-	-	9,521,584	(9,521,584)
Total Undistributed Expenditures	\$ 39,028,285	\$ 154,941	\$ 39,183,226	46,396,194	(7,212,968)
Total Expenditures - Current Expenditures	68,770,000	(67,063)	68,702,937	75,397,422	(6,694,485)
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction Grades 9-12		22,971	22,971	22,971	-
Special Education - Instruction Multiple Disabilities		13,800	13,800	13,800	-
School-Sponsored Athletics		-	-	-	-
Undistributed Expenditures School-Sponsored and Other Instructional Programs		9,110	9,110	9,109	1
School Buses Non- Instructional	97,220	(47,280)	49,940	49,658	282
Total Equipment	97,220	(1,399)	95,821	95,538	283
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	80,000	31,984	111,984	53,145	58,839
Construction Services	570,000	804,439	1,374,439	922,320	452,119
Assessment for Debt Service on SDA Funding	7,780	-	7,780	7,780	-
Total Facilities Acquisition and Construction Services	657,780	836,423	1,494,203	983,245	510,958
Assets Acquired Under Capital Leases (Non-Budgeted)	-	-	-	300,000	(300,000)
Total Capital Outlay	755,000	835,024	1,590,024	1,378,783	211,241
Total Expenditures	69,525,000	767,961	70,292,961	76,776,205	(6,483,244)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,183,700)	(668,307)	(1,852,007)	2,638,175	4,490,182
Other Financing Sources (Uses)					
Capital Leases (Non-Budget)	-	-	-	300,000	300,000
Total Other Financing Sources	-	-	-	300,000	300,000
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,183,700)	(668,307)	(1,852,007)	2,938,175	4,790,182
Fund Balances, Beginning of Year	7,833,880	-	7,833,880	7,833,880	-
Fund Balances, End of Year	\$ 6,650,180	\$ (668,307)	\$ 5,981,873	\$ 10,772,055	\$ 4,790,182
Recapitulation					
Restricted Fund Balance					
Capital Reserve				\$ 3,782,795	
Maintenance Reserve				300,000	
Emergency Reserve				695,000	
Designated for Subsequent Year's Expenditures - 2018/2019 Budget					
Capital Reserve				3,100,000	
Maintenance Reserve				500,000	
Committed Fund Balance					
Year End Encumbrances				412,131	
Assigned Fund Balance					
Year End Encumbrances				115,916	
Designated for Subsequent Year's Expenditures				350,000	
Unassigned Fund Balance				1,516,213	
				10,772,055	
Reconciliation to Governmental Funds Statements (GAAP)					
2017/2018 State Aid Payments Not Recognized on GAAP Basis				(358,800)	
2017/2018 Extraordinary Aid Revenue Not Recognized on GAAP Basis				(303,185)	
Fund Balance Per Governmental Funds (GAAP)				\$ 10,110,070	

**WALL TOWNSHIP BOARD OF EDUCATION
SPECIAL REVENUE 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 Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 70,000	\$ 2,152	\$ 72,152	\$ 59,802	\$ (12,350)
Federal	1,060,000	422,672	1,482,672	1,299,317	(183,355)
Local Sources					
Miscellaneous	-	27,713	27,713	23,588	(4,125)
Total Revenues	<u>1,130,000</u>	<u>452,537</u>	<u>1,582,537</u>	<u>1,382,707</u>	<u>(199,830)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	250,000	(43,954)	206,046	166,824	39,222
Tuition - Other Purchased Services		810,000	810,000	810,000	-
Purchased Professional and Technical Services	810,000	(810,000)		-	-
General Supplies	18,000	182,276	200,276	156,219	44,057
Other Objects	-	13,089	13,089	11,388	1,701
Total Instruction	<u>1,078,000</u>	<u>151,411</u>	<u>1,229,411</u>	<u>1,144,431</u>	<u>84,980</u>
Support Services					
Salaries of Teachers		51,168	51,168	37,038	14,130
Personal Services-Employee Benefits		19,308	19,308	15,596	3,712
Purchased Professional/Technical Svc	45,000	182,327	227,327	153,770	73,557
Other Purchased Services	7,000	12,901	19,901	10,229	9,672
Supplies and Materials	-	23,422	23,422	9,643	13,779
Total Support Services	<u>52,000</u>	<u>289,126</u>	<u>341,126</u>	<u>226,276</u>	<u>114,850</u>
Facilities Acquisition and Construction Services					
Instructional Equipment	-	12,000	12,000	12,000	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Total Expenditures	<u>1,130,000</u>	<u>452,537</u>	<u>1,582,537</u>	<u>1,382,707</u>	<u>199,830</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**WALL TOWNSHIP BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
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	(C-1) \$ 79,414,380	(C-2)	\$ 1,382,707
Difference - Budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Encumbrances, June 30, 2017			19,742
Encumbrances, June 30, 2018			(22,890)
State Aid payments recognized for GAAP purposes, not recognized for Budgetary statements (2016/2017 State Aid)	625,027		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2017/2018 State Aid)	<u>(661,985)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>79,377,422</u>		\$ <u>1,379,559</u>
Uses/Outflows of Resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 76,776,205	(C-2)	\$ 1,382,707
Differences - Budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.			
Encumbrances, June 30, 2017			19,742
Encumbrances, June 30, 2018	<u>-</u>		<u>(22,890)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>76,776,205</u>		\$ <u>1,379,559</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION
AND
POST-EMPLOYMENT BENEFITS INFORMATION

**WALL TOWNSHIP 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)	0.12318%	0.12626%	0.11787%	0.11812%	0.11213%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 28,675,613</u>	<u>\$ 37,394,830</u>	<u>\$ 26,461,623</u>	<u>\$ 22,114,767</u>	<u>\$21,430,356</u>
District's Covered-Employee Payroll	\$ 8,226,051	\$ 8,549,704	\$ 8,383,906	\$ 8,019,520	\$ 8,070,828
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	349%	437%	316%	276%	266%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	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.

**WALL TOWNSHIP 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	\$ 1,141,182	\$ 1,121,683	\$ 1,013,449	\$ 973,741	\$ 845,865
Contributions in Relation to the Contractually Required Contribution	<u>1,141,182</u>	<u>1,121,683</u>	<u>1,013,449</u>	<u>973,741</u>	<u>845,865</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 8,226,051	\$ 8,549,704	\$ 8,383,906	\$ 8,019,520	\$ 8,070,828
Contributions as a Percentage of Covered-Employee Payroll	14%	13%	12%	12%	10%

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.

**WALL TOWNSHIP 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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 199,684,015</u>	<u>\$ 222,510,730</u>	<u>\$ 177,241,722</u>	<u>\$ 141,063,164</u>	<u>\$137,997,158</u>
Total	<u>\$ 199,684,015</u>	<u>\$ 222,510,730</u>	<u>\$ 177,241,722</u>	<u>\$ 141,063,164</u>	<u>\$137,997,158</u>
District's Covered-Employee Payroll	\$ 29,422,617	\$ 29,685,953	\$ 29,563,236	\$ 28,637,933	\$ 27,789,670
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	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.

**WALL TOWNSHIP 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 statutorily required employer contribution are presented in Note 5D.

**WALL TOWNSHIP 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	\$ 7,828,298
Interest on Total OPEB Liability	5,525,917
Changes of Assumptions	(22,989,673.0)
Gross Benefit Payments	(4,565,617)
Contribution from the Member	168,117
Net Change in Total OPEB Liability	(14,032,958)
Total OPEB Liability - Beginning	188,046,247
Total OPEB Liability - Ending	\$ 174,013,289
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	174,013,289
Total OPEB Liability - Ending	\$ 174,013,289
District's Covered-Employee Payroll	\$ 37,648,668
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.

**WALL TOWNSHIP 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 5.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES

GENERAL FUND

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	<u>Title I</u>	<u>Title IIA</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Title IV</u>	<u>IDEA Part B-Basic</u>	<u>IDEA Part B Preschool</u>	<u>Temporary Emergency Impact Aid</u>	<u>Total Exhibit E-1a</u>	<u>Totals</u>
REVENUES										
Intergovernmental										
State									\$ 59,802	\$ 59,802
Federal	\$ 279,745	\$ 78,125	\$ 20,347	\$ 814	\$ 7,523	\$ 865,958	\$ 32,930	\$ 13,875		1,299,317
Other	-	-	-	-	-	-	-	-	23,588	23,588
Total Revenues	\$ 279,745	\$ 78,125	\$ 20,347	\$ 814	\$ 7,523	\$ 865,958	\$ 32,930	\$ 13,875	\$ 83,390	\$ 1,382,707
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 99,656	\$ 54,945	\$ 12,223							\$ 166,824
Tuition - Other Purchased Services						\$ 810,000				810,000
General Supplies	111,921		7,189		\$ 6,951		\$ 2,006	\$ 13,875	\$ 14,277	156,219
Other Objects	-	-	-	-	297	-	-	-	11,091	11,388
Total Instruction	211,577	54,945	19,412	-	7,248	810,000	2,006	13,875	25,368	1,144,431
Support Services										
Salaries of Teachers	36,282			\$ 756						37,038
Personal Svcs. -Emp. Benefits	10,400	4,203	935	58						15,596
Purchased Prof & Tech Svcs	13,820	17,000				50,362	30,924		41,664	153,770
Other Purchased Services					275	5,596			4,358	10,229
Supplies and Materials	7,666	1,977	-	-	-	-	-	-	-	9,643
Total Support Services	68,168	23,180	935	814	275	55,958	30,924	-	46,022	226,276
Facilities Acquisition and Construction Services										
Instructional Equipment	-	-	-	-	-	-	-	-	12,000	12,000
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	12,000	12,000
Total Expenditures	\$ 279,745	\$ 78,125	\$ 20,347	\$ 814	\$ 7,523	\$ 865,958	\$ 32,930	\$ 13,875	\$ 83,390	\$ 1,382,707

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

	Exam. & Class.	Chap. 193 Speech	Supp. Instr.	Nonpublic Nursing	Nonpublic Textbook Aid	Chap. 192 Nonpublic Transportation	Chap. 192 Nonpublic Compensatory Education Services	Nonpublic Security	Nonpublic Technology	Local Grants	Total Exhibit E-1a
REVENUES											
Intergovernmental											
State	\$ 6,916	\$ 7,143	\$ 4,758	\$ 8,645	\$ 5,423	\$ 6,230	\$ 7,972	\$ 8,357	\$ 4,358		\$ 59,802
Other	-	-	-	-	-	-	-	-	-	\$ 23,588	23,588
Total Revenues	\$ 6,916	\$ 7,143	\$ 4,758	\$ 8,645	\$ 5,423	\$ 6,230	\$ 7,972	\$ 8,357	\$ 4,358	\$ 23,588	\$ 83,390
EXPENDITURES											
Instruction											
General Supplies					\$ 5,423			\$ 8,357		\$ 497	\$ 14,277
Other Objects	-	-	-	-	-	-	-	-	-	11,091	11,091
Total Instruction	-	-	-	-	5,423	-	-	8,357	-	11,588	25,368
Support Services											
Purchased Prof & Technical Svcs	\$ 6,916	\$ 7,143	\$ 4,758	\$ 8,645		\$ 6,230	\$ 7,972				41,664
Other Purchased Services	-	-	-	-	-	-	-		\$ 4,358	-	4,358
Total Support Services	6,916	7,143	4,758	8,645	-	6,230	7,972	-	4,358	-	46,022
Facilities Acquisition and Construction											
Services											
Instructional Equipment	-	-	-	-	-	-	-	-	-	12,000	12,000
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-	-	12,000	12,000
Total Expenditures	\$ 6,916	\$ 7,143	\$ 4,758	\$ 8,645	\$ 5,423	\$ 6,230	\$ 7,972	\$ 8,357	\$ 4,358	\$ 23,588	\$ 83,390

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

**WALL TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Year</u>	<u>Project</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2018</u>
			<u>Prior Year</u>	<u>Current Year</u>	
2014	HVAC- West Belmar	\$ 144,606	\$ 141,606		\$ 3,000
2014	Emergency Generators-Variou Schools	408,649	386,150		22,499
2014	Front Entrance Modification-Variou Schools	434,712	400,335		34,377
2015	Security Upgrades- Various Schools	644,000	631,276		12,724
2015	Roof Replacement- Various Schools	734,000	498,206		235,794
2016	Phone System- Various Schools	458,300	249,765	\$ 199,369	9,166
2016	Public Address System - Various Schools	<u>1,933,000</u>	<u>1,776,990</u>	<u>117,351</u>	<u>38,659</u>
		<u>\$ 4,757,267</u>	<u>\$ 4,084,328</u>	<u>\$ 316,720</u>	<u>\$ 356,219</u>
	Fund Balance, Budgetary Basis				\$ 356,219
	Less: Unrealized SDA Grants				<u>(159,889)</u>
	Fund Balance, GAAP Basis				<u>\$ 196,330</u>
	<u>Reconciliation of Fund Balance</u>				
	Restricted				
	Year-End Encumbrances				\$ 47,826
	Available for Capital Projects				<u>148,504</u>
	Total Fund Balance- Restricted for Capital Projects				<u>\$ 196,330</u>

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

Expenditures and Other Financing Uses

Expenditures

Construction Services	\$ <u>316,720</u>
Total Expenditures	<u>316,720</u>
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(316,720)
Fund Balance, Beginning of Year	<u>672,939</u>
Fund Balance, End of Year	<u>\$ 356,219</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Fund Balance per Governmental Funds (Budgetary)	\$ 356,219
Less: Unearned SDA Grant Revenue Not Recognized on GAAP Basis	<u>(159,889)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 196,330</u>

WALL TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS BUDGETARY BASIS
HVAC- WEST BELMAR
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State - Regular Operating District Grant	\$ 57,842		\$ 57,842	\$ 57,842
Local Sources - Transfer from Capital Outlay	<u>86,764</u>	<u>-</u>	<u>86,764</u>	<u>86,764</u>
Total Revenues and Other Financing Sources	<u>144,606</u>	<u>-</u>	<u>144,606</u>	<u>144,606</u>
Expenditures and Other Financing Uses				
Expenditures				
Purchased Professional and Technical Services				
Construction Services	<u>141,606</u>	<u>-</u>	<u>141,606</u>	<u>144,606</u>
Total Expenditures	<u>141,606</u>	<u>-</u>	<u>141,606</u>	<u>144,606</u>
Excess Revenues Over Expenditures	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ -</u>

Additional Project Information:

Project Number	5420-080-14-1006-G04
FEC Grant Date	1/6/2014
Bond Authorization Date	N/A
Proceeds Issued	N/A
Original Authorized Cost	\$ 234,000
Revised Authorized Cost	144,606
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	98%
Original Target Completion Date	2014/15

**WALL TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS BUDGETARY BASIS
EMERGENCY GENERATORS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State - Regular Operating District Grants	\$ 163,457		\$ 163,457	\$ 163,457
Local Sources - Transfer from Capital Outlay	245,192	-	245,192	245,192
	<u>408,649</u>	<u>-</u>	<u>408,649</u>	<u>408,649</u>
Total Revenues and Other Financing Sources				
Expenditures and Other Financing Uses				
Expenditures				
Purchased Professional and Technical Services			-	
Construction Services	386,150	-	386,150	408,649
	<u>386,150</u>	<u>-</u>	<u>386,150</u>	<u>408,649</u>
Total Expenditures				
Excess Revenues Over Expenditures	<u>\$ 22,499</u>	<u>\$ -</u>	<u>\$ 22,499</u>	<u>\$ -</u>

		<u>Original Authorized Cost</u>	<u>Revised Authorized Cost</u>
Additional Project Information:			
Project Number	Primary School	5420-078-14-1004-G04 \$ 204,800	\$ 66,000
	Allenwood Elementary School	5420-060-14-1001-G04 204,800	87,883
	Central Elementary School	5420-070-14-1002-G04 204,800	87,883
	Old Mill Elementary School	5420-077-14-1003-G04 204,800	69,000
	West Belmar Elementary School	5420-080-14-1005-G04 204,800	97,883
		<u>\$ 1,024,000</u>	<u>\$ 408,649</u>

FEC Grant Date	1/6/2013
Bond Authorization Date	N/A
Proceeds Issued	N/A
Original Authorized Cost	\$ 1,024,000
Revised Authorized Cost	408,649

Percentage Increase Over Original	
Authorized Cost	0%
Percentage Completion	94%
Original Target Completion Date	2014/15

**WALL TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS BUDGETARY BASIS
FRONT DOOR MODIFICATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State - Regular Operating District Grants	\$ 173,878		\$ 173,878	\$ 173,878
Local Sources - Transfer from Capital Outlay	260,834	-	260,834	260,834
	<u>434,712</u>	<u>-</u>	<u>434,712</u>	<u>434,712</u>
Expenditures and Other Financing Uses				
Expenditures				
Purchased Professional and Technical Services	42,835		42,835	66,102
Construction Services	357,500	-	357,500	368,610
	<u>400,335</u>	<u>-</u>	<u>400,335</u>	<u>434,712</u>
Total Expenditures				
Excess Revenues Over Expenditures	\$ 34,377	\$ -	\$ 34,377	\$ -

	<u>Original Authorized Cost</u>	<u>Revised Authorized Cost</u>
Additional Project Information:		
Project Number		
Wall Intermediate School	5420-075-14-1021-G04	\$ 94,000
West Belmar Elementary School	5420-080-14-1038-G04	37,500
Old Mill Elementary School	5420-077-14-1029-G04	75,000
Central Elementary School	5420-070-14-1020-G04	75,000
Allenwood Elementary School	5420-060-14-1014-G04	103,750
Primary School	5420-078-14-1030-G04	15,000
Wall Township High School	5420-050-14-1009-G04	75,000
	<u>\$ 475,250</u>	<u>\$ 434,712</u>

FEC Grant Date	7/10/2014
Bond Authorization Date	N/A
Proceeds Issued	N/A
Original Authorized Cost	\$ 475,250
Revised Authorized Cost	434,712
Percentage Increase Over Original	
Authorized Cost	0%
Percentage Completion	92%
Original Target Completion Date	2014/15

**WALL TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS BUDGETARY BASIS
SECURITY UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State - Regular Operating District Grants	\$ 257,600		\$ 257,600	\$ 257,600
Local Sources - Transfer from Capital Outlay	<u>386,400</u>	<u>-</u>	<u>386,400</u>	<u>386,400</u>
Total Revenues and Other Financing Sources	<u>644,000</u>	<u>-</u>	<u>644,000</u>	<u>644,000</u>
Expenditures and Other Financing Uses				
Expenditures				
Purchased Professional and Technical Services	50,667		50,667	54,500
Construction Services	<u>580,609</u>	<u>-</u>	<u>580,609</u>	<u>589,500</u>
Total Expenditures	<u>631,276</u>	<u>-</u>	<u>631,276</u>	<u>644,000</u>
Excess/(Deficiency) Revenues Over Expenditures	<u>\$ 12,724</u>	<u>\$ -</u>	<u>\$ 12,724</u>	<u>\$ -</u>

Original
Authorized Cost

Additional Project Information:

Project Number	Wall Intermediate School	\$ 126,000
	West Belmar Elementary School	87,000
	Old Mill Elementary School	71,000
	Central Elementary School	88,000
	Allenwood Elementary School	78,000
	Primary School	34,000
	Wall Township High School	<u>160,000</u>
		<u>\$ 644,000</u>

FEC Grant Date	1/16/2014
Bond Authorization Date	N/A
Proceeds Issued	N/A
Original Authorized Cost	\$ 644,000
Revised Authorized Cost	644,000

Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	98%
Original Target Completion Date	2014/15

**WALL TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS BUDGETARY BASIS
ROOF REPLACEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State - Regular Operating District Grants	\$ 293,600		\$ 293,600	\$ 293,600
Local Sources - Transfer from Capital Outlay	<u>440,400</u>	<u>-</u>	<u>440,400</u>	<u>440,400</u>
Total Revenues and Other Financing Sources	<u>734,000</u>	<u>-</u>	<u>734,000</u>	<u>734,000</u>
Expenditures and Other Financing Uses				
Expenditures				
Purchased Professional and Technical Services	57,126	-	57,126	147,214
Construction Services	<u>441,080</u>	<u>-</u>	<u>441,080</u>	<u>586,786</u>
Total Expenditures	<u>498,206</u>	<u>-</u>	<u>498,206</u>	<u>734,000</u>
Excess/(Deficiency) Revenues Over Expenditures	<u>\$ 235,794</u>	<u>\$ -</u>	<u>\$ 235,794</u>	<u>\$ -</u>

Original
Authorized Cost

Additional Project Information:

Project Number

West Belmar Elementary School	\$ 69,000
Central Elementary School	390,000
Allenwood Elementary School	75,000
Primary School	<u>200,000</u>
	<u>\$ 734,000</u>

FEC Grant Date	1/16/2014
Bond Authorization Date	N/A
Proceeds Issued	N/A
Original Authorized Cost	\$ 734,000
Revised Authorized Cost	734,000

Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	68%
Original Target Completion Date	2014/15

**WALL TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS BUDGETARY BASIS
PHONE SYSTEM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State - Regular Operating District Grants	\$ 183,320		\$ 183,320	\$ 183,320
Local Sources - Transfer from Capital Outlay	<u>274,980</u>	<u>-</u>	<u>274,980</u>	<u>274,980</u>
Total Revenues and Other Financing Sources	<u>458,300</u>	<u>-</u>	<u>458,300</u>	<u>458,300</u>
Expenditures and Other Financing Uses				
Expenditures				
Purchased Professional and Technical Services			-	
Construction Services	<u>249,765</u>	<u>\$ 199,369</u>	<u>449,134</u>	<u>458,300</u>
Total Expenditures	<u>249,765</u>	<u>199,369</u>	<u>449,134</u>	<u>458,300</u>
Excess Revenues Over Expenditures	<u>\$ 208,535</u>	<u>\$ (199,369)</u>	<u>\$ 9,166</u>	<u>\$ -</u>

Original
Authorized Cost

Additional Project Information:

Project Number

Wall Intermediate School	\$ 110,000
West Belmar Elementary School	35,000
Old Mill Elementary School	49,500
Central Elementary School	49,000
Allenwood Elementary School	44,000
Primary School	6,300
Wall Township High School	<u>164,500</u>
	<u>\$ 458,300</u>

FEC Grant Date	1/6/2014
Bond Authorization Date	N/A
Proceeds Issued	N/A
Original Authorized Cost	\$ 458,300
Revised Authorized Cost	458,300

Percentage Increase Over Original

Authorized Cost	0%
Percentage Completion	98%
Original Target Completion Date	2016/17
Revised Target Completion Date	2018/19

**WALL TOWNSHIP BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS BUDGETARY BASIS
PUBLIC ADDRESS SYSTEM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State - Regular Operating District Grants	\$ 773,200		\$ 773,200	\$ 773,200
Local Sources - Transfer from Capital Outlay	<u>1,159,800</u>	<u>-</u>	<u>1,159,800</u>	<u>1,159,800</u>
Total Revenues and Other Financing Sources	<u>1,933,000</u>	<u>-</u>	<u>1,933,000</u>	<u>1,933,000</u>
Expenditures and Other Financing Uses				
Expenditures				
Construction Services	<u>1,776,990</u>	<u>\$ 117,351</u>	<u>1,894,341</u>	<u>1,933,000</u>
Total Expenditures	<u>1,776,990</u>	<u>117,351</u>	<u>1,894,341</u>	<u>1,933,000</u>
Excess Revenues Over Expenditures	<u>\$ 156,010</u>	<u>\$ (117,351)</u>	<u>\$ 38,659</u>	<u>\$ -</u>
			Original Authorized Cost	

Additional Project Information:

Project Number			
	Wall Intermediate School		\$ 473,000
	West Belmar Elementary School		150,000
	Old Mill Elementary School		210,000
	Central Elementary School		210,000
	Allenwood Elementary School		188,000
	Wall Township High School		<u>702,000</u>
			<u>\$ 1,933,000</u>

FEC Grant Date	1/6/2014
Bond Authorization Date	N/A
Proceeds Issued	N/A
Original Authorized Cost	\$ 1,933,000
Revised Authorized Cost	1,933,000
Percentage Increase Over Original Authorized Cost	0%
Percentage Completion	98%
Original Target Completion Date	2016/17
Revised Target Completion Date	2018/19

PROPRIETARY FUNDS

**WALL TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUNDS - NON MAJOR
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	<u>Before and After School Programs</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 107,038
Accounts Receivable	<u>6,881</u>
Total Current Assets	<u>113,919</u>
Total Assets	<u>113,919</u>
LIABILITIES	
Accounts Payable	666
Unearned Revenue	<u>5,120</u>
Total Liabilities	<u>5,786</u>
NET POSITION	
Unrestricted	<u>108,133</u>
Total Net Position	<u>\$ 108,133</u>

**WALL TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Before and After School Programs</u>
OPERATING REVENUES	
Charges for Services	
Program Fees	\$ 448,023
Total Operating Revenues	<u>448,023</u>
OPERATING EXPENSES	
Salaries and Employee Benefits	315,093
Purchased Property Services	76,286
Supplies and Materials	7,123
Other Purchased Services	<u>18,159</u>
Total Operating Expenses	<u>416,661</u>
Operating Income/Change in Net Position	31,362
Total Net Position, Beginning of Year	<u>76,771</u>
Total Net Position, End of Year	<u>\$ 108,133</u>

**WALL TOWNSHIP BOARD OF EDUCATION
ENTERPRISE FUNDS - NON MAJOR
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Before and After School Programs
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 448,277
Payments to Employees' Salaries and Benefits	(314,427)
Payments to Suppliers for Goods and Services	<u>(101,568)</u>
Net Cash Provided by Operating Activities	<u>32,282</u>
Net Increase in Cash and Cash Equivalents	32,282
Cash and Cash Equivalents, Beginning of Year	<u>74,756</u>
Cash and Cash Equivalents, End of Year	<u>\$ 107,038</u>
Reconciliation of Operating Income to Net Provided by Operating Activities	
Operating Income	<u>\$ 31,362</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	(4,294)
Increase/(Decrease) in Accounts Payable	666
Increase/(Decrease) in Unearned Revenue	<u>4,548</u>
Total Adjustments	<u>920</u>
Net Cash Provided by Operating Activities	<u>\$ 32,282</u>

FIDUCIARY FUNDS

**WALL TOWNSHIP BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 274,384	\$ 90,286	\$ 364,670
Total Assets	<u>\$ 274,384</u>	<u>\$ 90,286</u>	<u>\$ 364,670</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 77,500	\$ 77,500
Flexible Spending (Sect. 125) Plan		12,786	12,786
Due to Student Groups	\$ 274,384	-	274,384
Total Liabilities	<u>\$ 274,384</u>	<u>\$ 90,286</u>	<u>\$ 364,670</u>

**WALL TOWNSHIP BOARD OF EDUCATION
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

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

	Balance, July 1, 2017	Cash Receipts	Cash Disbursements	Balance, June 30, 2018
ELEMENTARY SCHOOL				
Wall Central	\$ 4,003	\$ 2,639	\$ 1,583	\$ 5,059
Total Elementary School	<u>4,003</u>	<u>2,639</u>	<u>1,583</u>	<u>5,059</u>
MIDDLE SCHOOL				
Wall Intermediate School	38,009	330,356	315,352	53,013
Athletic Account	<u>5,601</u>	<u>17,929</u>	<u>18,527</u>	<u>5,003</u>
Total Middle School	<u>43,610</u>	<u>348,285</u>	<u>333,879</u>	<u>58,016</u>
HIGH SCHOOL				
Wall High School	208,963	455,989	459,908	205,044
Athletic Account	<u>2,522</u>	<u>120,482</u>	<u>116,739</u>	<u>6,265</u>
Total High School	<u>211,485</u>	<u>576,471</u>	<u>576,647</u>	<u>211,309</u>
Total All Schools	<u>\$ 259,098</u>	<u>\$ 927,395</u>	<u>\$ 912,109</u>	<u>\$ 274,384</u>

**WALL TOWNSHIP BOARD OF EDUCATION
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>
ASSETS				
Cash	\$ 58,944	\$ 50,538,335	\$ 50,506,993	\$ 90,286
Cash Held by Trustee	<u>4,109</u>	<u>-</u>	<u>4,109</u>	<u>-</u>
 Total Assets	 <u>\$ 63,053</u>	 <u>\$ 50,538,335</u>	 <u>\$ 50,511,102</u>	 <u>\$ 90,286</u>
 LIABILITIES				
Payroll Deductions and Withholdings	\$ 58,944	\$ 21,900,777	\$ 21,882,221	\$ 77,500
Accrued Salaries and Wages		28,566,685	28,566,685	
Flexible Spending (Sect. 125) Account	<u>4,109</u>	<u>70,873</u>	<u>62,196</u>	<u>12,786</u>
 Total Liabilities	 <u>\$ 63,053</u>	 <u>\$ 50,538,335</u>	 <u>\$ 50,511,102</u>	 <u>\$ 90,286</u>

LONG-TERM DEBT

**WALL TOWNSHIP BOARD OF EDUCATION
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</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Paid</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Pension Refunding Bonds	7/3/2012	\$ 3,790,000	7/15/2018	\$ 395,000	2.440 %			
			7/15/2019	410,000	4.202			
			7/15/2020	430,000	4.202			
			7/15/2021	85,000	4.202			
			7/15/2022	90,000	4.202			
			7/15/2023	95,000	4.202			
			7/15/2024	100,000	4.202			
			7/15/2025	105,000	4.202			
			7/15/2026	105,000	4.202			
			7/15/2027	110,000	4.202			\$ 2,315,000
School Refunding Bonds	4/22/2015	17,515,000	7/15/2018	2,020,000	4.000			
			7/15/2019	2,115,000	4.000			
			7/15/2020	2,230,000	5.000			
			7/15/2021	2,350,000	5.000			
			7/15/2022	2,370,000	5.000			
			7/15/2023	2,410,000	5.000			
								<u>15,425,000</u>
Totals						<u>\$ 17,740,000</u>	<u>\$ 2,320,000</u>	<u>\$ 15,420,000</u>
Paid by Budget Appropriation							<u>\$ 2,320,000</u>	

**WALL TOWNSHIP BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue</u>	<u>Amount of Lease</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
2015 School Buses (3)	\$ 266,760	2.350%	\$ 54,576		\$ 54,576	
2014 School Buses (3)	173,868	2.000%	35,472		35,472	
2016 School Buses (2)	120,698	2.380%	49,221		24,321	\$ 24,900
2015 School Bus	84,666	2.380%	34,527		17,061	17,466
Various Equipment	70,000	2.493%	42,099		13,689	28,410
2016 School Buses (4)	267,000	2.110%	158,906		51,867	107,039
2017 School Buses (4)	<u>300,000</u>	2.150%	<u>-</u>	<u>\$ 300,000</u>	<u>61,670</u>	<u>238,330</u>
	<u>\$ 1,282,992</u>		<u>\$ 374,801</u>	<u>\$ 300,000</u>	<u>\$ 258,656</u>	<u>\$ 416,145</u>
			Paid by Budget Appropriation		<u>\$ 258,656</u>	

WALL TOWNSHIP BOARD OF EDUCATION
DEBT SERVICE 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 Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 2,324,431		\$ 2,324,431	\$ 2,324,431	
State Sources					
Debt Service Aid - Type II	<u>743,411</u>	<u>-</u>	<u>743,411</u>	<u>743,411</u>	<u>-</u>
Total Revenues	<u>3,067,842</u>	<u>-</u>	<u>3,067,842</u>	<u>3,067,842</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	2,320,000		2,320,000	2,320,000	
Interest	<u>750,055</u>	<u>-</u>	<u>750,055</u>	<u>750,055</u>	<u>-</u>
Total Expenditures	<u>3,070,055</u>	<u>-</u>	<u>3,070,055</u>	<u>3,070,055</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,213)</u>	<u>-</u>	<u>(2,213)</u>	<u>(2,213)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>2,213</u>	<u>-</u>	<u>2,213</u>	<u>2,213</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

STATISTICAL SECTION

This part of the Wall Township 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.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011 (Restated)	2012 (Restated)	2013	2014 (Restated)	2015	2016	2017 (Restated)	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 4,636,074	\$ 4,692,837	\$ 5,020,977	\$ 10,479,420	\$ 12,332,608	\$ 13,242,009	\$ 16,176,888	\$ 17,202,958	\$ 20,341,432	\$ 22,614,140
Restricted	36,034	1	900,001	3,543,636	4,452,232	4,312,842	4,409,297	5,712,617	6,045,607	7,879,125
Unrestricted	(5,774,026)	(3,773,176)	(4,124,667)	(3,817,074)	(2,778,148)	(23,633,552)	(24,643,354)	(25,626,679)	(28,205,105)	(28,363,547)
Total Governmental Activities Net Position	\$ (1,101,918)	\$ 919,662	\$ 1,796,311	\$ 10,205,982	\$ 14,006,692	\$ (6,078,701)	\$ (4,057,169)	\$ (2,711,104)	\$ (1,818,066)	\$ 2,129,718
Business-Type Activities										
Net Investment in Capital Assets	\$ 161,364	\$ 137,373	\$ 115,315	\$ 144,719	\$ 136,138	\$ 124,473	\$ 110,091	\$ 96,696	\$ 109,259	\$ 94,376
Restricted										
Unrestricted	125,316	300,982	343,426	190,941	74,313	28,543	22,394	96,832	181,057	210,122
Total Business-Type Activities Net Position	\$ 286,680	\$ 438,355	\$ 458,741	\$ 335,660	\$ 210,451	\$ 153,016	\$ 132,485	\$ 193,528	\$ 290,316	\$ 304,498
District-Wide										
Net Investment in Capital Assets	\$ 4,797,438	\$ 4,830,210	\$ 5,136,292	\$ 10,624,139	\$ 12,468,746	\$ 13,366,482	\$ 16,286,979	\$ 17,299,654	\$ 20,450,691	\$ 22,708,516
Restricted	36,034	1	900,001	3,543,636	4,452,232	4,312,842	4,409,297	5,712,617	6,045,607	7,879,125
Unrestricted	(5,648,710)	(3,472,194)	(3,781,241)	(3,626,133)	(2,703,835)	(23,605,009)	(24,620,960)	(25,529,847)	(28,024,048)	(28,153,425)
Total District Net Position	\$ (815,238)	\$ 1,358,017	\$ 2,255,052	\$ 10,541,642	\$ 14,217,143	\$ (5,925,685)	\$ (3,924,684)	\$ (2,517,576)	\$ (1,527,750)	\$ 2,434,216

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".

Source: District's financial statements

WALL TOWNSHIP 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	\$ 24,916,852	\$ 25,585,769	\$ 24,533,774	\$ 23,679,968	\$ 26,404,404	\$ 26,886,838	\$ 31,427,530	\$ 33,698,651	\$ 37,630,745	\$ 39,377,966
Special Education	9,974,490	10,707,746	10,187,341	10,601,160	11,222,939	11,694,226	13,806,763	15,035,647	17,072,291	18,001,939
Vocational - Tuition	567,760	461,999	559,918	527,268	647,315	654,740	600,106	590,722	593,542	631,973
Other Instruction	962,885	1,089,638	1,045,098	941,861	1,196,910	1,141,619	1,393,728	1,609,390	1,651,386	1,804,832
School Sponsored Activities And Athletics	1,354,983	1,501,331	1,257,907	1,203,233	1,300,140	1,279,499	1,601,878	1,788,657	2,036,227	2,157,394
Support Services:										
Tuition										
Student and Instruction Related Services	7,677,886	7,089,360	7,461,253	7,976,619	8,303,915	8,809,469	9,205,306	9,982,279	11,073,493	11,454,012
General Administration	1,759,045	1,626,202	1,898,407	2,407,858	2,326,711	2,045,764	2,368,038	2,199,742	2,374,618	2,367,353
School Administration	3,406,781	3,735,812	4,218,653	3,911,563	3,725,116	3,913,365	4,530,340	4,729,551	5,172,594	5,383,818
Plant Operations and Maintenance	7,198,339	7,241,122	6,958,237	6,812,914	6,380,777	7,207,497	7,079,295	7,452,065	8,476,832	8,213,055
Student Transportation	4,589,563	4,814,104	4,572,641	4,357,476	5,074,791	4,999,220	4,904,733	5,036,208	5,644,337	5,869,426
Business/Central and Other Support Services	1,826,970	1,720,850	1,735,668	2,068,366	1,485,789	1,620,047	1,642,036	1,582,559	1,428,365	1,857,613
Charter Schools		22,291	24,208	35,105	-	-	-	-	-	-
Interest On Long-Term Debt	1,462,363	1,588,257	1,485,207	1,390,293	1,188,740	1,075,778	913,993	866,935	413,056	418,974
Total Governmental Activities Expenses	65,697,917	67,184,481	65,938,312	65,913,684	69,257,547	71,328,062	79,473,746	84,572,406	93,567,486	97,538,355
Business-Type Activities:										
Food Service	1,736,234	1,624,853	1,662,029	1,643,042	1,554,034	1,483,915	1,469,775	1,484,453	1,489,665	1,507,486
After School Prep Enterprise Fund			8,128	4,923	3,525	8,636	14,002	303,791	383,074	416,661
Total Business-Type Activities Expense	1,736,234	1,624,853	1,670,157	1,647,965	1,557,559	1,492,551	1,483,777	1,788,244	1,872,739	1,924,147
Total District Expenses	\$ 67,434,151	\$ 68,809,334	\$ 67,608,469	\$ 67,561,649	\$ 70,815,106	\$ 72,820,613	\$ 80,957,523	\$ 86,360,650	\$ 95,440,225	\$ 99,462,502
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 41,026	\$ 95,669	\$ 133,908	\$ 113,705	\$ 247,878	\$ 348,355	\$ 411,303	\$ 411,075	\$ 534,055	\$ 620,035
Pupil Transportation		400								
Rentals	12,245	12,190	19,695	12,153	16,005	20,300	25,552	44,570	111,727	109,346
Operating Grants And Contributions	9,542,944	11,387,092	7,705,274	10,183,257	11,336,418	10,619,298	17,563,405	21,150,066	27,095,553	32,776,510
Capital Grants And Contributions			462,141	618,546			766,032	35,109	817,496	138,688
Total Governmental Activities Program Revenues	9,596,215	11,495,351	8,321,018	10,927,661	11,600,301	10,987,953	18,766,292	21,640,820	28,558,831	33,644,579

**WALL TOWNSHIP 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
Business-Type Activities:										
Charges For Services										
Food Service	\$ 1,472,706	\$ 1,560,057	\$ 1,476,526	\$ 1,286,694	\$ 1,193,478	\$ 1,176,974	\$ 1,213,004	\$ 1,243,504	\$ 1,258,939	\$ 1,226,757
After School Prep Programs				10,775	4,475	15,100	19,080	334,296	404,372	448,023
Operating Grants And Contributions	190,468	215,632	213,031	228,166	234,397	243,042	231,162	271,487	282,717	263,549
Capital Grants And Contributions										
Total Business Type Activities Program Revenues	<u>1,663,174</u>	<u>1,775,689</u>	<u>1,689,557</u>	<u>1,525,635</u>	<u>1,432,350</u>	<u>1,435,116</u>	<u>1,463,246</u>	<u>1,849,287</u>	<u>1,946,028</u>	<u>1,938,329</u>
Total District Program Revenues	<u>\$ 11,259,389</u>	<u>\$ 13,271,040</u>	<u>\$ 10,010,575</u>	<u>\$ 12,453,296</u>	<u>\$ 13,032,651</u>	<u>\$ 12,423,069</u>	<u>\$ 20,229,538</u>	<u>\$ 23,490,107</u>	<u>\$ 30,504,859</u>	<u>\$ 35,582,908</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (56,101,702)	\$ (55,689,130)	\$ (57,617,294)	\$ (54,986,023)	\$ (57,657,246)	\$ (60,340,109)	\$ (60,707,454)	\$ (62,931,586)	\$ (65,008,655)	\$ (63,893,776)
Business-Type Activities	(73,060)	150,836	19,400	(122,330)	(125,209)	(57,435)	(20,531)	61,043	73,289	14,182
Total District-Wide Net Expense	<u>\$ (56,174,762)</u>	<u>\$ (55,538,294)</u>	<u>\$ (57,597,894)</u>	<u>\$ (55,108,353)</u>	<u>\$ (57,782,455)</u>	<u>\$ (60,397,544)</u>	<u>\$ (60,727,985)</u>	<u>\$ (62,870,543)</u>	<u>\$ (64,935,366)</u>	<u>\$ (63,879,594)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 52,222,685	\$ 54,311,592	\$ 55,717,349	\$ 57,154,069	\$ 58,296,691	\$ 58,578,533	\$ 59,750,104	\$ 60,945,106	\$ 62,797,547	\$ 64,053,498
Taxes Levied For Debt Service	2,291,553	2,269,044	2,452,623	2,465,751	2,476,947	2,450,941	2,406,906	2,471,421	2,319,371	2,324,431
State Sources	1,073,795	981,529	480,933	457,961	475,930	491,611	496,096	497,916	460,086	461,720
Investment Earnings	26,700	10,293	12,160	461	845	-	-	-	7,995	41,107
Miscellaneous Income	57,208	138,252	71,500	230,558	207,543	163,987	75,880	363,208	265,021	960,804
Total Governmental Activities	<u>55,671,741</u>	<u>57,710,710</u>	<u>58,734,565</u>	<u>60,308,800</u>	<u>61,457,956</u>	<u>61,685,072</u>	<u>62,728,986</u>	<u>64,277,651</u>	<u>65,850,020</u>	<u>67,841,560</u>
Business-Type Activities:										
Investment Earnings	\$ 2,075	\$ 839	\$ 986	\$ 33	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	<u>2,075</u>	<u>839</u>	<u>986</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 55,673,816</u>	<u>\$ 57,711,549</u>	<u>\$ 58,735,551</u>	<u>\$ 60,308,833</u>	<u>\$ 61,457,956</u>	<u>\$ 61,685,072</u>	<u>\$ 62,728,986</u>	<u>\$ 64,277,651</u>	<u>\$ 65,850,020</u>	<u>\$ 67,841,560</u>
Change in Net Position										
Governmental Activities	(429,961)	2,021,580	1,117,271	5,322,777	3,800,710	1,344,963	2,021,532	1,346,065	841,365	3,947,784
Business-Type Activities	(70,985)	151,675	20,386	(122,297)	(125,209)	(57,435)	(20,531)	61,043	73,289	14,182
Total District	<u>\$ (500,946)</u>	<u>\$ 2,173,255</u>	<u>\$ 1,137,657</u>	<u>\$ 5,200,480</u>	<u>\$ 3,675,501</u>	<u>\$ 1,287,528</u>	<u>\$ 2,001,001</u>	<u>\$ 1,407,108</u>	<u>\$ 914,654</u>	<u>\$ 3,961,966</u>

Source: District's financial statements

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

	2009		2010		2011		2012		Fiscal Year Ended June 30,		2015		2016		2017		2018			
									2013	2014										
General Fund																				
Reserved	\$	151,629	\$	715,926																
Unreserved		1,214,179		2,324,203																
Nonspendable					\$	5,047	\$	69,903												
Restricted						1,498,501		3,743,636	\$	6,277,447	\$	5,581,124	\$	4,777,176	\$	4,349,605	\$	5,688,945		
Committed						522,240												\$		
Assigned						1,547,986		1,735,441		420,888		481,259		380,336		250,573		113,521		
Unassigned						965,959		742,020		639,060		777,632		756,726		838,479		851,602		
Total General Fund	\$	1,365,808	\$	3,040,129	\$	4,539,733	\$	6,291,000	\$	7,337,395	\$	6,840,015	\$	5,914,238	\$	5,912,218	\$	7,208,853	\$	10,110,070
All Other Governmental Funds																				
Reserved	\$	31,876																		
Unreserved		36,033		-		-		-		-		-		-		-		-		
Restricted									\$	57,096	\$	614,029	\$	230,621	\$	1,618,425	\$	388,575	\$	196,330
Assigned										-		-		-		-		-		
Total All Other Governmental Funds	\$	67,909	\$	-	\$	-	\$	-	\$	57,096	\$	614,029	\$	230,621	\$	1,618,425	\$	388,575	\$	196,330

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 extent 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.

Source: District's financial statements

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

	2009		2010		2011		2012		Fiscal Year Ended June 30,		2015		2016		2017		2018	
									2013	2014								
Revenues																		
Tax Levy	\$ 54,514,038	\$ 56,580,636	\$ 58,169,972	\$ 59,619,820	\$ 60,773,638	\$ 61,029,474	\$ 62,157,010	\$ 63,416,527	\$ 65,116,918	\$ 66,377,929								
Tuition Charges	41,026	95,669	133,908	113,705	247,878	348,355	411,303	411,075	534,055	620,035								
Interest Earnings	26,700	10,293	12,160	461	845	-		7,995	41,107									
Transportation	-	400																
Rental Fees	12,245	12,190	19,695	12,153	16,005	20,300	25,552	44,570	111,727	109,346								
Miscellaneous	57,208	138,252	542,601	236,891	236,497	164,451	95,127	386,498	275,944	992,999								
State Sources	9,413,655	10,301,744	7,200,310	9,387,851	10,547,280	9,658,196	11,437,055	11,781,724	13,704,580	14,474,825								
Federal Sources	1,203,083	2,066,877	976,937	1,865,580	1,236,114	1,452,249	1,294,798	1,320,511	1,270,302	1,335,270								
Total Revenue	65,267,955	69,206,061	67,055,583	71,236,461	73,058,257	72,673,025	75,420,845	77,360,905	81,021,521	83,951,511								
Expenditures																		
Instruction																		
Regular Instruction	23,470,744	24,164,327	22,643,230	24,046,276	26,636,286	26,785,953	27,611,387	28,330,042	29,244,160	29,999,268								
Special Education Instruction	9,974,490	10,707,746	10,000,663	10,735,197	11,314,962	11,689,276	12,393,841	12,971,052	13,786,105	14,233,956								
Vocational Education - Tuition	567,760	461,999	559,918	527,268	647,315	654,740	600,106	590,722	593,542	631,973								
Other Instruction	962,885	1,089,638	1,019,174	958,176	1,209,783	1,140,986	1,215,187	1,341,752	1,266,809	1,360,592								
School Sponsored Activities and Athletics	1,354,983	1,501,331	1,231,551	1,220,598	1,311,222	1,278,933	1,430,623	1,535,470	1,621,365	1,686,985								
Support Services:																		
Student and Instruction Related Services	7,651,206	7,070,492	7,259,672	7,960,582	8,220,607	8,666,001	8,780,042	9,224,273	9,390,598	9,415,559								
General Administration	1,746,013	1,612,823	1,867,390	1,396,685	1,190,212	1,041,049	1,229,571	1,010,506	1,090,756	1,074,753								
School Administration	3,548,513	3,689,329	4,149,223	3,976,702	3,764,603	3,911,335	4,158,822	4,193,626	4,208,259	4,250,464								
Plant Operations and Maintenance	7,089,301	7,125,476	6,755,201	6,871,107	6,408,965	7,191,146	6,985,188	7,212,942	7,634,816	7,249,392								
Student Transportation	4,588,496	4,596,486	4,478,553	4,180,808	4,871,035	4,788,364	4,616,572	4,647,740	4,914,773	5,008,659								
Business/Central and Other Support Services	1,823,712	1,717,505	1,700,434	2,091,182	1,498,608	1,619,340	1,619,747	1,520,373	1,351,770	1,597,477								
Charter Schools		22,291	24,208	35,105	-	-	-	-	-	-								
Capital Outlay	974,519	268,419	146,712	1,776,062	1,299,310	913,464	2,894,328	310,619	2,531,137	1,700,822								
Debt Service:																		
Principal	2,078,532	2,148,256	2,231,750	2,314,307	2,425,617	2,289,989	2,391,273	2,730,213	2,494,964	2,578,656								
Interest and Other Charges	1,633,354	1,582,727	1,488,300	1,395,139	1,241,559	1,083,524	1,008,707	692,791	825,682	753,983								
Bond Issuance Costs										188,580								
Payments to Escrow Agent										387,316								
Total Expenditures	67,464,508	67,758,845	65,555,979	69,485,194	72,040,084	73,054,100	77,511,290	76,312,121	80,954,736	81,542,539								
Excess (Deficiency) of Revenues																		
Over (Under) Expenditures	(2,196,553)	1,447,216	1,499,604	1,751,267	1,018,173	(381,075)	(2,090,445)	1,048,784	66,785	2,408,972								

WALL TOWNSHIP 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
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)	\$ 487,752	\$ 159,196				\$ 440,628	\$ 205,364	\$ 337,000		\$ 300,000
Proceeds From Refunding					\$ 3,790,000	-	17,515,000			
Payments To Escrow Agent					(3,704,682)	-	(19,335,000)			
Original Issue Premiums							2,395,896			
Transfers In	1,633	31,876		\$ 834,347	-	592,789	826,800	1,434,780		
Transfers Out	(1,633)	(31,876)		(834,347)	-	(592,789)	(826,800)	(1,434,780)		
Total Other Financing Sources (Uses)	<u>487,752</u>	<u>159,196</u>	<u>-</u>	<u>-</u>	<u>85,318</u>	<u>440,628</u>	<u>781,260</u>	<u>337,000</u>	<u>-</u>	<u>300,000</u>
Net Change in Fund Balances	<u>\$ (1,708,801)</u>	<u>\$ 1,606,412</u>	<u>\$ 1,499,604</u>	<u>\$ 1,751,267</u>	<u>\$ 1,103,491</u>	<u>\$ 59,553</u>	<u>\$ (1,309,185)</u>	<u>\$ 1,385,784</u>	<u>\$ 66,785</u>	<u>\$ 2,708,972</u>
Debt Service as a Percentage of										
Noncapital Expenditures	5.58%	5.53%	5.69%	5.48%	5.18%	4.68%	4.56%	4.50%	4.23%	4.17%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District's financial statements

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

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Reimbursements</u>	<u>Interest on Investments</u>	<u>Demand Response</u>	<u>Prior Year Payables Cancelled</u>	<u>Transportation</u>	<u>Rentals</u>	<u>Insurance Proceeds</u>	<u>Grant Proceeds for Prior Year Capital Projects</u>	<u>Miscellaneous</u>	<u>E-Rate</u>	<u>Total</u>
2009	\$ 41,026		\$ 25,020				\$ 12,245			\$ 37,578		\$ 115,869
2010	95,669		10,293			\$ 400	12,190			127,943		246,495
2011	133,908		12,160				19,695	\$462,141		71,500		699,404
2012	113,705		461				12,153	69,634		160,924		356,877
2013	247,878		845				16,005		\$ 153,536	54,007		472,271
2014	348,355						20,300			163,987		532,642
2015	411,303						25,552			75,880		512,735
2016	411,075	\$ 77,647					44,570	174,767		61,004	\$49,790	818,853
2017	534,055		7,995	\$ 23,246	\$ 74,708		111,727		114,212	52,855		918,798
2018	620,035		41,107	16,164	759,106		109,346			185,534		1,731,292

Source: District's financial statements

WALL TOWNSHIP BOARD OF EDUCATION
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN YEARS
 (Unaudited)

Calendar Year	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	\$ 89,393,400	\$ 2,938,583,000	\$ 32,679,300	\$ 956,400	\$ 662,787,500	\$ 135,949,000	\$ 23,177,800	\$ 3,883,526,400	\$ 5,583,269	\$ 3,889,109,669	\$ 6,677,126,189	\$ 1.428
2010	85,801,600	2,876,681,100	32,461,900		649,955,000	136,093,000	23,177,800	3,804,170,400	5,846,022	3,810,016,422	6,247,611,102	1.506
2011	80,704,900	2,866,808,600	30,777,100		627,511,000	134,160,200	22,877,800	3,762,839,600	6,012,493	3,768,852,093	6,199,670,684	1.564
2012	71,263,300	2,845,399,400	32,001,000		618,225,600	144,209,000	22,877,000	3,733,975,300	5,942,434	3,739,919,334	6,107,506,199	1.610
2013	68,210,500	2,830,109,100	30,958,400	854,600	611,628,500	141,333,200	22,142,800	3,705,237,100	5,864,768	3,711,101,868	5,684,897,675	1.641
2014	67,764,300	2,819,263,000	31,125,700	859,900	609,691,300	141,331,000	21,839,600	3,691,874,800	5,325,309	3,697,200,108	5,614,372,406	1.666
2015	65,185,400	2,817,681,600	32,138,900	806,500	607,903,100	139,006,100	24,981,100	3,687,702,700	5,150,110	3,692,852,810	5,602,708,447	1.700
2016	85,540,500	4,505,855,990	46,534,000	765,200	1,014,262,500	240,969,300	46,891,700	5,940,819,190	7,953,969	5,948,773,159	5,924,070,513	1.080
2017	86,395,800	4,498,740,990	44,629,300	764,900	1,014,418,800	240,639,200	46,891,700	5,932,480,690	8,063,235	5,940,543,925	6,128,451,633	1.107
2018	87,939,400	4,505,584,900	41,343,000	760,300	1,056,984,200	256,938,000	46,891,700	5,996,441,500	7,824,535	6,004,266,035	6,156,959,538	1.123

Source: County Abstract of Ratables

^a Tax rates are per \$100

N/A - Not Available

**WALL TOWNSHIP BOARD OF EDUCATION
 DIRECT AND OVERLAPPING PROPERTY TAX RATES
 LAST TEN YEARS
 (Unaudited)
 (rate per \$100 of assessed value)**

Calendar Year	Total	School District	Municipal	County	Other
2009	\$ 2.522	\$ 1.428	\$ 0.584	\$ 0.450	\$ 0.060
2010	2.664	1.506	0.632	0.466	0.060
2011	2.752	1.564	0.655	0.455	0.078
2012	2.819	1.610	0.672	0.470	0.067
2013	2.793	1.641	0.691	0.411	0.050
2014	2.825	1.666	0.708	0.403	0.048
2015	2.888	1.700	0.722	0.416	0.050
2016	1.813	1.080	0.448	0.253	0.032
2017	1.847	1.107	0.453	0.254	0.033
2018	1.884	1.123	0.459	0.256	0.046

Source: Township Finance Office

Note- The Township had a revaluation that took effect in 2016

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

Taxpayer	2018		Taxpayer	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Mack Cali Corp. Mack Cali Realty Corp.	\$ 43,300,200	0.722%	Wall Herald Corporation	\$ 37,123,500	0.956%
Horizon Blue Cross Blue Shield	39,962,900	0.666%	Commercial Realty & Resources Corp.	29,540,200	0.761%
State St Bank C/o NJNG John Leshak	36,142,900	0.603%	Horizon Blue Cross Blue Shield	19,621,700	0.505%
Wall Herald	33,880,200	0.565%	Levicom Wall Plaza	18,304,400	0.471%
Androse Assoc. of Allaire, LLC	26,069,800	0.435%	State St Bank C/O NJNG	17,600,000	0.453%
Sea Girt LP C/o Sher Partners	25,258,900	0.421%	What's Your Racquet, Inc.	15,923,400	0.410%
What's Your Racquet, Inc.	25,199,000	0.420%	Oakshire Group	14,976,600	0.386%
Levicom Wall Plaza Assoc.	19,750,000	0.329%	TKG Management	14,650,700	0.377%
1330 Campus Parkway, LLC	16,655,700	0.278%	Individual	13,923,300	0.359%
Spring Lake Gardens, Inc.	15,243,700	0.254%	Jersey NI Industrial, LLC	13,900,000	0.358%
	<u>\$ 281,463,300</u>	<u>4.694%</u>		<u>\$ 195,563,800</u>	<u>5.036%</u>

Source: Municipal Tax Assessor

**WALL TOWNSHIP 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	\$ 54,514,038	\$ 54,514,038	100.00%	
2010	56,580,636	56,580,636	100.00%	
2011	58,169,972	55,822,475	95.96%	\$ 2,347,497
2012	59,619,820	59,619,820	100.00%	
2013	60,773,638	58,909,170	96.93%	1,864,468
2014	61,029,474	61,029,474	100.00%	
2015	62,157,010	62,157,010	100.00%	
2016	63,416,527	63,416,527	100.00%	
2017	65,116,918	65,116,918	100.00%	
2018	66,377,929	66,377,929	100.00%	

Source: District financial records

**WALL TOWNSHIP 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/Lease Purchase Agreements</u>			
2009	\$ 36,125,000	\$ 1,593,982	\$ 37,718,982	26,142	\$ 1,443
2010	34,410,000	1,319,922	35,729,922	26,167	1,365
2011	32,610,000	888,172	33,498,172	26,111	1,283
2012	30,715,000	468,865	31,183,865	26,081	1,196
2013	28,825,000	33,248	28,858,248	26,070	1,107
2014	26,660,000	348,887	27,008,887	26,006	1,039
2015	22,575,000	427,978	23,002,978	26,014	884
2016	19,985,000	624,765	20,609,765	26,038	792
2017	17,740,000	374,801	18,114,801	25,981	697
2018	15,420,000	416,145	15,836,145	25,981 Est.	610

Source: District records

WALL TOWNSHIP 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	\$ 36,125,000		\$ 36,125,000	0.54%	\$ 1,382
2010	34,410,000		34,410,000	0.55%	1,315
2011	32,610,000		32,610,000	0.53%	1,249
2012	30,715,000		30,715,000	0.50%	1,178
2013	28,825,000		28,825,000	0.51%	1,106
2014	26,660,000		26,660,000	0.47%	1,025
2015	22,575,000		22,575,000	0.40%	868
2016	19,985,000		19,985,000	0.34%	768
2017	17,740,000		17,740,000	0.29%	683
2018	15,420,000		15,420,000	0.25%	594

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

WALL TOWNSHIP BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
(Unaudited)

	<u>Net Debt</u>
Municipal Debt: (1)	
Wall Township Board of Education (as of June 30, 2018)	\$ 15,420,000
Township of Wall	<u>33,390,628</u>
	<u>48,810,628</u>
Overlapping Debt Apportioned to the Municipality:	
Monmouth County:	
County of Monmouth(A)	<u>24,610,645</u>
	<u>24,610,645</u>
Total Direct and Overlapping Debt	<u>\$ 73,421,273</u>

Source:

(1) Township's 2017 Annual Debt Statement

(A) The debt for this entity was apportioned to the Township by dividing the municipality's 2017 equalized value by the total 2017 equalized value for Monmouth County.

WALL TOWNSHIP BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized Valuation Basis

2017	\$ 6,120,388,399
2016	5,916,116,544
2015	5,708,641,355
	<u>\$ 17,745,146,298</u>

Average Equalized Valuation Of Taxable Property

\$ 5,915,048,766

Debt Limit (4 % of Average Equalization Value)

236,601,951

Total Net Debt Applicable to Limit

15,420,000

Legal Debt Margin

\$ 221,181,951

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 259,449,192	\$ 267,480,885	\$ 260,484,556	\$ 254,181,622	\$ -	\$ 230,438,397	\$ 223,407,044	\$ 223,373,044	\$ 229,784,067	\$ 236,601,951
Total Net Debt Applicable To Limit	<u>31,450,000</u>	<u>29,965,000</u>	<u>28,405,000</u>	<u>26,760,000</u>	<u>25,035,000</u>	<u>23,230,000</u>	<u>19,510,000</u>	<u>19,985,000</u>	<u>17,740,000</u>	<u>15,420,000</u>
Legal Debt Margin	<u>\$ 227,999,192</u>	<u>\$ 237,515,885</u>	<u>\$ 232,079,556</u>	<u>\$ 227,421,622</u>	<u>\$ (25,035,000)</u>	<u>\$ 207,208,397</u>	<u>\$ 203,897,044</u>	<u>\$ 203,388,044</u>	<u>\$ 212,044,067</u>	<u>\$ 221,181,951</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	12.12%	11.20%	10.90%	10.53%	#DIV/0!	10.08%	8.73%	8.95%	7.72%	6.52%

Source: Annual Debt Statements

**WALL TOWNSHIP BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	26,142	\$ 57,666	8.00%
2010	26,167	57,740	8.00%
2011	26,111	60,789	8.10%
2012	26,081	63,025	8.00%
2013	26,070	63,707	8.40%
2014	26,006	66,682	7.00%
2015	26,014	69,839	5.37%
2016	26,038	71,237	4.90%
2017	25,981	71,237 (E)	4.30%
2018	25,981 (E)	71,237 (E)	3.90%

Source: New Jersey State Department of Education

(E) - Estimated

WALL TOWNSHIP BOARD OF EDUCATION
 PRINCIPAL EMPLOYERS,
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
Wall Township Board of Education				
NJ Natural Gas Co.		NOT AVAILABLE		NOT AVAILABLE
Horizon/Blue Shield				
Wedgewood				
Air Cruisers				
Cablevision of Monmouth				
Township of Wall				
Adam Spence Company				
		<u>0.00%</u>		<u>0.00%</u>

N/A - Not Available

Source: Township of Wall

WALL TOWNSHIP 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	453	453	394	258	256.5	260.0	275.0	274.1	270.5	267.5
Special Education			1	73	90.0	145.5	161.0	156.3	160.8	167.9
Other Special Education				52	53.0					
Other Instruction				158	158.0	157.0	155.0	164.0	194.0	199.0
Support Services:										
Student and Instruction Related Services	128	75	76	87	90.0	91.5	104.5	98.8	121.6	110.0
General Administration	7	7	6	4	4.0	4.0	6.0	6.0	6.0	6.0
School Administrative Services	11	11	10	31	31.0	30.0	30.0	30.0	31.0	31.6
Other Administrative Services	19	19	9							
Central Services	9	9	9	9	8.0	8.0	7.0	7.0	7.0	7.0
Administrative Information Technology	6	6	5	5	6.0	5.0	6.0	6.0	6.0	6.0
Plant Operations And Maintenance	60	113	87	87	86.5	88.0	99.0	103.9	98.6	100.3
Pupil Transportation	78	78	87	66	66.9	66.0	67.6	66.1	63.5	62.8
Total	<u>771</u>	<u>771</u>	<u>684</u>	<u>829</u>	<u>850</u>	<u>855.0</u>	<u>911.1</u>	<u>912.2</u>	<u>959.0</u>	<u>958.1</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2009	4,313.0	\$ 62,778,103	\$ 14,556	-1.83%	362.00	1:10.4	1:11.5	1:11.6	4,297.9	4,111.3	0.31%	95.66%
2010	4,265.5	63,761,976	14,948	2.70%	379.00	1:11.8	1:12	1:12.2	4,243.4	4,066.2	-1.27%	95.82%
2011	4,112.0	61,689,217	15,002	0.36%	365.00	1:11.2	1:11.4	1:11.8	4,066.5	3,872.5	-4.17%	95.23%
2012	3,956.0	67,324,895	17,018	13.44%	382.00	1:11.2	1:12.5	1:12.6	3,936.9	3,767.1	-3.19%	95.69%
2013	3,820.5	67,310,213	17,618	3.52%	384.59	1:09.3	1:09.6	1:11.1	3,849.0	3,676.0	-2.23%	95.51%
2014	3,715.5	68,767,123	18,508	5.05%	402.29	1:08.4	1:09.3	1:09.3	3,629.0	3,508.0	-5.72%	96.67%
2015	3,648.5	70,641,086	19,362	4.61%	400.00	1:08.9	1:09.0	1:08.8	3,572.0	3,454.0	-1.57%	96.70%
2016	3,606.0	72,578,498	20,127	3.95%	400.00	1:08.9	1:08.8	1:09.3	3,588.1	3,475.0	0.45%	96.85%
2017	3,460.0	75,102,953	21,706	7.84%	418.00	1:08.7	1:08.1	1:08.0	3,454.2	3,435.7	-3.73%	99.46%
2018	3,410.0	76,509,078	22,437	3.37%	419.00	1:08.4	1:07.7	1:08.0	3,398.5	3,326.2	-1.61%	97.87%

Sources: District records

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

WALL TOWNSHIP 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>										
Allenwood										
Square Feet	49,920	49,920	49,920	49,920	49,920	49,920	49,920	49,920	49,920	49,920
Capacity (students)	521	521	521	521	521	521	521	521	521	521
Enrollment	466	436	409	401	387	359	348	348	380	391
Central										
Square Feet	56,110	56,110	56,110	56,110	56,110	56,110	56,110	56,110	56,110	56,110
Capacity (students)	596	596	596	596	596	596	596	596	596	596
Enrollment	618	608	558	533	495	506	507	504	522	526
Old Mill										
Square Feet	56,440	56,440	56,440	56,440	56,440	56,440	56,440	56,440	56,440	56,440
Capacity (students)	560	560	560	560	560	560	560	560	560	560
Enrollment	507	490	485	456	434	434	420	402	404	381
West Belmar										
Square Feet	39,360	39,360	39,360	39,360	39,360	39,360	39,360	39,360	39,360	39,360
Capacity (students)	276	276	276	276	276	276	276	276	276	276
Enrollment	231	216	214	232	221	212	199	203	186	181
<u>Middle School</u>										
Intermediate										
Square Feet	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000	126,000
Capacity (students)	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009
Enrollment	1,005	1,055	1,045	1,038	990	940	921	887	811	787
<u>High School</u>										
Square Feet	186,340	186,340	186,340	186,340	186,340	186,340	186,340	186,340	186,340	186,340
Capacity (students)	1,394	1,394	1,394	1,394	1,394	1,394	1,394	1,394	1,394	1,394
Enrollment	1,389	1,371	1,318	1,224	1,220	1,197	1,184	1,190	1,100	1,094
<u>Primary</u>										
Square Feet	5,970	5,970	5,970	5,970	5,970	5,970	5,970	5,970	5,970	5,970
Capacity (students)	60	60	60	60	60	60	60	60	60	60
Enrollment	70	70	47	48	50	36	50	55	57	50

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Other</u>										
Superintendent's Building										
Square Feet - 2,880										
Business Office										
Square Feet - 5,760										
Technology Building										
Square Feet - 1,069										
Tech. Storage Barn										
Square Feet - 1,296										
Maintenance Building										
Square Feet - 4,756										
Red Storage Barn										
Square Feet - 960										
Special Service Bldg. 1										
Square Feet - 2,000										
Special Service Bldg. 2										
Square Feet - 1,104										
District Storage Bldg.										
Square Feet - 5,000										
Garage Apt.										
Square Feet - 2,030										
18th Ave. Field										
Square feet - 1,800										
Number of Schools at June 30, 2018										
Elementary = 4										
Middle School = 1										
Senior High School = 1										
Other = 1										

Source: District Records

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

	<u>Project # (s)</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>
School Facilities											
Wall High School	050	\$ 161,647	\$ 118,926	\$ 174,714	\$ 665,666	\$ 222,767	\$ 147,150	\$ 77,780	\$ 102,842	\$ 136,799	\$ 87,265
Allenwood School	060	57,719	52,364	38,650	42,581	16,597	60,219	35,542	35,969	29,623	39,077
Central Elementary	070	84,721	29,529	45,986	62,692	27,239	59,643	48,246	49,712	51,100	54,929
Wall Intermediate	075	150,904	125,729	71,190	114,269	28,520	82,433	89,364	45,122	108,071	196,273
Old Mill	077	39,811	38,841	54,720	39,695	25,210	54,979	47,601	39,956	187,116	38,219
Primary	078	20,717	8,981	22,545	20,040	1,374	28,113	28,745	16,272	6,157	2,166
West Belmar	080	34,029	33,555	34,623	31,764	20,897	59,345	31,011	31,551	31,747	11,395
Total School Facilities		<u>\$ 549,548</u>	<u>\$ 407,925</u>	<u>\$ 442,428</u>	<u>\$ 976,707</u>	<u>\$ 342,604</u>	<u>\$ 491,882</u>	<u>\$ 358,289</u>	<u>\$ 321,424</u>	<u>\$ 550,613</u>	<u>\$ 429,324</u>

Source: District Records

**WALL TOWNSHIP BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2018
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
School Excess Liability Joint Insurance Fund		
Property Blanket Bldg. & Contents	\$ 109,837,638	\$ 5,000
Program Blanket Limit	500,000,000	100,000
Comprehensive General Liability	5,000,000	None
Comprehensive Crime Coverage	500,000	1,000
Money & Securities	2,500,000	1,000
Workers Compensation	5,000,000	N/L
Computers & Schedule Equipment		
School Excess Liability Joint Insurance Fund		
Data Processing Equipment	Within Policy Blanket Limit	5,000
Valuable Papers	Within Policy Blanket Limit	5,000
Miscellaneous Equipment	Within Policy Blanket Limit	5,000
Business Income	100,000,000 Blanket Limit	5,000
Extra Expense	50,000,000	5,000
Boiler & Machinery - School Excess Joint Insurance Fund		
Property Damage	\$ 100,000,000 Blanket Limit	5,000
Umbrella Excess Liability		
School Excess - Umbrella Policy	5,000,000	None
Liability Fund - Fireman's Fund	50,000,000	None
School Board Legal Liability - Ace USA		
Directors & Officers Policy	5,000,000	10,000
Public Official Bond - Pablo D. Canela		
	350,000	None
Public Official Bond - Brian J. Smyth		
	350,000	None
Automobile & Trucks		
School Excess Liability Joint Insurance Fund	5,000,000	Comp./Coll. 1,000/1,000

Source: District records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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
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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 Education
Wall Township Board of Education
Wall Township, 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 Wall Township 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 Wall Township Board of Education's basic financial statements and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Wall Township 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 Wall Township Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wall Township 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 Wall Township 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.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Wall Township Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 18, 2019.

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 Wall Township 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 Wall Township 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



Donna L. Japhet
Public School Accountant
PSA Number CS002314

Fair Lawn, New Jersey
January 18, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND 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 Education
Wall Township Board of Education
Wall Township, New Jersey

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Wall Township Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the Wall Township Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal and state program is not modified with respect to this matter.

The Wall Township Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Wall Township Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Wall Township 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 Wall Township Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wall Township Board of Education's internal control over compliance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and 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 Wall Township 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 18, 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 as required by the U.S. Uniform Guidance 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

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

DLJ

Donna L. Japhet
Public School Accountant
PSA Number CS002314

Fair Lawn, New Jersey
January 18, 2019

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017	Cash Received	Adjustment- Carryover Receivable	Adjustment- Carryover Deferred Revenue	Budgetary Expenditures	Adjustments	Balance, June 30, 2018			Memo GAAP Receivable
												(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education															
<u>Special Revenue Fund:</u>															
NCLB Title I	84.010A	S010A160030	NCLB5420-17	7/1/16-6/30/17	\$ 309,511	\$ (61,750)	\$ 61,750	\$ 46,426	\$ (46,426)		\$ 199			\$ 199	
ESEA Title I	84.010A	S010A170030	ESEA5420-18	7/1/17-6/30/18	314,499		158,872	(46,426)	46,426	\$ 279,745		\$ (202,053)	\$ 81,180		\$ (120,873)
NCLB Title IIA	84.367	S367A160029	NCLB5420-17	7/1/16-6/30/17	35,068	(6,368)	6,368	9,128	(9,128)						-
ESEA Title IIA	84.367	S367A170029	ESEA5420-18	7/1/17-6/30/18	80,446		75,446	(9,128)	9,128	78,125		(14,128)	11,449		(2,679)
NCLB Title III	84.365	S365A150030	NCLB5420-16	7/1/15-6/30/16	15,775	198								198	
ESEA Title III	84.365	S365A170030	ESEA5420-18	7/1/17-6/30/18	11,595		17,575	(15,276)	15,276	20,347		(9,296)	6,524		(2,772)
NCLB Title III	84.365	S365A160030	NCLB5420-17	7/1/16-6/30/17	17,043	(8,393)	8,019	15,276	(15,276)		374				-
ESEA Title III - Immigrant	84.365	S365A170030	ESEA5420-18	7/1/17-6/30/18	1,351					814		(1,351)	537		(814)
ESEA Title IV	84.424	S424A170031	ESEA5420-18	7/1/17-6/30/18	10,000		2,951			7,523		(7,049)	2,477		(4,572)
Temporary Emergency Impact Aid	84.398C	S938C18005	N/A	7/1/17-6/30/18	13,875					13,875		(13,875)			(13,875)
IDEA Part B Basic	84.027	H027A160100	IDEA542016	7/1/16-6/30/17	856,509	(167,696)	167,696	73,611	(73,611)						-
IDEA Part B Basic	84.027	H027A150100	IDEA542015	7/1/14-6/30/15	874,910	10,361								10,361	-
IDEA Part B Basic	84.027	H027A170100	IDEA542017	7/1/17-6/30/18	836,888		772,120	(73,611)	73,611	865,958		(138,379)	44,541		(93,838)
IDEA Part B, Preschool	84.173	H173A160114	IDEA542016	7/1/16-6/30/17	49,967			19,921	(19,921)						-
IDEA Part B, Preschool	84.173	H173A170114	IDEA542017	7/1/17-6/30/18	49,656		20,405	(19,921)	19,921	32,930		(49,172)	36,647		(12,525)
Special Education IDEA Cluster						(157,335)	960,221			898,888		(187,551)	81,188	10,361	(106,363)
Total Special Revenue Fund						(233,648)	1,291,202			1,299,317	573	(435,303)	183,355	10,758	(251,948)
U.S. Department of Agriculture															
Passed-through State Department of Education															
<u>Enterprise Fund:</u>															
Food Distribution Program (Non-Cash Assistance)	10.555	181NJ304N109	N/A	7/1/17-6/30/18	47,393		47,393			45,776			1,617		-
National School Lunch Program (Cash Assistance)	10.555	171NJ304N109	N/A	7/1/16-6/30/17	212,783	(9,773)	9,773								-
National School Lunch Program (Cash Assistance)	10.555	181NJ304N109	N/A	7/1/17-6/30/18	198,036		189,693			198,036		(8,343)			(8,343)
School Breakfast Program	10.553	171NJ304N109	N/A	7/1/16-6/30/17	14,425	(727)	727								-
School Breakfast Program	10.553	181NJ304N109	N/A	7/1/17-6/30/18	10,980		10,285			10,980		(695)			(695)
Total National School Lunch Program Cluster						(10,500)	237,871			254,792		(9,038)	1,617		(9,038)
U.S. Department of Health and Human Services															
Passed-through State Department of Education															
<u>General Fund</u>															
Medical Assistance Program (SEMI)	93.778	1805NJ5MAP	N/A	7/1/17-6/30/18	47,708		47,708			47,708					-
Total Medical Assistance Program (SEMI) Cluster							47,708			47,708					-
Total General Fund							47,708			47,708					-
Total Federal Financial Awards						\$ (244,148)	\$ 1,596,781	\$ -	\$ -	\$ 1,601,817	\$ 573	\$ (444,341)	\$ 184,972	\$ 10,758	\$ (260,986)

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The Notes to the Schedules of Federal Awards and State Financial Assistance are an Integral Part of the Statement

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

Federal/Grantor/Pass-Through Grantor/ State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017	Cash Received	Budgetary Expenditures	Returned to Grantor	Adjustment Prior Year Orders	Balance, June 30, 2018			MEMO		
									(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures	
State Department of Education														
General Fund														
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	\$ 769,076		\$ 694,821	\$ 769,076				\$ (74,255)			\$ 769,076	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	769,076		(72,363)	72,363							-	
Nonpublic Transportation Aid	02103190	7/1/17-6/30/18	39,076			39,076							39,076	
Nonpublic Transportation Aid	02103190	7/1/16-6/30/17	30,143		(30,143)	30,143							-	
Total Transportation Aid Cluster				(102,506)	797,327	808,152				(113,331)			(39,076)	808,152
Special Education Categorical Aid	18-495-034-5120-014	7/1/17-6/30/18	2,484,152		2,244,203	2,484,152				(239,849)			2,484,152	
Special Education Categorical Aid	17-495-034-5120-014	7/1/16-6/30/17	2,384,498		(224,360)	224,360							-	
Security Aid	18-495-034-5120-089	7/1/17-6/30/18	341,937		308,923	341,937				(33,014)			341,937	
Security Aid	17-495-034-5120-089	7/1/16-6/30/17	341,937		(32,173)	32,173							-	
Adjustment Aid	18-495-034-5150-085	7/1/17-6/30/18	15,712		14,195	15,712				(1,517)			15,712	
Adjustment Aid	17-495-034-5150-085	7/1/16-6/30/17	15,712		(1,478)	1,478							-	
Professional Learning Community Aid	18-495-034-5150-101	7/1/17-6/30/18	35,100		31,711	35,100				(3,389)			35,100	
Professional Learning Community Aid	17-495-034-5150-101	7/1/16-6/30/17	35,100		(3,303)	3,303							-	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	35,095		31,707	35,095				(3,388)			35,095	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	35,095		(3,302)	3,302							-	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	35,095		31,707	35,095				(3,388)			35,095	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	35,095		(3,302)	3,302							-	
State Aid - Public - Cluster				(267,918)	2,930,464	2,947,091				(284,545)			-	2,947,091
Extraordinary Aid	18-100-034-5120-473	7/1/17-6/30/18	303,185			303,185				(303,185)			303,185	
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	284,746		(284,746)	284,746							-	
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	1,870			1,870							1,870	
On Behalf TPAF Pension System Contribution	18-495-034-5094-006	7/1/17-6/30/18	4,296,345		4,296,345	4,296,345							4,296,345	
On Behalf TPAF Pension System Contribution Non-Contributory Ins.	18-495-034-5094-007	7/1/17-6/30/18	104,262		104,262	104,262							104,262	
On Behalf TPAF Pension System Contribution Long Term Group Disability	18-495-034-5094-007	7/1/17-6/30/18	8,687		8,687	8,687							8,687	
On Behalf TPAF Pension System Contribution Port Retirement Medical	18-100-034-5094-001	7/1/17-6/30/18	2,842,258		2,842,258	2,842,258							2,842,258	
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	2,270,032		2,160,417	2,270,032				(109,615)			2,270,032	
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	2,097,128		(194,384)	104,384							-	
Total General Fund				(759,554)	13,530,760	13,581,882				(810,676)			(148,691)	13,531,882
Special Revenue Fund														
New Jersey Nonpublic Aid														
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	11,160	1,598			\$ 1,598				\$ -		-	
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	11,252		11,252	8,645					2,607		8,645	
Technology	17-100-034-5120-373	7/1/16-6/30/17	3,536	28			28						-	
Technology	18-100-034-5120-373	7/1/17-6/30/18	4,403		4,403	4,358					45		4,358	
Textbooks	18-100-034-5120-064	7/1/17-6/30/18	6,518		6,518	5,423					1,095		5,423	
Textbooks	15-100-034-5120-064	7/1/14-6/30/15	12,334	110			110						-	
Textbooks	17-100-034-5120-064	7/1/16-6/30/17	7,840	699			699						-	
Security	17-100-034-5120-509	7/1/16-6/30/17	6,800	1,325			1,325						-	
Security	18-100-034-5120-509	7/1/17-6/30/18	8,925		8,925	8,357					568		8,357	
Auxiliary Services (Chap. 192)														
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	7,166	896			896						-	
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	7,972		7,972	7,972							7,972	
Transportation	18-100-034-5120-068	7/1/17-6/30/18	6,230		6,230	6,230							6,230	
Auxiliary Services - Cluster				896	14,202	14,202	896						-	14,202
Handicapped Services (Chap. 193)														
Examination and Classification Corrective Speech)	18-100-034-5120-066	7/1/17-6/30/18	6,916		6,916	6,916							6,916	
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	15,178		15,178	7,143				8,035			7,143	
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	4,758		4,758	4,758							4,758	
Handicapped Services - Cluster					26,852	18,817					8,035		-	18,817
Total Special Revenue Fund				4,656	72,152	59,802	4,656				12,350		-	59,802
Capital Projects Fund														
Front Entrance Modification- Primary	5420-078-14-1030-G04	7/1/13-6/30/15	6,000	(5,666)						(5,666)			(5,666)	5,666
Front Entrance Modification- West Belmar	5420-080-14-1038-G04	7/1/13-6/30/15	15,000	(14,012)						(14,834)			(14,834)	14,012
Front Entrance Modification- Old Mill	5420-077-14-1029-G04	7/1/13-6/30/15	30,000	(30,700)						(66,868)			(66,868)	30,700
Front Entrance Modification- Central	5420-076-14-1020-G04	7/1/13-6/30/15	30,000	(19,064)						(27,135)			(27,135)	19,064
Front Entrance Modification- Allenwood	5420-060-14-1014-G04	7/1/13-6/30/14	41,500	(30,622)						(36,094)			(36,094)	30,622
Front Entrance Modification- Wall Intermediate	5420-075-14-1021-G04	7/1/13-6/30/15	37,600	(25,220)						(33,345)			(33,345)	25,220
Front Entrance Modification- High School	5420-050-14-1009-G04	7/1/13-6/30/15	30,000	(27,640)						(29,935)			(29,935)	27,640
HVAC- West Belmar	5420-080-14-1006-G04	7/1/13-6/30/15	93,600	(56,642)						(57,842)			(57,842)	56,642
Emergency Generators-Primary	5420-078-14-1004-G04	7/1/13-6/30/15	81,920	(25,400)						(26,400)			(26,400)	25,400
Emergency Generators- West Belmar	5420-080-14-1005-G04	7/1/13-6/30/15	81,920	(32,953)						(35,153)			(35,153)	32,953
Emergency Generators- Central	5420-077-14-1003-G04	7/1/13-6/30/15	81,920	(34,153)						(35,153)			(35,153)	34,153
Emergency Generators- Old Mill	5420-070-14-1002-G04	7/1/13-6/30/15	81,920	(27,600)						(27,600)			(27,600)	27,600
Emergency Generators- Allenwood	5420-060-14-1001-G04	7/1/13-6/30/14	81,920	(34,154)						(39,153)			(39,153)	34,154

The Notes to the Schedules of Federal Awards and State Financial Assistance are an Integral Part of the Statement

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

Federal/Grantor/Pass-Through Grantor/ State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017	Cash Received	Budgetary Expenditures	Returned to Grantor	Adjustment Prior Year Orders	Balance, June 30, 2018			GAAP Accounts Receivable	Cumulative Total Expenditures
									(Accounts Receivable)	Unearned Revenue	Due to Grantor		
Security Upgrades- Primary	5420-078-14-1031-G04	7/1/14-6/30/15	\$ 34,000	\$ (12,345)					\$ (13,600)	\$ 1,255	\$ (13,600)	\$ 12,345	
Security Upgrades- Allenwood	5420-060-14-1015-G04	7/1/14-6/30/15	78,000	(30,550)					(31,200)	650	(31,200)	30,550	
Security Upgrades- Central	5420-070-14-1016-G04	7/1/14-6/30/15	88,000	(34,323)					(35,200)	877	(35,200)	34,323	
Security Upgrades- Old Mill	5420-077-14-1026-G04	7/1/14-6/30/15	71,000	(27,490)					(28,400)	910	(28,400)	27,490	
Security Upgrades- West Belmar	5420-080-14-1035-G04	7/1/14-6/30/15	87,000	(34,011)					(34,800)	789	(34,800)	34,011	
Security Upgrades-Wall Intermediate	5420-075-14-1025-G04	7/1/14-6/30/15	126,000	(49,919)					(50,400)	481	(50,400)	49,919	
Security Upgrades- High School	5420-050-14-1007-G04	7/1/14-6/30/15	160,000	(63,872)					(64,000)	128	(64,000)	63,872	
Roof Replacements-Primary	5420-078-14-1032-G04	7/1/14-6/30/15	200,000	(66,634)					(80,000)	13,366	(80,000)	66,634	
Roof Replacement-Allenwood	5420-060-14-1013-G04	7/1/14-6/30/15	75,000	(25,622)					(30,000)	4,378	(30,000)	25,622	
Roof Replacement-Central	5420-070-14-1018-G04	7/1/14-6/30/15	390,000	(82,317)					(156,000)	73,683	(156,000)	82,317	
Roof Replacement-West Belmar	5420-080-14-1039-G04	7/1/14-6/30/15	69,000	(24,710)					(27,600)	2,890	(27,600)	24,710	
Phone System- Primary	5420-078-14-1033-G04	7/1/15-6/30/16	2,520	(1,373)	\$ 1,096				(2,520)	51	(2,520)	2,469	
Phone System- Allenwood	5420-060-14-1011-G04	7/1/15-6/30/16	17,600	(9,592)	7,656				(17,600)	352	(17,600)	17,248	
Phone System- Central	5420-070-14-1017-G04	7/1/15-6/30/16	19,600	(10,682)	8,527				(19,600)	391	(19,600)	19,209	
Phone System- Old Mill	5420-077-14-1040-G04	7/1/15-6/30/16	19,800	(10,790)	8,614				(19,800)	396	(19,800)	19,404	
Phone System- West Belmar	5420-080-14-1034-G04	7/1/15-6/30/16	14,000	(7,630)	6,090				(14,000)	280	(14,000)	13,720	
Phone System-Wall Intermediate	5420-075-14-1024-G04	7/1/15-6/30/16	44,000	(23,979)	19,141				(44,000)	880	(44,000)	43,120	
Phone System- High School	5420-050-14-1010-G04	7/1/15-6/30/16	65,800	(35,860)	28,624				(65,800)	1,216	(65,800)	64,484	
Public Address System- Allenwood	5420-060-14-1012-G04	7/1/15-6/30/16	75,200	(69,131)	4,565				(75,200)	1,504	(75,200)	73,696	
Public Address System- Central	5420-070-14-1019-G04	7/1/15-6/30/16	84,000	(77,220)	5,100				(84,000)	1,680	(84,000)	82,320	
Public Address System- Old Mill	5420-077-14-1028-G04	7/1/15-6/30/16	84,000	(77,220)	5,100				(84,000)	1,680	(84,000)	82,320	
Public Address System- West Belmar	5420-080-14-1036-G04	7/1/15-6/30/16	60,000	(55,158)	3,642				(60,000)	1,200	(60,000)	58,800	
Public Address System-Wall Intermediate	5420-075-14-1023-G04	7/1/15-6/30/16	183,200	(173,930)	11,486				(189,200)	3,784	(189,200)	185,416	
Public Address System- High School	5420-050-14-1008-G04	7/1/15-6/30/16	280,800	(258,137)	17,047				(280,800)	5,616	(280,800)	275,184	
Total Capital Projects Fund				(1,616,321)		126,688			(1,902,898)	159,889	(1,902,898)	1,743,009	
Debt Service Fund													
Debt Service Aid State Support	18-495-034-5120-075	7/1/17-6/30/18	743,411	-	\$ 743,411	743,411	-	-	-	-	-	743,411	
Total Debt Service Fund					743,411	743,411						743,411	
State Department of Agriculture Enterprise Funds:													
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	8,757	-	8,380	8,757	-	-	(377)	-	(377)	8,757	
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	8,140	(392)	392	-	-	-	-	-	-	-	
Total Enterprise Fund				(392)	8,772	8,757			(377)		(377)	8,757	
Total State Financial Assistance				\$ (2,371,611)	\$ 14,355,095	\$ 14,520,540	\$ 4,656	\$ -	\$ (2,713,951)	\$ 159,889	\$ 12,350	\$ (2,051,966)	\$ 16,136,861
State Financial Assistance Not Subject to Single Audit Determination General Funds:													
On-Behalf TPAF Pension System Contribution					\$ (4,409,294)	\$ (4,409,294)						\$ (4,409,294)	
On-Behalf TPAF Post-Retirement Med. Contrib.					(2,842,258)	(2,842,258)						(2,842,258)	
Total State Financial Assistance				\$ (2,371,611)	\$ 7,103,543	\$ 7,268,988	\$ 4,656	\$ -	\$ (2,713,951)	\$ 159,889	\$ 12,350	\$ (2,051,966)	\$ 8,885,309

**WALL TOWNSHIP 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 Wall Township 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 \$36,958 for the general fund and a decrease of \$3,148 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 47,708	\$ 13,544,924	\$ 13,592,632
Special Revenue Fund	1,287,562	59,802	1,347,364
Capital Projects Fund		126,688	126,688
Debt Service Fund		743,411	743,411
Food Service Fund	<u>254,792</u>	<u>8,757</u>	<u>263,549</u>
Total Financial Assistance	<u>\$ 1,590,062</u>	<u>\$ 14,483,582</u>	<u>\$ 16,073,644</u>

**WALL TOWNSHIP 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

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$2,270,032 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 \$4,400,607, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,842,258 and TPAF Long-Term Disability Insurance in the amount of \$8,687 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.

**WALL TOWNSHIP 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: Unmodified

Internal control over financial reporting:

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

Noncompliance material to the basic financial statements noted? yes X no

Federal Awards Section

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of Uniform Guidance yes X none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	<u>S010A170030</u>	<u>Title I</u>
<u>10.555</u>	<u>181NJ304N109</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>181NJ304N109</u>	<u>School Breakfast Program</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

**WALL TOWNSHIP 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.

WALL TOWNSHIP 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

There are none.

**WALL TOWNSHIP 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 STATE AWARDS

Finding 2018-001:

Our audit of the District Report of Transported Resident Students (DRTRS) revealed that in certain instances, special transportation needs were not specified in students' Individualized Education Plan (IEP).

Information on the State Program:

Transportation Aid.

Criteria or specific requirement

N.J. Department of Education – Specific Grant Compliance for Transportation Aid

Condition:

See Finding 2018-001.

Questioned Costs:

Unknown.

Context:

In four (4) instances, transportation needs were not indicated as a special need in student's Individualized Educational Plan (IEP).

Effect

Possible reduction in State aid.

Cause:

Unknown.

Recommendation:

Internal controls be enhanced to ensure the District Report of Transported Resident Students is in agreement with supporting documentation.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and has indicated it will review and revise its procedures to ensure corrective action has been taken.

**WALL TOWNSHIP BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
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. OMB Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2017-001:

Our audit of the general ledger account balances revealed certain adjusting journal entries were required to reconcile the Board records to agree with subsidiary records and supporting documentation. We noted the following:

- Prior year accounts receivable related to the Special Revenue Fund in the amount of \$7,158 was posted to the General Fund in error.
- The State aid debit/credit memo in the amount of \$11,936 to adjust for the prior year balances in the Special Revenue fund due to the State was not posted.
- Prior year Federal receivable in the amount of \$80,000 and the payment of \$348,036 from the lease escrow proceeds in conjunction with the lease of buses were not properly accounted for in the general ledger.
- Prior year Federal receivable in the amount of \$35,278 was posted to the incorrect general ledger account.
- State aid debit/credit memos in the amount of \$133,304 were not properly posted to the general ledger.
- Prior year prepaid insurance proceeds in the amount of \$125,525 were not properly applied to the current year budget.

Current Status

Corrective action has been taken.

Finding 2017-002

Our audit noted that the District has not submitted reimbursement from the NJ School Development Authority for uncollected grant funds for certain capital projects which appear to be substantially complete.

Current Status

Corrective action has been taken.