

OAKLAND BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Oakland, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Oakland Board of Education

Oakland, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

Business Office

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INTRODUCTORY SECTION

THE OAKLAND PUBLIC SCHOOLS
ADMINISTRATIVE OFFICES
315 RAMAPO VALLEY ROAD
OAKLAND, NEW JERSEY 07436



OFFICE OF THE
BUSINESS ADMINISTRATOR
PHONE: (201) 337-6810 EXT 4013
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November 20, 2017

Honorable President and Members
of the Board of Education
Borough of Oakland School District
County of Bergen
Oakland, NJ 07436

RE: *Comprehensive Annual Financial Report – 2017*

Dear Board Members:

The comprehensive annual financial report of the Borough of Oakland School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Oakland Board of Education's MD&A can be found immediately following the report of the independent auditors.

(1) REPORTING ENTITY AND ITS SERVICES: The Oakland School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Oakland Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels kindergarten through eighth grade. These include regular, as well as special education for impaired and disabled students. The District completed the 2016/2017 fiscal year with an average daily enrollment of 1,428 students, representing a decrease of 71 students from the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2016/17	1,428	(4.74%)
2015/16	1,499	(3.79%)
2014/15	1,558	(0.03%)
2013/14	1,604	(0.02%)
2012/13	1,636	(4.16%)
2011/12	1,707	.89%
2010/11	1,692	(.41%)
2009/10	1,699	1.19%
2008/09	1,679	1.88%
2007/08	1,648	(4.41%)

(2) ECONOMIC CONDITION AND OUTLOOK:

Oakland, a Bergen County suburban residential community situated on an 8.6 square mile land area in northwestern New Jersey, has a population of approximately 13,046 based upon population estimates as of May 2014. Adult residents are employed in various professions and diverse trades. The Borough's close proximity to New York City and its convenient access to major New Jersey highways enable most employed residents to easily work outside the Borough's borders.

The Borough's largest residential housing development in recent years, the Ramapo River Reserve, continues to impact the town's schools and population.

The potential for continued growth in the town rests, in part, upon the proposed McCoy Farms project. This development could add 25 additional units to Borough housing. Another piece of land proposed for development is an 85 acre parcel owned by the Bi-County Development Corp. Estimates for this land show the potential for over 200 housing units. In August 2017 the Bi –County Development Corp project received initial approval to move forward. Both projects will continue to be monitored as they move through the approval process.

Continued support for the Borough's local schools was again evidenced by voter approval for the 2017/18 Budget.

(3) MAJOR INITIATIVES:

TECHNOLOGY

During the 2016/2017 fiscal year, the Oakland School District continued to expand its network capacities to meet the current and emerging learning needs of our students. In an effort to continue to provide a suitable environment for academic learning and online assessments, actions were taken in the following areas:

Wireless Upgrades - The District replaced 10 wireless access points in the 300 Wing of Valley Middle School to improve network performance and better support Valley Middle School's 1:1 Learning Initiative. The existing access points were reallocated to improve network performance in the K-2 areas of the District's three elementary schools. This also supports the District's initiative of expanding the Chromebooks down to second grade.

SmartBoard Devices – The District replaced 14 Interactive flat paneled second-generation SMART Boards projectors throughout the district with the new SMART 6065 Interactive Flat Panel Display as part of phase two of a SMART Board replacement program. This all-one technology provided Smart Learning Suite applications with interactive lessons and activities. The Smart ink technology provides digital ink with the use of a pen or finger and improves legibility so teachers do not have to re-write and students write with confidence.

Realtime 504 Access – Training, purchase and rollout of a new segment of our SIS system was rolled out to help better assist our Special Education population in reporting.

Each year of the middle school 1:1 deployment, our elementary schools received additional Chromebooks. Currently, all students in grades two, three, four, and five have access to Chromebooks and Google Apps for Education, as well as many of the online resources mentioned above. The student/device ratio suggests that there is one device available for every student in Pre-K-8th grade.

It is our opinion that by providing students with access to technology and information anytime, anywhere, throughout the day it will transform their learning experience and stimulate pedagogical change for teachers

CURRICULUM

During the 2016-2017 year, the Oakland Board of Education supported the ongoing Balanced Literacy initiative for implementation in the fall of the 2016 school year. A continued partnership with the Literacy Consultant, Jennifer Serravallo, was sustained once again throughout the school year enabling teachers to be trained in the Reader's Workshop model. Leveled Libraries for K-5 classrooms continued to be purchased in the area of nonfiction to support the Readers Workshop in the area of Balanced Literacy. Curriculum development began with the alignment of the New Jersey Student Learning Standards in the area of Language Arts Literacy and Mathematics. Novels were also purchased at the middle school level to enhance the ELA curriculum and the standards. In the Area of Mathematics, the primary resource for the curriculum, Math in Focus, remained the same. The scope and sequence was also re-aligned so that the four units in the curriculum aligned with the four marking periods. STEAM visitation workshops were continued for grades 4 and 5 at the elementary schools.

(3) MAJOR INITIATIVES (Continued):

The 2016-2017 year also included continued work on the implementation of the New Jersey Student Learning Standards throughout the year. Additionally, the District sponsored a Parent University Night to acquaint third grade parents with PARCC implementation.

Our District's Library Services were sustained through the Follett's *Destiny* Library Manager Program. This system enables schools to have current inventories of books, in each library's collection would, when fully implemented, be available for browsing by students from remote locations with Internet access, including from one's home. Another benefit of this library manager program is that it has the potential to develop reading histories for individual students, including identifying those students who are not using the school's library. Fountas and Pinnell as an additional leveling system was included and purchased as part of this program. This information will assist teachers to customize a literacy instruction to an individual's needs.

During the 2016-2017 school year, the reading specialists, special education teachers, and librarians continued to gain research of foundational skills in the standards by attending workshops such as, Sondag Reading Program based on Orton-Gillingham approaches and principles to increase knowledge with multi-sensory learning. Curriculum changes were identified in the spring of 2016; the Curriculum Committees continued the revision process of Oakland's curriculum. This broad project was far reaching, and affected many areas.

As part of the periodic review of District curriculum, and in response to the newly adopted New Jersey Learning Standards (NJLS), major content areas were earmarked to be revised during the summer of 2016. The purpose of curricula revision was to reflect the New Jersey Student Learning Standards (NJLS). These 21st Century student outcomes require a deeper understanding of academic content at higher levels than in the past. The standards facilitate this in-depth learning in all content areas through the systematic and transparent integration of 21st-century knowledge, skills, and themes; global perspectives; cross content connections, and technology. Successful implementation of the revised standards requires rethinking of traditional curricular and assessment approaches. These approaches lead to the creation of 21st Century learning environments in which teachers and students work across and beyond traditional disciplines and boundaries as engaged co-learners, critical and creative thinkers, and problem solvers. These revision updates provide the beginning of systematic vertical and horizontal alignment across elementary and middle school.

The District's summer curriculum review addressed the implementation of the New Jersey Student Learning Standards (NJLS) by implementing the Understanding by Design Model: Backwards Design of Curriculum Units. Each of the units includes and required by N.J.A.C. 8-3: Overview of the Unit, New Jersey Student Learning Standards, and Interdisciplinary Skills, 21st Century Skills/Career Ready Practices, Technology Standards, Suggested Goals of the Units Student Understandings, Essential Questions, Misconceptions, Vocabulary, Formative and Summative Assessments, Performance Tasks, Pacing guides, and Accommodations and Modifications and Resources.

According to state standards and district goals, curricula was restructured and realigned in the following areas:

- During the summer of 2016, the math curriculum was rewritten to closely align to the newly adopted New Jersey Student Learning Standards and specifically to the Mathematics Curriculum Framework released by the NJDOE. The committee team members consisted of the building math coordinators and the District math coordinator. The primary resource for the curriculum, Math in Focus, remained the same. The scope and sequence was also re-aligned so that the four units in the curriculum aligned with the four marking periods. The curriculum is developed into units using the Understanding by Design model.

(3) MAJOR INITIATIVES (Continued):

- The Science curriculum for grades 6 - 8 was written to align with the New Jersey Student Learning Standards - Science in accordance with the required implementation date of September 2016, to the Next Generation Science Standards for September 2016. The primary resource chosen by the curriculum writing team was Discovery Education. The curriculum is developed into units using the Understanding by Design model.
- The Coding curriculum was written by a team of two teachers to align with the primary resource Tynker.com. The coding class is held for 6th graders and 8th graders during a one marking period time period only. The curriculum incorporates technology, math and ELA standards. In grade 6, Coding is taught after a few weeks of digital safety. In grade 8, the coding class is an advanced level course. The curriculum is developed into units using the Understanding by Design model.
- Italian I curriculum was developed for grade 8 in the summer of 2016 as a foundational course for high school. The design of the curriculum meets the needs of the middle school students developing a language and its culture. Since the needs of middle school vary a great deal, realistic expectations have been established in accordance with the New Jersey Student Learning Standards for World Language. The curriculum is developed into units using the Understanding by Design model.
- English Language Arts/Literacy curriculum began its revision process in the summer of 2016 and continued throughout the 2016-2017 year. Curriculum Teams began to align the New Jersey Student Learning Standards (NJSLs) and aligned units with correlating curricular calendars to the Readers' and Writers' Workshop Model of Balanced Literacy. The curriculum is developed into units using the Understanding by Design model.

BUILDINGS AND GROUNDS

The 2016/2017 School year saw a continuation of the Oakland Board of Education's strong commitment to maintaining an education environment conducive for teaching and learning for our staff and students.

Special projects included the installation of a new fire alarm system at Dogwood Hill at a cost of \$90,000. In addition, new Fire Alarm Panels were installed at VMS, Heights and Manito at a cost of \$29,000.

Heights Elementary School received a new parking lot on the side of the school where the bus drop off circle is which also extended back to the area in front of the playground and the walkways behind the school. This project was completed at a cost of \$256,000

A full containment asbestos project was completed in the summer of 2016 at Valley Middle School. This \$67,000 project will enable the district to properly install roof drains where needed.

LOOKING TO THE FUTURE

As a result of the Board's cost savings measures and careful implementation of the District financials, anticipated excess current revenue was expected at the end of the fiscal year. With uncertain school finance looming in the future, the Board, therefore, determined that such revenue generated in the 2016/2017 budget should be wisely invested. As a result, the Board planned a deposit into its existing Capital Reserve Account to fund future facility needs. With aged schools, including increasing infrastructure needs, this financial strategy would enable the Board to fund emergency repairs and renovations, while also protecting taxpayers from unexpected future tax increases.

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

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

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

Strong fraud prevention procedures bolster the confidence board members, state regulators, audit committee members and the general public have in the integrity of our district's reports, which will help attract and retain good quality personnel and a strong bond rating as was evidenced by our Aa2 rating for our last two bond sales issued by Moody's Investors Service.

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

Budget Analysis Reports are reviewed to determine any anticipated deficits to any line item accounts. Transfers are approved at monthly meetings to ensure that these accounts are not over-expended.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

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

(7) CASH MANAGEMENT: Bank balances are insured up to \$250,000 in the aggregate by the Federal Deposit Insurance Corporation for each bank. In addition, the State of New Jersey Unit Deposit Protection Act insures the remaining balance of funds on deposit in registered depositories.

The Oakland Board of Education invests all surplus funds for appropriate periods of time as determined by the School Business Administrator.

The Oakland Board of Education maintains an online computerized accounting system to record all financial transactions. During the fiscal year, financial reports are prepared monthly and are distributed to the Board of Education members. The reports detail the monthly transactions and detail the appropriation balances.

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

In an effort to confirm competitive pricing and to insure that the Board's coverage's were the most comprehensive available we obtained quotations from the Northeast Bergen County School Board Insurance Group for the following lines of coverage:

- Commercial Property
- Commercial General Liability
- Educators Legal Liability
- Commercial Auto
- Commercial Umbrella Excess
- Student Accident
- Cyber Liability

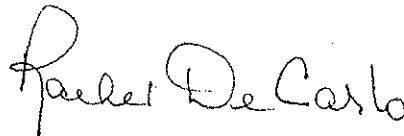
(9) OTHER INFORMATION:

- A) Independent Audit - State statutes require an annual audit be conducted by an independent certified public accountant. The accounting firm of Lerch, Vinci & Higgins, LLP was re-appointed at the Annual Reorganization Meeting as it pertains to the fiscal year 2016/2017 annual audit. In addition to meeting the requirements of the Single Audit Act and State Treasury Circular Letter 15-08 OMB. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

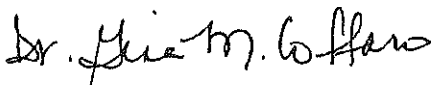
(10) ACKNOWLEDGMENTS:

We express our appreciation to the Members of the Oakland Board of Education who successfully balance the funding realities of public education with the need to provide Oakland's students with a world-class educational program. Our appreciation is also extended to the administrative team who is critical to the development and implementation of both the budget and the District's educational plan.

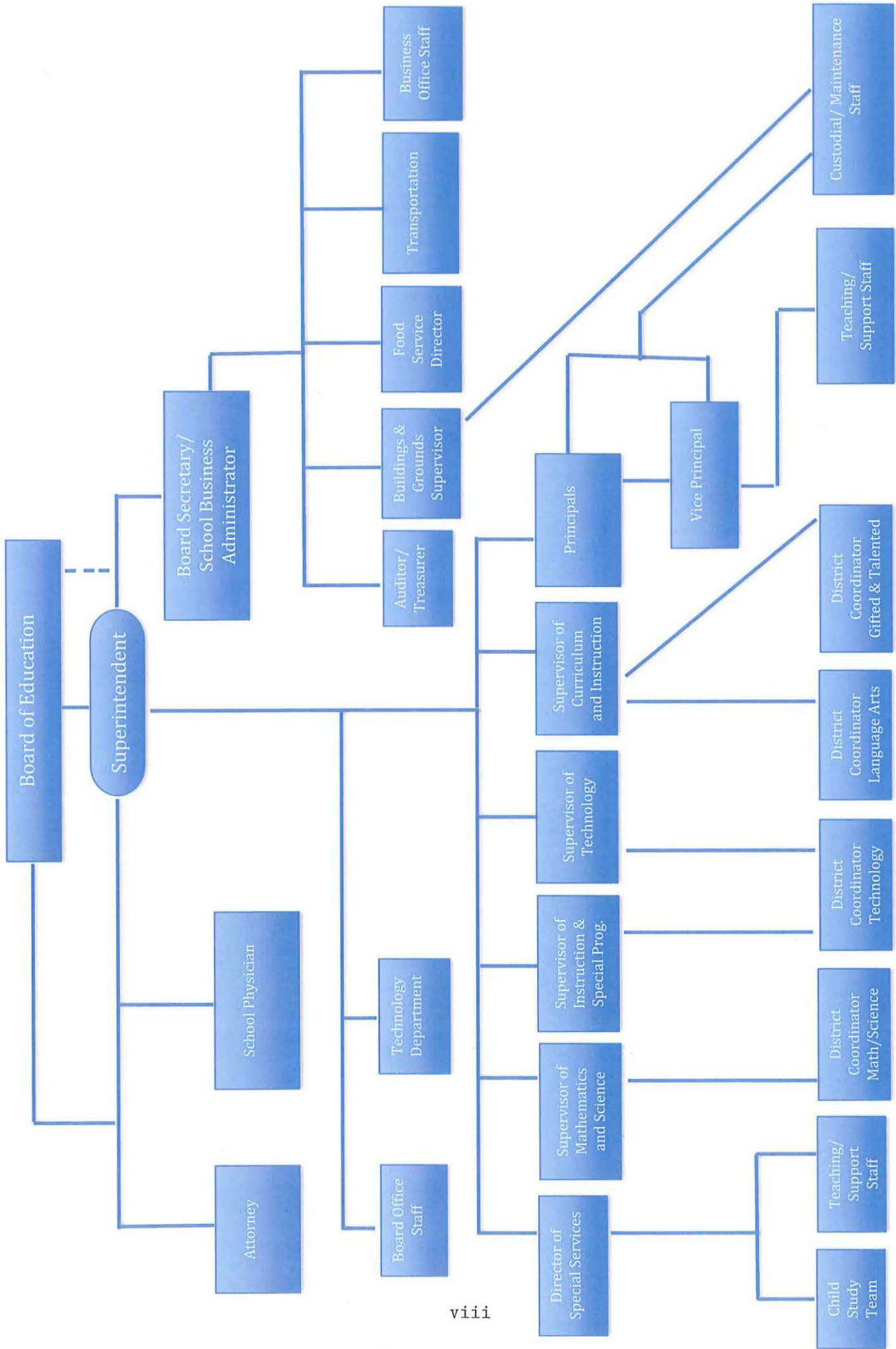
Respectfully submitted,



Rachel DeCarlo
Business Administrator/
Board Secretary



Dr. Gina M. Coffaro
Superintendent of Schools



THE OAKLAND PUBLIC SCHOOLS
ADMINISTRATIVE OFFICES
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**BOARD OF EDUCATION
OAKLAND PUBLIC SCHOOLS DISTRICT**

**Board of Education
OAKLAND PUBLIC SCHOOL DISTRICT**

**ROSTER OF OFFICIALS
June 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ms. Carita Shelkin, President	2019
Ms. Lisa Cooper, Vice President	2018
Mr. James Gaffney	2020
Mr. John Scerbo	2020
Mr. Robert Akovity	2018

OTHER OFFICIALS

Dr. Gina M. Coffaro, Superintendent of Schools

Ms. Rachel DeCarlo, School Business Administrator/Board Secretary

Ms. Judy Favino, Treasurer of School Monies

Oakland
A Learning Community Committed to Excellence

BOARD OF EDUCATION
OAKLAND PUBLIC SCHOOL DISTRICT
ROSTER OF CONSULTANTS AND ADVISORS
June 30, 2017

Architect

DICARA/RUBINO ARCHITECTS
30 Galesi Drive, Wayne, NJ 07470

Attorney

FOGARTY & HARA
16-00 Route 208 South
Fair Lawn, NJ 07410

Auditor

LERCH, VINCI & HIGGINS, LLP
17-17 Route 208
Fair Lawn, NJ 07410

Official Depository

Capitol One Bank, N.A.
840 Franklin Avenue
Franklin Lakes, NJ 07417

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. NICOLosi, CPA, PSA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Oakland Board of Education
Oakland, 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 Oakland Board of Education, as of and for the fiscal year ended June 30, 2017 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 Oakland Board of Education as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information 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

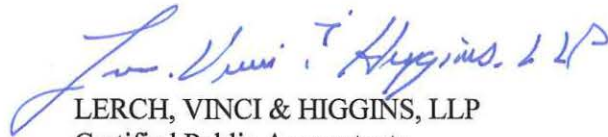
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oakland Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards 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 Oakland 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 November 20, 2017 on our consideration of the Oakland 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 Oakland 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 Oakland Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 20, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

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

Financial Highlights

Key financial highlights for 2017 are as follows:

- District-wide – The governmental activities had \$38,565,426 in revenues, general revenues for governmental activities accounted for \$28,064,626 or 73 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,500,800 or 27 percent of total revenues of \$38,565,426.
- District-wide - The governmental activities had \$38,428,990 in expenses; only \$10,500,800 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$28,064,626 were adequate to provide for these programs.
- Fund Financials - Among governmental funds, the General Fund had \$32,114,372 in revenues and \$31,956,072 in expenditures. At the close of the fiscal year the General Fund's fund balance is \$6,453,632 an increase of \$158,300 from June 30, 2016.
- Fund Financials - At the end of June 30, 2017, the District's unassigned fund balance for the General Fund was \$302,842 an increase of \$6,917 from June 30, 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

OAKLAND BOARD OF EDUCATION

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance.	Activities the district operates similar to private businesses
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred Inflows/outflows of resources and liability information	All assets, deferred outflows of resources, deferred inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets deferred inflows/outflows of resource and liabilities both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-wide Statements

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

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

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

OAKLAND BOARD OF EDUCATION

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

Governmental Funds. The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

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

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

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

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

OAKLAND BOARD OF EDUCATION

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

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

Table A-1 provides a summary of the school district's net position as of June 30, 2017 and 2016.

Net Position. The District's combined net position as of June 30, 2017 and 2016 were \$4,662,234 and \$4,517,591, respectively.

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

Table A-1
Statement of Net Position
As of June 30, 2017 and 2016

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current and Other Assets	\$ 6,984,969	\$ 6,604,361	\$ 44,749	\$ 53,455	\$ 7,029,718	\$ 6,657,816
Capital Assets	<u>7,586,975</u>	<u>7,248,086</u>	<u>8,104</u>	<u>7,434</u>	<u>7,595,079</u>	<u>7,255,520</u>
Total Assets	<u>14,571,944</u>	<u>13,852,447</u>	<u>52,853</u>	<u>60,889</u>	<u>14,624,797</u>	<u>13,913,336</u>
Deferred Outflows of Resources	<u>3,242,988</u>	<u>1,049,829</u>	<u>-</u>	<u>-</u>	<u>3,242,988</u>	<u>1,049,829</u>
Total Assets and Deferred Outflows	<u>17,814,932</u>	<u>14,902,276</u>	<u>52,853</u>	<u>60,889</u>	<u>17,867,785</u>	<u>14,963,165</u>
Liabilities						
Current Liabilities	537,586	321,276	10,587	26,830	548,173	348,106
Noncurrent Liabilities	<u>12,599,922</u>	<u>9,904,950</u>	<u>-</u>	<u>-</u>	<u>12,599,922</u>	<u>9,904,950</u>
Total Liabilities	<u>13,137,508</u>	<u>10,226,226</u>	<u>10,587</u>	<u>26,830</u>	<u>13,148,095</u>	<u>10,253,056</u>
Deferred Inflows of Resources	<u>57,456</u>	<u>192,518</u>	<u>-</u>	<u>-</u>	<u>57,456</u>	<u>192,518</u>
Total Liabilities and Deferred Inflows	<u>13,194,964</u>	<u>10,418,744</u>	<u>10,587</u>	<u>26,830</u>	<u>13,205,551</u>	<u>10,445,574</u>
Net Position						
Net Investment in Capital Assets	5,924,258	5,185,259	8,104	7,434	5,932,362	5,192,693
Restricted	4,119,209	4,576,371			4,119,209	4,576,371
Unrestricted	<u>(5,423,499)</u>	<u>(5,278,098)</u>	<u>34,162</u>	<u>26,625</u>	<u>(5,389,337)</u>	<u>(5,251,473)</u>
Total Net Position	<u>\$ 4,619,968</u>	<u>\$ 4,483,532</u>	<u>\$ 42,266</u>	<u>\$ 34,059</u>	<u>\$ 4,662,234</u>	<u>\$ 4,517,591</u>

OAKLAND BOARD OF EDUCATION

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

Governmental activities. Governmental activities net position increased by \$136,436. The increase in the net position is evident of the District's sound financial management and improved financial position. Key elements of this increase are as follows:

**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2017 and 2016**

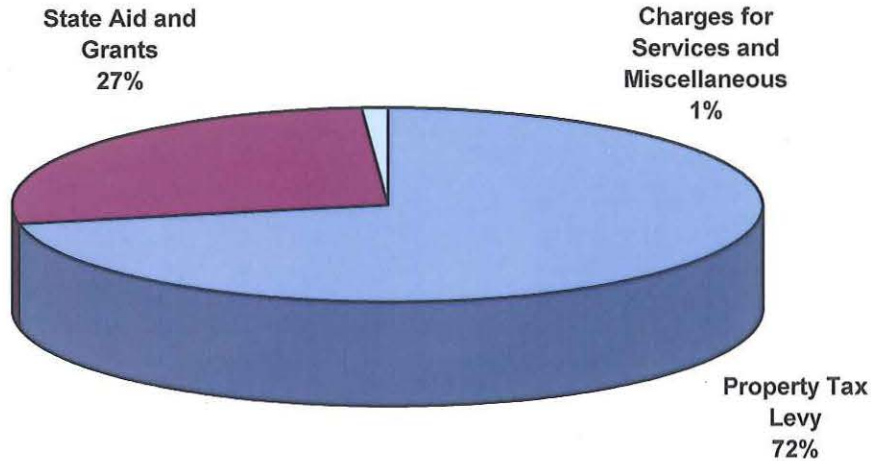
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues						
Charges for Services	\$ 77,193	\$ 64,020	\$ 438,063	\$ 380,275	\$ 515,256	\$ 444,295
Operating Grants and Contributions	10,403,342	7,945,432	96,339	89,211	10,499,681	8,034,643
Capital Grants and Contributions	20,265	-			20,265	-
General Revenues						
Property Taxes	27,829,946	27,308,757			27,829,946	27,308,757
State Aid	117,084	120,784			117,084	120,784
Unrestricted State Aid	46,354	32,178			46,354	32,178
Other	71,242	79,331	-	-	71,242	79,331
Total Revenues	38,565,426	35,550,502	534,402	469,486	39,099,828	36,019,988
Expenses						
Instruction						
Regular	16,600,572	15,427,428			16,600,572	15,427,428
Special	5,557,285	4,917,793			5,557,285	4,917,793
Other Instruction	1,180,785	1,364,724			1,180,785	1,364,724
School Sponsored Activities and Ath.	198,306	154,219			198,306	154,219
Support Services						
Student and Instruction Related Serv.	6,046,973	4,711,693			6,046,973	4,711,693
School Administrative Services	2,746,123	2,373,715			2,746,123	2,373,715
General Administrative Services	1,162,429	1,066,878			1,162,429	1,066,878
Plant Operations and Maintenance	3,101,686	3,010,427			3,101,686	3,010,427
Pupil Transportation	1,299,116	969,994			1,299,116	969,994
Central Services	475,235	533,711			475,235	533,711
Food Service			496,231	473,261	496,231	473,261
Other			29,964		29,964	
Interest and Other Chgs. on Long-Term Debt	60,480	68,932	-	-	60,480	68,932
Total Expenses	38,428,990	34,599,514	526,195	473,261	38,955,185	35,072,775
Change in Net Position	136,436	950,988	8,207	(3,775)	144,643	947,213
Net Position, Beginning of Year	4,483,532	3,532,544	34,059	37,834	4,517,591	3,570,378
Net Position, End of Year	\$ 4,619,968	\$ 4,483,532	\$ 42,266	\$ 34,059	\$ 4,662,234	\$ 4,517,591

OAKLAND BOARD OF EDUCATION

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

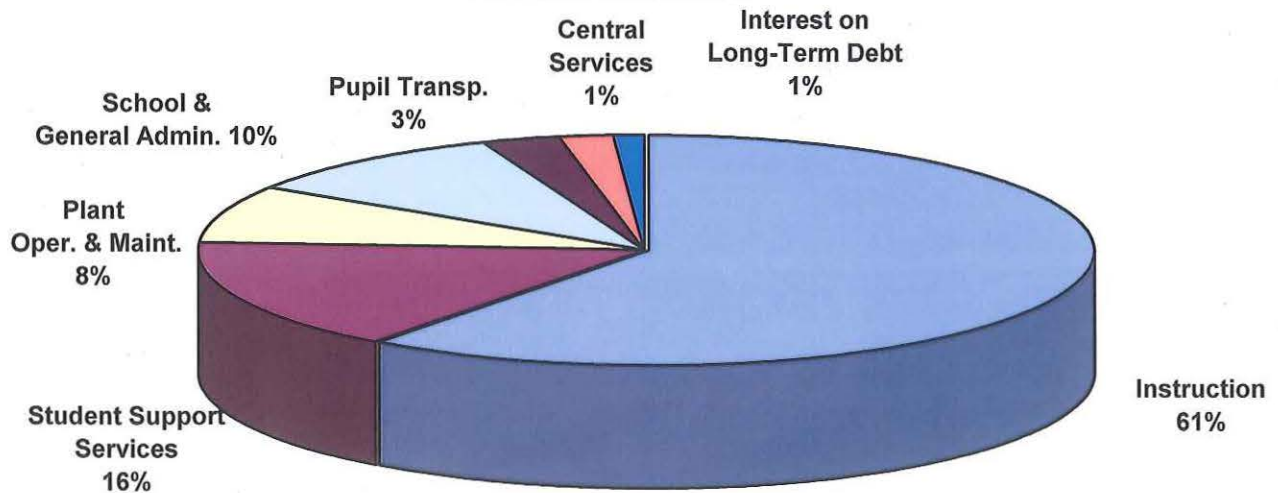
Governmental activities. The District's total governmental revenues were \$38,565,426. The local share of the revenues, that included property taxes, interest, and miscellaneous revenue, amounted to \$27,901,188 or 72% of total revenues. Funding from state and federal sources amounted to \$10,587,045 or 27%. Charges for services amounted to \$77,193 or less than 1%.

Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2016/17



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$23,536,948 (61%) support services totaled \$14,831,562 (39%) and interest and charges on long-term debt total \$60,480 (less than 1%) of total expenditures. (See Table A-5.)

Table A-4 Expenses by Type- Governmental Activities
For Fiscal Year 2016/17



OAKLAND BOARD OF EDUCATION

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

Total Cost and Net Cost of Governmental Activities. The District's total cost of services was \$38,428,990. After applying program revenues, derived from operating and capital grants and contributions of \$10,423,607, and charges for services of \$77,193 the net cost of services of the District is \$27,928,190 for the fiscal year ended June 30, 2017.

**Table A-5
Cost of Services and Net Cost of Services - Governmental Activities
For the Fiscal Years Ended June 30, 2017 and 2016**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Instruction				
Regular	\$ 16,600,572	\$ 15,427,428	\$ 11,736,015	\$ 11,142,733
Special Education	5,557,285	4,917,793	3,354,432	3,036,170
Other Instruction	1,180,785	1,364,724	844,227	991,593
School Sponsored Activities and Athletics	198,306	154,219	136,141	154,219
Support Services				
Student and Instruction Related Svcs.	6,046,973	4,711,693	4,298,265	4,032,976
School Administrative Services	2,746,123	2,373,715	1,964,710	1,890,421
General Administrative Services	1,162,429	1,066,878	829,038	907,315
Plant Operations and Maintenance	3,101,686	3,010,427	3,073,017	2,985,046
Pupil Transportation	1,299,116	969,994	1,156,630	846,946
Central Services	475,235	533,711	475,235	533,711
Interest and Other Chgs.on Long-Term Debt	60,480	68,932	60,480	68,932
Total Governmental Activities	\$ 38,428,990	\$ 34,599,514	\$ 27,928,190	\$ 26,590,062

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2017 was \$526,195. These costs were funded by operating grants and charges for services (Detailed on Table A-2). The operations resulted in an increase in net position of \$8,207.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$6,465,152. At the end of the 2015-2016 fiscal year, the fund balance was \$6,306,852, an increase of \$158,300.

OAKLAND BOARD OF EDUCATION

The District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$33,024,776 and expenditures were \$32,866,476.

General Fund

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the general fund revenues for the fiscal years ended June 30, 2017 and 2016.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 27,745,262	\$ 27,217,644	\$ 527,618	1.94%
State Sources	<u>4,369,110</u>	<u>3,907,174</u>	<u>461,936</u>	<u>11.82%</u>
Total	<u>\$ 32,114,372</u>	<u>\$ 31,124,818</u>	<u>\$ 989,554</u>	3.18%

The following schedule represents a summary of general fund expenditures for the fiscal years ended June 30, 2017 and 2016.

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase (Decrease)	Percent Change
Current Expenditures				
Instruction	\$ 18,747,218	\$ 18,392,975	\$ 354,243	1.93%
Support Services	12,146,261	11,154,284	991,977	8.89%
Capital Outlay	946,208	886,618	59,590	6.72%
Debt Service-				
Principal	112,064	129,227	(17,163)	-13.28%
Interest	<u>4,321</u>	<u>2,923</u>	<u>1,398</u>	<u>47.83%</u>
Total	<u>\$ 31,956,072</u>	<u>\$ 30,566,027</u>	<u>\$ 1,390,045</u>	4.55%

Budgetary Highlights

The District's budget is prepared according to New Jersey law and is based on generally accepted accounting principles on the basis of receipts, disbursements and encumbrances. The primary fund is the General Fund.

The Oakland School District, like many other Bergen County districts continues to provide a comprehensive educational program amidst the continuous budgetary constraints from the State of New Jersey with regard to State Aid. The funding formulas for State Aid have significantly shifted the burden of revenue funding to local property taxpayers as State Aid continues to remain inadequate against the backdrop of increased State and Federal mandates such as Special Education programs and services, Facility requirements and Long Range Planning, and now new Safety and Security requirements.

OAKLAND BOARD OF EDUCATION

Budgetary Highlights (Continued)

In this climate along with limited funding and diminishing revenues, the district finds itself relying more and more on the taxpayers in order to fund the tax levy established each year. As such, the Board of Education and Administration continues to explore cost saving initiatives designed to offset rising fixed costs associated with the general fund such as salaries, insurance, tuition, transportation and energy costs. Major initiatives in the 2016/17 year included:

- Renewed membership through various consortia and shared services designed to promote cost savings in areas such as energy, technology, transportation, special education services and general supplies. These activities include: ACES “Alliance for Competitive Energy Savings” and the “Middlesex Regional Educational Services Commission”. The district is also a member of ACT, “Alliance for Competitive Telecommunication”. In addition, the District participates in joint transportation agreements and shared services with 15 Bergen County districts, and continues participation in collective bids for savings in general supplies through Educational Data Services. In addition, membership in various technology purchasing consortia such as PEPPM, Keystone Purchasing Network and the Western states Contracting Alliance (WSCA) has been initiated.
- Expanded shared services with the Borough of Oakland receiving additional support for site conditions at all school properties, the mutual support of various social & sports programs for Oakland residents, and the continued exploration of possible cost saving initiatives in operational areas.
- Completed site improvements and drainage improvements at school sites. Completed the boiler repairs and replacement at school sites.

Special Education remains a significant expense even with a slight decline in enrollment. Many mandated services and requirements such as OT/PT (Occupation and Physical Therapy), speech, resource room, evaluations, one-on-one aides and other related services continue to be in demand as well as Special Education tuition.

Capital Assets and Debt Administration. The Oakland Board of Education’s investment in capital assets for its governmental and business type activities as of June 30, 2017 and 2016 amounts to \$7,595,079 and \$7,255,520 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, buildings and building improvements, land improvements, machinery, equipment and vehicles.

**Table A-6
Capital Assets as of June 30, 2017 and 2016
(Net of Depreciation)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 131,987	\$ 131,987			\$ 131,987	\$ 131,987
Construction In Progress	27,100				27,100	-
Land Improvements	735,444	474,184			735,444	474,184
Buildings and Building Improvements	15,444,964	15,020,361			15,444,964	15,020,361
Machinery and Equipment	<u>2,814,845</u>	<u>2,561,335</u>	<u>\$ 224,135</u>	<u>\$ 219,405</u>	<u>3,038,980</u>	<u>2,780,740</u>
Total	19,154,340	18,187,867	224,135	219,405	19,378,475	18,407,272
Less: Accumulated Depreciation	<u>11,567,365</u>	<u>10,939,781</u>	<u>216,031</u>	<u>211,971</u>	<u>11,783,396</u>	<u>11,151,752</u>
Total	<u>\$ 7,586,975</u>	<u>\$ 7,248,086</u>	<u>\$ 8,104</u>	<u>\$ 7,434</u>	<u>\$ 7,595,079</u>	<u>\$ 7,255,520</u>

OAKLAND BOARD OF EDUCATION

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

Debt Administration. As of June 30, 2017 and 2016 the school district had long-term debt and outstanding long-term liabilities in the amount of \$12,599,922 and \$9,904,950, respectively, as stated in Table A-7.

Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Bonds Payable	\$ 1,707,000	\$ 2,007,000
Capital Leases		112,064
Compensated Absences Payable	345,933	346,127
Net Pension Liability	<u>10,546,989</u>	<u>7,439,759</u>
 Total	 <u>\$ 12,599,922</u>	 <u>\$ 9,904,950</u>

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

For the Future

Although the district remains in good financial condition, the constraints of state budget "caps" and limited state aid have a material impact on the budget and the District's ability to deliver the quality of services that it has in the past. Everyone associated with the Oakland School District is grateful for the continued community support of the schools.

Districts throughout the state find it increasingly difficult to fund capital expenditure debt within tightened operating budgets and diminished state aid. Having recognized this need in the wake of deteriorating buildings and inefficient mechanical/operating systems resulting from continuously deferred capital projects, the District successfully implemented a comprehensive five year facilities capital improvement plan begun in the 2004-2005 fiscal year, to address a wide range of critical issues. Items included: replacements of roofs, boilers, unit ventilation equipment, windows, exterior doors, and electrical upgrades at all schools.

During the 2016/17 school year, various drainage and site improvement projects were completed at Dogwood and Heights Schools. Also, there was a boiler replacement at Manito.

Through direct team member involvement and initiatives, much of the costs associated with maintenance projects have been minimized as a result of in-house labor and expertise in areas such as cabling for security camera installations, demolition, clean up and removal of debris associated with remodeling, electrical, plumbing, landscape design, and painting along with on-site inspection/coordination of construction projects to assure compliance with plan and/or specifications, review of shop drawings, and participation in the selection of potential bidders/contractors through careful review of plans and specifications aimed at decreasing potential change orders.

In addition to the potential Facilities concern, the district will continue to face budgetary obstacles in the ensuing years resulting from the passage of various State regulations and "cap" mandates. S-1701 required all districts to reduce surplus to the greater of 2% or \$100,000 in 2005-06. The law maintained a reduced surplus of 2% in the 2016-2017 fiscal year. In planning budgets, school districts take into the account the possibility of unanticipated costs – ranging from utility increases to the mid-year relocation into the community of those special education students who receive high-cost private school services. For many school districts, these unanticipated costs could outstrip the surplus permitted under S-1701. Since school districts cannot operate at a deficit, the only choice available to meet federal and state requirements and fixed costs (such as special education and heat/utilities) would be to cut other areas, such as regular education programming or maintenance.

OAKLAND BOARD OF EDUCATION

For the Future (Continued)

The law's surplus restriction runs contrary to sound financial principles, which have served as the basis for previous, long-standing state Department of Education policy. This restriction also undermines needed flexibility for long-term district planning.

Despite these conditions, the Oakland School District remains committed to financial excellence. Its system for financial planning, budgeted, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the Oakland Board of Education's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to:

Rachel DeCarlo
Business Administrator/Board Secretary

At the:

Oakland Board of Education, 315 Ramapo Valley Road, Oakland, NJ 07436.

BASIC FINANCIAL STATEMENTS

**OAKLAND BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,893,697	\$ 62,251	\$ 6,955,948
Receivables, net	66,907	4,191	71,098
Inventory		2,672	2,672
Internal Balances	24,365	(24,365)	
Capital Assets, net			
Being Depreciated	159,087	8,104	167,191
Not Being Depreciated	<u>7,427,888</u>	<u>-</u>	<u>7,427,888</u>
 Total Assets	 <u>14,571,944</u>	 <u>52,853</u>	 <u>14,624,797</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	44,283		44,283
Deferred Amounts on Net Pension Liability	<u>3,198,705</u>	<u>-</u>	<u>3,198,705</u>
 Total Deferred Outflows of Resources	 <u>3,242,988</u>	 <u>-</u>	 <u>3,242,988</u>
 Total Assets and Deferred Outflows of Resources	 <u>17,814,932</u>	 <u>52,853</u>	 <u>17,867,785</u>
LIABILITIES			
Accounts Payable	381,687	5,197	386,884
Payable to Other Governments	17,996		17,996
Accrued Interest Payable	17,769	5,390	23,159
Unearned Revenue	120,134		120,134
Noncurrent Liabilities			
Due Within One Year	360,000		360,000
Due Beyond One Year	<u>12,239,922</u>	<u>-</u>	<u>12,239,922</u>
 Total Liabilities	 <u>13,137,508</u>	 <u>10,587</u>	 <u>13,148,095</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>57,456</u>	<u>-</u>	<u>57,456</u>
 Total Deferred Inflows of Resources	 <u>57,456</u>	 <u>-</u>	 <u>57,456</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>13,194,964</u>	 <u>10,587</u>	 <u>13,205,551</u>
NET POSITION			
Net Investment in Capital Assets	5,924,258	8,104	5,932,362
Restricted for			
Capital Projects	3,932,288		3,932,288
Debt Service	11,520		11,520
Other Purposes	175,401		175,401
Unrestricted	<u>(5,423,499)</u>	<u>34,162</u>	<u>(5,389,337)</u>
 Total Net Position	 <u>\$ 4,619,968</u>	 <u>\$ 42,266</u>	 <u>\$ 4,662,234</u>

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

OAKLAND BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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	\$ 16,600,572		\$ 4,844,292	\$ 20,265	\$ (11,736,015)		\$ (11,736,015)
Special Education	5,557,285		2,202,853		(3,354,432)		(3,354,432)
Other Instruction	1,180,785		336,558		(844,227)		(844,227)
School Sponsored Activities and Athletics	198,306		62,165		(136,141)		(136,141)
Support Services							
Student and Instruction Related Services	6,046,973		1,748,708		(4,298,265)		(4,298,265)
General Administrative Services	1,162,429		333,391		(829,038)		(829,038)
School Administrative Services	2,746,123		781,413		(1,964,710)		(1,964,710)
Plant Operations and Maintenance	3,101,686		28,669		(3,073,017)		(3,073,017)
Pupil Transportation	1,299,116	\$ 77,193	65,293		(1,156,630)		(1,156,630)
Central Services	475,235				(475,235)		(475,235)
Interest and Other Charges on Long-Term Debt	60,480	-	-	-	(60,480)	-	(60,480)
Total Governmental Activities	38,428,990	77,193	10,403,342	20,265	(27,928,190)	-	(27,928,190)
Business-Type Activities							
Other	29,964	22,221				\$ (7,743)	(7,743)
Food Service	496,231	415,842	96,339	-	-	15,950	15,950
Total Business-Type Activities	526,195	438,063	96,339	-	-	8,207	8,207
Total Primary Government	\$ 38,955,185	\$ 515,256	\$ 10,499,681	\$ 20,265	(27,928,190)	8,207	(27,919,983)
General Revenues							
Property Taxes, Levied for General Purposes					27,596,827		27,596,827
Property Taxes, Levied for Debt Service					233,119		233,119
State Aid Restricted for Debt Service					117,084		117,084
Unrestricted Grants and Contributions					46,354		46,354
Miscellaneous Income					71,242	-	71,242
Total General Revenues					28,064,626	-	28,064,626
Change in Net Position					136,436	8,207	144,643
Net Position, Beginning of Year					4,483,532	34,059	4,517,591
Net Position, End of Year					\$ 4,619,968	\$ 42,266	\$ 4,662,234

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FUND FINANCIAL STATEMENTS

**OAKLAND BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 6,771,611	\$ 110,566	\$ 11,520	\$ 6,893,697
Receivables from Other Governments	52,570	14,337		66,907
Due from Other Funds	<u>24,365</u>	<u>-</u>	<u>-</u>	<u>24,365</u>
Total Assets	<u>\$ 6,848,546</u>	<u>\$ 124,903</u>	<u>\$ 11,520</u>	<u>\$ 6,984,969</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 375,651	\$ 6,036		\$ 381,687
Payable to State Government		17,996		17,996
Unearned Revenue	<u>19,263</u>	<u>100,871</u>	<u>-</u>	<u>120,134</u>
Total Liabilities	<u>394,914</u>	<u>124,903</u>	<u>-</u>	<u>519,817</u>
Fund Balances				
Restricted				
Reserve for Excess Surplus	649,254			649,254
Excess Surplus - Designated for Subsequent Year's Expenditures	920,515			920,515
Capital Reserve	3,072,686			3,072,686
Capital Reserve - Designated for Subsequent Year's Expenditures	859,602			859,602
Emergency Reserve	126,204			126,204
Maintenance Reserve	128,301			128,301
Maintenance Reserve - Designated for Subsequent Year's Expenditures	47,100			47,100
Debt Service			\$ 11,520	11,520
Assigned				
Designated for Subsequent Year's Expenditures	195,325			195,325
Year-End Encumbrances	151,803			151,803
Unassigned	<u>302,842</u>	<u>-</u>	<u>-</u>	<u>302,842</u>
Total Fund Balances	<u>6,453,632</u>	<u>-</u>	<u>11,520</u>	<u>6,465,152</u>
Total Liabilities and Fund Balances	<u>\$ 6,848,546</u>	<u>\$ 124,903</u>	<u>\$ 11,520</u>	<u>\$ 6,984,969</u>

**OAKLAND BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2017**

Total Fund Balance - Governmental Funds (Exhibit B-1) \$ 6,465,152

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 \$19,154,340 and the accumulated depreciation is \$11,567,365.

7,586,975

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.

44,283

The District has financed capital assets through the issuance of Serial Bonds and long-term lease obligations. The interest accrual at year end is:

(17,769)

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

Deferred Outflows of Resources

\$ 3,198,705

Deferred Inflows of Resources

(57,456)

3,141,249

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

Bonds Payable

(1,707,000)

Compensated Absences

(345,933)

Net Pension Liability

(10,546,989)

(12,599,922)

Net position of governmental activities (Exhibit A-1)

\$ 4,619,968

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

**OAKLAND BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Property Levy	\$ 27,596,827		\$ 233,119	\$ 27,829,946
Transportation	77,193			77,193
Miscellaneous	71,242	\$ 77,409	-	148,651
Total - Local Sources	<u>27,745,262</u>	<u>77,409</u>	<u>233,119</u>	<u>28,055,790</u>
State Sources	4,369,110	104,768	117,084	4,590,962
Federal Sources	-	378,024	-	378,024
Total Revenues	<u>32,114,372</u>	<u>560,201</u>	<u>350,203</u>	<u>33,024,776</u>
EXPENDITURES				
Current				
Regular Instruction	13,192,400	125,632		13,318,032
Special Education Instruction	4,449,502	378,944		4,828,446
Other Instruction	949,695			949,695
School-Sponsored Activities and Athletics	155,621			155,621
Support Services				
Student and Instruction Related Services	4,822,102	35,360		4,857,462
General Administrative Services	933,512			933,512
School Administrative Services	2,203,435			2,203,435
Plant Operations and Maintenance	2,481,993			2,481,993
Pupil Transportation	1,244,158			1,244,158
Central Services	461,061			461,061
Debt Service				
Principal	112,064		300,000	412,064
Interest and Other Charges	4,321		50,203	54,524
Capital Outlay	946,208	20,265	-	966,473
Total Expenditures	<u>31,956,072</u>	<u>560,201</u>	<u>350,203</u>	<u>32,866,476</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>158,300</u>	<u>-</u>	<u>-</u>	<u>158,300</u>
Net Change in Fund Balances	158,300	-	-	158,300
Fund Balance, Beginning of Year	<u>6,295,332</u>	<u>-</u>	<u>11,520</u>	<u>6,306,852</u>
Fund Balance, End of Year	<u>\$ 6,453,632</u>	<u>\$ -</u>	<u>\$ 11,520</u>	<u>\$ 6,465,152</u>

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

**OAKLAND BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 158,300

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

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

Capital Outlay	\$ 966,473	
Depreciation Expense	<u>(627,584)</u>	
		338,889

In the statement of activities, certain operating expenses, e.g., compensated absences and net pension liability are measured by the amounts earned or incurred 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 or incurred 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.

Net Decrease in Compensated Absences	194	
Increase in PERS Pension Expense	<u>(767,055)</u>	
		(766,861)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Serial Bonds	300,000	
Capital Leases	<u>112,064</u>	
		412,064

In the statement of activities, certain amounts related to the issuance of long term debt are deferred and amortized over the term of the debt. In the governmental funds, these amounts either provide or use current resources. These amount represent the current year amortization of the costs related to the issuance of long term debt.

Deferred Amount on Refunding of Debt		(11,954)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The details are as follows:

Decrease in Accrued Interest		<u>5,998</u>
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Change in net position of governmental activities (Exhibit A-2) \$ 136,436

**OAKLAND BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

ASSETS	Business-Type Activities		Total
	Non-Major Enterprise Fund	Food Service	
Current Assets			
Cash and Cash Equivalents	\$ 38,424	\$ 23,827	\$ 62,251
Intergovernmental Receivable			
Federal		3,940	3,940
State		251	251
Inventory	-	2,672	2,672
Total Current Assets	38,424	30,690	69,114
Non-Current Assets			
Equipment		224,135	224,135
Less: Accumulated Depreciation	-	(216,031)	(216,031)
Total Non-Current Assets	-	8,104	8,104
Total Assets	38,424	38,794	77,218
LIABILITIES			
Current Liabilities			
Due to Other Funds	24,365		24,365
Accounts Payable	600	4,597	5,197
Unearned Revenue	5,390	-	5,390
Total Current Liabilities	30,355	4,597	34,952
NET POSITION			
Investment in Capital Assets		8,104	8,104
Unrestricted	8,069	26,093	34,162
Total Net Position	\$ 8,069	\$ 34,197	\$ 42,266

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

**OAKLAND BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities		Total
	Non-Major Enterprise Fund	Food Service	
OPERATING REVENUES			
Charges for Services			
Daily Sales- Reimbursable Programs		\$ 255,939	\$ 255,939
Daily Sales- Non-Reimbursable Programs		159,903	159,903
Summer Program Fees	\$ 22,221	-	22,221
Total Operating Revenues	<u>22,221</u>	<u>415,842</u>	<u>438,063</u>
OPERATING EXPENSES			
Cost of Sales-Reimbursable Programs	-	182,565	182,565
Cost of Sales-Non-Reimbursable Programs	-	61,228	61,228
Salaries and Employee Benefits	27,235	197,200	224,435
Purchased Services	-	33,710	33,710
Supplies and Materials	2,729	17,468	20,197
Depreciation Expense	-	4,060	4,060
Total Operating Expenses	<u>29,964</u>	<u>496,231</u>	<u>526,195</u>
Operating Loss	<u>(7,743)</u>	<u>(80,389)</u>	<u>(88,132)</u>
NONOPERATING REVENUES			
Federal Sources			
National School Lunch Program		65,033	65,033
Food Distribution Program		27,105	27,105
State Sources	-		
School Lunch Program	-	4,201	4,201
Total Nonoperating Revenues	<u>-</u>	<u>96,339</u>	<u>96,339</u>
Net Income/(Loss)	<u>(7,743)</u>	<u>15,950</u>	<u>8,207</u>
Change in Net Position	(7,743)	15,950	8,207
Net Position, Beginning of Year	<u>15,812</u>	<u>18,247</u>	<u>34,059</u>
Net Position, End of Year	<u>\$ 8,069</u>	<u>\$ 34,197</u>	<u>\$ 42,266</u>

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

**OAKLAND PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Non-Major Enterprise Fund</u>	<u>Food Service</u>	
Cash Flows From Operating Activities			
Receipts from Customers	\$ 10,940	\$ 415,842	\$ 426,782
Payments for Employees' Salaries and Benefits	(2,870)	(197,200)	(200,070)
Payments to Suppliers for Goods and Services	(2,129)	(271,227)	(273,356)
Net Cash Provided/(Used) By Operating Activities	<u>5,941</u>	<u>(52,585)</u>	<u>(46,644)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	<u>-</u>	<u>68,961</u>	<u>68,961</u>
Net Cash Provided By Noncapital Financing Activities	<u>-</u>	<u>68,961</u>	<u>68,961</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assts	<u>-</u>	<u>(4,730)</u>	<u>(4,730)</u>
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>(4,730)</u>	<u>(4,730)</u>
Net Increase in Cash and Cash Equivalents	<u>5,941</u>	<u>11,646</u>	<u>17,587</u>
Cash and Cash Equivalents, Beginning of Year	<u>32,483</u>	<u>12,181</u>	<u>44,664</u>
Cash and Cash Equivalents, End of Year	<u>\$ 38,424</u>	<u>\$ 23,827</u>	<u>\$ 62,251</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating (Loss)	\$ (7,743)	\$ (80,389)	\$ (88,132)
Adjustments to Reconcile Operating Loss to Net Cash Provided/ (Used) By Operating Activities			
Depreciation		4,060	4,060
Non-cash Assistance-Food Distribution Program		27,105	27,105
Change in Assets and Liabilities			
(Increase)/ Decrease in Inventory		2,200	2,200
Increase/ (Decrease) in Accounts Payable	600	1,799	2,399
Increase/ (Decrease) in Interfund Payable	24,365		24,365
Increase/ (Decrease) in Unearned Revenue	(11,281)	(7,360)	(18,641)
Total Adjustments	<u>13,684</u>	<u>27,804</u>	<u>41,488</u>
Net Cash Provided/(Used) By Operating Activities	<u>\$ 5,941</u>	<u>\$ (52,585)</u>	<u>\$ (46,644)</u>
Non Cash Non Capital Financing Activities			
Value Received - Food Distribution Program		\$ 27,105	

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

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2017**

	Unemployment Compensation <u>Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>257,295</u>	\$ <u>90,497</u>
Total Assets	<u>257,295</u>	<u>\$ 90,497</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 37,866
Due to Student Groups		38,918
Flex Spending Payable		<u>13,713</u>
Total Liabilities	<u>-</u>	<u>\$ 90,497</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 257,295</u>	

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

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

	Unemployment Compensation Trust
ADDITIONS	
Contributions	
Employee Contributions	\$ 43,982
Total Additions	<u>43,982</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>22,746</u>
Total Deductions	<u>22,746</u>
Change in Net Position	21,236
Net Position, Beginning of Year	<u>236,059</u>
Net Position, End of Year	<u>\$ 257,295</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Oakland 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 five 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 Oakland Board of Education this includes general operations, food service, summer 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 2017, the District adopted the following GASB statements:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. 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. 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. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. 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*, will be effective with the fiscal year ending June 30, 2018. 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.
- 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.

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.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 food service program enterprise funds to be major funds.

The District reports the following major governmental funds:

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

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

The *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.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 *summer programs fund* accounts for the activities of the District's enrichment, threshold, and safety town program which provides cultural, education and safety programs to the participating students.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, 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.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Machinery and Equipment	5-10

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period 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 amounts 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 and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. Accordingly, the one 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; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Compensated Absences*

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

7. *Pensions*

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

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

8. *Long-Term Obligations*

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

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that was appropriated in the 2017/2018 original budget certified for taxes.

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

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 2017/2018 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 2D).

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 2C).

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 2017/2018 District budget certified for taxes.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

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.

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

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.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Revenues and Expenditures*

Tuition Expenditures - Tuition charges for the fiscal years 2015-2016 and 2016-2017 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 the summer programs 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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$744,317. The increase was funded by capital reserve appropriation, grant awards and the reappropriation of prior year general fund encumbrances.

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

B. 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, 2017 is as follows:

Balance, July 1, 2016		\$ 4,489,450
Increased by:		
Deposit Approved by Board Resolution	\$ 200,000	
Unexpended Balance of Capital Outlay Projects		
Funded by Capital Reserve	<u>22,418</u>	
Total Increases		<u>222,418</u>
		4,711,868
Decreased by:		
Withdrawal Approved by Board Resolution	216,130	
Budgeted Withdrawal	<u>563,450</u>	
Total Decreases		<u>779,580</u>
Balance, June 30, 2017		<u>\$ 3,932,288</u>
Capital Reserve		\$ 3,072,686
Capital Reserve - Designated for Subsequent year's Expenditures		<u>859,602</u>
Balance, June 30, 2017		<u>\$ 3,932,288</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects is \$12,770,776. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 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, 2017 is as follows:

Balance, July 1, 2016	<u>\$ 75,401</u>
Increased by:	
Deposit Approved by Board Resolution	<u>100,000</u>
Balance, June 30, 2017	<u>\$ 175,401</u>
Maintenance Reserve	\$ 128,301
Maintenance Reserve - Designated for Subsequent year's Expenditures	<u>47,100</u>
Balance, June 30, 2017	<u>\$ 175,401</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,387,815.

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.

The activity of the emergency reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	<u>\$ 126,204</u>
Balance, June 30, 2017	<u>\$ 126,204</u>

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2017 is \$1,569,769. Of this amount, \$920,515 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$649,254 will be appropriated in the 2018/2019 original budget certified for taxes.

F. Transfers to Capital Outlay

During the 2016/2017 school year, the district transferred \$216,130 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account was approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

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, 2017, the book value of the Board's deposits were \$7,303,740 and bank and brokerage firm balances of the Board's deposits amounted to \$7,916,234. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 7,916,234</u>
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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, 2017 the Board's bank balances were not exposed to custodial credit risk.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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, 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, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2017, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

B. Receivables

Receivables as of June 30, 2017 for the district’s individual major funds, in the aggregate are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 14,337	\$ 3,940	\$ 18,277
State	\$ 52,570	-	251	52,821
	<u>52,570</u>	<u>14,337</u>	<u>4,191</u>	<u>71,098</u>
Total Receivables	<u>\$ 52,570</u>	<u>\$ 14,337</u>	<u>\$ 4,191</u>	<u>\$ 71,098</u>

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	
Unrealized Courtesy Bus Fees	\$ 19,263
Special Revenue Fund	
Unencumbered Grant Draw Downs	90,971
Grant Draw Downs Reserved for Encumbrances	<u>9,900</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 120,134</u>

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, July 1, 2016	Increases	Decreases	Balance, June 30, 2017
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 131,987			\$ 131,987
Construction In Progress	-	\$ 27,100	-	27,100
Total Capital Assets, Not Being Depreciated	<u>131,987</u>	<u>27,100</u>	<u>-</u>	<u>159,087</u>
Capital Assets, Being Depreciated:				
Land Improvements	474,184	261,260		735,444
Buildings and Building Improvements	15,020,361	424,603		15,444,964
Machinery and Equipment	<u>2,561,335</u>	<u>253,510</u>	-	<u>2,814,845</u>
Total Capital Assets Being Depreciated	<u>18,055,880</u>	<u>939,373</u>	<u>-</u>	<u>18,995,253</u>
Less Accumulated Depreciation for:				
Land Improvements	(126,082)	(36,770)		(162,852)
Buildings and Building Improvements	(8,580,083)	(484,330)		(9,064,413)
Machinery and Equipment	<u>(2,233,616)</u>	<u>(106,484)</u>	-	<u>(2,340,100)</u>
Total Accumulated Depreciation	<u>(10,939,781)</u>	<u>(627,584)</u>	<u>-</u>	<u>(11,567,365)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,116,099</u>	<u>311,789</u>	<u>-</u>	<u>7,427,888</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,248,086</u>	<u>\$ 338,889</u>	<u>\$ -</u>	<u>\$ 7,586,975</u>

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Balance, June 30, 2017</u>
Business-Type Activities:			
Capital Assets, Being Depreciated:			
Machinery and Equipment	\$ 219,405	\$ 4,730	\$ 224,135
Total Capital Assets Being Depreciated	<u>219,405</u>	<u>4,730</u>	<u>224,135</u>
Less Accumulated Depreciation for:			
Machinery and Equipment	<u>(211,971)</u>	<u>(4,060)</u>	<u>(216,031)</u>
Total Accumulated Depreciation	<u>(211,971)</u>	<u>(4,060)</u>	<u>(216,031)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,434</u>	<u>670</u>	<u>8,104</u>
Business-Type Activities Capital Assets, Net	<u>\$ 7,434</u>	<u>\$ 670</u>	<u>\$ 8,104</u>

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

Governmental Activities:

Instruction	
Regular	\$ 42,759
Special Education	<u>500</u>
Total Instruction	<u>43,259</u>
Support Services	
Student and Instruction Related Services	13,074
School Administrative Services	6,147
Plant Operations and Maintenance	546,127
Pupil Transportation	18,364
Central Services	<u>613</u>
Total Support Services	<u>584,325</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 627,584</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 4,060</u>

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Enterprise Fund	\$ 24,365
		<u>\$ 24,365</u>

The above balances are the result of expenditures paid by one fund on behalf of another fund.

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

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2017 were \$31,668. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2018	<u>\$ 2,639</u>
Total Minimum Lease Payments	2,639
Less: Amount Representing Interest	<u>-</u>
Present Value of Minimum Lease Payments	<u>\$ 2,639</u>

Capital Leases

The District was leasing chromebooks totaling \$336,205 under capital leases. The leases were for terms of 3 years. As of June 30, 2017 the District paid the final payment of \$112,064.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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, 2017 are comprised of the following issues:

\$1,152,000, 2007 School Improvement Bonds, due in annual installments of \$85,000 to \$102,000 through February 1, 2023 interest at 4.25%	\$ 557,000
\$1,200,000, 2015 School Refunding Bonds, due in annual installments of \$225,000 to \$235,000 through February 1, 2021, interest at 4.25%	<u>1,150,000</u>
Total	<u>\$ 1,707,000</u>

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,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 310,000	\$ 40,792	\$ 350,792
2019	315,000	33,466	348,466
2020	320,000	25,888	345,888
2021	330,000	18,227	348,227
2022	330,000	10,311	340,311
2023	<u>102,000</u>	<u>4,335</u>	<u>106,335</u>
Total	<u>\$ 1,707,000</u>	<u>\$ 133,019</u>	<u>\$ 1,840,019</u>

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 71,044,876
Less: Net Debt	<u>1,707,000</u>
Remaining Borrowing Power	<u>\$ 69,337,876</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, July 1, 2016	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2017	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 2,007,000		\$ 300,000	\$ 1,707,000	\$ 310,000
Capital Leases Payable	112,064		112,064	-	
Compensated Absences	346,127	\$ 23,006	23,200	345,933	50,000
Net Pension Liability	<u>7,439,759</u>	<u>3,423,594</u>	<u>316,364</u>	<u>10,546,989</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 9,904,950</u>	<u>\$ 3,446,600</u>	<u>\$ 751,628</u>	<u>\$12,599,922</u>	<u>\$ 360,000</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

The relationship between the Board and the insurance fund 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 fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017		\$ 43,982	\$ 22,746	\$ 257,295
2016		41,999	17,108	236,059
2015	\$ 50,000	42,131	28,618	211,168

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, 2017, 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, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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 and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

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 and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

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, 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.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, 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/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 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, 2015 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 7.65 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.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-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.

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey 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>
2017	\$ 316,364	\$ 1,384,310	\$ 15,476
2016	284,934	938,029	15,990
2015	277,003	620,430	9,327

In addition for fiscal year 2016/2017 the District contributed \$2,193 for PERS and the State contributed \$2,491 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 No. 24. 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 \$925,382 during the fiscal year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been 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. 24.

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$10,546,989 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's 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, 2016, the District's proportionate share was .03561 percent, which was an increase of .00247 percent from its proportionate share measured as of June 30, 2015 of .03314 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,083,419 for PERS. At June 30, 2017, 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	\$ 196,142	
Changes of Assumptions	2,184,773	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	402,166	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>415,624</u>	<u>\$ 57,456</u>
Total	<u>\$ 3,198,705</u>	<u>\$ 57,456</u>

At June 30, 2017, 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:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 702,325
2019	702,325
2020	796,054
2021	689,115
2022	251,430
Thereafter	<u>-</u>
	<u>\$ 3,141,249</u>

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
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, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

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

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey 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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$6,924,960 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. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the District is \$92,165,565. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .11716 percent, which was an increase of .00240 percent from its proportionate share measured as of June 30, 2015 of .11476 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22% 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	1% Decrease (<u>2.22%</u>)	Current Discount Rate (<u>3.22%</u>)	1% Increase (<u>4.22%</u>)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 110,066,281</u>	<u>\$ 92,165,565</u>	<u>\$ 77,547,320</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program 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 state 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. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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.

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, 2015, 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.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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 to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2017, 2016 and 2015 were \$1,153,445, \$984,983 and \$811,757, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 27,596,827		\$ 27,596,827	\$ 27,596,827	
Transportation Individuals	70,000		70,000	77,193	\$ 7,193
Interest	4,850		4,850	27,071	22,221
Miscellaneous	6,900	-	6,900	44,171	37,271
Total Local Sources	27,678,577	-	27,678,577	27,745,262	66,685
State Sources					
Special Education Aid	548,560		548,560	548,560	
Transportation Aid	60,106		60,106	60,106	
Security Aid	28,723		28,723	28,723	
PARCC Readiness	16,140		16,140	16,140	
Per Pupil Growth	16,140		16,140	16,140	
Professional Learning Comm Aid	14,580		14,580	14,580	
Extraordinary Aid	225,000		225,000	234,373	9,373
Non Public Transportation				5,558	5,558
On-behalf TPAF Payments (Non-Budget)					
Pension Benefit Contribution					
Normal Cost				1,335,907	1,335,907
Non-Contributory (NCGI)				48,403	48,403
Post-Retirement Medical Contribution				1,153,445	1,153,445
Long-Term Disability				2,491	2,491
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	925,382	925,382
Total State Sources	909,249	-	909,249	4,389,808	3,480,559
Total Revenues	28,587,826	-	28,587,826	32,135,070	3,547,244
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	611,076	\$ 3,200	614,276	614,167	109
Grades 1-5	4,302,484	23,152	4,325,636	4,323,446	2,190
Grades 6-8	3,499,933	(31,300)	3,468,633	3,455,322	13,311
Instruction - Home					
Salaries of Teachers		18,000	18,000	11,430	6,570
Purchased Professional-Educational Services	1,500	-	1,500	134	1,366
Regular Programs- Undistributed Instruction					
Other Salaries for Instruction		35,827	35,827	35,525	302
Other Purchased Services	143,017	12,981	155,998	147,067	8,931
General Supplies	582,262	(86,557)	495,705	437,327	58,378
Textbooks	100,900	(35,758)	65,142	47,599	17,543
Other Objects	200	218	418	266	152
Total Instruction - Regular	9,241,372	(60,237)	9,181,135	9,072,283	108,852
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	198,326	150	198,476	198,476	-
Other Salaries for Instruction	116,350	1,072	117,422	117,422	-
Purchased Professional-Educational Services	11,400	(10,000)	1,400	175	1,225
General Supplies	6,540	(1,400)	5,140	4,659	481
Textbooks	1,000	500	1,500	833	667
Other Objects	500	(100)	400	399	1
Total Learning and/or Language Disabilities	334,116	(9,778)	324,338	321,964	2,374
Resource Room/Resource Center					
Salaries of Teachers	1,056,657	61,650	1,118,307	1,107,385	10,922
Other Salaries for Instruction	466,734	(1,527)	465,207	462,325	2,882
General Supplies	35,500	(17,850)	17,650	17,534	116
Total Resource Room/Resource Center	1,558,891	42,273	1,601,164	1,587,244	13,920

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES					
Preschool Disabilities - Part-Time					
Salaries of Teachers	\$ 62,603	\$ 11,100	\$ 73,703	\$ 72,953	\$ 750
Other Salaries for Instruction	35,778	22,880	58,658	55,910	2,748
Other Purchased Services		120	120	-	120
General Supplies	2,500	(600)	1,900	1,355	545
Total Preschool Disabilities	100,881	33,500	134,381	130,218	4,163
Total Special Education	1,993,888	65,995	2,059,883	2,039,426	20,457
Basic Skills/Remedial - Instruction					
Salaries of Teachers	633,990	(120,300)	513,690	505,892	7,798
Total Basic Skills/Remedial - Instruction	633,990	(120,300)	513,690	505,892	7,798
Bilingual Education - Instruction					
Salaries of Teachers	109,727	31,110	140,837	140,833	4
General Supplies	3,966	(3,613)	353	353	-
Textbooks	200	-	200	-	200
Total Bilingual Education - Instruction	113,893	27,497	141,390	141,186	204
School Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	103,284	-	103,284	82,833	20,451
Supplies and Materials	27,500	(5,481)	22,019	346	21,673
Other Objects	500	-	500	-	500
Total School Sponsored Co/Extra Curricular Activities-Instruction	131,284	(5,481)	125,803	83,179	42,624
School Sponsored Athletics - Instruction					
Salaries	19,283	-	19,283	15,578	3,705
Purchased Services	10,500	(7,000)	3,500	1,492	2,008
Total School Sponsored Athletics - Instruction	29,783	(7,000)	22,783	17,070	5,713
Other Instructional Programs - Instruction					
Salaries	22,000	-	22,000	671	21,329
Total Other Instructional Programs - Instruction	22,000	-	22,000	671	21,329
Total - Instruction	12,166,210	(99,526)	12,066,684	11,859,707	206,977
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	329,363	55,860	385,223	360,146	25,077
Tuition to CSSD & Reg. Day Schools	150,470	(21,650)	128,820	128,820	-
Tuition to Private School for the Disabled W/I State	932,595	79,045	1,011,640	969,453	42,187
Total Undistributed Expenditures - Instruction	1,412,428	113,255	1,525,683	1,458,419	67,264
Attendance & Social Work					
Salaries	54,426	-	54,426	54,258	168
Total Undistributed Expenditures - Attendance & Social Work	54,426	-	54,426	54,258	168

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 335,217	\$ 2,307	\$ 337,524	\$ 335,084	\$ 2,440
Purchased Professional and Technical Services	1,000	-	1,000	270	730
Other Purchased Services	800	(500)	300	210	90
Supplies and Materials	15,850	(308)	15,542	8,604	6,938
Total Health Services	<u>352,867</u>	<u>1,499</u>	<u>354,366</u>	<u>344,168</u>	<u>10,198</u>
Speech, OT, PT & Related Services					
Salaries	329,525	(23,499)	306,026	303,424	2,602
Purchased Professional-Educational Services	187,500	(11,920)	175,580	171,009	4,571
Supplies and Materials	4,800	(850)	3,950	2,893	1,057
Total Speech, OT, PT & Related Services	<u>521,825</u>	<u>(36,269)</u>	<u>485,556</u>	<u>477,326</u>	<u>8,230</u>
Other Support Services - Extra Serv.					
Salaries	100,000	(30,000)	70,000	61,195	8,805
Purchased Professional-Educational Services	271,814	42,577	314,391	246,328	68,063
Supplies and Materials	3,500	(2,100)	1,400	859	541
Total Other Support Services - Extra Serv.	<u>375,314</u>	<u>10,477</u>	<u>385,791</u>	<u>308,382</u>	<u>77,409</u>
Guidance					
Salaries of Other Professional Staff	300,012	7,453	307,465	307,465	-
Other Salaries	2,500	200	2,700	2,700	-
Supplies and Materials	1,400	-	1,400	71	1,329
Total Guidance	<u>303,912</u>	<u>7,653</u>	<u>311,565</u>	<u>310,236</u>	<u>1,329</u>
Child Study Teams					
Salaries of Other Professional Staff	440,283	(44,500)	395,783	394,705	1,078
Salaries of Secretarial & Clerical Assist.	109,722	900	110,622	108,625	1,997
Purchased Professional -Educational Services	60,000	112,813	172,813	151,643	21,170
Other Purchased Services	4,889	-	4,889	3,987	902
Supplies and Materials	14,500	(1,000)	13,500	11,841	1,659
Total Child Study Teams	<u>629,394</u>	<u>68,213</u>	<u>697,607</u>	<u>670,801</u>	<u>26,806</u>
Improvement of Instructional Service					
Salaries of Supervisor of Instruction	449,470	(61,883)	387,587	372,674	14,913
Salaries of Other Professional Staff	38,200	4,747	42,947	42,847	100
Salaries of Secretarial & Clerical Assist.	61,368	500	61,868	61,746	122
Purchased Professional-Educational Services	15,100	(2,000)	13,100	3,200	9,900
Other Purchased Services	13,639	250	13,889	12,365	1,524
Supplies and Materials	8,000	6,055	14,055	4,540	9,515
Other Objects	4,000	-	4,000	3,418	582
Total Improvement of Instructional Service	<u>589,777</u>	<u>(52,331)</u>	<u>537,446</u>	<u>500,790</u>	<u>36,656</u>
Educational Media Services/School Library					
Salaries	378,646	5,050	383,696	382,695	1,001
Salaries of Technology Coordinators	100,626	4,250	104,876	104,542	334
Purchased Professional and Technical Services	800	-	800	402	398
Other Purchased Services	135,636	(30,982)	104,654	104,390	264
Supplies and Materials	22,113	(3,378)	18,735	12,642	6,093
Total Educational Media Services/School Library	<u>637,821</u>	<u>(25,060)</u>	<u>612,761</u>	<u>604,671</u>	<u>8,090</u>

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Instructional Staff Training Services					
Purchased Professional-Educational Services	\$ 25,000	\$ (9,036)	\$ 15,964	\$ 9,198	\$ 6,766
Other Purchased Services	10,000	-	10,000	8,297	1,703
Supplies and Materials	1,350	255	1,605	255	1,350
Total Instructional Staff Training Services	36,350	(8,781)	27,569	17,750	9,819
Support Services - General Administration					
Salaries	318,691	(3,760)	314,931	314,929	2
Legal Services	80,000	17,419	97,419	97,419	-
Audit Fees	30,000	24,465	54,465	28,465	26,000
Architectural/Engineering Services	20,000	44,761	64,761	43,165	21,596
Other Purchased Professional Services	48,000	23,819	71,819	71,819	-
Communications/Telephone	15,000	4,269	19,269	19,269	-
BOE - Other Purchased Services	10,000	(6,025)	3,975	3,974	1
Supplies and Materials	8,400	(2,505)	5,895	5,888	7
Miscellaneous Purchased Services	16,139	(7,388)	8,751	8,751	-
Miscellaneous Expenditures	34,000	(3,562)	30,438	30,189	249
BOE Membership Dues	8,950	3,730	12,680	12,680	-
Total Support Services - General Administration	589,180	95,223	684,403	636,548	47,855
Support Services - School Administration					
Salaries of Principals/Asst. Principals	806,184	35,301	841,485	841,484	1
Salaries of Other Professional Staff	131,035	3,470	134,505	134,503	2
Salaries of Secretarial and Clerical Assistants	443,027	8,464	451,491	451,489	2
Other Purchased Services	25,156	8,798	33,954	18,734	15,220
Supplies and Materials	26,344	(1,809)	24,535	17,097	7,438
Other Objects	27,000	15,400	42,400	39,072	3,328
Total Support Services - School Administration	1,458,746	69,624	1,528,370	1,502,379	25,991
Central Services					
Salaries	296,230	4,510	300,740	292,416	8,324
Purchased Professional Services	1,200	-	1,200	-	1,200
Miscellaneous Purchased Services	8,600	(3,350)	5,250	2,755	2,495
Supplies and Materials	10,940	(3,155)	7,785	5,606	2,179
Other Objects	4,500	-	4,500	2,772	1,728
Total Central Services	321,470	(1,995)	319,475	303,549	15,926
Admin. Info. Tech.					
Salaries	53,506	-	53,506	50,282	3,224
Supplies and Materials	10,000	1,800	11,800	11,179	621
Total Admin. Info. Tech.	63,506	1,800	65,306	61,461	3,845
Required Maintenance for School Facilities					
Salaries	143,983	-	143,983	137,538	6,445
Cleaning, Repair and Maintenance Service	135,831	6,428	142,259	102,964	39,295
Lead Testing of Drinking Water	-	15,490	15,490	-	15,490
General Supplies	24,850	15,032	39,882	34,185	5,697
Total Required Maintenance for School Facilities	304,664	36,950	341,614	274,687	66,927
Custodial Services					
Salaries	939,011	13,140	952,151	919,502	32,649
Salaries of Non-Instructional Aides	95,854	4,415	100,269	97,495	2,774
Purchased Professional and Technical Services	12,000	(744)	11,256	8,100	3,156
Cleaning, Repair, and Maintenance Services	87,000	23,800	110,800	101,521	9,279
Rental of Land and Bldgs Other than Lease Pur. Agree.	1,000	600	1,600	398	1,202
Other Purchased Property Services	12,000	(130)	11,870	10,441	1,429
Insurance	135,000	(6,309)	128,691	127,765	926
Miscellaneous Purchased Services	14,200	(1,700)	12,500	11,736	764
General Supplies	63,000	7,482	70,482	60,889	9,593
Energy (Natural Gas)	160,000	(39,000)	121,000	119,854	1,146
Energy (Electricity)	210,000	(28,561)	181,439	181,439	-
Other Objects	1,350	-	1,350	664	686
Total Custodial Services	1,730,415	(27,007)	1,703,408	1,639,804	63,604

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Care and Upkeep of Grounds					
Salaries	\$ 26,300	-	\$ 26,300	\$ 25,817	\$ 483
Cleaning, Repair, and Maintenance Svc.	36,400	\$ (18,650)	17,750	16,240	1,510
General Supplies	4,600	92	4,692	4,390	302
Other Objects	1,200	-	1,200	-	1,200
Total Care and Upkeep of Grounds	68,500	(18,558)	49,942	46,447	3,495
Security					
General Supplies	1,000	(1,000)	-	-	-
Total Security	1,000	(1,000)	-	-	-
Student Transportation Services					
Salaries of Non-Instructional Aides	15,000	5,126	20,126	20,125	1
Salaries for Pupil Transportation (Between Home and School) - Regular	147,286	3,215	150,501	144,920	5,581
Salaries for Pupil Transportation (Between Home and School) - Special Education	22,000	(21,192)	808	-	808
Other Purchased Professional and Technical Services	5,500	1,620	7,120	6,735	385
Cleaning, Repair, and Maintenance Services	20,000	3,023	23,023	23,023	-
Rental Payments - School Buses	2,000	-	2,000	-	2,000
Contracted Services -Aid-in-Lieu Payments-Non-Public	30,000	-	30,000	26,278	3,722
Contracted Services (Between Home and School) - Vendors	335,000	45,372	380,372	380,356	16
Contracted Services (Other Than Between Home and School) - Vendors	11,500	(8,700)	2,800	-	2,800
Contracted Services (Special Education Students) - Vendors	410,000	(20,123)	389,877	381,912	7,965
Supplies and Materials	3,000	-	3,000	724	2,276
Transportation Supplies	12,500	-	12,500	-	12,500
Other Objects	1,500	-	1,500	894	606
Total Student Transportation Services	1,015,286	8,341	1,023,627	984,967	38,660
Employee Benefits - Unallocated					
Group Insurance	18,250	-	18,250	5,407	12,843
Social Security Contributions	335,000	-	335,000	312,779	22,221
Other Retirement Contributions - PERS	325,000	(5,000)	320,000	318,557	1,443
Other Retirement Contributions - Regular	19,600	-	19,600	15,476	4,124
Unemployment Compensation	97,088	(63,050)	34,038	-	34,038
Workmen's Compensation	196,906	100	197,006	196,968	38
Health Benefits	4,744,809	(20,500)	4,724,309	4,415,145	309,164
Tuition Reimbursement	70,000	-	70,000	51,876	18,124
Other Employee Benefits	254,809	(27,720)	227,089	168,576	58,513
Total Employee Benefits - Unallocated	6,061,462	(116,170)	5,945,292	5,484,784	460,508
On-Behalf TPAF Pension Contributions (Non-Budgeted)					
Normal Cost	-	-	-	1,335,907	(1,335,907)
Non-Contributory (NCGI)	-	-	-	48,403	(48,403)
Post-Retirement Medical Contribution	-	-	-	1,153,445	(1,153,445)
Long-Term Disability	-	-	-	2,491	(2,491)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	925,382	(925,382)
Total	-	-	-	3,465,628	(3,465,628)
Total Undistributed Expenditures	16,528,343	125,864	16,654,207	19,147,055	(2,492,848)
Total Current Expenditures	28,694,553	26,338	28,720,891	31,006,762	(2,285,871)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
CAPITAL OUTLAY					
Equipment					
Grades 6 - 8		\$ 2,809	\$ 2,809	\$ 2,809	-
Undistributed					
Instruction	\$ 2,871	-	2,871	2,749	\$ 122
Admin. Info. Tech.	12,300	45,500	57,800	54,393	3,407
Required Maintenance for School Facilities	170,000	141,927	311,927	310,402	1,525
Care and Upkeep of Grounds		29,087	29,087	29,087	-
Non-Inst. Equipment	-	35,400	35,400	35,400	-
Total Undistributed Expenditures	<u>185,171</u>	<u>254,723</u>	<u>439,894</u>	<u>434,840</u>	<u>5,054</u>
Total Equipment	<u>185,171</u>	<u>254,723</u>	<u>439,894</u>	<u>434,840</u>	<u>5,054</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	25,000	75,800	100,800	52,100	48,700
Other Purchased Prof. and Tech. Services		35,928	35,928	35,928	-
Construction Services	114,950	(13,074)	101,876	65,526	36,350
Land and Improvements	253,500	111,332	364,832	357,814	7,018
Assessment for Debt Service on SDA Funding	3,102	-	3,102	3,102	-
Total Facilities Acquis. and Const. Services	<u>396,552</u>	<u>209,986</u>	<u>606,538</u>	<u>514,470</u>	<u>92,068</u>
Total Capital Outlay	<u>581,723</u>	<u>464,709</u>	<u>1,046,432</u>	<u>949,310</u>	<u>97,122</u>
Total Expenditures - General Fund	<u>29,276,276</u>	<u>491,047</u>	<u>29,767,323</u>	<u>31,956,072</u>	<u>(2,188,749)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(688,450)	(491,047)	(1,179,497)	178,998	1,358,495
Fund Balances, Beginning of Year	<u>6,556,532</u>	<u>-</u>	<u>6,556,532</u>	<u>6,556,532</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 5,868,082</u>	<u>\$ (491,047)</u>	<u>\$ 5,377,035</u>	<u>\$ 6,735,530</u>	<u>\$ 1,358,495</u>
Recapitulation of Fund Balances					
Restricted					
Reserve for Excess Surplus				\$ 649,254	
Excess Surplus Designated for Subsequent Year's Expenditures				920,515	
Capital Reserve				3,072,686	
Capital Reserve Designated for Subsequent Year's Expenditures				859,602	
Emergency Reserve				126,204	
Maintenance Reserve				128,301	
Maintenance Reserve Designated for Subsequent Year's Expenditures				47,100	
Assigned					
Designated for Subsequent Year's Expenditures				195,325	
Year-End Encumbrances				151,803	
Unassigned				<u>584,740</u>	
Fund Balance (Budgetary Basis)				6,735,530	
Reconciliation to Government Funds Statements (GAAP)					
Final State Aid Payments Not Recognized on GAAP Basis				47,525	
Extraordinary Aid Payment Not Recognized on GAAP Basis				<u>234,373</u>	
Fund Balances Per Governmental Funds (GAAP Basis)				<u>\$ 6,453,632</u>	

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 159,794	\$ 159,794	\$ 82,649	\$ (77,145)
State	\$ 111,100	47,019	158,119	104,768	(53,351)
Federal	342,377	46,457	388,834	378,024	(10,810)
Total Revenues	<u>453,477</u>	<u>253,270</u>	<u>706,747</u>	<u>565,441</u>	<u>(141,306)</u>
EXPENDITURES					
Instruction					
Purchased Professional & Technical Svcs.	26,205	12,257	38,462	29,218	9,244
Purchased Professional & Educational Svcs.	111,100	(5,048)	106,052	63,822	42,230
Tuition	297,895	31,038	328,933	328,933	-
Supplies and Materials	-	134,372	134,372	59,715	74,657
Textbooks	-	9,673	9,673	8,789	884
Total Instruction	<u>435,200</u>	<u>182,292</u>	<u>617,492</u>	<u>490,477</u>	<u>127,015</u>
Support Services					
Purchased Professional & Technical Svcs.		21,163	21,163	19,339	1,824
Purchased Professional & Educational Svcs.	18,277	27,110	45,387	34,683	10,704
Other Purchased Services		690	690	677	13
Travel		-	-	-	-
Supplies and Materials	-	-	-	-	-
Total Support Services	<u>18,277</u>	<u>48,963</u>	<u>67,240</u>	<u>54,699</u>	<u>12,541</u>
Facilities Acquisition and Construction					
Instructional Equipment		6,584	6,584	4,834	1,750
Non-Instructional Equipment	-	15,431	15,431	15,431	-
Total Facilities Acquisition and Construction	<u>-</u>	<u>22,015</u>	<u>22,015</u>	<u>20,265</u>	<u>1,750</u>
Total Expenditures	<u>453,477</u>	<u>253,270</u>	<u>706,747</u>	<u>565,441</u>	<u>141,306</u>
Excess Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**OAKLAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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) \$ 32,135,070	(C-2) \$	565,441
Difference - Budget to GAAP			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - June 30, 2017			(9,900)
- June 30, 2016			4,660
State Aid (2015/2016) recognized for GAAP purposes and not recognized for budgetary statements.	261,200		
State Aid (2016/2017) recognized for budgetary purposes and not recognized for GAAP statements	<u>(281,898)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>32,114,372</u>	(B-2) \$	<u>560,201</u>
Uses/Outflows of Resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 31,956,072	(C-2) \$	565,441
Difference - Budget to GAAP:			
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and services are received for financial reporting purposes - June 30, 2017			(9,900)
- June 30, 2016			<u>4,660</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>31,956,072</u>	(B-2) \$	<u>560,201</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

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

Public Employees Retirement System

Last Four Fiscal Years*

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.03561	%	0.03314	%	0.03360	%	0.03347	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,546,989		\$ 7,439,759		\$ 6,291,053		\$ 6,396,995	
District's Covered-Employee Payroll	\$ 2,432,053		\$ 2,398,385		\$ 2,209,137		\$ 2,219,914	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	433.67	%	310.20	%	284.77	%	288.16	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

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

Public Employees Retirement System

Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 316,364	\$ 284,934	\$ 277,003	\$ 252,198
Contributions in Relation to the Contractually Required Contribution	<u>316,364</u>	<u>284,934</u>	<u>277,003</u>	<u>252,198</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$2,432,053	\$2,398,385	\$ 2,209,137	\$ 2,219,914
Contributions as a Percentage of Covered-Employee Payroll	\$ 13.01 %	\$ 11.88 %	\$ 12.54 %	\$ 11.36 %

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.

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

Teachers Pension and Annuity Fund

Last Four Fiscal Years*

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00	%	0.00	%	0.00	%	0.00
District's Proportionate Share of the Net Pension Liability (Asset)	0.00	%	0.00	%	0.00	%	0.00
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 92,165,565</u>		<u>\$ 72,532,687</u>		<u>\$62,549,208</u>		<u>\$ 60,530,359</u>
Total	<u>\$ 92,165,565</u>		<u>\$ 72,532,687</u>		<u>\$62,549,208</u>		<u>\$ 60,530,359</u>
District's Covered-Employee Payroll	\$ 12,792,813		\$ 12,495,712		\$11,586,071		\$ 11,490,030
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00	%	0.00	%	0.00	%	0.00
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

OAKLAND 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, 2017

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 4D.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Non-Public Auxiliary</u>		<u>Non-Public Handicapped</u>			<u>Total Exhibit E1A</u>	<u>Totals</u>
	<u>Comp. Ed</u>	<u>ESL</u>	<u>Exam/ Classification</u>	<u>Corrective Speech</u>	<u>Suppl. Instruction</u>		
REVENUES							
Intergovernmental							
Local						\$ 82,649	\$ 82,649
State	\$ 21,141	\$ 7,308	\$ 15,487	\$ 11,220	\$ 9,573	40,039	104,768
Federal	-	-	-	-	-	378,024	378,024
Total Revenues	<u>\$ 21,141</u>	<u>\$ 7,308</u>	<u>\$ 15,487</u>	<u>\$ 11,220</u>	<u>\$ 9,573</u>	<u>\$ 500,712</u>	<u>\$ 565,441</u>
EXPENDITURES							
Instruction							
Purchased Professional & Technical Svcs.						\$ 29,218	\$ 29,218
Purchased Professional & Educational Svcs.	\$ 21,141	\$ 7,308		\$ 11,220	\$ 9,573	14,580	63,822
Tuition						328,933	328,933
Supplies and Materials						59,715	59,715
Textbooks	-	-	-	-	-	8,789	8,789
Total Instruction	<u>21,141</u>	<u>7,308</u>	<u>-</u>	<u>11,220</u>	<u>9,573</u>	<u>441,235</u>	<u>490,477</u>
Support Services							
Purchased Professional & Technical Svcs.						19,339	19,339
Purchased Professional & Educational Svcs.			\$ 15,487			19,196	34,683
Other Purchased Services						677	677
Travel						-	-
Supplies and Materials	-	-	-	-	-	-	-
Total Support Services	<u>-</u>	<u>-</u>	<u>15,487</u>	<u>-</u>	<u>-</u>	<u>39,212</u>	<u>54,699</u>
Facilities Acquisition and Construction							
Instructional Equipment	-	-	-	-	-	4,834	4,834
Non Instructional Equipment	-	-	-	-	-	15,431	15,431
Total Facilities Acquisition and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,265</u>	<u>20,265</u>
Total Expenditures	<u>\$ 21,141</u>	<u>\$ 7,308</u>	<u>\$ 15,487</u>	<u>\$ 11,220</u>	<u>\$ 9,573</u>	<u>\$ 500,712</u>	<u>\$ 565,441</u>

OAKLAND BOARD OF EDUCATION
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Non-Public Textbook	Non-Public Technology	Non-Public Security	Non-Public Nursing	IDEA			NCLB		Local Grants	Total Exhibit E-1A
					Preschool	Basic	Basic Carryover	TITLE II A	TITLE II A Carryover		
REVENUES											
Intergovernmental											
Local										\$ 82,649	\$ 82,649
State	\$ 8,789	\$ 3,871	\$ 12,799	\$ 14,580							40,039
Federal	-	-	-	-	\$ 18,808	\$ 336,547	\$ 2,796	\$ 19,859	\$ 14	-	378,024
Total Revenues	\$ 8,789	\$ 3,871	\$ 12,799	\$ 14,580	\$ 18,808	\$ 336,547	\$ 2,796	\$ 19,859	\$ -	\$ 82,649	\$ 500,712
EXPENDITURES											
Instruction											
Purchased Professional & Technical Svcs.						\$ 29,218					\$ 29,218
Purchased Professional & Educational Svcs.				\$ 14,580							14,580
Tuition					\$ 18,808	307,329	\$ 2,796				328,933
Supplies and Materials		\$ 3,871	\$ 12,799							\$ 43,045	59,715
Textbooks	\$ 8,789	-	-	-	-	-	-	-	-	-	8,789
Total Instruction	8,789	3,871	12,799	14,580	18,808	336,547	2,796	-	-	43,045	441,235
Support Services											
Purchased Professional & Technical Svcs.										19,339	19,339
Purchased Professional & Educational Svcs.								\$ 19,182	\$ 14	-	19,196
Other Purchased Services								677		-	677
Travel											-
Supplies and Materials											-
Total Support Services	-	-	-	-	-	-	-	19,859	14	19,339	39,212
Facilities Acquisition and Construction											
Instructional Equipment										4,834	4,834
Non-Instructional Equipment										15,431	15,431
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-	-	20,265	20,265
Total Expenditures	\$ 8,789	\$ 3,871	\$ 12,799	\$ 14,580	\$ 18,808	\$ 336,547	\$ 2,796	\$ 19,859	\$ 14	\$ 82,649	\$ 500,712

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NOT APPLICABLE

PROPRIETARY FUNDS

**OAKLAND BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

EXHIBIT G-4

**OAKLAND BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-5

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 38,918	\$ 51,579	\$ 90,497
Total Assets	<u>\$ 38,918</u>	<u>\$ 51,579</u>	<u>\$ 90,497</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 37,866	\$ 37,866
Due to Student Groups	\$ 38,918		38,918
Flex Spending Payable	<u>-</u>	<u>13,713</u>	<u>13,713</u>
Total Liabilities	<u>\$ 38,918</u>	<u>\$ 51,579</u>	<u>\$ 90,497</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

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

	<u>Balance, July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
SCHOOLS				
Dogwood Hills	\$ 445	\$ 6,870	\$ 6,463	\$ 852
Heights	12,210	10,849	12,419	10,640
Manito	1,916	8,059	7,870	2,105
Valley Middle	28,351	157,036	160,066	25,321
General Organization, Account	<u>32,483</u>	<u>-</u>	<u>32,483</u>	<u>-</u>
Total All Schools	<u>\$ 75,405</u>	<u>\$ 182,814</u>	<u>\$ 219,301</u>	<u>\$ 38,918</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance, July 1, 2016</u>	<u>Cash Receipt</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
Payroll Deductions and Withholdings	\$ 18,961	\$ 8,984,097	\$ 8,965,192	\$ 37,866
Accrued Salaries and Wages		10,086,968	10,086,968	-
Flex Spending Payable	<u>18,285</u>	<u>92,946</u>	<u>97,518</u>	<u>13,713</u>
Total	<u>\$ 37,246</u>	<u>\$ 19,164,011</u>	<u>\$ 19,149,678</u>	<u>\$ 51,579</u>

LONG-TERM DEBT

**OAKLAND BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Obligation</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
2014 Chromebooks	1.09%	\$ 336,205	\$ 112,064	-	\$ 112,064	-
			<u>\$ 112,064</u>	<u>\$ -</u>	<u>\$ 112,064</u>	<u>\$ -</u>

**OAKLAND PUBLIC SCHOOLS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjust</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 233,119		\$ 233,119	\$ 233,119	
State Sources					
State Aid	<u>117,084</u>	<u>-</u>	<u>117,084</u>	<u>117,084</u>	<u>-</u>
 Total Revenues	 <u>350,203</u>	 <u>-</u>	 <u>350,203</u>	 <u>350,203</u>	 <u>-</u>
EXPENDITURES					
Regular Debt Service					
Redemption of Principal	300,000	-	300,000	300,000	
Interest	<u>50,203</u>	<u>-</u>	<u>50,203</u>	<u>50,203</u>	<u>-</u>
 Total Expenditures	 <u>350,203</u>	 <u>-</u>	 <u>350,203</u>	 <u>350,203</u>	 <u>-</u>
 Excess Revenues Over Expenditures	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund Balance, Beginning of Year	 <u>11,520</u>	 <u>-</u>	 <u>11,520</u>	 <u>11,520</u>	 <u>-</u>
 Fund Balance, End of Year	 <u>\$ 11,520</u>	 <u>\$ -</u>	 <u>\$ 11,520</u>	 <u>\$ 11,520</u>	 <u>\$ -</u>
 <u>Analysis of Restricted Fund Balance</u>					
Amount Designated for Subsequent Year's Expenditures				<u>\$ 11,520</u>	

STATISTICAL SECTION

This part of the Oakland 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.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
				(1)			(2)			
Governmental Activities										
Net Investment in Capital Assets	\$ 2,136,381	\$ 2,679,617	\$ 3,290,956	\$ 3,415,505	\$ 3,660,995	\$ 3,897,925	\$ 3,888,182	\$ 4,524,087	\$ 5,185,259	\$ 5,924,258
Restricted	279,995	401,985	379,559	705,637	846,077	2,076,088	4,002,988	4,877,374	4,576,371	4,119,209
Unrestricted	799,023	478,277	137,134	280,973	714,773	35,055	(6,243,589)	(5,868,917)	(5,278,098)	(5,423,499)
Total Governmental Activities Net Position	\$ 3,215,399	\$ 3,559,879	\$ 3,807,649	\$ 4,402,115	\$ 5,221,845	\$ 6,009,068	\$ 1,647,581	\$ 3,532,544	\$ 4,483,532	\$ 4,619,968
Business-Type Activities										
Net Investment in Capital Assets	\$ 26,757	\$ 41,004	\$ 36,728	\$ 31,662	\$ 18,906	\$ 7,650	\$ 3,639	\$ 10,624	\$ 7,434	\$ 8,104
Restricted										
Unrestricted	70,026	26,889	15,534	32,147	32,695	27,681	29,370	11,398	26,625	34,162
Total Business-Type Activities Net Position	\$ 96,783	\$ 67,893	\$ 52,262	\$ 63,809	\$ 51,601	\$ 35,331	\$ 33,009	\$ 22,022	\$ 34,059	\$ 42,266
District-Wide										
Net Investment in Capital Assets	\$ 2,163,138	\$ 2,720,621	\$ 3,327,684	\$ 3,447,167	\$ 3,679,901	\$ 3,905,575	\$ 3,891,821	\$ 4,534,711	\$ 5,192,693	\$ 5,932,362
Restricted	279,995	401,985	379,559	705,637	846,077	2,076,088	4,002,988	4,877,374	4,576,371	4,119,209
Unrestricted	869,049	505,166	152,668	313,120	747,468	62,736	(6,214,219)	(5,857,519)	(5,251,473)	(5,389,337)
Total District Net Position	\$ 3,312,182	\$ 3,627,772	\$ 3,859,911	\$ 4,465,924	\$ 5,273,446	\$ 6,044,399	\$ 1,680,590	\$ 3,554,566	\$ 4,517,591	\$ 4,662,234

Source: District's Financial Records

(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. 64, "Financial Reporting of Pensions" and GASB Statement No. 65, "Financial Reporting of Postemployment Benefits".

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 12,007,085	\$ 11,392,432	\$ 11,434,244	\$ 10,915,332	\$ 11,126,135	\$ 11,886,076	\$ 12,161,879	\$ 14,695,489	\$ 15,427,428	\$ 16,600,572
Special Education	3,965,860	3,940,882	4,636,266	4,644,511	4,755,652	4,780,729	4,118,511	4,845,084	4,917,793	5,557,285
Other Instruction	1,080,196	1,143,596	1,053,860	1,143,529	1,222,301	975,349	996,345	1,179,018	1,364,724	1,180,785
School Sponsored Activities And Athletics	149,942	143,175	115,105	135,976	113,039	124,434	129,637	129,096	154,219	198,306
Support Services:										
Student & Instruction Related Services	3,376,824	3,405,387	3,347,440	3,366,039	3,664,302	4,122,196	4,005,463	4,434,399	4,711,693	6,046,973
General Administration	703,446	655,409	695,851	754,063	782,208	851,380	707,879	978,813	1,066,878	1,162,429
School Administrative Services	1,819,559	1,814,113	2,029,477	2,046,884	2,171,503	2,143,676	1,989,232	2,032,124	2,373,715	2,746,123
Central Services	516,275	505,830	529,887	523,739	547,983	579,648	556,587	520,146	533,711	475,235
Plant Operations And Maintenance	2,089,468	2,140,268	2,451,387	2,231,788	2,761,464	2,635,520	2,578,089	2,816,592	3,010,427	3,101,686
Pupil Transportation	975,503	996,221	1,063,089	1,066,892	956,185	976,888	924,731	886,397	969,994	1,299,116
Interest and Other Charges On Long-Term Debt	191,421	181,936	163,761	149,455	137,789	121,481	107,737	115,654	68,932	60,480
Total Governmental Activities Expenses	<u>26,875,579</u>	<u>26,319,249</u>	<u>27,520,367</u>	<u>26,978,208</u>	<u>28,238,561</u>	<u>29,197,377</u>	<u>28,276,090</u>	<u>32,632,812</u>	<u>34,599,514</u>	<u>38,428,990</u>
Business-Type Activities:										
Other										29,964
Food Service	401,628	466,428	448,841	416,961	470,995	459,438	468,397	467,723	473,261	496,231
Total Business-Type Activities Expense	<u>401,628</u>	<u>466,428</u>	<u>448,841</u>	<u>416,961</u>	<u>470,995</u>	<u>459,438</u>	<u>468,397</u>	<u>467,723</u>	<u>473,261</u>	<u>526,195</u>
Total District Expenses	<u>\$ 27,277,207</u>	<u>\$ 26,785,677</u>	<u>\$ 27,969,208</u>	<u>\$ 27,395,169</u>	<u>\$ 28,709,556</u>	<u>\$ 29,656,815</u>	<u>\$ 28,744,487</u>	<u>\$ 33,100,535</u>	<u>\$ 35,072,775</u>	<u>\$ 38,955,185</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Pupil Transportation	\$ 81,747	\$ 81,241	\$ 92,437	\$ 76,579	\$ 86,593	\$ 82,457	\$ 75,035	\$ 76,586	\$ 64,020	\$ 77,193
Operating Grants And Contributions	4,426,097	3,237,328	3,801,833	2,761,993	3,518,780	3,945,602	3,668,462	6,970,416	7,945,432	10,403,342
Capital Grants And Contributions	-	-	34,144	-	-	-	34,460	421,694	-	20,265
Total Governmental Activities Program Revenues	<u>4,507,844</u>	<u>3,318,569</u>	<u>3,928,414</u>	<u>2,838,572</u>	<u>3,605,373</u>	<u>4,028,059</u>	<u>3,777,957</u>	<u>7,468,696</u>	<u>8,009,452</u>	<u>10,500,800</u>
Business-Type Activities:										
Charges For Services										
Other										22,221
Food Service	357,638	364,580	344,450	345,329	354,694	342,384	355,329	343,290	380,275	415,842
Operating Grants And Contributions	60,301	72,958	88,455	82,792	103,809	100,499	110,408	113,446	89,211	96,339
Total Business Type Activities Program Revenues	<u>417,939</u>	<u>437,538</u>	<u>432,905</u>	<u>428,121</u>	<u>458,503</u>	<u>442,883</u>	<u>465,737</u>	<u>456,736</u>	<u>469,486</u>	<u>534,402</u>
Total District Program Revenues	<u>\$ 4,925,783</u>	<u>\$ 3,756,107</u>	<u>\$ 4,361,319</u>	<u>\$ 3,266,693</u>	<u>\$ 4,063,876</u>	<u>\$ 4,470,942</u>	<u>\$ 4,243,694</u>	<u>\$ 7,925,432</u>	<u>\$ 8,478,938</u>	<u>\$ 11,035,202</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (22,367,735)	\$ (23,000,680)	\$ (23,591,953)	\$ (24,139,636)	\$ (24,633,188)	\$ (25,169,318)	\$ (24,498,133)	\$ (25,164,116)	\$ (26,590,062)	\$ (27,928,190)
Business-Type Activities	16,311	(28,890)	(15,936)	11,160	(12,492)	(16,555)	(2,660)	(10,987)	(3,775)	8,207
Total District-Wide Net Expense	<u>\$ (22,351,424)</u>	<u>\$ (23,029,570)</u>	<u>\$ (23,607,889)</u>	<u>\$ (24,128,476)</u>	<u>\$ (24,645,680)</u>	<u>\$ (25,185,873)</u>	<u>\$ (24,500,793)</u>	<u>\$ (25,175,103)</u>	<u>\$ (26,593,837)</u>	<u>\$ (27,919,983)</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes	\$ 22,363,595	\$ 23,142,022	\$ 23,662,652	\$ 24,534,386	\$ 25,265,844	\$ 25,768,681	\$ 26,276,897	\$ 26,775,061	\$ 27,308,757	\$ 27,829,946
Unrestricted Grants And Contributions	157,656	44,325						30,038	32,178	46,354
State Aid Restricted for Debt Service	121,072	148,430	140,348	118,174	118,650	118,998	119,191	119,213	120,784	117,084
Miscellaneous Income	100,100	10,383	39,723	81,542	68,424	68,862	137,553	124,767	79,331	71,242
Total Governmental Activities	22,742,423	23,345,160	23,842,723	24,734,102	25,452,918	25,956,541	26,533,641	27,049,079	27,541,050	28,064,626
Business-Type Activities:										
Investment Earnings	-	-	305	387	284	285	338	-	-	-
Total Business-Type Activities	-	-	305	387	284	285	338	-	-	-
Total District-Wide	\$ 22,742,423	\$ 23,345,160	\$ 23,843,028	\$ 24,734,489	\$ 25,453,202	\$ 25,956,826	\$ 26,533,979	\$ 27,049,079	\$ 27,541,050	\$ 28,064,626
Change in Net Position										
Governmental Activities	\$ 374,688	\$ 344,480	\$ 250,770	\$ 594,466	\$ 819,730	\$ 787,223	\$ 2,035,508	\$ 1,884,963	\$ 950,988	\$ 136,436
Business-Type Activities	16,311	(28,890)	(15,631)	11,547	(12,208)	(16,270)	(2,322)	(10,987)	(3,775)	8,207
Total District	\$ 390,999	\$ 315,590	\$ 235,139	\$ 606,013	\$ 807,522	\$ 770,953	\$ 2,033,186	\$ 1,873,976	\$ 947,213	\$ 144,643

Source: District's Financial Records

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 915,303	\$ 933,248	\$ 619,696							
Unreserved	430,287	264,430	314,166							
Restricted				\$ 748,425	\$ 1,113,871	\$2,074,604	\$ 4,104,908	\$4,460,531	\$ 5,611,570	\$ 5,803,662
Committed				26,200	62,776	6,278				
Assigned				349,841	514,030	159,870	151,289	470,137	387,837	347,128
Unassigned	-	-	-	234,720	261,312	268,759	252,669	275,449	295,925	302,842
Total General Fund	\$1,345,590	\$1,197,678	\$ 933,862	\$1,359,186	\$ 1,951,989	\$2,509,511	\$ 4,508,866	\$5,206,117	\$ 6,295,332	\$ 6,453,632
All Other Governmental Funds										
Reserved	\$ 62,456	\$ 61,395								
Unreserved	188,139	28,343	\$ 21,088							
Restricted	-	-	-	\$ 24,329	\$ 24,323	\$ 25,753	\$ (27,407)	\$ 543,047	\$ 11,520	\$ 11,520
Total All Other Governmental Funds	\$ 250,595	\$ 89,738	\$ 21,088	\$ 24,329	\$ 24,323	\$ 25,753	\$ (27,407)	\$ 543,047	\$ 11,520	\$ 11,520

Source: District's Financial Records

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and 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.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$22,363,595	\$ 23,142,022	\$ 23,662,652	\$ 24,534,386	\$ 25,265,844	\$ 25,768,681	\$26,276,897	\$26,775,061	\$ 27,308,757	\$ 27,829,946
Miscellaneous	292,347	153,032	163,154	189,643	291,779	152,290	212,646	324,140	226,460	225,844
State Sources	4,178,049	2,959,530	3,316,475	2,285,064	3,015,077	3,622,483	3,425,462	4,144,417	4,123,421	4,590,962
Federal Sources	416,276	409,145	628,856	563,581	485,591	441,146	396,593	403,508	401,119	378,024
Total Revenue	27,250,267	26,663,729	27,771,137	27,572,674	29,058,291	29,984,600	30,311,598	31,647,126	32,059,757	33,024,776
Expenditures										
Instruction										
Regular Instruction	11,872,320	11,293,485	11,356,810	10,863,967	11,068,183	11,828,154	12,075,876	12,759,933	13,050,847	13,318,032
Special Education Instruction	3,936,494	3,914,772	4,631,449	4,648,299	4,751,682	4,778,098	4,125,009	4,519,904	4,548,594	4,828,446
Other Instruction	1,067,962	1,132,710	1,052,093	1,145,532	1,220,887	974,669	999,461	1,021,630	1,159,542	949,695
School Sponsored Activities and Athletics	148,534	141,442	114,909	136,171	112,909	124,364	129,997	129,182	153,705	155,621
Support Services:										
Student and Inst. Related Services	3,341,576	3,373,905	3,329,952	3,358,370	3,658,415	4,117,692	4,010,266	4,167,627	4,345,163	4,857,462
General Administration	1,798,279	650,780	695,061	704,713	786,189	851,003	709,229	723,585	787,764	933,512
School Administrative Services	698,081	1,795,779	2,017,179	2,043,546	2,168,243	2,141,489	1,994,902	1,960,177	2,106,082	2,203,435
Central Services	511,123	500,657	528,328	522,661	546,049	577,985	556,408	518,597	531,378	461,061
Plant Operations And Maintenance	2,076,220	2,126,359	2,285,592	2,080,089	2,315,914	2,175,777	2,179,456	2,413,028	2,475,035	2,481,993
Pupil Transportation	973,729	994,203	1,041,432	1,045,976	930,144	967,796	916,425	877,585	950,917	1,244,158
Employee Benefits										
Capital Outlay	1,528,318	489,988	518,063	84,231	463,249	412,449	298,945	1,141,605	911,486	966,473
Bond Issuance Costs										
Debt Service:										
Principal	320,591	353,714	364,408	356,940	391,527	347,364	257,418	381,171	419,227	412,064
Interest and Other Charges	192,544	204,704	168,327	153,614	141,553	128,808	112,012	101,602	62,329	54,524
Cost of Issuance								29,947		
Advance Refunding Escrow	32,967	-	-	-	-	-	-	67,053	-	-
Total Expenditures	28,498,738	26,972,498	28,103,603	27,144,109	28,554,944	29,425,648	28,365,404	30,812,626	31,502,069	32,866,476
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(1,248,471)	(308,769)	(332,466)	428,565	503,347	558,952	1,946,194	834,500	557,688	158,300
Other Financing Sources (Uses)										
Proceed From Sale of Bonds	1,152,000							1,200,000		
Payment of Refunding Bond Escrow Agent								(1,103,000)		
Capital Leases (Non-Budgeted)	271,272				89,450	-	-	336,205		
Transfers In	29,944	49,066	11,600	27	27	14	24,269	1,221,600	530,424	
Transfers Out	(29,944)	(49,066)	(11,600)	(27)	(27)	(14)	(24,269)	(1,221,600)	(530,424)	-
Total Other Financing Sources (Uses)	1,423,272	-	-	-	89,450	-	-	433,205	-	-
Net Change in Fund Balances	\$ 174,801	\$ (308,769)	\$ (332,466)	\$ 428,565	\$ 592,797	\$ 558,952	\$ 1,946,194	\$ 1,267,705	\$ 557,688	\$ 158,300
Debt Service as a Percentage of Noncapital Expenditures	1.31%	1.34%	1.32%	1.32%	1.39%	1.20%	0.92%	1.51%	1.37%	1.29%

Source: District's Financial Records

**OAKLAND BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Transportation Fees	\$ 81,747	\$ 81,241	\$ 92,437	\$ 76,579	\$ 86,593	\$ 82,457	\$ 75,035	\$ 76,586	\$ 64,020	\$ 71,242
Interest Earnings	55,583	8,597		20,902	8,498	13,364	21,833	12,462	20,531	27,071
Interest Capital Reserve			2,094	2,837	276	-	-	-		
Prior Years Refunds			23,439	48,231	7,849	477	72,628	6,269	11,221	
Rentals	3,000		4,000	4,525	5,250	5,250	5,400	5,400	5,400	5,400
Miscellaneous	11,573	-	10,158	20	46,524	49,757	37,692	94,959	42,179	44,722
	<u>\$ 151,903</u>	<u>\$ 89,838</u>	<u>\$ 132,128</u>	<u>\$ 153,094</u>	<u>\$ 154,990</u>	<u>\$ 151,305</u>	<u>\$ 212,588</u>	<u>\$ 195,676</u>	<u>\$ 143,351</u>	<u>\$ 148,435</u>

Source: District Financial Records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2008	\$ 44,786,500	\$ 2,135,944,700	\$ 3,578,600	\$ 65,800	\$ 173,664,700	\$ 174,344,700		\$ 2,532,385,000	\$ 4,422,455	\$ 2,536,807,455	\$ 2,671,143,488	\$ 0.896
2009	42,396,400	2,141,264,100	3,305,200	65,800	176,488,900	173,344,700		2,536,865,100	5,707,334	2,542,572,434	2,775,734,176	0.921
2010	42,187,500	2,142,909,700	2,982,300	22,700	182,765,500	174,344,700		2,545,212,400	5,049,895	2,550,262,295	2,678,697,472	0.946
2011 ^b	28,272,400	1,798,418,300	2,557,300	25,900	173,457,800	168,479,300		2,171,211,000	100	2,171,211,100	2,370,838,202	1.147
2012	26,098,000	1,800,660,000	2,577,300	25,900	172,464,500	170,032,900		2,171,858,600	100	2,171,858,700	2,456,287,818	1.175
2013	24,211,200	1,802,856,800	2,885,500	39,900	171,359,400	169,098,100		2,170,450,900	91	2,170,450,991	2,397,105,440	1.199
2014	23,633,700	1,808,154,900	2,885,500	39,900	170,811,100	168,454,500		2,173,979,600	-	2,173,979,600	2,329,348,120	1.220
2015	24,381,700	1,809,728,300	2,885,500	39,900	170,363,300	165,125,700		2,172,524,400	-	2,172,524,400	2,336,550,226	1.246
2016	24,313,000	1,811,779,100	2,885,500	39,900	170,999,400	164,738,200		2,174,755,100	-	2,174,755,100	2,368,709,018	1.268
2017	23,622,400	1,813,417,100	2,885,500	39,900	170,534,900	161,192,500		2,171,692,300	-	2,171,692,300	2,407,875,178	1.294

Source: County Abstract of Ratables

a Tax rates are per \$100

b Borough undertook a re-assessment of property in 2011

c Borough undertook a revaluation of real property in 2005

**OAKLAND BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
TEN FISCAL YEARS
(Unaudited)**

<u>Assessment Year</u>	<u>Oakland School District</u>	<u>Borough of Oakland</u>	<u>Regional H.S. District</u>	<u>Bergen County</u>	<u>Total</u>
2008	\$ 0.896	\$ 0.510	\$ 0.382	\$ 0.195	\$ 1.983
2009	0.921	0.531	0.390	0.210	2.052
2010	0.946	0.537	0.398	0.217	2.098
2011	** 1.147	0.612	0.465	0.227	2.451
2012	1.175	0.610	0.456	0.249	2.490
2013	1.199	0.650	0.463	0.254	2.566
2014	1.220	0.646	0.485	0.260	2.611
2015	1.246	0.657	0.494	0.269	2.666
2016	1.268	0.669	0.506	0.277	2.720
2017	1.294	0.676	0.538	0.288	2.796

*- The Borough has experienced a revaluation of real property which became effective for the 2005 year.

** - The Borough undertook a re-assessment of property in 2011

Source: Abstract of Ratables, County Board of Taxation.

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

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Jayare Associates, LLC	\$ 15,500,000	0.71%	\$ 14,035,900	0.55%
Washington Square Owner, LLC	13,500,000	0.62%	16,100,000	0.63%
40 Potash Road Associates, LLC	12,084,100	0.56%	13,688,900	0.54%
Unicorn Real Estate Investment, LLC	11,511,700	0.53%		
BD Oakland Owner, LLC	9,900,000	0.46%		
Oakland Care Ctr Real Estate Co, LLC	9,725,000	0.45%	10,750,800	0.42%
5 Thornton Road Associates, LLC	8,750,000	0.40%	10,203,700	0.40%
Lincoln Realty Associates Fund	7,427,100	0.34%		
1 Raritan Road Realty LLC	6,235,900	0.29%		
Rampo Valley Resources	6,087,700	0.28%	12,766,900	0.27%
Shiseido America, Inc.			6,864,100	0.50%
The Realty Association Fund			9,900,000	0.39%
Public Service & Electric			7,611,800	0.30%
	<u>\$ 100,721,500</u>	<u>4.64%</u>	<u>101,922,100</u>	<u>4.02%</u>

Source: Municipal Tax Assessor

**OAKLAND 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	
2008	\$ 22,363,595	\$ 22,363,595	100.00%	-
2009	23,142,022	23,142,022	100.00%	-
2010	23,662,652	23,662,652	100.00%	-
2011	24,534,386	24,534,386	100.00%	-
2012	25,265,844	25,265,844	100.00%	-
2013	25,768,681	25,768,681	100.00%	-
2014	26,276,897	26,276,897	100.00%	-
2015	26,775,061	26,775,061	100.00%	-
2016	27,308,757	27,308,757	100.00%	-
2017	27,829,946	27,829,946	100.00%	-

Source: District's Financial Records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2008	\$ 3,750,000	\$ 715,178		\$ 4,465,178	13,254	\$ 335
2009	3,555,000	556,464		4,111,464	13,249	309
2010	3,350,000	400,056		3,750,056	13,293	282
2011	3,140,000	253,116		3,393,116	12,768	266
2012	2,920,000	171,039		3,091,039	12,836	241
2013	2,690,000	53,675		2,743,675	12,873	213
2014	2,450,000	36,257		2,486,257	13,046	191
2015	2,297,000	241,291		2,538,291	13,165	193
2016	2,007,000	112,064		2,119,064	13,130	161
2017	1,707,000			1,707,000	13,130 *	130

Source: District's Financial Records and Dept. of Education

* Estimated

**OAKLAND 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 of Property	Per Capita
	General Obligation Bonds	Deductions			
2008	\$ 3,750,000		\$ 3,750,000	0.10%	\$ 283
2009	3,555,000		3,555,000	0.14%	267
2010	3,350,000		3,350,000	0.13%	262
2011	3,140,000		3,140,000	0.14%	245
2012	2,920,000		2,920,000	0.13%	227
2013	2,690,000		2,690,000	0.12%	208
2014	2,450,000		2,450,000	0.11%	186
2015	2,297,000		2,297,000	0.11%	174
2016	2,007,000		2,007,000	0.09%	152
2017	1,707,000		1,707,000	0.08%	130

Source: District Financial Records and Apportionment of Taxes

OAKLAND BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2016
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Oakland	\$ 21,856,807	\$ 1,935,000	\$ 19,921,807
Borough of Oakland School District	1,787,000	1,787,000	
Ramapo Indian Hills Regional High School	<u>19,480,000</u>	<u>19,480,000</u>	<u>-</u>
	<u>\$ 43,123,807</u>	<u>\$ 23,202,000</u>	<u>19,921,807</u>
Overlapping Debt Apportioned to the Municipality:			
Bergen County (2);(A):			<u>16,993,938</u>
Total Direct and Overlapping Debt			<u>\$ 36,915,745</u>

(A) The debt for this entity was apportioned to the Borough of Oakland by dividing the Municipality's 2016 equalized value by the total 2016 equalized value for Bergen County.

Sources:

- (1) Borough of Oakland 2016 Annual Debt Statement
- (2) Bergen County 2016 Annual Debt Statement

OAKLAND BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 76,208,945	\$ 79,978,732	\$ 80,650,042	\$ 79,781,165	\$ 76,699,218	\$ 74,037,997	\$ 71,615,364	\$ 70,501,583	\$ 70,183,863	\$ 71,044,876
Total Net Debt Applicable to Limit	<u>3,751,121</u>	<u>3,556,121</u>	<u>3,351,121</u>	<u>3,141,121</u>	<u>2,921,121</u>	<u>2,691,121</u>	<u>2,451,121</u>	<u>2,298,121</u>	<u>2,008,121</u>	<u>1,707,000</u>
Legal Debt Margin	<u>\$ 72,457,824</u>	<u>\$ 76,422,611</u>	<u>\$ 77,298,921</u>	<u>\$ 76,640,044</u>	<u>\$ 73,778,097</u>	<u>\$ 71,346,876</u>	<u>\$ 69,164,243</u>	<u>\$ 68,203,462</u>	<u>\$ 68,175,742</u>	<u>\$ 69,337,876</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.92%	4.45%	4.16%	3.94%	3.81%	3.63%	3.42%	3.26%	2.86%	2.40%

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis

2016	\$ 2,405,702,544
2015	2,360,669,782
2014	2,338,115,294
	<u>\$ 7,104,487,620</u>

Average Equalized Valuation of Taxable Property

\$ 2,368,162,540

Debt Limit (3 % of Average Equalization Value)

71,044,876

Total Net Debt Applicable to Limit

1,707,000

Legal Debt Margin

\$ 69,337,876

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>Population</u>
2007	2.50%	\$ 67,606	13,254
2008	3.30%	67,375	13,249
2009	5.96%	63,862	13,293
2010	6.10%	63,950	12,768
2011	6.00%	67,240	12,836
2012	6.10%	69,919	12,873
2013	6.10%	69,495	12,959
2014	5.50%	73,536	13,165
2015	4.50%	75,849	13,165
2016	4.20%	75,849 *	13,130

Source: U.S. Department of Commerce
U.S. Bureau of the Census, Population Division
N.J. Department of Labor, Bureau of Labor Force Statistics

(1) Represents County information

* Estimate

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

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

**OAKLAND BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	124.6	126.6	114.8	115.5	99.0	96.2	103.0	102.0	101.1	104.0
Special Education	47.0	47.0	50.5	50.0	50.5	54.9	47.0	56.0	54.2	47.0
Support Services:										
Student and Instruction Related Services	21.2	21.2	35.5	33.5	34.0	32.0	31.5	31.6	31.9	37.5
General Administration	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
School Administrative Services	15.0	15.0	15.0	15.0	15.0	16.0	15.0	16.0	16.0	16.0
Central Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.8	1.0	1.0
Plant Operations And Maintenance	20.3	20.3	20.6	18.5	24.1	18.0	18.0	18.0	18.0	19.0
Pupil Transportation	4.0	4.0	5.0	4.0	4.0	4.5	4.5	4.5	4.5	5.0
Total	<u>241.1</u>	<u>243.1</u>	<u>249.4</u>	<u>244.5</u>	<u>234.6</u>	<u>229.6</u>	<u>227.0</u>	<u>235.9</u>	<u>233.7</u>	<u>236.5</u>

Source: District Personnel Records

OAKLAND 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				
2008	1,648	\$ 26,424,318	\$ 16,034	7.99%	152	11.6:1	10.2:1	1,648	1,570	-4.41%	95.27%
2009	1,672	25,924,092	15,505	-3.30%	154	11.5:1	10.1:1	1,679	1,608	1.88%	95.77%
2010	1,697	26,702,938	15,735	1.49%	152	11.9:1	9.9:1	1,699	1,633	1.19%	96.12%
2011	1,718	26,549,324	15,454	-1.79%	154	11.8:1	9.8:1	1,692	1,625	-0.41%	96.04%
2012	1,741	28,665,835	16,465	6.55%	147	10.5:1	10.9:1	1,707	1,644	0.89%	96.31%
2013	1,676	28,537,027	17,027	3.41%	143	10.8:1	11.9:1	1,636	1,567	-3.31%	95.78%
2014	1,637	27,697,029	16,919	-0.63%	160	10.1:1	9.9:1	1,604	1,538	0.00%	95.89%
2015	1,499	29,091,248	19,407	14.70%	143	10.8:1	11.9:1	1,578	1,514	-1.68%	96.00%
2016	1,449	30,109,027	20,779	7.07%	147	10.3:1	9.8:1	1,449	1,389	-2.29%	95.91%
2017	1,428	31,433,415	22,012	5.93%	151	10.1:1	9.9:1	1,422	1,367	-9.89%	96.13%

Sources: District records

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
Elementary										
Dogwood Hill										
Square Feet	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180
Capacity (students)	286	286	286	286	286	286	286	286	286	286
Enrollment	305	320	319	314	305	282	277	277	247	241
Heights										
Square Feet	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548
Capacity (students)	418	418	418	418	418	418	418	418	418	418
Enrollment	422	435	459	465	455	396	389	389	335	338
Manito										
Square Feet	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162
Capacity (students)	324	324	324	324	324	324	324	324	324	324
Enrollment	400	367	347	331	322	305	306	306	273	272
Middle School										
Valley										
Square Feet	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557
Capacity (students)	648	648	648	648	648	648	648	648	648	648
Enrollment	594	570	573	582	627	662	638	638	566	567
Number of Schools at June 30, 2017										
Elementary =	3	3	3	3	3	3	3	3	3	3
Middle School =	1	1	1	1	1	1	1	1	1	1
Senior High School =	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other =	0	0	0	0	0	0	0	0	0	0

Source: District Records

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
FOR THE TEN FISCAL YEARS ENDED JUNE 30,
(Unaudited)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
School Facilities										
Dogwood Hill School	\$ 40,567	\$ 54,274	\$ 27,398	\$ 28,177	\$ 31,727	\$ 29,672	\$ 63,280	\$ 53,667	\$ 54,945	\$ 44,296
Heights School	52,266	69,925	39,067	32,946	60,669	33,652	44,162	74,364	62,526	51,922
Manito School	41,438	55,439	30,295	23,379	42,727	33,334	40,437	71,738	60,644	37,474
Valley Middle School	<u>90,102</u>	<u>120,544</u>	<u>124,333</u>	<u>73,390</u>	<u>116,831</u>	<u>140,594</u>	<u>61,598</u>	<u>127,779</u>	<u>119,733</u>	<u>140,995</u>
Grand Total	<u>\$ 224,373</u>	<u>\$ 300,182</u>	<u>\$ 221,093</u>	<u>\$ 157,892</u>	<u>\$ 251,954</u>	<u>\$ 237,252</u>	<u>\$ 209,477</u>	<u>\$ 327,548</u>	<u>\$ 297,848</u>	<u>\$ 274,687</u>

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2017
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Property - Blanket Building & Contents	\$ 56,737,879	\$ 5,000
Comprehensive General Liability	\$ 1,000,000	
Comprehensive Automobile Liability	\$ 1,000,000	
School District/ Educators Legal Liability	\$ 1,000,000	\$ 5,000
Employment Practices Liability	\$ 1,000,000	\$ 15,000
Computer and Scheduled Equipment Great American Insurance Co.		
Data Processing Equipment	\$ 2,500,000	
Equipment Breakdown- Great American Ins Company	Included	
Umbrella Liability - Great American Ins Company	\$ 9,000,000	\$ 10,000
Cap Excess Umbrella - Fireman's Fund	\$ 50,000,000	
Public Employees' Faithful Performance		
Position Bond - Selective Ins. Co. Of America - Treasurer	\$ 260,000	
Position Bond - Selective Ins. Co of America - Business Administrator	\$ 260,000	
Workers Compensation -NESBIG	\$ 1,000,000	
Workers Compensation Supplemental - NESBIG	Included	
Student Accident Policy - Bollinger	\$ 5,000,000	
Crime Policy Selective Insurance Co. of America		
Public Employee Dishonesty (Employee)	\$ 100,000	\$ 5,000
Public Employee Dishonesty (Per Loss)	\$ 400,000	
Forgery or Alteration	\$ 50,000	\$ 1,000
Environmental Pollution Liability - Ace American Ins. Co.	\$ 2,000,000	\$ 15,000
Cyber & Technology Liability (combined limit)	\$ 6,000,000	\$ 15,000

Source: School District's records

SINGLE AUDIT SECTION



DIETER P. LERCH, CPA, RMA, PSA
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Oakland Board of Education
Oakland, 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 Oakland Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Oakland Board of Education's basic financial statements and have issued our report thereon dated November 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Oakland 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 Oakland Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oakland 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 Oakland 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 Oakland Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 20, 2017.

Purpose of this Report

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



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 20, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Oakland Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Oakland Board of Education's major state programs for the fiscal year ended June 30, 2017. The Oakland Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Oakland Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the

Report on Internal Control Over Compliance

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

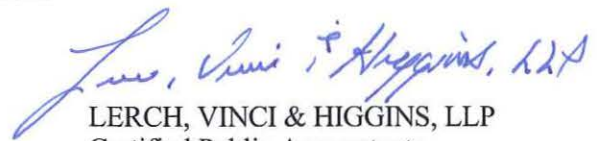
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education, as of and for the fiscal year ended June 30, 2017 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 November 20, 2017, 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 state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 20, 2017

OAKLAND BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN	Grant Period	Award Amount	Balance July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance, June 30, 2017			Memo GAAP Receivable
											(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
Passed-through State Department of Education														
Non-Cash Assistance- Food Distribution Program	10.550	171NJ304NI099	7/1/16-6/30/17	\$ 27,105			\$ 27,105	\$ 27,105						*
National School Lunch Program	10.555	171NJ304NI099	7/1/16-6/30/17	65,033			61,093	65,033			\$ (3,940)			* \$ (3,940)
National School Lunch Program	10.555	16161NJ304NI099	7/1/15-6/30/16	61,156	\$ (3,654)	-	3,654	-	-	-	-	-	-	* -
Total Child Nutrition Program Cluster / Enterprise					(3,654)	-	91,852	92,138	-	-	(3,940)	-	-	* (3,940)
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund														
NCLB Title II A	84.367A	S367B150027	7/1/16-6/30/17	19,872		\$ 39	19,859	19,873	-	-	(13)	\$ 38		(13)
NCLB Title II A	84.367A	S367A150029	7/1/15-6/30/16	21,503	-	(39)	14	-	-	-	(25)	-	-	(25)
IDEA Part B	84.027	H027A160100	7/1/16-6/30/17	338,509	-	10,078	332,347	339,343			(6,162)	9,244		(6,162)
IDEA Part B	84.027	H027A150100	7/1/15-6/30/16	361,662	\$ (2,796)	(10,078)	5,592				(7,282)			(7,282)
IDEA Preschool	84.173	H173A160114	7/1/16-6/30/17	19,663	-	-	18,808	18,808			(855)	855		(855)
Total Special Education Cluster							358,151							
Total Special Revenue Fund					(2,796)	-	376,620	378,024	-	-	(14,337)	10,137	-	(14,337)
Total					\$ (6,450)	\$ -	\$ 468,472	\$ 470,162	\$ -	\$ -	\$ (18,277)	\$ 10,137	\$ -	\$ (18,277)

This schedule was not subject to Single Audit in accordance with U.S. Uniform Guidance.

OAKLAND BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balance	Balance, June 30, 2017			Memo Only		
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education															
<i>General Fund</i>															
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 548,560			\$ 310,064	\$ 548,560					\$ (38,496)			\$ 548,560
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	554,666	(40,268)		40,268									
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	28,723			26,821	28,723					(1,902)			28,723
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	25,460	(1,848)		1,848									
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	16,140			15,190	16,140					(950)			16,140
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	16,140	(1,172)		1,172									
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	16,140			15,190	16,140					(950)			16,140
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	16,140	(1,172)		1,172									
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	14,580			13,630	14,580					(950)			14,580
<i>Total State Aid Public Cluster</i>							<u>624,143</u>								
Transportation Aid	16-495-034-5120-014	7/1/16-6/30/17	60,106			55,829	60,106					(4,277)			60,106
Transportation Aid	15-495-034-5120-014	7/1/15-6/30/16	53,802	(3,906)		3,906									
Non-Public Transportation Aid	16-495-034-5120-014	7/1/16-6/30/17	5,394			-	5,558					(5,558)		\$ (5,558)	5,558
Non-Public Transportation Aid	15-495-034-5120-014	7/1/15-6/30/16	5,394	(5,394)		5,394									
<i>Total Transportation</i>							<u>65,664</u>								
Extraordinary Aid	17-100-034-5120-044	7/1/16-6/30/17	234,373			-	234,373					(234,373)			234,373
Extraordinary Aid	16-100-034-5120-044	7/1/15-6/30/16	212,834	(212,834)		212,834									
<i>On-Behalf TPAF Pension and Annuity Aid-</i>															
Pension Contribution - Normal Cost	17-495-034-5094-002	7/1/16-6/30/17	1,335,907			1,335,907	1,335,907								1,335,907
Noncontributory (NCGI)	17-495-034-5094-004	7/1/16-6/30/17	48,403			48,403	48,403								48,403
Post Retirement Medical Contributions	17-495-034-5094-001	7/1/16-6/30/17	1,153,445			1,153,445	1,153,445								1,153,445
Long-Term Disability	17-495-034-5094-004	7/1/16-6/30/17	2,491			2,491	2,491								2,491
On-Behalf TPAF Social Security Aid	17-495-034-5094-003	7/1/16-6/30/17	925,382			878,370	925,382					(47,012)	(47,012)		925,382
On-Behalf TPAF Social Security Aid	16-495-034-5094-003	7/1/15-6/30/16	924,498	(970)		970									
<i>Total General Fund</i>				<u>(267,564)</u>		<u>4,322,904</u>	<u>4,389,808</u>					<u>(334,468)</u>		<u>(52,570)</u>	<u>4,389,808</u>
<i>Special Revenue Fund</i>															
<i>New Jersey Non Public Aid:</i>															
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	8,819			8,819	8,789						\$ 30		8,789
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	8,337	855		-			\$ 855						
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	14,580			14,580	14,580								14,580
Nonpublic Technology	17-100-034-5120-373	7/1/16-6/30/17	3,978			3,978	3,871					107			3,871
Nonpublic Technology	16-100-034-5120-373	7/1/15-6/30/16	3,796	69		-			69						
Nonpublic Security	17-100-034-5120-509	7/1/16-6/30/17	13,000			13,000	12,799					201			12,799
Nonpublic Security	16-100-034-5120-509	7/1/15-6/30/16	5,850	685		-			685						
<i>Auxiliary Services Chpt 192:</i>															
ESL	17-100-034-5120-067	7/1/16-6/30/17	9,135			9,135	7,308						1,827		7,308
ESL	16-100-034-5120-067	7/1/15-6/30/16	8,541	949		-			949						
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	27,770			27,770	21,141						6,629		21,141
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	30,457	12,690		-			12,690						
<i>Total Auxiliary Services (Chpt 192) Cluster</i>							<u>28,449</u>								
<i>Handicapped Services Chpt 193</i>															
Exam and Class	17-100-034-5120-066	7/1/16-6/30/17	18,006			18,006	15,487						2,519		15,487
Exam and Class	16-100-034-5120-066	7/1/15-6/30/16	23,865	8,184		-			8,184						
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	14,136			14,136	11,220						2,916		11,220
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	22,071	7,022		-			7,022						
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	13,340			13,340	9,573						3,767		9,573
Supplemental Instruction	16-100-034-5120-066	7/1/15-6/30/16	14,851	4,901		-			4,901						
<i>Total Handicapped Services (Chpt 193) Cluster</i>							<u>36,280</u>								
<i>Total Special Revenue Fund</i>				<u>35,355</u>		<u>122,764</u>	<u>104,768</u>		<u>35,355</u>			<u>17,996</u>			<u>104,768</u>
State Department of Education															
Debt Service Aid	16-495-034-5120-075	7/1/15-6/30/16	117,084			117,084	117,084								117,084
<i>Total Debt Service Fund</i>						<u>117,084</u>	<u>117,084</u>								<u>117,084</u>
State Department of Agriculture															
National School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	4,201			3,950	4,201					(251)	(251)		4,201
National School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	4,317	(264)		264									
<i>Total Enterprise Fund</i>				<u>(264)</u>		<u>4,214</u>	<u>4,201</u>					<u>(251)</u>		<u>(251)</u>	<u>4,201</u>
<i>Total State Financial Assistance- Determination for Single Audit</i>				<u>\$ (232,473)</u>	<u>\$ -</u>	<u>\$ 4,566,956</u>	<u>\$ 4,615,861</u>	<u>\$ -</u>	<u>\$ 35,355</u>	<u>\$ (334,719)</u>	<u>\$ -</u>	<u>\$ 17,996</u>	<u>\$ (52,821)</u>	<u>\$ 4,615,861</u>	
<i>Less On-Behalf TPAF Pension and Annuity Aid</i>															
Pension Contribution							1,335,907								
Non-Contributory (NCGI)							48,403								
Post Retirement Medical Contributions							1,153,445								
Long-Term Disability							2,491								
							<u>2,540,246</u>								
<i>Total State Financial Assistance Subject to Major Program Determination</i>							<u>\$ 2,075,615</u>								

**OAKLAND BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Oakland 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 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 \$20,698 for the general fund and a decrease of \$5,240 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		\$ 4,369,110	\$ 4,369,110
Special Revenue Fund	\$ 378,024	104,768	482,792
Debt Service Fund		117,084	117,084
Food Service Fund	92,138	4,201	96,339
Total Financial Assistance	<u>\$ 470,162</u>	<u>\$ 4,595,163</u>	<u>\$ 5,065,325</u>

**OAKLAND BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 \$925,382 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$1,384,310 , TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,153,445 and TPAF Long-Term Disability Insurance in the amount of \$2,491 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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 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.

**OAKLAND BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

State Awards Section

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

Internal Control over compliance:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses? _____ yes X none reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? _____ yes X no

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5094-003</u>	<u>TPAF Social Security</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

There were none.

**OAKLAND BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.