

PARAMUS BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Paramus, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Paramus Board of Education

Paramus, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

**Paramus Board of Education
Business Department**

**PARAMUS BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-vi
Organizational Chart	vii
Roster of Officials	viii
Consultants and Advisors	ix

FINANCIAL SECTION

Independent Auditor's Report	1-3
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	4-12
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	13
A-2 Statement of Activities	14-15

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	16-17
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	18
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	19

Proprietary Funds

B-4 Statement of Net Position	20
B-5 Statement of Revenues, Expenses, and Changes in Net Position	21
B-6 Statement of Cash Flows	22

Fiduciary Funds

B-7 Statement of Fiduciary Net Position	23
B-8 Statement of Changes in Fiduciary Net Position	24

Notes to the Financial Statements	25-59
--	--------------

**PARAMUS BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION – PART II

C. Budgetary Comparison Schedules

C-1	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	60-67
C-2	Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP) and Actual	68

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

C-3	Required Supplementary Information - Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Notes to the Required Supplementary Information	69
-----	---	----

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	70
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	71
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	72
	Notes to Required Supplementary Information	73

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules (Not Applicable)

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	74-75
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis – Not Applicable	76

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures	77
F-2	Summary Schedule of Project Expenditures and Changes in Fund Balance – Budgetary Basis	78
F-2a-		
F-2f	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	79-84

**PARAMUS BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

G. Proprietary Funds

Enterprise Fund – Not Applicable

Internal Service Fund – Not Applicable

H. Fiduciary Funds

H-1	Combining Statement of Net Position	85
H-2	Combining Statement of Changes in Net Position – Not Applicable	85
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	86
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	87

I. Long-Term Debt

I-1	Schedule of Serial Bonds Payable	88
I-2	Schedule of Capital Leases Payable – Not Applicable	89
I-3	Debt Service Fund Budgetary Comparison Schedule	90

J. STATISTICAL SECTION (Unaudited)

Introduction to the Statistical Section

Financial Trends

J-1	Net Position by Component	91
J-2	Changes in Net Position	92
J-3	Fund Balances – Governmental Funds	93
J-4	Changes in Fund Balances – Governmental Funds	94
J-5	General Fund Other Local Revenue by Source	95

Revenue Capacity

J-6	Assessed Value and Actual Value of Taxable Property	96
J-7	Property Tax Rates - Direct and Overlapping Governments	97
J-8	Principal Property Taxpayers	98
J-9	Property Tax Levies and Collections	99

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	100
J-11	Ratios of Net General Bonded Debt Outstanding	101
J-12	Computation of Direct and Overlapping Bonded Debt	102
J-13	Legal Debt Margin Information	103

Demographic and Economic Information

J-14	Demographic and Economic Statistics	104
J-15	Principal Employers	105

Operating Information

J-16	Full Time Equivalent District Employees by Function/Program	106
J-17	Operating Statistics	107
J-18	School Building Information	108
J-19	Schedule of Required Maintenance for School Facilities	109
J-20	Insurance Schedule	110

**PARAMUS BOARD OF EDUCATION
TABLE OF CONTENTS**

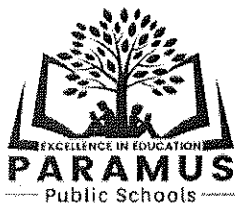
Page

K.

SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	111-112
K-2	Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	113-115
K-3	Schedule of Expenditures of Federal Awards	116
K-4	Schedule of Expenditures of State Financial Assistance	117-118
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	119-120
K-6	Schedule of Findings and Questioned Costs – Part I – Summary of Auditor’s Results	121-122
K-6	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	123
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	124
K-8	Summary Schedule of Prior Year Audit Findings	125

INTRODUCTORY SECTION



PARAMUS PUBLIC SCHOOLS

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Steven J. Cea
Board Secretary/
Business Administrator
scea@paramus.k12.nj.us

October 6, 2017

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

Dear Board Members:

State Department of Education statutes require that all School District's prepare a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Paramus Board of Education for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of the Paramus Board of Education. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Paramus Board of Education has established a comprehensive internal control framework that is designed both to protect the school District's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Paramus Board of Education's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Paramus Board of Education's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Paramus Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Paramus Board of Education for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Paramus Board of Education's

financial statements for the fiscal year ended June 30, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Paramus Board of Education was part of a broader, mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance. These reports are available in the Single Audit Section of the Paramus Board of Education's CAFR.

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 Paramus Board of Education's MD&A can be found immediately following the report of the independent auditors.

1. REPORTING ENTITY AND ITS SERVICES: The Paramus School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA statement No. 14. All funds of the District are included in this report. The Paramus Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 12. These include regular, as well as special education for handicapped youngsters. The District's average daily enrollment of 3,823 students for the 2016-2017 fiscal year represents a reduction 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>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	3,823	(1.8%)
2015-2016	3,894	(1.0%)
2014-2015	3,934	(0.2%)
2013-2014	3,941	(2.3%)
2012-2013	4,034	(1.5%)
2011-2012	4,095	(2.0%)
2010-2011	4,177	(1.6%)
2009-2010	4,245	(4.1%)
2008-2009	4,426	1.5%
2007-2008	4,361	0.1%

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Paramus is primarily suburban residential located in west central Bergen County about 18 miles west of New York City. Surrounding towns include Ridgewood, Washington Township, Fair Lawn, Rochelle Park, Maywood, River Edge, Oradell, Emerson and Hackensack. The Borough was incorporated in 1922. The government for the Borough consists of a mayor and six council members elected for overlapping terms.

Comprising about 10 square miles, the Borough has excellent transportation facilities. The principle route joining Bergen and Passaic Counties to New York City via the George Washington Bridge is NJ Route 4. NJ Route 17 is a major four-lane highway running north-south through Bergen and Hudson Counties, connecting southern New York State with the Lincoln Tunnel to New York City. The limited access Garden State Parkway runs through the Borough into southern New Jersey. Since the completion of Interstate 80, consumers in western New Jersey have access to the Bergen County retail stores. Together with these highways, four bus companies offer transportation to and from the Borough.

Bergen County is the most populated counties in the State of New Jersey. The Borough of Paramus has become a major retail trade center. A significant percentage of the Borough tax revenues are generated by its commercial and industrial complexes which are experiencing continual growth. The population of the Borough has leveled off (2010 U.S. Census 26,974 est.) and the Borough Master Plan indicates that the period of rapidly accelerating demand for municipal service facilities has past.

Paramus is one of the largest shopping areas in the country, generating over \$5 billion in annual retail sales, more than any other ZIP code in the United States. Approximately 85% of the retail trade comes from people living outside the Borough, primarily customers being drawn from Bergen and Passaic Counties and from New York City and Rockland and Orange Counties in New York State. A secondary purchasing market includes Sullivan and Ulster Counties in New York State and Essex, Morris, Sussex and Union Counties in New Jersey. The Garden State Plaza, the Outlets at Bergen Town Center, the Paramus Fashion Center and Paramus Park are the major shopping complexes located in the Borough. The Borough is also home to Ikea, BJ's Wholesale Club, two Home Depots, two Toys R Us stores, two Barnes & Noble Stores, six multiplex movie theaters, as well as many other retail businesses, all of which are easily accessible.

Industrial development in Paramus has expanded along with commercial development. The Paramus Industrial park contains 232 acres zoned for business and light industry. A second industrial part occupies 115 acres west of NJ 17; a third, 15 acres east of NJ 17.

Over 90% of all housing units are owner occupied single family residences. New housing in the area is largely single family residences in the \$600,000 to \$800,000 range, and older housing continues to show value appreciation. The Borough is developing a master plan to address affordable housing regulations. The impact on the schools is uncertain at this time, but the Board continues to monitor the progress to determine the effect on District enrollment.

3. MAJOR INITIATIVES: The Paramus School District has been recognized for educational excellence by several New Jersey Education Commissioners and by the United States Department of Education's Blue Ribbon Panel. Over the past several years, Paramus has been the recipient of eight Best Practice Awards, a Star School Award from the New Jersey Department of Education, a Service Learning Award from the United States Department of Education, and an award for Outstanding Middle School Technology Program in New Jersey. Paramus has been regularly considered a top community for arts education. In addition, Paramus High School has been recognized as a "Model School for the Arts".

Supporting these awards for excellence, the New Jersey School Performance Report favorably compares our schools to schools throughout the state, including the following statistics and notations:

- Standardized test scores in all grades are significantly higher than state average.
- Scholastic Assessment Test (SAT) scores are also higher than the state average.
- A significant number of students are involved in 25 Advanced Placement courses and score at a level meriting potential college credit.
- Our District boasts a 98% high school graduation rate.
- The District offers a wide range of programs that meet the diverse needs of students before, during and after the school day.

Additionally, a vast majority of our students are involved in extra-curricular, athletic, voluntary and community activities. Staff development focuses on the implementation of the common core standards and instructional practices at all levels. We continue to integrate technology into all aspects of the curriculum. Every school is equipped with at least one computer lab and multiple laptop/Chromebook carts that is connected to local and wide area networks with the capability of utilizing high-speed voice, video and data communications. The District has implemented a variety of instructional and productivity software packages (Performance Tracker, Edmentum) to improve and assess student outcomes and increase efficiencies. The Information Technology Department upgraded the elementary labs, deployed laptop and Chromebook carts, developed an e-rate application to upgrade and expand the District's wireless network.

The 2016-2017 school year included many new and continuing instructional initiatives highlighted by the implementation new computers and bandwidth to conduct the new PARCC standardized test. This was a major undertaking requiring the coordination of departments throughout the District. Additionally there were various curriculum revisions, and the implementation of a Bring Your Own Device initiative in Paramus High School. The administration fully implemented the required teacher and administrator evaluation systems.

In addition to routine maintenance, the District completed several significant construction projects including replacement of roofs, West Brook cafeteria renovation, West Brook parking lot and basketball court redesign, High School 600/900 wing HVAC replacement, High School 700 wing bathroom renovation, drop ceilings and LED lighting retrofit, and installation of stadium bleacher handicapped ramp. Additionally, the District undertook a joint project with the Borough to install a turf field at the East Brook Middle School. To address future infrastructure needs and ensure building systems are well maintained, the Board added to the Capital Reserve account and contributed to the maintenance reserve account.

To improve the existing level of security, the District installed new cameras, added staff in the elementary schools, and expanded door access.

During the year the Board successfully completed negotiations with its teacher, administrator and secretarial associations, conducted a payroll verification, and switched health providers to the NJ School Employee Health Benefit Plan.

It is our goal that every student who receives a diploma from Paramus High School will graduate confident in his or her ability to learn and with the knowledge, understanding, skills, and attitudes that will enable each graduate to lead productive and fulfilling lives in a complex and rapidly changing society. Specifically, each graduate will have had appropriate and adequate opportunities to learn and be able to: communicate an idea, opinion or perspective in a variety of ways; solve problems analytically and creatively; contribute as citizens in an ever-shrinking global community with an appreciation for the diversity and interdependence of all people; embrace the concepts of emotional and physical wellness; work independently and cooperatively as a member of a group; and to embrace the ideal of lifelong learning.

Our success is the result of a team effort between the Board of Education, faculty, administration, staff, parents and community. We could not have achieved this high level of results without parent involvement and support.

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

As recipient of federal and state financial assistance, the District also is responsible for ensuring compliance with applicable laws and regulations related to federal and state financial assistance programs, as well as to determine that the District complied with applicable laws and regulations.

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

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

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

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

8. RISK MANAGEMENT: The Board carries various forms of insurance including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, fidelity bonds, school board errors and omissions, boiler and machinery, and worker's compensation.

9. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Uniform Guidance and State Treasury Circular Letter 15-08. The auditor's report on the basic financial statements and schedules are included in the financial section of the report. The auditor's reports relating specifically to the Single Audit are included in the Single Audit Section of this report.

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

Respectfully submitted,

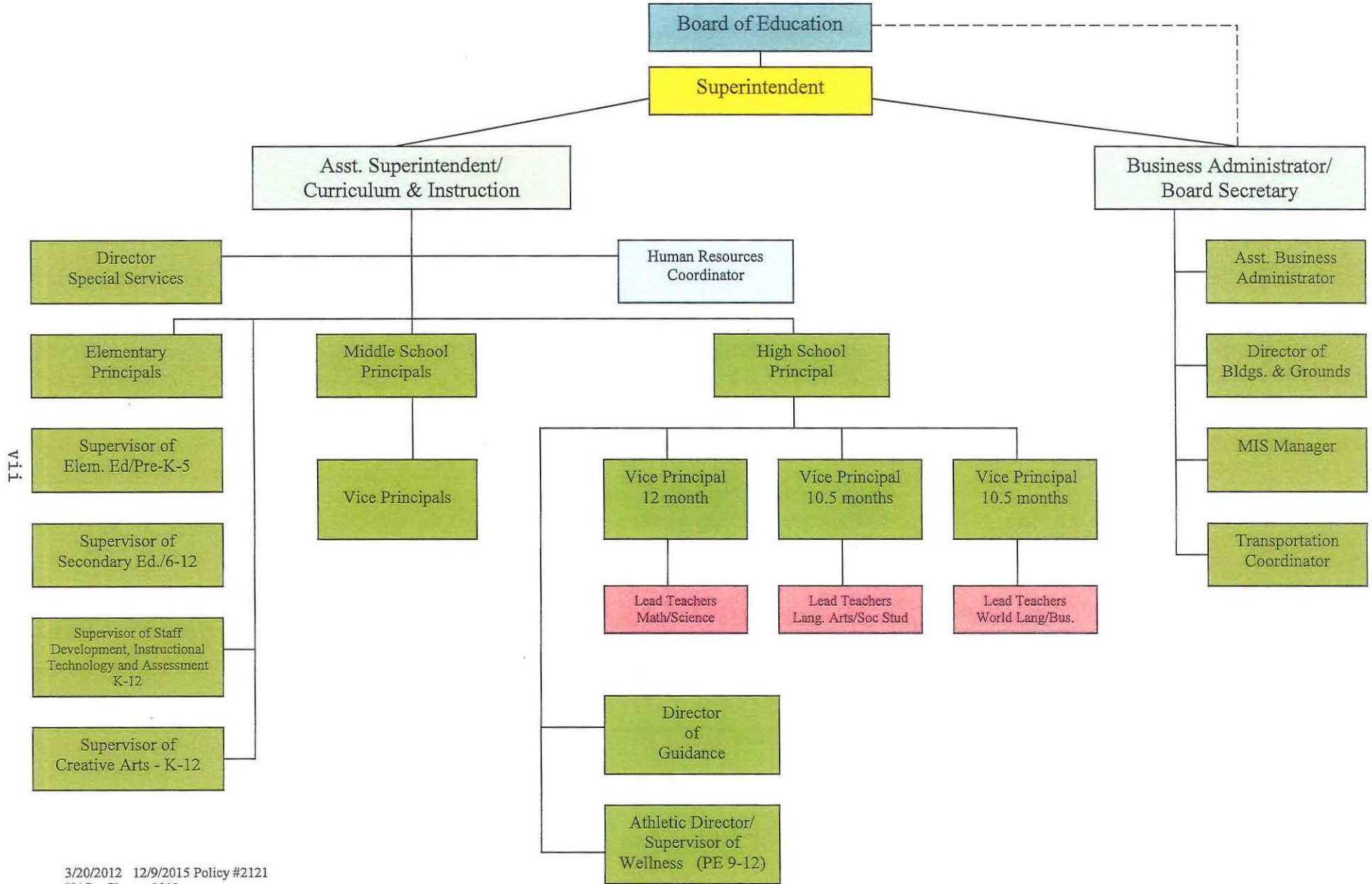


Dr. Michele Robinson
Superintendent of Schools



Steven J. Cea
Business Administrator/Board Secretary

PARAMUS PUBLIC SCHOOLS ORGANIZATION CHART



**PARAMUS BOARD OF EDUCATION
PARAMUS, NEW JERSEY**

**ROSTER OF OFFICIALS
AS OF JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires January,</u>
William F. Holzmann, President	2018
Bernadette McCausland, Vice President	2019
Joanne Bergmann	2018
Melissa Caminiti	2018
Lisa Cassesa	2020
Alison Donoghue	2019
Anthony Feorenzo, Jr.	2019
Elisa Giblin	2020
Patricia Kim	2020

Other Officials

Dr. Michele Robinson, Superintendent of Schools
Sean Adams, Assistant Superintendent
Steven J. Cea, Business Administrator/Board Secretary
Mattea Field, Assistant Business Administrator

**PARAMUS BOARD OF EDUCATION
PARAMUS, NEW JERSEY**

**CONSULTANTS AND ADVISORS
AS OF JUNE 30, 2017**

Architect

Environetics
180 Sylvan Avenue
Englewood Cliffs, NJ 07632

Audit Firm

Lerch, Vinci & Higgins, LLP
17-17 Route 208N
Fair Lawn, New Jersey 07410

Attorneys

Board Attorney

Fogarty & Hara, Esqs.
21-00 Route 208 South
Fair Lawn, NJ

Labor Negotiating Attorney

SCHENCK, PRICE, SMITH & KING
220 Park Avenue
Florham Park, New Jersey 07932

Bond Counsel

McManimon, Scotland & Baumann, LLC
75 Livingston Avenue
Roseland, New Jersey 07068

Official Depository

Capital One
464 Route 17 N.
Paramus, New Jersey 07652

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
Paramus Board of Education
Paramus, 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 Paramus 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 Paramus 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 Paramus Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Paramus Board of Education.

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

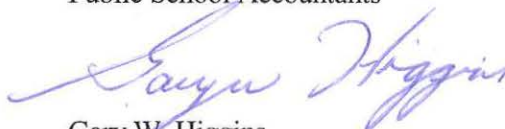
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 6, 2017 on our consideration of the Paramus 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 Paramus 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 Paramus Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 6, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

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

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$42,088,281 (net position).
- General revenues accounted for \$78,926,877 or 71 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$31,832,094 or 29 percent of total revenues of \$110,758,971.
- Total net position of governmental activities amounted to \$41,800,351 as of June 30, 2017.
- The District had \$106,191,238 in expenses related to governmental activities; only \$30,556,735 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$78,926,877 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$89,216,610 in revenues and \$86,852,951 in expenditures and transfers. The General Fund's fund balance increased \$2,363,659 over the fiscal year ended June 30, 2016.

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Using the Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Paramus School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the district's most significant funds. In the case of the Paramus Board of Education, the General Fund is by far the most significant fund.

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2017?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, if the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the District is divided into two distinct kinds of activities:

- **Governmental Activities** – most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities.

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Reporting the District as a Whole (Continued)

- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods and services provided. The District's food service program is reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General, Special Revenue, Capital Projects and Debt Service Funds. The District's Business-type Activities Fund is the Food Service Fund.

Governmental Funds

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

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

Notes to the Financial Statements

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

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The District as a Whole

The *Statement of Net Position* provides the perspectives of the District as a whole, showing assets/deferred outflows, liabilities/deferred inflows and the difference between them (net position). Net position may serve over time as a useful indicator of a government's financial position.

Table 1 provides a summary of the District's net position as of June 30, 2017 and 2016.

Table 1
Net Position

	<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>
Current Assets	\$ 24,990,255	\$ 23,662,596	\$ 132,899	\$ 212,667	\$ 25,123,154	\$ 23,875,263
Capital Assets	57,206,436	55,972,197	168,991	170,386	57,375,427	56,142,583
Total Assets	<u>82,196,691</u>	<u>79,634,793</u>	<u>301,890</u>	<u>383,053</u>	<u>82,498,581</u>	<u>80,017,846</u>
Deferred Amount on Refunding of Debt	969,690	1,120,459	-	-	969,690	1,120,459
Deferred Amount on Net Pension Liability	8,701,313	3,865,829	-	-	8,701,313	3,865,829
Total Deferred Outflows of Resources	<u>9,671,003</u>	<u>4,986,288</u>	<u>-</u>	<u>-</u>	<u>9,671,003</u>	<u>4,986,288</u>
Long-Term Liabilities	46,110,932	41,142,570			46,110,932	41,142,570
Other Liabilities	1,401,411	2,615,695	13,728	36,250	1,415,139	2,651,945
Total Liabilities	<u>47,512,343</u>	<u>43,758,265</u>	<u>13,728</u>	<u>36,250</u>	<u>47,526,071</u>	<u>43,794,515</u>
Deferred Amount on Net Pension Liability	2,555,000	2,354,839			2,555,000	2,354,839
USDA Commodities	-	-	232	738	232	738
Total Deferred Inflows of Resources	<u>2,555,000</u>	<u>2,354,839</u>	<u>232</u>	<u>738</u>	<u>2,555,232</u>	<u>2,355,577</u>
Net Position						
Net Investment in Capital Assets	43,973,893	41,735,254	168,991	170,386	44,142,884	41,905,640
Restricted	19,585,301	17,097,317			19,585,301	17,097,317
Unrestricted	(21,758,843)	(20,324,594)	118,939	175,679	(21,639,904)	(20,148,915)
Total Net Position	<u>\$ 41,800,351</u>	<u>\$ 38,507,977</u>	<u>\$ 287,930</u>	<u>\$ 346,065</u>	<u>\$ 42,088,281</u>	<u>\$ 38,854,042</u>

The District's combined net position was \$42,088,281 and \$38,854,042 at June 30, 2017 and 2016, respectively. This was an increase of \$3,234,239 or 8 percent from the prior year. This is primarily due to an increase in invested in capital assets as a result of the payment of debt and an increase in restricted assets for future capital projects.

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Table 2 shows changes in net position for fiscal years ended June 30, 2017 and 2016.

Table 2
Changes in Net Position

	<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	\$ 998,543	\$ 1,029,368	\$ 1,123,628	\$ 1,101,865	\$ 2,122,171	\$ 2,131,233
Operating Grants and Contributions	29,558,192	22,884,855	151,731	158,502	29,709,923	23,043,357
Capital Grants and Contributions	-	4,080	-	-	-	4,080
General Revenues						
Property Taxes	76,891,151	75,894,956	-	-	76,891,151	75,894,956
Federal and State Aid	358,143	311,594	-	-	358,143	311,594
Other	1,677,583	1,639,095	-	-	1,677,583	1,639,095
Total Revenues	<u>109,483,612</u>	<u>101,763,948</u>	<u>1,275,359</u>	<u>1,260,367</u>	<u>110,758,971</u>	<u>103,024,315</u>
Expenses						
Instruction						
Regular	41,188,789	37,580,253	-	-	41,188,789	37,580,253
Special Education	18,113,912	17,011,501	-	-	18,113,912	17,011,501
Other Instruction	3,530,919	3,026,442	-	-	3,530,919	3,026,442
School Sponsored Activities and Athletics	2,392,640	2,175,830	-	-	2,392,640	2,175,830
Support Services						
Student and Instruction Related Services	14,318,550	12,918,305	-	-	14,318,550	12,918,305
General Administration Services	1,149,132	919,677	-	-	1,149,132	919,677
School Administration Services	6,696,125	6,073,147	-	-	6,696,125	6,073,147
Plant Operations and Maintenance	12,263,703	11,631,973	-	-	12,263,703	11,631,973
Pupil Transportation	3,546,666	3,426,661	-	-	3,546,666	3,426,661
Central Services	2,427,720	2,195,762	-	-	2,427,720	2,195,762
Interest on Debt	563,082	599,248	-	-	563,082	599,248
Food Services	-	-	1,333,494	1,317,291	1,333,494	1,317,291
Total Expenses	<u>106,191,238</u>	<u>97,558,799</u>	<u>1,333,494</u>	<u>1,317,291</u>	<u>107,524,732</u>	<u>98,876,090</u>
Change in Net Position	3,292,374	4,205,149	(58,135)	(56,924)	3,234,239	4,148,225
Net Position, Beginning of Year	<u>38,507,977</u>	<u>34,302,828</u>	<u>346,065</u>	<u>402,989</u>	<u>38,854,042</u>	<u>34,705,817</u>
Net Position, End of Year	<u>\$ 41,800,351</u>	<u>\$ 38,507,977</u>	<u>\$ 287,930</u>	<u>\$ 346,065</u>	<u>\$ 42,088,281</u>	<u>\$ 38,854,042</u>

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Governmental Activities

The District's total revenues were \$109,483,612 and \$101,763,948 for the years ended June 30, 2017 and 2016, respectively. Property taxes made up 70 and 75 percent of revenues for governmental activities for the Paramus School District for the fiscal years ended June 30, 2017 and 2016, respectively. Federal, state and local grants and aid accounted for another 27 and 23 percent of revenues for the years ended June 30, 2017 and 2016, respectively. As a result of the implementation of GASB 68 state aid increased significantly as a result of the accrual of the on-behalf TPAF pension expense.

The total cost of all programs and services was \$106,191,238 and \$97,558,799 for the fiscal years ended June 30, 2017 and 2016, respectively. Instruction comprises 61 percent of governmental program expenses for both fiscal years ended June 30, 2017 and 2016. Support services expenses make up 38 percent of governmental expenses for both fiscal years ended June 30, 2017 and 2016. Interest on debt comprises 1 percent of governmental expenses for fiscal years ended June 30, 2017 and 2016. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Total and Net Cost of Services

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction				
Regular	41,188,789	\$ 37,580,253	\$ 27,923,946	\$ 27,805,150
Special Education	18,113,912	17,011,501	9,075,288	8,825,178
Other Instruction	3,530,919	3,026,442	2,666,497	2,447,720
School Sponsored Activities and Athletics	2,392,640	2,175,830	1,445,563	1,493,467
Support Services				
Student and Instruction Related Services	14,318,550	12,918,305	10,365,644	9,984,637
General Administration Services	1,149,132	919,677	1,043,543	841,561
School Administration Services	6,696,125	6,073,147	4,897,702	4,780,469
Plant Operations and Maintenance	12,263,703	11,631,973	12,195,968	11,566,752
Pupil Transportation	3,546,666	3,426,661	3,289,430	3,146,276
Central Services	2,427,720	2,195,762	2,311,055	2,150,038
Interest on Debt	563,082	599,248	419,867	599,248
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 106,191,238	\$ 97,558,799	\$ 75,634,503	\$ 73,640,496

The dependence of tax revenues and state subsidies for governmental activities is apparent.

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Business-Type Activities

The only business-type activity is the food service operation. The program had revenues of \$1,275,359 and \$1,260,367 expenses of \$1,333,494 and \$1,317,291 in fiscal years ended June 30, 2017 and 2016, respectively. Of the revenues, \$1,123,628 and \$1,101,865 was charges for services paid by patrons for daily food service, \$151,731 and \$158,502 was from State and Federal reimbursements for the fiscal years ended June 30, 2017 and 2016, respectively.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects 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 \$95,203,857 and \$92,931,366 and expenditures were \$92,671,914 and \$90,093,129 for the fiscal years ended June 30, 2017 and 2016, respectively.

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

	<u>Year Ended June 30,</u>		Amount of Increase (Decrease)	Percent Change
	<u>2017</u>	<u>2016</u>		
Local Sources	\$ 79,670,526	\$ 78,630,850	\$ 1,039,676	1.32%
State Sources	13,498,297	12,367,663	1,130,634	9.14%
Federal Sources	<u>2,035,034</u>	<u>1,932,853</u>	<u>102,181</u>	5.29%
Total Revenues	<u>\$ 95,203,857</u>	<u>\$ 92,931,366</u>	<u>\$ 2,272,491</u>	2.45%

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

	<u>Year Ended June 30,</u>		Amount of Increase (Decrease)	Percent Change
	<u>2017</u>	<u>2016</u>		
Current:				
Instruction	\$ 51,869,929	\$ 50,868,544	\$ 1,001,385	1.97%
Support Services	35,353,075	34,322,509	1,030,566	3.00%
Capital Outlay	3,871,428	3,284,295	587,133	17.88%
Debt Service:				
Principal	1,000,000	1,010,000	(10,000)	-0.99%
Interest on Other Charges	<u>577,482</u>	<u>607,781</u>	<u>(30,299)</u>	-4.99%
Total Expenditures	<u>\$ 92,671,914</u>	<u>\$ 90,093,129</u>	<u>\$ 2,578,785</u>	2.86%

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

General Fund Budgeting Highlights

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

During the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of fiscal years 2017 and 2016, the District had \$57,375,427 and \$56,142,583 invested in land, construction in progress, buildings, site improvements, furniture and equipment and vehicles net of depreciation. Overall capital assets net of accumulated depreciation increased \$1,232,844 from fiscal year 2016 to fiscal year 2017. Table 4 shows capital assets net of depreciation at June 30, 2017 and 2016.

Table 4
Capital Assets

	<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>
Land	\$ 400,645	\$ 400,645			\$ 400,645	\$ 400,645
Construction in Progress	159,634	134,039			159,634	134,039
Buildings and Building Improvements	86,478,352	84,260,393	\$ 145,725	\$ 145,725	86,624,077	84,406,118
Machinery and Equipment	7,727,294	7,194,795	336,402	309,857	8,063,696	7,504,652
Site Improvements	3,510,602	2,423,627	-	-	3,510,602	2,423,627
	98,276,527	94,413,499	482,127	455,582	98,758,654	94,869,081
Less Accumulated Depreciation	41,070,091	38,441,302	313,136	285,196	41,383,227	38,726,498
Total	\$ 57,206,436	\$ 55,972,197	\$ 168,991	\$ 170,386	\$ 57,375,427	\$ 56,142,583

Additional information on Paramus Board of Education's capital assets can be found in Note 4 of this report.

Long-Term Liabilities

At June 30, 2017 and 2016, the District had \$46,110,932 and \$41,142,570 of long-term liabilities, respectively. Of this amount, \$598,947 and \$652,646 is for compensated absences, \$14,202,233 and \$15,357,402 of bonds payable plus the unamortized premium for school construction, \$31,309,752 and \$25,132,522 net pension liability for the fiscal years ended June 30, 2017 and 2016, respectively.

Additional information on Paramus Board of Education's long-term liabilities can be found in Note 4 of this report.

***PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017***

For the Future

As with all public school districts in New Jersey, the Paramus School District is facing difficult financial times due to state budget caps, essentially stagnant state aid, lower return on investments, increased costs for energy, health benefits, supplies, equipment and personnel. There are higher expectations for educational needs as well as non-educational needs such as security, infrastructure, and maintenance yet fewer dollars available to meet these expectations. State changes in rules, law and process have made the administration of the District more difficult and restricted the District's ability to acquire the resources to achieve these new or revised standards.

The most difficult matter which lies ahead is the limited financial resources available to the District to meet the needs of the District. The hard cap on the tax levy recently imposed by the State of New Jersey has very much had and continues to have a negative effect on our ability to provide the tools needed to provide a superior educational program. Of concern over time is the ability to attract and retain quality staff members due to these issues. Nonetheless, the District is committed to continuing and improving its tradition of fiscal vigilance, planning, budgeting and internal controls to address the dynamic challenges ahead.

Contacting the District's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the revenues it receives. If you have questions about this report or need additional information, contact the Business Administrator/Board Secretary at Paramus Board of Education, 145 Spring Valley Road, Paramus, NJ 07652.

FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

**PARAMUS 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	\$ 22,320,925	\$ 115,355	\$ 22,436,280
Restricted Assets - Cash with Fiscal Agents	2,221,109		2,221,109
Receivables, net			
Receivables from Other Governments	390,316	6,795	397,111
Other	57,905		57,905
Inventory		10,749	10,749
Capital Assets			
Not Being Depreciated	560,279		560,279
Being Depreciated, Net	<u>56,646,157</u>	<u>168,991</u>	<u>56,815,148</u>
Total Assets	<u>82,196,691</u>	<u>301,890</u>	<u>82,498,581</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	969,690		969,690
Deferred Amount on Net Pension Liability	<u>8,701,313</u>	<u>-</u>	<u>8,701,313</u>
Total Deferred Outflows of Resources	<u>9,671,003</u>	<u>-</u>	<u>9,671,003</u>
LIABILITIES			
Accounts Payable	347,706	13,728	361,434
Payable to State Government	89,641		89,641
Accrued Interest Payable	134,370		134,370
Accrued Liability for Insurance Claims	702,823		702,823
Other Liabilities	38,502		38,502
Unearned Revenue	88,369		88,369
Noncurrent Liabilities			
Due within one year	1,054,895		1,054,895
Due beyond one year	<u>45,056,037</u>	<u>-</u>	<u>45,056,037</u>
Total Liabilities	<u>47,512,343</u>	<u>13,728</u>	<u>47,526,071</u>
DEFERRED INFLOWS OF RESOURCES			
USDA Commodities		232	232
Deferred Amount on Net Pension Liability	<u>2,555,000</u>	<u>-</u>	<u>2,555,000</u>
Total Deferred Inflows of Resources	<u>2,555,000</u>	<u>232</u>	<u>2,555,232</u>
NET POSITION			
Net Investment in Capital Assets	43,973,893	168,991	44,142,884
Restricted for			
Debt Service	281,990		281,990
Capital Projects	17,403,311		17,403,311
Other Purposes	1,900,000		1,900,000
Unrestricted	<u>(21,758,843)</u>	<u>118,939</u>	<u>(21,639,904)</u>
Total Net Position	<u>\$ 41,800,351</u>	<u>\$ 287,930</u>	<u>\$ 42,088,281</u>

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

PARAMUS 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	\$ 41,188,789	\$ 251,265	\$ 13,013,578		\$ (27,923,946)		\$ (27,923,946)
Special Education	18,113,912	747,278	8,291,346		(9,075,288)		(9,075,288)
Other Instruction	3,530,919		864,422		(2,666,497)		(2,666,497)
School Sponsored Activities and Athletics	2,392,640		947,077		(1,445,563)		(1,445,563)
Support Services							
Student and Instruction Related Services	14,318,550		3,952,906		(10,365,644)		(10,365,644)
School Administration Services	6,696,125		1,798,423		(4,897,702)		(4,897,702)
General Administration Services	1,149,132		105,589		(1,043,543)		(1,043,543)
Plant Operations and Maintenance	12,263,703		67,735		(12,195,968)		(12,195,968)
Pupil Transportation	3,546,666		257,236		(3,289,430)		(3,289,430)
Central Services	2,427,720		116,665		(2,311,055)		(2,311,055)
Interest on Long-Term Debt	563,082	-	143,215	-	(419,867)	-	(419,867)
Total Governmental Activities	<u>106,191,238</u>	<u>998,543</u>	<u>29,558,192</u>	<u>-</u>	<u>(75,634,503)</u>	<u>-</u>	<u>(75,634,503)</u>
Business-Type Activities							
Food Service	1,333,494	1,123,628	151,731	-	-	\$ (58,135)	(58,135)
Total Business-Type Activities	<u>1,333,494</u>	<u>1,123,628</u>	<u>151,731</u>	<u>-</u>	<u>-</u>	<u>(58,135)</u>	<u>(58,135)</u>
Total Primary Government	<u>\$ 107,524,732</u>	<u>\$ 2,122,171</u>	<u>\$ 29,709,923</u>	<u>\$ -</u>	<u>(75,634,503)</u>	<u>(58,135)</u>	<u>(75,692,638)</u>

14

Continued

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

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues			
Property Taxes Levied for General Purposes	\$ 75,704,884		\$ 75,704,884
Property Taxes Levied for Debt Service	1,186,267		1,186,267
Federal and State Aid - Unrestricted	110,143		110,143
Debt Service Type II Aid	248,000		248,000
Miscellaneous Income	1,677,583	-	1,677,583
 Total General Revenues	 78,926,877	 -	 78,926,877
 Change in Net Position	 3,292,374	 \$ (58,135)	 3,234,239
Net Position, Beginning of Year	38,507,977	346,065	38,854,042
Net Position, End of Year	\$ 41,800,351	\$ 287,930	\$ 42,088,281

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 21,197,333	\$ 528,604	\$ 312,998	\$ 281,990	\$ 22,320,925
Restricted Assets - Cash with Fiscal Agent	2,221,109				2,221,109
Other Accounts Receivable	57,905				57,905
Due from Other Funds	500,000				500,000
Receivables from Other Governments	159,122	231,194	-	-	390,316
	<u>24,135,469</u>	<u>759,798</u>	<u>312,998</u>	<u>281,990</u>	<u>25,490,255</u>
Total Assets	<u>\$ 24,135,469</u>	<u>\$ 759,798</u>	<u>\$ 312,998</u>	<u>\$ 281,990</u>	<u>\$ 25,490,255</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 278,057	\$ 68,086	\$ 1,563		\$ 347,706
Due to Other Funds		500,000			500,000
Payable to State Government		89,641			89,641
Other Liabilities		38,502			38,502
Accrued Liability for Insurance Claims	702,823				702,823
Unearned Revenue	24,800	63,569	-	-	88,369
	<u>1,005,680</u>	<u>759,798</u>	<u>1,563</u>	<u>-</u>	<u>1,767,041</u>
Total Liabilities	<u>1,005,680</u>	<u>759,798</u>	<u>1,563</u>	<u>-</u>	<u>1,767,041</u>
Fund Balances					
Restricted					
Capital Projects			311,435		311,435
Debt Service				\$ 281,990	281,990
Excess Surplus	600,000				600,000
Excess Surplus - Designated for Subsequent Year's Expenditures	600,000				600,000
Capital Reserve	13,291,876				13,291,876
Capital Reserve - Designated for Subsequent Year's Expenditures	3,800,000				3,800,000
Maintenance Reserve	1,900,000				1,900,000
Emergency Reserve	394,000				394,000
Emergency Reserve - Designated for Subsequent Year's Expenditures	400,000				400,000
Assigned					
Year End Encumbrances	681,114				681,114
Unassigned	1,462,799	-	-	-	1,462,799
	<u>23,129,789</u>	<u>-</u>	<u>311,435</u>	<u>281,990</u>	<u>23,723,214</u>
Total Fund Balances	<u>23,129,789</u>	<u>-</u>	<u>311,435</u>	<u>281,990</u>	<u>23,723,214</u>
Total Liabilities and Fund Balances	<u>\$ 24,135,469</u>	<u>\$ 759,798</u>	<u>\$ 312,998</u>	<u>\$ 281,990</u>	<u>\$ 25,490,255</u>

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

Total Fund Balance - Governmental Funds (Exhibit B-1)	\$	23,723,214
 Amounts reported for <i>governmental activities</i> 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 \$98,276,527 and the accumulated depreciation is \$41,070,091.		57,206,436
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(134,370)
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.		969,690
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.		
Deferred Outflows of Resources	\$ 8,701,313	
Deferred Inflows of Resources	<u>(2,555,000)</u>	6,146,313
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. These Items are as follows:		
Bonds Payable, Including Unamortized Premium	(14,202,233)	
Net Pension Liability	(31,309,752)	
Compensated Absences Payable	<u>(598,947)</u>	<u>(46,110,932)</u>
 Net Position of Governmental Activities (Exhibit A-1)	 \$	 <u>41,800,351</u>

**PARAMUS 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>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 75,704,884			\$ 1,186,267	\$ 76,891,151
Tuition	998,543				998,543
Interest Earned on Capital Reserve	41,027				41,027
Miscellaneous	1,636,556	\$ 103,249	-	-	1,739,805
Total - Local Sources	78,381,010	103,249	-	1,186,267	79,670,526
State Sources	10,789,495	2,317,587		391,215	13,498,297
Federal Sources	46,105	1,988,929	-	-	2,035,034
Total Revenues	89,216,610	4,409,765	-	1,577,482	95,203,857
EXPENDITURES					
Current					
Regular Instruction	30,409,423	960,056			31,369,479
Special Education Instruction	12,929,539	2,799,276			15,728,815
Other Instruction	2,979,333				2,979,333
School-Sponsored Activities and Athletics	1,792,302				1,792,302
Support Services					
Student and Instruction Related Services	11,330,806	606,086			11,936,892
School Administration Services	5,435,025				5,435,025
General Administration Services	1,062,315		\$ 439		1,062,754
Plant Operations and Maintenance	11,341,176				11,341,176
Pupil Transportation	3,394,786				3,394,786
Central Services	2,182,442				2,182,442
Debt Service					
Principal				1,000,000	1,000,000
Interest and Other Charges				577,482	577,482
Capital Outlay	3,607,806	44,347	219,275	-	3,871,428
Total Expenditures	86,464,953	4,409,765	219,714	1,577,482	92,671,914
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,751,657	-	(219,714)	-	2,531,943
Other Financing Sources (Uses)					
Transfers In			387,998	-	387,998
Transfers Out	(387,998)	-	-	-	(387,998)
Total Other Financing Sources (Uses)	(387,998)	-	387,998	-	-
Net Change in Fund Balances	2,363,659	-	168,284	-	2,531,943
Fund Balance, Beginning of Year	20,766,130	-	143,151	281,990	21,191,271
Fund Balance, End of Year	\$ 23,129,789	\$ -	\$ 311,435	\$ 281,990	\$ 23,723,214

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

**PARAMUS 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) \$ 2,531,943

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.

	\$ 3,871,428	
Capital Outlay		
Depreciation Expense	<u>(2,637,189)</u>	
		1,234,239

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal Repayments		
Bonds Payable		1,000,000

Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 2)

		<u>(1,473,808)</u>
Change in net position of governmental activities (Exhibit A-2)	\$	<u>3,292,374</u>

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

		Business- Type Activities Enterprise Fund <u>Food Service</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$	115,355
Intergovernmental Receivable		
State		302
Federal		6,493
Inventory		<u>10,749</u>
Total Current Assets		<u>132,899</u>
Capital Assets		
Equipment		482,127
Less: Accumulated Depreciation		<u>(313,136)</u>
Total Capital Assets, Net of Accumulated Depreciation		<u>168,991</u>
Total Assets		<u>301,890</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		<u>13,728</u>
Total Current Liabilities		<u>13,728</u>
DEFERRED INFLOWS OF RESOURCES		
U.S.D.A Commodities		<u>232</u>
Total Deferred Inflows of Resources		<u>232</u>
Total Liabilities and Deferred Inflows of Resources		<u>13,960</u>
NET POSITION		
Investment in Capital Assets		168,991
Unrestricted		<u>118,939</u>
Total Net Position	\$	<u>287,930</u>

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

**PARAMUS 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 Enterprise Fund <u>Food Service</u>
OPERATING REVENUES		
Charges for Services		
Daily Sales - Reimbursable Programs	\$	252,882
Daily Sales - Non-Reimbursable Programs		834,938
Other Sales		<u>35,808</u>
 Total Operating Revenues		 <u>1,123,628</u>
OPERATING EXPENSES		
Cost of Sales - Reimbursable Programs		212,673
Cost of Sales - Non-Reimbursable Programs		324,192
Salaries and Employee Benefits		514,424
Supplies and Materials		79,175
Management Fee		55,261
Other Purchased Services		95,144
Depreciation		27,940
Purchased Professional and Technical Services		<u>24,685</u>
 Total Operating Expenses		 <u>1,333,494</u>
 Operating Loss		 <u>(209,866)</u>
NONOPERATING REVENUES		
State Sources		
School Lunch Program		5,145
Federal Sources		
National School Lunch Program		86,985
Food Distribution Program		43,232
School Milk Program		<u>16,369</u>
 Total Nonoperating Revenues		 <u>151,731</u>
 Changes in Net Position		 <u>(58,135)</u>
 Total Net Position, Beginning of Year		 <u>346,065</u>
 Total Net Position, End of Year	\$	 <u><u>287,930</u></u>

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

**PARAMUS BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business- Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 1,123,628
Cash Payments for Employees' Salaries and Benefits	(514,424)
Cash Payments to Suppliers for Goods and Services	<u>(769,610)</u>
Net Cash Used by Operating Activities	<u>(160,406)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>122,402</u>
Net Cash Provided by Noncapital Financing Activities	<u>122,402</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	<u>(26,545)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(26,545)</u>
Net Decrease in Cash and Cash Equivalents	(64,549)
Cash and Cash Equivalents, Beginning of Year	<u>179,904</u>
Cash and Cash Equivalents, End of Year	<u>\$ 115,355</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	<u>\$ (209,866)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	27,940
Non-Cash Federal Assistance	
Food Distribution Program- National School Lunch Program	43,232
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	(22,522)
(Increase)/Decrease in Inventory	<u>810</u>
Total Adjustments	<u>49,460</u>
Net Cash Used by Operating Activities	<u>\$ (160,406)</u>
Non-Cash Financing Activities	
National School Lunch (Food Distribution)	\$ 42,726

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

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

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 292,607	\$ 395,269
Total Assets	<u>292,607</u>	<u>\$ 395,269</u>
LIABILITIES		
Intergovernmental Payable	\$ 18,467	
Payroll Deductions and Withholdings		\$ 29,609
Due to Student Groups	<u>-</u>	<u>365,660</u>
Total Liabilities	<u>18,467</u>	<u>\$ 395,269</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 274,140</u>	

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

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

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Employee Contributions	\$ <u>129,812</u>
Total Additions	<u>129,812</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>141,205</u>
Total Deductions	<u>141,205</u>
Change in Net Position	(11,393)
Net Position, Beginning of the Year	<u>285,533</u>
Net Position, End of the Year	<u>\$ 274,140</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

B. New Accounting Standards

During fiscal year 2017, the District adopted the following GASB statements as required:

- 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*.

**PARAMUS 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.

**PARAMUS 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, federal and state grants for school-based budgeting and other items not properly included among program revenues are reported instead as general revenues.

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**PARAMUS 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.

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, for 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.

**PARAMUS 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, tuition, 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. The amount of unused commodities at year-end is reported as deferred inflows of resources.

**PARAMUS 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. Restricted Assets

Cash with fiscal agents is classified as restricted on the balance sheet because the cash is maintained in separate bank accounts by the District's insurance carrier and its use is limited to claims payable until such time as a final accounting of remaining claims is completed.

5. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Site Improvements	20
Buildings and Building Improvements	40
Machinery Equipment and Vehicles	10-20
Office Equipment and Furniture	10-20
Computer Equipment	5

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred 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.

**PARAMUS 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. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types which arise only under the accrual basis of accounting that qualify for reporting in this category. The first item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item which qualifies for reporting in this category is the deferred commodities revenue which is reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

7. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused 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.

8. Pensions

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

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

9. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. 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.

PARAMUS 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)

10. *Net Position/Fund Balance*

District-Wide Statements

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

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

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 – 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.

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.

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

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.

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 3).

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 3).

PARAMUS 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)

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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.

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.

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

Tuition Expenditures - Tuition charges for the fiscal years 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 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 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(1,473,808) difference are as follows:

Compensated Absences	\$ 53,699
Accrued Interest	10,000
Amortization of Deferred Amount on Refunding of Debt	(150,769)
Amortization of Premium	155,169
Net Pension Expense	<u>(1,541,907)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (1,473,808)</u>

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 14, 2012, the Mayor and Council of the Borough of Paramus adopted a resolution to move the District’s annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$2,110,355. The increase was funded by additional grant awards, the withdrawal and appropriation of capital reserve funds and the reappropriation of prior year general fund encumbrances.

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

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

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

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

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

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

Balance, July 1, 2016		\$ 15,072,176
Increased by:		
Interest earnings	\$ 41,027	
Deposits Approved by Board Resolution	<u>5,328,673</u>	
Total Increases		<u>5,369,700</u>
		20,441,876
Withdrawals:		
Approved in District Budget	3,100,000	
Approved by Board Resolution - General Fund	<u>250,000</u>	
Total Withdrawals		<u>3,350,000</u>
Balance, June 30, 2017		<u>\$ 17,091,876</u>

The District has appropriated \$3,800,000 of the capital reserve as a withdrawal in the 2017/18 budget. Of that amount \$3,500,000 will be utilized for capital projects and \$300,000 will be transferred to the Debt Service Fund.

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.

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

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

Balance, July 1, 2016	\$ 1,600,000
Increased by:	
Deposits Approved by Board Resolution	<u>\$ 300,000</u>
Total Increases	<u>300,000</u>
Balance, June 30, 2017	<u>\$ 1,900,000</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$4,349,202.

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>\$ 794,000</u>
Balance, June 30, 2017	<u>\$ 794,000</u>

The District has appropriated \$400,000 of the emergency reserve as a withdrawal in the 2017/18 budget.

E. Transfers to Capital Outlay

During the 2016/2017 school year, the district transferred \$2,911,002 to the non-equipment capital outlay accounts. A transfer of \$250,000 was approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h) of which \$51,000 was appropriated for equipment and \$199,000 was transferred to non equipment capital outlay accounts and the remaining \$2,712,002 was transferred from the "Capital Reserve Transfer to Capital Projects" budget appropriation.

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

F. 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 \$1,200,000. Of this amount, \$600,000 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$600,000 will be appropriated in the 2018/2019 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

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 \$25,345,265 and bank and brokerage firm balances of the Board's deposits amounted to \$27,447,778. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" or "cash with fiscal agent" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured:	
Cash and Cash Equivalents	\$ 25,226,669
Uninsured and Collateralized	
Cash with Fiscal Agent/Trustee	<u>2,221,109</u>
	<u>\$ 27,447,778</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 the Board’s bank balance of \$2,221,109 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized

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

\$ 2,221,109

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.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2017 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 57,905			\$ 57,905
Intergovernmental				
Federal	5,928	\$ 226,002	\$ 6,493	238,423
State	153,194	5,192	302	158,688
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	217,027	231,194	6,795	455,016
Less: Allowance for Uncollectibles	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$ 217,027</u>	<u>\$ 231,194</u>	<u>\$ 6,795</u>	<u>\$ 455,016</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	
Tuition Charges	\$ 24,800
Special Revenue Fund	
Unencumbered Grant Draw Downs	57,051
Grant Draw Downs Reserved for Encumbrances	<hr/> 6,518
 Total Unearned Revenue for Governmental Funds	 <u>\$ 88,369</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance, <u>June 30, 2017</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 400,645				\$ 400,645
Construction in Progress	134,039	\$ 130,552	-	\$ (104,957)	159,634
Total capital assets, not being depreciated	<u>534,684</u>	<u>130,552</u>	<u>-</u>	<u>(104,957)</u>	<u>560,279</u>
Capital assets, being depreciated:					
Buildings and Building Improvements	84,260,393	2,113,002		104,957	86,478,352
Site Improvements	2,423,627	1,086,975			3,510,602
Machinery and Equipment	7,194,795	540,899	\$ 8,400	-	7,727,294
Total capital assets being depreciated	<u>93,878,815</u>	<u>3,740,876</u>	<u>8,400</u>	<u>104,957</u>	<u>97,716,248</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(31,490,610)	(2,155,929)			(33,646,539)
Site Improvements	(807,281)	(166,543)			(973,824)
Machinery and Equipment	(6,143,411)	(314,717)	8,400	-	(6,449,728)
Total accumulated depreciation	<u>(38,441,302)</u>	<u>(2,637,189)</u>	<u>8,400</u>	<u>-</u>	<u>(41,070,091)</u>
Total capital assets, being depreciated, net	<u>55,437,513</u>	<u>1,103,687</u>	<u>-</u>	<u>104,957</u>	<u>56,646,157</u>
Government activities capital assets, net	<u>\$ 55,972,197</u>	<u>\$ 1,234,239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,206,436</u>
	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2017</u>	
Business-Type activities:					
Capital assets, being depreciated:					
Buildings and Building Improvements	\$ 145,725			\$ 145,725	
Machinery and Equipment	309,857	\$ 26,545	-	336,402	
Total capital assets being depreciated	<u>455,582</u>	<u>26,545</u>	<u>-</u>	<u>482,127</u>	
Less accumulated depreciation for:					
Buildings and Building Improvements	(32,247)	(3,583)		(35,830)	
Machinery and Equipment	(252,949)	(24,357)	-	(277,306)	
Total accumulated depreciation	<u>(285,196)</u>	<u>(27,940)</u>	<u>-</u>	<u>(313,136)</u>	
Total capital assets, being depreciated, net	<u>170,386</u>	<u>(1,395)</u>	<u>-</u>	<u>168,991</u>	
Business-type activities capital assets, net	<u>\$ 170,386</u>	<u>\$ (1,395)</u>	<u>\$ -</u>	<u>\$ 168,991</u>	

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental activities:

Instruction		
Regular		\$ 2,270,611
Total Instruction		<u>2,270,611</u>
Support Services		
Student Instruction	92,304	
General Administration	2,417	
School Administration	4,034	
Operations and Maintenance of Plant	232,666	
Student Transportation	<u>35,157</u>	
Total Support Services		<u>366,578</u>
Total Government Funds		<u>\$ 2,637,189</u>
Business-Type Activities:		
Food Service Fund		<u>\$ 27,940</u>
Total Depreciation Expense-Business-Type Activities		<u>\$ 27,940</u>

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	Special Revenue Fund	<u>\$ 500,000</u>

The above balance is the result of funds paid to one fund on behalf of another fund to avoid a cash overdraft.

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

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	<u>Transfer In:</u>	
	Capital	
	<u>Projects Fund</u>	<u>Total</u>
<u>Transfer Out:</u>		
General Fund	\$ 387,998	\$ 387,998
Total transfers out	<u>\$ 387,998</u>	<u>\$ 387,998</u>

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

F. 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 is comprised of the following issue:

\$16,460,000, 2012 Refunding Bonds, due in annual installments of \$995,000 to \$1,140,000 through April 1, 2029, interest at 2.75% to 5.00% \$13,180,000

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

Governmental Activities:

Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 995,000	\$ 537,481	\$ 1,532,481
2019	1,090,000	497,681	1,587,681
2020	1,080,000	454,081	1,534,081
2021	1,105,000	400,081	1,505,081
2022	1,130,000	344,831	1,474,831
2023-2027	5,625,000	956,655	6,581,655
2028-2031	<u>2,155,000</u>	<u>99,262</u>	<u>2,254,262</u>
Total	<u>\$ 13,180,000</u>	<u>\$ 3,290,072</u>	<u>\$ 16,470,072</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. 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:

4% of Equalized Valuation Basis (Municipal)	\$ 360,415,977
Less: Net Debt	<u>13,180,000</u>
Remaining Borrowing Power	<u>\$ 347,235,977</u>

G. 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	Additions	Reductions	Balance, June 30, 2017	Due Within One Year
Governmental activities:					
Bonds payable	\$ 14,180,000		\$ 1,000,000	\$ 13,180,000	\$ 995,000
Add:					
Unamortized Premium	<u>1,177,402</u>	<u>-</u>	<u>155,169</u>	<u>1,022,233</u>	<u>-</u>
	15,357,402	-	1,155,169	14,202,233	995,000
Net Pension Liability	25,132,522	\$ 7,116,387	939,157	31,309,752	
Compensated Absences	<u>652,646</u>	<u>-</u>	<u>53,699</u>	<u>598,947</u>	<u>59,895</u>
Government Activity Long-Term Liabilities	<u>\$ 41,142,570</u>	<u>\$ 7,116,387</u>	<u>\$ 2,148,025</u>	<u>\$ 46,110,932</u>	<u>\$ 1,054,895</u>

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

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

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

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

Health Insurance

The District maintained a minimum premium health insurance plan for its employees through December 31, 2016 with Aetna. On behalf of the District, Aetna maintains both a claims account and premium stabilization account. Both of these accounts are reported as restricted in the financial statements.

Changes in the balance of claims liabilities for the District's minimum premium health insurance plan for the fiscal years ended June 30, 2017 and 2016 are as follows:

Governmental Activities:

	<u>Fiscal Year Ended</u>	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Unpaid Claims, Beginning of Year	\$ 1,460,442	\$ 1,771,381
Incurred Claims	3,549,065	8,131,941
Less: Claim Payments	<u>4,306,684</u>	<u>8,442,880</u>
Unpaid Claims, End of Year	<u>\$ 702,823</u>	<u>\$ 1,460,442</u>
General Fund		
Accrued Liability for Insurance Claims	<u>\$ 702,823</u>	<u>\$ 1,460,442</u>

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

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Effective January 1, 2017, the District changed to traditional health coverage with the State Employees Health Benefits Program.

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>Year Ended June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 129,812	\$ 141,205	\$ 274,140
2016	120,972	123,351	285,533
2015	118,534	139,205	287,912

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.

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

NOTE 5 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.

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

NOTE 5 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.

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

NOTE 5 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:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 939,157	\$ 3,287,624	\$ 86,516
2016	962,546	2,379,611	66,158
2015	1,024,215	1,570,724	55,857

In addition for fiscal year 2016/2017 the District contributed \$2,348 for PERS and the State contributed \$4,691 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 \$2,215,951 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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$31,309,752 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 0.10572 percent, which was a decrease of 0.00624 percent from its proportionate share measured as of June 30, 2015 of 0.11196 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,481,064 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	\$ 582,266	
Changes of Assumptions	6,485,708	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,193,869	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>439,470</u>	<u>\$ 2,555,000</u>
Total	<u>\$ 8,701,313</u>	<u>\$ 2,555,000</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	\$ 1,343,022
2019	1,343,022
2020	1,689,581
2021	1,339,303
2022	431,385
Thereafter	<u>-</u>
	<u>\$ 6,146,313</u>

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2034

Municipal Bond Rate * From July 1, 2034
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 District’s proportionate share of the PERS net pension liability calculated using the discount rate of 3.98%, as well as what the District’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 38,366,447</u>	<u>\$ 31,309,752</u>	<u>\$ 25,483,839</u>

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

Pension Plan Fiduciary Net Position

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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 \$17,567,379 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 \$233,807,483. 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 0.29721 percent, which was an increase of .00668 percent from its proportionate share measured as of June 30, 2015 of 0.29053 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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<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>\$ 279,218,385</u>	<u>\$ 233,807,483</u>	<u>\$ 196,723,621</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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

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

NOTE 5 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.

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

NOTE 5 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 \$2,739,339, \$2,833,461 and \$2,493,525, 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.

F. Tax Abatements

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

For Paramus Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 75,704,884		\$ 75,704,884	\$ 75,704,884	
Tuition from Individuals	368,000		368,000	184,354	\$ (183,646)
Tuition from Other LEAs Within State	478,000		478,000	783,289	305,289
Tuition from Summer School	43,000		43,000	30,900	(12,100)
Interest Earned on Capital Reserve	2,600		2,600	41,027	38,427
Rents and Royalties	140,000		140,000	152,471	12,471
Miscellaneous	1,033,274	-	1,033,274	1,484,085	450,811
Total Local Sources	77,769,758	-	77,769,758	78,381,010	611,252
State Sources					
Categorical Special Education Aid	1,645,291		1,645,291	1,645,291	
Categorical Security Aid	69,352		69,352	69,352	
Categorical Transportation Aid	219,658		219,658	219,658	
NonPublic Transportation Aid				42,571	42,571
Extraordinary Special Ed. Costs Aid				537,993	537,993
PARCC Readiness Aid	38,180		38,180	38,180	
Per Pupil Growth Aid	38,180		38,180	38,180	
Professional Learning Community Aid	37,800		37,800	37,800	
Reimbursed TPAF Social Security Contribution (Non Budgeted)				2,215,951	2,215,951
On Behalf TPAF Pension System Contribution- (Non Budgeted)				3,287,624	3,287,624
On Behalf TPAF Pension System Contribution Long Term Disability Insurance(Non Budgeted)				4,691	4,691
On Behalf TPAF Pension System Contribution Post Retirement Medical Contribution(Non Budgeted)	-	-	-	2,739,339	2,739,339
Total State Sources	2,048,461	-	2,048,461	10,876,630	8,828,169
Federal Sources					
Medicaid Reimbursement	45,381	-	45,381	46,105	724
Total Federal Sources	45,381	-	45,381	46,105	724
Total Revenues	79,863,600	-	79,863,600	89,303,745	9,440,145
EXPENDITURES					
CURRENT EXPENSE					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	272,085	\$ 60,344	332,429	332,429	
Kindergarten	805,450	-	805,450	778,608	26,842
Grades 1-5	6,104,206	(14,344)	6,089,862	6,068,130	21,732
Grades 6-8	5,269,045	(48,205)	5,220,840	5,121,432	99,408
Grades 9-12	6,714,181	(201,669)	6,512,512	6,384,618	127,894
Regular Programs - Home Instruction					
Salaries of Teachers	25,000	4,205	29,205	29,205	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	350,913	1,293	352,206	352,206	
Purchased Professional-Educational Services	4,850	(497)	4,353	4,348	5
Purchased Technical Services	36,600	(14,788)	21,812	21,009	803
Other Purchased Services	3,500	(1,524)	1,976	1,976	
General Supplies	1,393,897	619,543	2,013,440	1,302,170	711,270
Textbooks	270,715	(53,007)	217,708	188,020	29,688
Other Objects	2,000	(246)	1,754	1,490	264
Total Regular Programs	21,252,442	351,105	21,603,547	20,585,641	1,017,906
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	453,660	26,083	479,743	479,743	
Other Salaries for Instruction	280,393	(26,091)	254,302	216,441	37,861
General Supplies	4,400	(255)	4,145	3,441	704
Textbooks	2,000	(586)	1,414	1,336	78
Total Learning and/or Language Disabilities	740,453	(849)	739,604	700,961	38,643

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE					
Special Education (Continued)					
Behavioral Disabilities					
Salaries of Teachers	\$ 217,980	\$ 170	\$ 218,150	\$ 218,150	
Other Salaries for Instruction	126,911	(26,776)	100,135	93,097	\$ 7,038
General Supplies	2,500	(389)	2,111	2,111	-
Total Behavioral Disabilities	347,391	(26,995)	320,396	313,358	7,038
Multiple Disabilities					
Salaries of Teachers	316,200	63	316,263	316,263	
Other Salaries for Instruction	329,209	14,360	343,569	343,569	
General Supplies	8,000	1,016	9,016	8,913	103
Total Multiple Disabilities	653,409	15,439	668,848	668,745	103
Resource Room/Resource Center					
Salaries of Teachers	3,521,528	(93,628)	3,427,900	3,410,030	17,870
Other Salaries for Instruction	367,507	175,297	542,804	542,804	
General Supplies	16,650	(4,658)	11,992	8,833	3,159
Total Resource Room	3,905,685	77,011	3,982,696	3,961,667	21,029
Autism					
Salaries of Teachers	257,475	-	257,475	249,786	7,689
Other Salaries for Instruction	590,246	-	590,246	572,358	17,888
General Supplies	7,900	(408)	7,492	7,452	40
Other Objects	2,500	(112)	2,388	962	1,426
Total Autism	858,121	(520)	857,601	830,558	27,043
Preschool Disabilities - Part - Time					
Other Salaries for Instruction	335,271	-	335,271	323,330	11,941
General Supplies	1,500	-	1,500	1,500	-
Total Preschool Disabilities - Part - Time	336,771	-	336,771	324,830	11,941
Preschool Disabilities - Full - Time					
Salaries of Teachers	284,600	(19,165)	265,435	231,678	33,757
Other Salaries for Instruction	35,926	-	35,926	4,354	31,572
Total Preschool Disabilities - Full - Time	320,526	(19,165)	301,361	236,032	65,329
Home Instruction					
Salaries of Teachers	60,000	-	60,000	26,202	33,798
Purchased Professional-Educational Services	19,800	-	19,000	4,603	14,397
Total Home Instruction	79,000	-	79,000	30,805	48,195
Total Special Education	7,241,356	44,921	7,286,277	7,066,956	219,321
Basic Skills/Remedial					
Salaries of Teachers	263,500	77,707	341,207	341,207	-
Total Basic Skills/Remedial	263,500	77,707	341,207	341,207	-
Bilingual Education					
Salaries of Teachers	569,050	10,496	579,546	579,546	
Other Salaries for Instruction	22,212	2,962	25,174	25,174	
Purchased Professional-Educational Services		3,000	3,000	2,400	600
General Supplies	3,500	-	3,500	1,909	1,591
Total Bilingual Education	594,762	16,458	611,220	609,029	2,191

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE:					
School Sponsored Co-Curricular Activities					
Salaries	\$ 259,903	\$ 3,111	\$ 263,014	\$ 263,014	
Supplies and Materials	40,178	(978)	39,200	32,352	\$ 6,848
Other Objects	3,750	637	4,387	4,387	-
Total School Sponsored Co-Curricular Activities	303,831	2,770	306,601	299,753	6,848
School Sponsored Athletics - Instruction					
Salaries	602,070	(8,009)	594,061	576,802	17,259
Purchased Services	93,600	(5,032)	88,568	88,568	
Supplies and Materials	77,500	13,685	91,185	83,837	7,348
Other Objects	43,250	-	43,250	36,160	7,090
Total School Sponsored Athletics - Instruction	816,420	644	817,064	785,367	31,697
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Reading Specialists	686,560	(548)	686,012	662,574	23,438
General Supplies	2,800	(102)	2,698	2,442	256
Total Other Supplemental/At-Risk Programs - Instruction	689,360	(650)	688,710	665,016	23,694
Total - Instruction	31,161,671	492,955	31,654,626	30,352,969	1,301,657
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	65,600	6,700	72,300	33,215	39,085
Tuition to Other LEAs Within the State - Special	151,290	(10,000)	141,290	127,110	14,180
Tuition to County Voc. School Dist.-Regular	801,600	(92,624)	708,976	708,685	291
Tuition to County Voc. School Dist.-Special	106,830	(54,000)	52,830	44,094	8,736
Tuition to CSSD & Reg. Day Schools	1,055,920	(227,000)	828,920	668,195	160,725
Tuition to Private Schools - Disabled W/I State	1,412,857	329,134	1,741,991	1,735,274	6,717
Total Undistributed Expenditures - Instruction (Tuition)	3,594,097	(47,790)	3,546,307	3,316,573	229,734
Attendance and Social Work Services					
Salaries	49,555	77	49,632	49,632	-
Total Attendance and Social Work Services	49,555	77	49,632	49,632	-
Health Services					
Salaries	757,083	5,693	762,776	762,776	
Purchased Professional and Technical Services	91,000	(6,760)	84,240	83,934	306
Supplies and Materials	30,800	768	31,568	27,467	4,101
Total Health Services	878,883	(299)	878,584	874,177	4,407
Speech, OT, PT and Related Services					
Salaries	1,864,550	(13,610)	1,850,940	1,675,933	175,007
Purchased Professional/Educational Services	800,000	148,610	948,610	948,010	600
Supplies and Materials	6,600	(308)	6,292	5,973	319
Total Speech, OT, PT and Related Services	2,671,150	134,692	2,805,842	2,629,916	175,926
Other Supp. Serv. Students - Extra Services					
Salaries	29,896	(14,857)	15,039	-	15,039
Purchased Professional/Educational Services	200,000	252,800	452,800	449,226	3,574
Total Other Supp. Serv. Students - Extra Services	229,896	237,943	467,839	449,226	18,613

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Other Support Services - Students - Guidance					
Salaries of Other Professional Staff	\$ 1,014,120	\$ 11,104	\$ 1,025,224	\$ 1,025,213	\$ 11
Salaries of Secretarial and Clerical Assistants	215,622	3,725	219,347	219,347	
Supplies and Materials	6,150	15,367	21,517	20,847	670
Other Objects	16,400	(810)	15,590	14,956	634
Total Other Support Services - Students - Guidance	1,252,292	29,386	1,281,678	1,280,363	1,315
Other Support Services - Students - Child Study Teams					
Salaries of Other Professional Staff	1,229,416	3,184	1,232,600	1,232,600	
Salaries of Secretarial and Clerical Assistants	171,740	-	171,740	171,740	
Purchased Professional/Educational Services		27,919	27,919	27,919	
Supplies and Materials	10,000	-	10,000	10,000	-
Total Other Support Services - Students - Child Study Teams	1,411,156	31,103	1,442,259	1,442,259	-
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisors of Instruction	461,930	4,255	466,185	466,185	
Salaries of Secretarial and Clerical	202,956	(5,508)	197,448	197,448	
Salaries of Facilitators, Math/Literacy Coaches and Masters	57,020	10,200	67,220	67,220	
Other Purchased Professional and Technical Services	15,540	4,002	19,542	19,542	
Supplies and Materials	2,790	10,900	13,690	12,931	759
Other Objects	3,728	(310)	3,418	2,517	901
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	743,964	23,539	767,503	765,843	1,660
Educational Media Services/School Library					
Salaries	614,630	9,898	624,528	624,528	
Supplies and Materials	102,377	(12,701)	89,676	87,789	1,887
Total Educational Media Services/School Library	717,007	(2,803)	714,204	712,317	1,887
Instructional Staff Training Services					
Salaries of Other Professional Staff	7,500	(2,988)	4,512	4,512	
Purchased Professional- Educational Services	35,500	11,001	46,501	45,801	700
Other Purchased Services	42,790	3,435	46,225	40,553	5,672
Supplies and Materials	16,500	(3,000)	13,500	12,337	1,163
Total Instructional Staff Training Services	102,290	8,448	110,738	103,203	7,535
Support Services General Administration					
Salaries	273,045	12,158	285,203	285,203	
Legal Services	62,850	22,166	85,016	76,974	8,042
Audit Fees	44,000	(2,750)	41,250	41,215	35
Architectural/Engineering Services	17,000	37,520	54,520	50,220	4,300
Other Purchased Professional Services	28,600	18,601	47,201	42,701	4,500
Communications/Telephone	287,126	(63,334)	223,792	203,863	19,929
BOE Other Purchased Services	10,400	6,498	16,898	999	15,899
Miscellaneous Purchased Services	152,500	(18,000)	134,500	131,330	3,170
General Supplies	28,300	-	28,300	9,478	18,822
Judgements Against the School District	25,000	-	25,000		25,000
Miscellaneous Expenditures	10,250	-	10,250	7,615	2,635
BOE Membership Dues and Fees	31,710	-	31,710	30,018	1,692
Total Support Services General Administration	970,781	12,859	983,640	879,616	104,024
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,817,460	3,400	1,820,860	1,820,860	
Salaries of Other Professional Staff	1,003,008	29,047	1,032,055	1,032,055	
Salaries of Secretarial and Clerical Assistants	840,803	(24,021)	816,782	816,782	
Unused Vacation Payments to Terminated/Retired Staff		15,372	15,372	15,372	
Other Purchased Services	12,000	617	12,617	9,459	3,158
Supplies and Materials	40,105	(1,143)	38,962	36,470	2,492
Total Support Services School Administration	3,713,376	23,272	3,736,648	3,730,998	5,650

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Undistributed Expenditures - Central Services					
Salaries	\$ 938,230	\$ 40,000	\$ 978,230	\$ 968,788	\$ 9,442
Purchased Technical Services	27,800	-	27,800	17,560	10,240
Misc. Purchased Services	34,810	-	34,810	20,277	14,533
Supplies and Materials	22,700	-	22,700	15,332	7,368
Miscellaneous Expenditures	5,050	-	5,050	2,885	2,165
Total Undistributed Expenditures - Central Services	1,028,590	40,000	1,068,590	1,024,842	43,748
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	454,850	4,000	458,850	431,739	27,111
Purchased Professional Services	52,500	31,939	84,439	18,834	65,605
Purchased Technical Services	64,900	54,400	119,300	82,488	36,812
Total Undistributed Expenditures - Admin. Info. Tech.	572,250	90,339	662,589	533,061	129,528
Required Maintenance For School Facilities					
Salaries	687,612	(23,113)	664,499	656,739	7,760
Cleaning, Repair, and Maintenance Services	916,160	351,097	1,267,257	1,210,618	56,639
General Supplies	330,000	39,659	369,659	326,892	42,767
Total Required Maintenance For School Facilities	1,933,772	367,643	2,301,415	2,194,249	107,166
Custodial Services					
Salaries	3,312,941	(34,629)	3,278,312	3,093,066	185,246
Salaries of Non-Instructional Aides	250,665	45,942	296,607	296,607	-
Unused Vacation Payments to Terminated/Retired Staff	-	9,820	9,820	9,788	32
Purchased Professional and Technical Services	21,600	30,755	52,355	48,854	3,501
Cleaning, Repair, and Maintenance Services	308,900	(5,614)	303,286	274,065	29,221
Other Purchased Property Services	108,000	20,068	128,068	103,190	24,878
Insurance	256,500	(8,000)	248,500	241,360	7,140
Miscellaneous Purchased Services	4,500	-	4,500	3,033	1,467
General Supplies	230,000	(19,092)	210,908	207,112	3,796
Energy (Natural Gas)	984,000	(319,695)	664,305	484,422	179,883
Energy (Electricity)	1,783,620	(250,000)	1,533,620	1,358,922	174,698
Energy (Gasoline)	55,000	-	55,000	41,848	13,152
Other Objects	2,500	(73)	2,427	380	2,047
Total Custodial Services	7,318,226	(530,518)	6,787,708	6,162,647	625,061
Care & Upkeep of Grounds					
Salaries	318,143	(825)	317,318	313,937	3,381
Cleaning, Repair, and Maintenance Services	35,000	(9,000)	26,000	24,909	1,091
General Supplies	59,000	(5,661)	53,339	51,839	1,500
Total Care & Upkeep of Grounds	412,143	(15,486)	396,657	390,685	5,972
Security					
Salaries	211,455	127,091	338,546	338,546	-
Purchased Professional and Technical Services	60,000	92,762	152,762	144,571	8,191
General Supplies	15,000	20,935	35,935	32,825	3,110
Total Security	286,455	240,788	527,243	515,942	11,301

PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation					
(Non-Instructional Aides)	\$ 54,292	\$ 32,764	\$ 87,056	\$ 87,056	
(Between Home and School) - Regular	467,043	4,505	471,548	467,702	\$ 3,846
(Between Home and School) - Spec Ed	149,744	15,512	165,256	163,734	1,522
(Other than Between Home and School)	105,000	(16,744)	88,256	88,256	
Unused Vacation Payments to Terminated/Retired Staff		1,938	1,938	1,938	
Management Fee - ESC & CTSA Trans Program	45,000	(11,064)	33,936	33,936	
Other Purchased Professional and Technical Services	14,514	1,000	15,514	14,305	1,209
Cleaning, Repair and Maintenance Services	45,960	7,858	53,818	32,478	21,340
Lease Purchase Payments - School Buses	69,868	(7,500)	62,368		62,368
Contracted Services - Aid in Lieu of Payments	185,640	5,136	190,776	190,776	
Contracted Services (Between Home and School) - Vendors	777,494	(50,850)	726,644	723,692	2,952
Contracted Services (Other Than Between Home and School) - Vendors	37,000	19,200	56,200	35,566	20,634
Contracted Services (Between Home and School) - Joint Agreements	19,900	-	19,900	2,652	17,248
Contracted Services (Special Ed Students)-Vendors	327,650	(45,739)	281,911	277,839	4,072
Contracted Services (Special Ed Students)-Joint Agreements		-			
Contracted Services (Regular Ed Students)-ESCs & CTSA	51,196	(13,961)	37,235	37,235	
Contracted Services (Special Ed Students)-ESCs & CTSA	674,623	130,207	804,830	804,830	
Miscellaneous Purchased Services - Transportation	3,060	-	3,060	1,347	1,713
General Supplies	1,530	914	2,444	2,299	145
Transportation Supplies	133,891	(813)	133,078	71,260	61,818
Other Objects	1,500	-	1,500	1,175	325
Total Student Transportation Services	3,164,905	72,363	3,237,268	3,038,076	199,192
Unallocated Benefits					
Social Security Contributions	1,212,000	-	1,212,000	1,114,971	97,029
Other Retirement Contributions - PERS	1,060,000	-	1,060,000	953,852	106,148
Other Retirement Contributions - Regular	72,000	20,000	92,000	86,516	5,484
Workmen's Compensation	495,000	-	495,000	422,171	72,829
Health Benefits	13,703,140	(545,000)	13,158,140	10,421,038	2,737,102
Tuition Reimbursement	79,000	3,574	82,574	65,328	17,246
Other Employee Benefits	360,500	228	360,728	227,688	133,040
Unused Sick Payment to Terminated/Retired Staff-mass serverar	100,000	(100,000)			
Unused Vacation Payment to Terminated/Retired Staff-mass ser	100,000	(100,000)			
Unused Sick Payment to Terminated/Retired Staff	-	166,851	166,851	59,433	107,418
Total Employee Benefits	17,181,640	(554,347)	16,627,293	13,350,997	3,276,296
On Behalf TPAF Pension System Contribution- (Non Budgeted)				3,287,624	(3,287,624)
On Behalf TPAF Pension System Contribution Post Retirement Medical Contribution(Non Budgeted)				2,739,339	(2,739,339)
On Behalf TPAF Pension System Contribution Long Term Disability Insurance(Non Budgeted)				4,691	(4,691)
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	2,215,951	(2,215,951)
Total	-	-	-	8,247,605	(8,247,605)
Total Undistributed Expenditures	48,232,428	161,209	48,393,637	51,692,227	(3,298,590)
Total Expenditures - Current Expense	79,394,099	654,164	80,048,263	82,045,196	(1,996,933)

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 6-8		\$ 8,460	\$ 8,460	\$ 8,460	
Grades 9-12	\$ 9,500	20,845	30,345	30,345	
Auditory Impairments		2,190	2,190	2,190	
School Sponsored Athletics		38,099	38,099	31,830	\$ 6,269
Undistributed Expenditures					
Instruction	50,000	115,228	165,228	158,622	6,606
Non-Instructional		10,744	10,744	10,744	
Central Services	35,000	(14,190)	20,810	19,891	919
Admin. Info. Tech.	42,000	1,000	43,000	42,446	554
Required Maint for School Facilities	100,000	83,827	183,827	159,936	23,891
Care and Upkeep of Grounds		2,275	2,275		2,275
Security		5,396	5,396		5,396
School Buses - Regular	-	98,777	98,777	98,777	-
Total Equipment	<u>236,500</u>	<u>372,651</u>	<u>609,151</u>	<u>563,241</u>	<u>45,910</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	19,417	157,675	177,092	153,030	24,062
Construction Services	150,000	2,753,327	2,903,327	2,891,535	11,792
Assessment for Debt Service on SDA Funding	51,813	-	51,813	51,813	-
Total Facilities Acquis. and Const. Services	<u>221,230</u>	<u>2,911,002</u>	<u>3,132,232</u>	<u>3,096,378</u>	<u>35,854</u>
Interest Deposit to Capital Reserve	<u>2,600</u>	<u>-</u>	<u>2,600</u>	<u>-</u>	<u>2,600</u>
Total Capital Outlay	<u>460,330</u>	<u>3,283,653</u>	<u>3,743,983</u>	<u>3,659,619</u>	<u>84,364</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	35,000	(3,539)	31,461	25,748	5,713
Other Purchased Services	24,700	-	24,700	10,410	14,290
General Supplies	3,700	1,218	4,918	3,827	1,091
Total Summer School - Instruction	<u>63,400</u>	<u>(2,321)</u>	<u>61,079</u>	<u>39,985</u>	<u>21,094</u>
Summer School - Support Services					
Salaries	22,000	(6,000)	16,000	15,979	21
Total Summer School - Support Services	<u>22,000</u>	<u>(6,000)</u>	<u>16,000</u>	<u>15,979</u>	<u>21</u>
Total Summer School	<u>85,400</u>	<u>(8,321)</u>	<u>77,079</u>	<u>55,964</u>	<u>21,115</u>
Adult Education -Local - Instruction					
Salaries of Teachers	30,705	(9,950)	20,755	20,755	
Other Salaries for Instruction	285,012	42,109	327,121	327,121	
Other Purchased Services	134,000	(33,877)	100,123	100,123	
General Supplies	62,500	1,279	63,779	63,678	101
Total Adult Education -Local - Instruction	<u>512,217</u>	<u>(439)</u>	<u>511,778</u>	<u>511,677</u>	<u>101</u>
Adult Education In-Local - Support Services					
Salaries	108,100	(5,460)	102,640	102,640	
Other Purchased Services	72,000	15,945	87,945	87,864	81
Supplies and Materials	3,500	(1,507)	1,993	1,993	-
Total Adult Education-In-Local - Support Services	<u>183,600</u>	<u>8,978</u>	<u>192,578</u>	<u>192,497</u>	<u>81</u>
Total Adult Education	<u>695,817</u>	<u>8,539</u>	<u>704,356</u>	<u>704,174</u>	<u>182</u>
Total Special Schools	<u>781,217</u>	<u>218</u>	<u>781,435</u>	<u>760,138</u>	<u>21,297</u>
Transfer of Funds to Charter Schools	<u>27,954</u>	<u>-</u>	<u>27,954</u>	<u>-</u>	<u>27,954</u>
Total Expenditures	<u>80,663,600</u>	<u>3,938,035</u>	<u>84,601,635</u>	<u>86,464,953</u>	<u>(1,863,318)</u>

PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (800,000)	\$ (3,938,035)	\$ (4,738,035)	\$ 2,838,792	\$ 7,576,827
Other Financing Sources/Uses					
Capital Reserve Transfer to Capital Projects	(3,100,000)	2,712,002	(387,998)	(387,998)	-
Total Other Financing Sources	(3,100,000)	2,712,002	(387,998)	(387,998)	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Sources	(3,900,000)	(1,226,033)	(5,126,033)	2,450,794	7,576,827
Fund Balances, Beginning of Year	21,368,867	-	21,368,867	21,368,867	-
Fund Balances, End of Year	\$ 17,468,867	\$ (1,226,033)	\$ 16,242,834	\$ 23,819,661	\$ 7,576,827
Reconciliation of Governmental Fund Statements (GAAP):					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 600,000	
Excess Surplus				600,000	
Capital Reserve				13,291,876	
Capital Reserve - Designated for Subsequent Year's Expenditures				3,800,000	
Maintenance Reserve				1,900,000	
Emergency Reserve				394,000	
Emergency Reserve - Designated for Subsequent Year's Expenditures				400,000	
Assigned Fund Balance					
Year End Encumbrances				681,114	
Unassigned Fund Balance				2,152,671	
Total				23,819,661	
Reconciliation to Government Fund Statements(GAAP)					
Less: State Aid Payments not Recognized on GAAP Basis				(689,872)	
Fund Balance per Governmental Funds(GAAP)				\$ 23,129,789	

PARAMUS BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Intergovernmental					
State	\$ 2,131,000	\$ 267,863	\$ 2,398,863	\$ 2,309,222	\$ (89,641)
Federal	1,711,818	515,173	2,226,991	1,931,114	(295,877)
Local Sources					
Miscellaneous	60,000	101,286	161,286	102,199	(59,087)
Total Revenues	<u>3,902,818</u>	<u>884,322</u>	<u>4,787,140</u>	<u>4,342,535</u>	<u>(444,605)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	95,620	130,466	226,086	222,415	3,671
Purchased Prof. and Technical Services	600,000	93,269	693,269	576,247	117,022
Tuition	655,300	44,700	700,000	699,743	257
Other Purchased Services		51,195	51,195	20,702	30,493
General Supplies	241,096	46,539	287,635	185,346	102,289
Textbooks	200,000	43,017	243,017	223,054	19,963
Total Instruction	<u>1,792,016</u>	<u>409,186</u>	<u>2,201,202</u>	<u>1,927,507</u>	<u>273,695</u>
Support Services					
Salaries of Teachers		13,778	13,778	12,901	877
Personal Services-Employee Benefits	39,036	73,179	112,215	110,379	1,836
Purchased Professional and Technical Services	1,850,350	299,570	2,149,920	2,030,377	119,543
Other Purchased Services	46,650	(1,331)	45,319	44,631	688
General Supplies	174,766	40,193	214,959	167,393	47,566
Other Objects	-	5,000	5,000	5,000	-
Total Support Services	<u>2,110,802</u>	<u>430,389</u>	<u>2,541,191</u>	<u>2,370,681</u>	<u>170,510</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	44,747	44,747	44,347	400
Total Facilities Acq. & Construction	<u>-</u>	<u>44,747</u>	<u>44,747</u>	<u>44,347</u>	<u>400</u>
Total Expenditures	<u>3,902,818</u>	<u>884,322</u>	<u>4,787,140</u>	<u>4,342,535</u>	<u>444,605</u>
Excess (Deficiency) of Revenues Over/(Under) 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

**PARAMUS BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
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 Fund 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 (Exhibits C-1 and C-2)	\$ 89,303,745	\$ 4,342,535
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 Encumbrances		(6,518)
June 30, 2016 Encumbrances		73,748
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2015-2016)	602,737	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2016-2017)	<u>(689,872)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 89,216,610</u>	<u>\$ 4,409,765</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 86,464,953	\$ 4,342,535
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2017 Encumbrances		(6,518)
June 30, 2016 Encumbrances	<u>-</u>	<u>73,748</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 86,464,953</u>	<u>\$ 4,409,765</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**PARAMUS 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)	0.10572%	0.11196%	0.12424%	0.11994%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 31,309,752</u>	<u>\$ 25,132,522</u>	<u>\$ 23,261,089</u>	<u>\$ 22,921,968</u>
District's Covered-Employee Payroll	<u>\$ 7,497,718</u>	<u>\$ 7,318,066</u>	<u>\$ 7,692,702</u>	<u>\$ 8,238,802</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	418%	343%	302%	278%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.92%	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.

**PARAMUS BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

PUBLIC EMPLOYEES RETIREMENT SYSTEM

Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 939,157	\$ 962,546	\$ 1,024,215	\$ 903,686
Contributions in Relation to the Contractually Required Contributions	<u>939,157</u>	<u>962,546</u>	<u>1,024,215</u>	<u>903,686</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 7,497,718</u>	<u>\$ 7,318,066</u>	<u>\$ 7,692,702</u>	<u>\$ 8,238,802</u>
Contributions as a Percentage of Covered-Employee Payroll	12.53%	13.15%	13.31%	10.97%

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.

**PARAMUS 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%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>233,807,483</u>	<u>183,628,826</u>	<u>158,957,607</u>	<u>146,804,041</u>
Total	<u>\$ 233,807,483</u>	<u>\$ 183,628,826</u>	<u>\$ 158,957,607</u>	<u>\$ 146,804,041</u>
District's Covered-Employee Payroll	<u>\$ 30,515,234</u>	<u>\$ 29,997,401</u>	<u>\$ 29,582,096</u>	<u>\$ 28,604,775</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

**PARAMUS 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 5.

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	Nonpublic Textbooks	Nonpublic Nursing Services	Nonpublic Technology	Nonpublic Security	Nonpublic Compensatory Education	Nonpublic ESL	Nonpublic Suppl. Inst.	Nonpublic Exam. and Class.	Nonpublic Home Instruction	Nonpublic Corrective Speech	Other Local Grants	Total Exhibit E-1A	Total 2017
REVENUES													
Intergovernmental													
State	\$ 223,054	\$ 396,425	\$ 93,943	\$ 221,008	\$ 395,137	\$ 21,011	\$ 312,546	\$ 410,666	\$ 5,192	\$ 230,240		\$ 1,931,114	\$ 2,309,222
Federal													1,931,114
Other	-	-	-	-	-	-	-	-	-	-	\$ 102,199	-	102,199
Total Revenues	\$ 223,054	\$ 396,425	\$ 93,943	\$ 221,008	\$ 395,137	\$ 21,011	\$ 312,546	\$ 410,666	\$ 5,192	\$ 230,240	\$ 102,199	\$ 1,931,114	\$ 4,342,535
EXPENDITURES													
Instruction													
Salaries of Teachers												\$ 222,415	\$ 222,415
Purchased Prof. and Tech. Services											\$ 5,324	\$ 570,923	\$ 576,247
Tuition												\$ 699,743	\$ 699,743
Other Purchased Services											\$ 4,364	\$ 16,338	\$ 20,702
General Supplies			\$ 91,450								\$ 62,389	\$ 31,507	\$ 185,346
Textbooks	\$ 223,054	-	-	-	-	-	-	-	-	-	-	-	223,054
Total Instruction	223,054	-	91,450	-	-	-	-	-	-	-	72,077	1,540,926	1,927,507
Support Services													
Salaries of Teachers												12,901	12,901
Personal Services Employee-Benefits												110,379	110,379
Purchased Prof. & Tech. Services		\$ 396,425		\$ 66,699	\$ 395,137	\$ 21,011	\$ 312,546	\$ 410,666	\$ 5,192	\$ 230,240	1,275	191,186	2,030,377
Other Purchased Services												44,631	44,631
General Supplies				144,370							4,946	18,077	167,393
Other Objects	-	-	-	-	-	-	-	-	-	-	-	5,000	5,000
Total Support Services	-	396,425	-	211,069	395,137	21,011	312,546	410,666	5,192	230,240	6,221	382,174	2,370,681
Facilities Acquisition & Construction													
Instructional Equipment	-	-	2,493	9,939	-	-	-	-	-	-	23,901	8,014	44,347
Total Facilities Acquisition & Construction	-	-	2,493	9,939	-	-	-	-	-	-	23,901	8,014	44,347
Total Expenditures	\$ 223,054	\$ 396,425	\$ 93,943	\$ 221,008	\$ 395,137	\$ 21,011	\$ 312,546	\$ 410,666	\$ 5,192	\$ 230,240	\$ 102,199	\$ 1,931,114	\$ 4,342,535

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

	NCLB					IDEA Preschool	Total Exhibit E-1A
	Title I	Title II Part - A	Title III	Title III Immigrant	IDEA Basic		
REVENUES							
Intergovernmental Federal	\$ 354,181	\$ 115,028	\$ 17,306	\$ 6,480	\$ 1,400,662	\$ 37,457	\$ 1,931,114
Total Revenues	\$ 354,181	\$ 115,028	\$ 17,306	\$ 6,480	\$ 1,400,662	\$ 37,457	\$ 1,931,114
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 218,931	\$ 100		\$ 3,384			\$ 222,415
Purchased Prof. & Tech. Services					\$ 570,923		570,923
Other Purchased Services						\$ 16,338	16,338
Tuition					699,743		699,743
General Supplies	-	-	\$ 48	1,613	29,846	-	31,507
Total Instruction	218,931	100	48	4,997	1,300,512	16,338	1,540,926
Support Services							
Salaries of Teachers			12,901				12,901
Personal Services-Employee Benefits	106,022		4,357				110,379
General Supplies	440	495		390	11,778	4,974	18,077
Purchased Prof. & Tech. Services	4,708	93,683		1,093	80,350	11,352	191,186
Other Purchased Services	19,080	20,750			4,801		44,631
Other Objects	5,000	-	-	-	-	-	5,000
Total Support Services	135,250	114,928	17,258	1,483	96,929	16,326	382,174
Facilities Acquisition & Construction							
Buildings	-	-	-	-	-	-	-
Instructional Equipment	-	-	-	-	3,221	4,793	8,014
Total Facilities Acquisition & Construction	-	-	-	-	3,221	4,793	8,014
Total Expenditures	\$ 354,181	\$ 115,028	\$ 17,306	\$ 6,480	\$ 1,400,662	\$ 37,457	\$ 1,931,114

**PARAMUS BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS**

NOT APPLICABLE

CAPITAL PROJECTS FUND

PARAMUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Year</u>	<u>Project</u>	<u>Appropriation</u>		<u>Modified</u>	<u>Expenditures to Date</u>		<u>Balance,</u>
		<u>Appropriation</u>	<u>Modifications</u>	<u>Appropriation</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>June 30, 2017</u>
2016	High School Interior Handicapped Ramp	\$ 239,200	\$ (18,645)	\$ 220,555	\$ 27,555	\$ 193,000	
2016	High School HVAC (900 Wing)		27,739	27,739	23,669	3,618	\$ 452
2016	West Brook Paving & Site Work		43,270	43,270	32,470	10,800	
2016	West Brook Roof Replacement		354,278	354,278	348,738	5,195	345
2016	High School Bathroom Renovation (700 Wing)		18,612	18,612	15,512	2,393	707
2016	High School Boys Locker Room Renovation	-	343,282	343,282	29,082	4,269	309,931
		<u>\$ 239,200</u>	<u>\$ 768,536</u>	<u>\$ 1,007,736</u>	<u>\$ 477,026</u>	<u>\$ 219,275</u>	<u>\$ 311,435</u>

**PARAMUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues and Other Financing Sources	
Transfer from Capital Reserve	<u>\$ 387,998</u>
Total Revenues and Other Financing Sources	<u>387,998</u>
 Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	26,275
Construction Services	193,000
Cancellation of Grant Receivable - Budgetary Basis	<u>439</u>
Total Expenditures and Other Financing Uses	<u>219,714</u>
Excess of Revenues Over Expenditures	168,284
Fund Balance, July 1, 2016	<u>143,151</u>
Fund Balance, June 30, 2017	<u>\$ 311,435</u>

**PARAMUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL INTERIOR HANDICAPPED RAMP
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 190,000	\$ 77,998	\$ 267,998	\$ 192,683
Transfers from/(to) Other Projects	(51,084)		(51,084)	
SDA Grant	<u>4,080</u>	<u>(439)</u>	<u>3,641</u>	<u>27,872</u>
 Total Revenues and Other Financing Sources	 <u>142,996</u>	 <u>77,559</u>	 <u>220,555</u>	 <u>220,555</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	9,103		9,103	9,103
Construction Services	<u>18,452</u>	<u>193,000</u>	<u>211,452</u>	<u>211,452</u>
 Total Expenditures and Other Financing Sources	 <u>27,555</u>	 <u>193,000</u>	 <u>220,555</u>	 <u>220,555</u>
 Excess (Deficit) of Revenue Over Expenditures	 <u>\$ 115,441</u>	 <u>\$ (115,441)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	3930-50-14-1003-G04
Grant Date	1/6/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 239,200
Authorized Cost Adjustments	\$ (18,645)
Revised Authorized Cost	\$ 220,555
 Percentage Increase Over Original Authorized Cost	 -7.79%
Percentage Completion	100.00%
Original Target Completion Date	April 30, 2015
Revised Target Completion Date	December 31, 2016

**PARAMUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL HVAC UNIT REPLACEMENT (900 WING)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Other Projects	\$ 27,239	\$ 500	\$ 27,739	27,739
 Total Revenues and Other Financing Sources	<u>27,239</u>	<u>500</u>	<u>27,739</u>	<u>27,739</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	23,669	3,618	27,287	27,739
 Total Expenditures and Other Financing Sources	<u>23,669</u>	<u>3,618</u>	<u>27,287</u>	<u>27,739</u>
 Excess (Deficit) of Revenue Over Expenditures	<u>\$ 3,570</u>	<u>\$ (3,118)</u>	<u>\$ 452</u>	<u>\$ -</u>

Additional Project Information:

Project Number	
Grant Date	3930-050-16-4000
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 312,500
Authorized Cost Adjustments	\$ (284,761)
Revised Authorized Cost	\$ 27,739
 Percentage Increase Over Original Authorized Cost	-91.12%
Percentage Completion	98.37%
Original Target Completion Date	September 1, 2016
Revised Target Completion Date	September 30, 2016

**PARAMUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
WEST BROOK PAVING & SITE WORK
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Other Projects	\$ 43,270	-	\$ 43,270	43,270
Total Revenues and Other Financing Sources	<u>43,270</u>	<u>-</u>	<u>43,270</u>	<u>43,270</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	32,470	\$ 10,800	43,270	43,270
Total Expenditures and Other Financing Sources	<u>32,470</u>	<u>10,800</u>	<u>43,270</u>	<u>43,270</u>
Excess (Deficit) of Revenue Over Expenditures	<u>\$ 10,800</u>	<u>\$ (10,800)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3930-060-16-2000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 548,944			
Authorized Cost Adjustments	\$ (505,674)			
Revised Authorized Cost	\$ 43,270			
Percentage Increase Over Original Authorized Cost	-92.12%			
Percentage Completion	5.91%			
Original Target Completion Date	September 1, 2016			
Revised Target Completion Date	September 30, 2016			

**PARAMUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
WEST BROOK ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 300,000		\$ 300,000	\$ 300,000
Transfer from Other Projects	<u>53,778</u>	\$ 500	<u>54,278</u>	<u>54,278</u>
 Total Revenues and Other Financing Sources	 <u>353,778</u>	 <u>500</u>	 <u>354,278</u>	 <u>354,278</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	33,306	5,195	38,501	33,806
Construction Services	<u>315,432</u>	<u>-</u>	<u>315,432</u>	<u>320,472</u>
 Total Expenditures and Other Financing Sources	 <u>348,738</u>	 <u>5,195</u>	 <u>353,933</u>	 <u>354,278</u>
 Excess (Deficit) of Revenue Over Expenditures	 <u>\$ 5,040</u>	 <u>\$ (4,695)</u>	 <u>\$ 345</u>	 <u>\$ -</u>
Additional Project Information:				
Project Number	3930-060-16-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,375,000			
Authorized Cost Adjustments	\$ (1,020,722)			
Revised Authorized Cost	\$ 354,278			
 Percentage Increase Over Original				
Authorized Cost	-74.23%			
Percentage Completion	99.90%			
Original Target Completion Date	August 1, 2016			
Revised Target Completion Date	August 31, 2016			

**PARAMUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL BATHROOM RENOVATION (700 WING)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Other Projects	\$ 17,612	\$ 1,000	18,612	18,612
	<u>17,612</u>	<u>1,000</u>	<u>18,612</u>	<u>18,612</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	15,512	2,393	17,905	18,612
	<u>15,512</u>	<u>2,393</u>	<u>17,905</u>	<u>18,612</u>
Excess (Deficit) of Revenue Over Expenditures	<u>\$ 2,100</u>	<u>\$ (1,393)</u>	<u>\$ 707</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3930-050-16-1000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 312,500			
Authorized Cost Adjustments	\$ (293,888)			
Revised Authorized Cost	\$ 18,612			
Percentage Increase Over Original Authorized Cost	-94.04%			
Percentage Completion	96.20%			
Original Target Completion Date	September 1, 2016			
Revised Target Completion Date	September 15, 2016			

**PARAMUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HIGH SCHOOL BOYS LOCKER ROOM RENOVATION
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve		\$ 310,000	\$ 310,000	\$ 310,000
Transfer from Other Projects	\$ 35,282	-	35,282	35,282
	<u>35,282</u>	<u>310,000</u>	<u>345,282</u>	<u>345,282</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	29,082	4,269	33,351	35,282
Transfers to Other Projects	-	2,000	2,000	-
	<u>29,082</u>	<u>6,269</u>	<u>35,351</u>	<u>345,282</u>
Excess (Deficit) of Revenue Over Expenditures	<u>\$ 6,200</u>	<u>\$ 303,731</u>	<u>\$ 309,931</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	3930-050-16-2000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 908,875			
Authorized Cost Adjustments	\$ (563,593)			
Revised Authorized Cost	\$ 345,282			
Percentage Increase Over Original Authorized Cost	-62.01%			
Percentage Completion	10.24%			
Original Target Completion Date	November 1, 2017			
Revised Target Completion Date	November 1, 2017			

ENTERPRISE FUNDS

NOT APPLICABLE

FIDUCIARY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 365,660	\$ 29,609	\$ 395,269
Total Assets	<u>\$ 365,660</u>	<u>\$ 29,609</u>	<u>\$ 395,269</u>
LIABILITIES			
Payroll Deductions and Withholdings Due to Student Groups	<u>\$ 365,660</u>	\$ 29,609 -	\$ 29,609 <u>365,660</u>
Total Liabilities	<u>\$ 365,660</u>	<u>\$ 29,609</u>	<u>\$ 395,269</u>

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

NOT APPLICABLE

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

	Balance, July 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2017</u>
ELEMENTARY & MIDDLE SCHOOL				
Eastbrook	\$ 40,452	\$ 42,071	\$ 42,411	\$ 40,112
Westbrook	42,934	38,684	46,239	35,379
Elementary	42,174	33,495	40,843	34,826
HIGH SCHOOLS				
High School Activity	222,596	318,731	285,984	255,343
High School Athletic	-	74,605	74,605	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 348,156</u>	<u>\$ 507,586</u>	<u>\$ 490,082</u>	<u>\$ 365,660</u>

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

	Balance, July 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2017</u>
ASSETS				
Cash and Cash Equivalents	\$ 25,255	\$ 79,037,653	\$ 79,033,299	\$ 29,609
Total Assets	<u>\$ 25,255</u>	<u>\$ 79,037,653</u>	<u>\$ 79,033,299</u>	<u>\$ 29,609</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 25,255	\$ 51,134,432	\$ 51,130,078	\$ 29,609
Accrued Salaries and Wages	<u>-</u>	<u>27,903,221</u>	<u>27,903,221</u>	<u>-</u>
Total Liabilities	<u>\$ 25,255</u>	<u>\$ 79,037,653</u>	<u>\$ 79,033,299</u>	<u>\$ 29,609</u>

LONG-TERM DEBT

**PARAMUS BOARD OF EDUCATION
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds	2/14/2012	\$ 16,460,000	4/1/2018	\$ 995,000	4.00%			
			4/1/2019	1,090,000	4.00%			
			4/1/2020	1,080,000	5.00%			
			4/1/2021	1,105,000	5.00%			
			4/1/2022	1,130,000	5.00%			
			4/1/2023	1,135,000	5.00%			
			4/1/2024	1,140,000	4.00%			
			4/1/2025	1,130,000	4.00%			
			4/1/2026	1,120,000	2.75%			
			4/1/2027	1,100,000	4.00%			
			4/1/2028	1,090,000	3.00%			
			4/1/2029	1,065,000	3.125%			
						\$ 14,180,000	\$ 1,000,000	\$ 13,180,000
						<u>\$ 14,180,000</u>	<u>\$ 1,000,000</u>	<u>\$ 13,180,000</u>

**PARAMUS BOARD OF EDUCATION
SCHEDULE OF CAPITAL LEASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT Applicable

**PARAMUS BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	2017				Variance Favorable (Unfavorable)
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,186,267		\$ 1,186,267	\$ 1,186,267	
Intergovernmental					
Debt Service Aid Type II	<u>391,215</u>	<u>-</u>	<u>391,215</u>	<u>391,215</u>	<u>-</u>
Total Revenues	<u>1,577,482</u>	<u>-</u>	<u>1,577,482</u>	<u>1,577,482</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Interest on Bonds	577,482		577,482	577,482	
Redemption of Principal	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Total Expenditures	<u>1,577,482</u>	<u>-</u>	<u>1,577,482</u>	<u>1,577,482</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>281,990</u>	<u>-</u>	<u>281,990</u>	<u>281,990</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 281,990</u>	<u>\$ -</u>	<u>\$ 281,990</u>	<u>\$ 281,990</u>	<u>\$ -</u>
Recapitulation of Fund Balance:					
Restricted for Debt Service:					
Designated for Subsequent Year's Expenditures			<u>\$ 281,990</u>		

STATISTICAL SECTION

This part of the Paramus 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.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011 (Restated)	2012	2013	2014 (Restated)	2015	2016	2017
Governmental activities										
Net Investment in Capital Assets	\$ 22,554,914	\$ 24,274,128	\$ 25,187,220	\$ 27,826,536	\$ 29,450,260	\$ 31,802,380	\$ 35,209,488	\$ 39,957,382	\$ 41,735,254	\$ 43,973,893
Restricted	455,979	2,258,123	3,720,473	5,130,462	7,447,327	9,371,004	12,674,591	14,660,403	17,097,317	19,585,301
Unrestricted	1,367,352	2,183,662	1,498,811	1,466,597	2,080,303	2,487,970	(20,932,272)	(20,314,957)	(20,324,594)	(21,758,843)
Total governmental activities net position	\$ 24,378,245	\$ 28,715,913	\$ 30,406,504	\$ 34,423,595	\$ 38,977,890	\$ 43,661,354	\$ 26,951,807	\$ 34,302,828	\$ 38,507,977	\$ 41,800,351
Business-type activities										
Net Investment in Capital Assets	\$ 206,230	\$ 193,417	\$ 180,679	\$ 169,887	\$ 160,104	\$ 167,670	\$ 164,909	\$ 172,989	\$ 170,386	\$ 168,991
Restricted										
Unrestricted	70,427	94,890	124,890	183,061	220,440	258,441	270,522	230,000	175,679	118,939
Total business-type activities net position	\$ 276,657	\$ 288,307	\$ 305,569	\$ 352,948	\$ 380,544	\$ 426,111	\$ 435,431	\$ 402,989	\$ 346,065	\$ 287,930
District-wide										
Net Investment in Capital Assets	\$ 22,761,144	\$ 24,467,545	25,367,899	27,996,423	29,610,364	31,970,050	\$ 35,374,397	\$ 40,130,371	\$ 41,905,640	\$ 44,142,884
Restricted	455,979	2,258,123	3,720,473	5,130,462	7,447,327	9,371,004	12,674,591	14,660,403	17,097,317	19,585,301
Unrestricted	1,437,779	2,278,552	1,623,701	1,649,658	2,300,743	2,746,411	(20,661,750)	(20,084,957)	(20,148,915)	(21,639,904)
Total district net position	\$ 24,654,902	\$ 29,004,220	\$ 30,712,073	\$ 34,776,543	\$ 39,358,434	\$ 44,087,465	\$ 27,387,238	\$ 34,705,817	\$ 38,854,042	\$ 42,088,281

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

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

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 959,181	\$ 3,855,794	\$ 5,204,812							
Unreserved	1,602,565	1,566,664	1,048,677							
Restricted				\$ 5,830,339	\$ 8,437,790	\$ 10,342,765	\$ 11,362,486	\$ 15,658,856	\$ 18,866,176	\$ 20,985,876
Assigned				338,200	205,305	752,553	764,796	423,089	450,098	681,114
Unassigned				1,398,254	1,350,633	1,352,937	1,411,670	1,375,542	1,449,856	1,462,799
Total general fund	<u>\$ 2,561,746</u>	<u>\$ 5,422,458</u>	<u>\$ 6,253,489</u>	<u>\$ 7,566,793</u>	<u>\$ 9,993,728</u>	<u>\$ 12,448,255</u>	<u>\$ 13,538,952</u>	<u>\$ 17,457,487</u>	<u>\$ 20,766,130</u>	<u>\$ 23,129,789</u>
All Other Governmental Funds										
Reserved	\$ 2,491,925	\$ 696,120	\$ 227,668							
Unreserved	(1,607,872)	(1,669,006)	(1,418,193)							
Restricted				\$ (403,730)	\$ 319,537	\$ 338,239	\$ 1,912,105	\$ 895,547	\$ 425,141	\$ 593,425
Total all other governmental funds	<u>\$ 884,053</u>	<u>\$ (972,886)</u>	<u>\$ (1,190,525)</u>	<u>\$ (403,730)</u>	<u>\$ 319,537</u>	<u>\$ 338,239</u>	<u>\$ 1,912,105</u>	<u>\$ 895,547</u>	<u>\$ 425,141</u>	<u>\$ 593,425</u>

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.

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	\$ 63,492,313	\$ 64,987,547	\$ 67,718,884	\$ 70,405,267	\$ 71,260,000	\$ 72,082,781	\$ 73,626,957	\$ 75,015,150	\$ 75,894,956	\$ 76,891,151
Tuition charges	267,891	250,252	332,987	532,236	662,476	706,546	865,959	1,335,212	1,029,368	998,543
Transportation Fees from Other LEAs						19,135				
Interest earnings	447,739	66,625	263	630	29,900	72,212	75,013	56,015	62,181	41,027
Miscellaneous	1,919,646	2,994,251	1,565,510	1,269,384	1,409,877	1,564,184	1,727,512	2,850,999	1,644,345	1,739,805
State sources	16,481,341	10,112,058	9,034,170	6,350,337	8,276,469	10,868,673	10,831,079	11,569,634	12,367,663	13,498,297
Federal sources	1,823,752	1,487,620	2,451,588	2,560,300	2,162,626	1,850,201	1,722,744	1,938,222	1,932,853	2,035,034
Total revenue	84,432,682	79,898,353	81,103,402	81,118,154	83,801,348	87,163,732	88,849,264	92,765,232	92,931,366	95,203,857
Expenditures										
Instruction										
Regular Instruction	30,197,941	27,788,868	29,325,548	28,858,613	28,910,884	29,937,817	29,069,631	29,668,702	30,729,149	31,369,479
Special education instruction	10,875,886	11,542,002	13,149,343	12,505,227	12,847,226	13,955,301	14,372,065	14,812,182	15,625,057	15,728,815
Other instruction	1,843,084	1,673,677	1,489,949	1,275,898	1,998,943	2,235,557	2,401,823	2,603,483	2,710,245	2,979,333
School sponsored activities and athletics	1,401,660	1,371,469	1,435,348	1,359,151	1,576,558	1,671,482	1,769,801	1,695,789	1,804,093	1,792,302
Community services	15,405	17,077	16,116	16,210						
Support Services:										
Student and inst. related services	10,335,629	9,648,061	8,624,440	8,418,190	9,411,413	10,164,191	10,417,119	10,954,311	11,471,646	11,936,892
General administration	1,414,045	1,167,280	1,226,520	1,258,429	1,035,224	985,899	963,246	1,028,507	872,675	1,062,754
School administration services	4,185,785	4,053,653	4,830,253	4,642,844	4,788,494	4,833,814	4,945,173	5,284,232	5,320,345	5,435,025
Plant operations and maintenance	9,826,305	9,240,737	10,488,342	10,109,803	10,443,307	10,612,696	10,800,079	10,735,054	11,250,614	11,341,176
Pupil transportation	3,363,649	3,387,072	3,212,718	3,019,662	3,062,989	2,983,951	2,993,422	3,155,756	3,312,186	3,394,786
Central services	1,919,372	2,581,645	2,392,080	2,121,600	2,070,166	2,070,404	1,899,277	2,001,690	2,095,043	2,182,442
Capital outlay	13,877,006	3,064,375	1,910,475	2,295,215	1,737,207	2,615,869	3,931,168	2,591,737	3,284,295	3,871,428
Debt service:										
Principal	2,193,047	2,093,984	1,911,107	1,976,762	1,870,904	1,701,874	1,770,051	4,540,180	1,010,000	1,000,000
Advance Refunding Escrow					1,801,947					
Bond Issuance Costs					174,059					
Interest and other charges	1,411,467	1,317,605	1,237,542	1,160,453	806,471	921,648	851,846	791,632	607,781	577,482
Total expenditures	92,860,281	78,947,505	81,249,781	79,018,055	82,535,592	84,690,503	86,184,701	89,863,255	90,093,129	92,671,914
Excess (Deficiency) of revenues over (under) expenditures	(8,427,599)	950,848	(146,379)	2,100,099	1,265,756	2,473,229	2,664,563	2,901,977	2,838,237	2,531,943
Other Financing sources (uses)										
Proceeds from borrowing										
Capital Leases			759,771							
Original issue premium	49,917	52,925			1,908,006					
Accrued interest on bonds issued										
Refund of Escrow for Refunding Bonds										
Refunding bonds issued					16,460,000					
Payment to refunded bond escrow agent					(16,392,000)					
Transfers in	796,170	481,360	396,732	2,455,460	1,761,046	1,930,368	4,257,176	3,132,696	2,000,000	387,998
Transfers out	(796,170)	(481,360)	(396,732)	(2,455,460)	(1,761,046)	(1,930,368)	(4,257,176)	(3,132,696)	(2,000,000)	(387,998)
Total other financing sources (uses)	49,917	52,925	759,771	-	1,976,006	-	-	-	-	-
Net change in fund balances	\$ (8,377,682)	\$ 1,003,773	\$ 613,392	\$ 2,100,099	\$ 3,241,762	\$ 2,473,229	\$ 2,664,563	\$ 2,901,977	\$ 2,838,237	\$ 2,531,943
Debt service as a percentage of noncapital expenditures	4.56%	4.50%	3.97%	4.09%	3.31%	3.20%	3.19%	6.11%	1.86%	1.78%

* Noncapital expenditures are total expenditures less capital outlay.

**PARAMUS BOARD OF EDUCATION
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS ENDED JUNE 30**

	<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>
Tuition	\$ 267,891	\$ 250,252	\$ 332,987	\$ 532,236	\$ 662,476	\$ 706,546	\$ 865,959	\$ 1,335,212	\$ 1,029,368	\$ 998,543
Transportation Fees						19,135				
Interest Income	206,396	34,790	131	386	27,774	69,701	72,837	54,231	62,181	85,057
Bldg. Rental	185,109	189,112	167,501	142,167	124,737	134,703	81,853	43,482	37,553	152,471
E-Rate			65,759	57,028						
Refunds Prior Year		161,263	215,373	64,320				1,637,975	1,428	11,242
Prior Year Outstanding Checks			52,858	15,743						
Miscellaneous	49,343				267,458	340,081	573,571	125,355	170,287	310,960
Special Schools Fees	886,859	888,525	886,515	879,125	838,837	1,012,705	1,021,321	953,075	1,031,179	1,117,853
Cancellation of Prior Year Accounts Payable	33,839				103,570	248			25,528	-
Insurance Claims Refund			87,502							
Insurance Premium Refund			21,881							
Health Claim Reimbursements	700,000	1,700,000	-	-	-	-	-	-	310,939	-
	<u>\$ 2,329,437</u>	<u>\$ 3,223,942</u>	<u>\$ 1,830,507</u>	<u>\$ 1,691,005</u>	<u>\$ 2,024,852</u>	<u>\$ 2,283,119</u>	<u>\$ 2,615,541</u>	<u>\$ 4,149,330</u>	<u>\$ 2,668,463</u>	<u>\$ 2,676,126</u>

Source: School District's Financial Statements

PARAMUS 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	\$ 154,005,400	\$ 4,052,386,800	\$ 1,479,800	\$ 22,400	\$ 3,625,769,000	\$ 125,476,500	\$ 18,642,800	\$ 7,977,782,700	\$ 6,821,663	\$ 7,984,604,363	\$ 9,374,550,417	\$ 0.805
2009	150,553,900	4,085,384,000	1,479,800	22,400	3,628,077,100	123,055,000	18,642,800	8,007,215,000	6,375,948	8,013,590,948	9,287,253,375	0.828
2010	144,177,500	4,348,882,600	1,502,200		3,378,135,900	116,580,000	18,642,800	8,007,921,000	7,054,399	8,014,975,399	9,232,778,941	0.888
2011	144,326,700	4,142,885,600	1,479,800	22,400	3,567,285,600	115,428,700	18,642,800	7,990,071,600	6,411,753	7,976,041,303	8,672,226,280	0.896
2012	144,326,700	4,146,398,000	1,479,800	22,400	3,567,000,300	115,428,700	18,642,800	7,993,298,700	6,411,753	7,999,710,453	8,558,395,272	0.922
2013	143,045,700	4,154,425,400	1,479,800	22,400	3,462,384,900	113,136,400	18,642,800	7,893,137,400	6,222,785	7,899,360,185	8,545,391,805	0.930
2014	142,215,000	4,171,077,547	1,479,800	22,400	3,542,561,600	111,783,600	18,642,800	7,987,782,747	4,987,188	7,992,769,935	8,834,630,995	0.930
2015	137,950,900	4,203,955,147	1,479,800	22,400	3,532,924,100	109,198,200	16,964,600	8,002,495,147	5,235,279	8,007,730,426	8,758,087,401	0.944
2016	137,301,800	4,225,646,147	1,479,800	22,400	3,513,162,400	108,289,700	16,964,600	8,002,866,847	5,153,630	8,008,020,477	8,810,817,359	0.954
2017	137,252,400	4,265,444,247	1,479,800	22,400	3,500,165,000	101,312,100	16,964,600	8,022,640,547	4,687,668	8,027,328,215	9,669,326,922	0.965

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

<u>Year Ended December 31,</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
2008	\$ 1.482	\$ 0.805	\$ 0.467	\$ 0.210
2009	1.545	0.828	0.494	0.223
2010	1.637	0.862	0.548	0.227
2011	1.665	0.888	0.551	0.226
2012	1.677	0.896	0.548	0.233
2013	1.726	0.922	0.555	0.249
2014	1.719	0.930	0.535	0.254
2015	1.734	0.944	0.530	0.260
2016	1.752	0.954	0.529	0.269
2017	1.801	0.965	0.533	0.303

Source: Tax Duplicates, Borough of Paramus

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

Taxpayer	2017		Taxpayer	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Westland GSP L.P.	\$ 739,346,600	9.21%	Westland GSP L.P.	\$ 560,426,600	7.02%
Vornado, Bergen Mall LLC	247,730,300	3.09%	ALX of Paramus LLC	171,500,000	2.15%
ALX of Paramus LLC	143,601,800	1.79%	Paramus Park Shopping Center	143,800,000	1.80%
Westland GSP L.P.	97,069,400	1.21%	Vornado, Bergen Mall LLC	100,000,000	1.25%
Paramus Park - General Growth	91,024,000	1.13%	Westland GSP L.P.	97,069,400	1.22%
Faber Bros Inc NJ	70,000,000	0.87%	Faber Bros Inc NJ	86,313,600	1.08%
Paramus Park C/O Macy's	49,362,500	0.61%	Paramus Park - Macy's Inc.	63,229,700	0.79%
William Farber (Trustees/Etal)	48,956,500	0.61%	RREEF America REIT III Corp	60,000,000	0.75%
Mack Paramus Affiliates	46,351,800	0.58%	Mack Paramus Affiliates	58,100,000	0.73%
Gabriel, J & Etal & Temple Ridge	42,000,000	0.52%	Farber, William A	48,956,500	0.61%
	<u>\$ 1,575,442,900</u>	<u>19.63%</u>		<u>\$ 1,389,395,800</u>	<u>17.40%</u>

Source: Municipal Tax Assessor

N/A Not Available

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

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 63,492,313	\$ 63,492,313	100.00%	N/A
2009	64,987,547	64,987,547	100.00%	N/A
2010	67,718,884	67,718,884	100.00%	N/A
2011	70,405,267	70,405,267	100.00%	N/A
2012	71,260,000	71,260,000	100.00%	N/A
2013	72,082,781	72,082,781	100.00%	N/A
2014	73,626,957	73,626,957	100.00%	N/A
2015	75,015,150	75,015,150	100.00%	N/A
2016	75,894,956	75,894,956	100.00%	N/A
2017	76,891,151	76,891,151	100.00%	N/A

N/A = Not Applicable

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Temporary Notes</u>			
2008	\$ 30,049,000		\$ 398,637	\$ 16,804,809	\$ 47,252,446	26,010	\$ 1,817
2009	28,042,000		311,653	12,217,110	40,570,763	26,015	1,560
2010	26,222,000		759,771	11,820,510	38,802,281	26,137	1,485
2011	24,347,000		658,009	11,423,910	36,428,919	26,379	1,381
2012	22,625,000		577,105	9,736,000	32,938,105	26,540	1,241
2013	21,005,000		495,231		21,500,231	26,649	807
2014	19,320,000		410,180		19,730,180	26,762	737
2015	15,190,000				15,190,000	26,847	566
2016	14,180,000				14,180,000	26,974	526
2017	13,180,000				13,180,000	26,880	490

Source: District records

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2008	\$ 30,049,000		\$ 30,049,000	0.38%	\$ 1,155
2009	28,042,000		28,042,000	0.35%	1,078
2010	26,222,000		26,222,000	0.33%	1,003
2011	24,347,000		24,347,000	0.31%	923
2012	22,625,000		22,625,000	0.28%	852
2013	21,005,000		21,005,000	0.27%	788
2014	19,320,000		19,320,000	0.24%	722
2015	15,190,000		15,190,000	0.19%	566
2016	14,180,000		14,180,000	0.18%	526
2017	13,180,000		13,180,000	0.16%	490

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
MUNICIPAL DEBT:			
Borough of Paramus (1)	\$ 45,091,685	\$ 8,468,674	\$ 36,623,011
Paramus School District	<u>14,180,000</u>	<u>14,180,000</u>	<u>-</u>
	<u>\$ 59,271,685</u>	<u>\$ 22,648,674</u>	<u>36,623,011</u>
 OVERLAPPING DEBT APPORTIONED TO THE MUNICIPALITY			
Bergen County:			
County of Bergen(A)			63,211,851
Bergen County Utilities Authority - Water Pollution Control (B)			<u>8,138,892</u>
			<u>71,350,743</u>
 Total Direct and Overlapping Outstanding Debt			 <u>\$ 107,973,754</u>

SOURCE:

(1) Borough of Paramus 2016 Annual Debt Statement

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

(B) Overlapping debt was computed based upon municipal flow to the Authority.

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

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis	
	2016	\$ 9,645,494,573
	2015	8,714,641,234
	2014	8,671,062,470
		<u>\$ 27,031,198,277</u>
Average equalized valuation of taxable property		<u>\$ 9,010,399,426</u>
Debt limit (4 % of average equalization value)		360,415,977 ^a
Total Net Debt Applicable to Limit		<u>13,180,000</u>
Legal debt margin		<u>\$ 347,235,977</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 349,495,131	\$ 362,202,482	\$ 367,696,850	\$ 359,887,470	\$ 350,541,846	\$ 343,226,211	\$ 343,601,966	\$ 346,591,299	\$ 347,117,624	\$ 360,415,977
Total net debt applicable to limit	<u>31,636,901</u>	<u>29,233,301</u>	<u>27,016,701</u>	<u>24,745,101</u>	<u>22,626,501</u>	<u>21,005,000</u>	<u>19,320,000</u>	<u>15,190,000</u>	<u>14,180,000</u>	<u>13,180,000</u>
Legal debt margin	<u>\$ 317,858,230</u>	<u>\$ 332,969,181</u>	<u>\$ 340,680,149</u>	<u>\$ 335,142,369</u>	<u>\$ 327,915,345</u>	<u>\$ 322,221,211</u>	<u>\$ 324,281,966</u>	<u>\$ 331,401,299</u>	<u>\$ 332,937,624</u>	<u>\$ 347,235,977</u>
Total net debt applicable to the limit as a percentage of debt limit	9.05%	8.07%	7.35%	6.88%	6.45%	6.12%	5.62%	4.38%	4.09%	3.66%

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

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

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	26,010	\$ 68,548	4.00%
2009	26,015	64,571	7.40%
2010	26,137	65,275	7.80%
2011	26,379	68,244	8.50%
2012	26,540	71,380	7.50%
2013	26,649	70,498	6.50%
2014	26,762	73,536	5.40%
2015	26,847	75,849	4.50%
2016	26,974	N/A	4.00%
2017	26,880	N/A	N/A

Source: New Jersey State Department of Education

N/A - Not Available

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

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

INFORMATION NOT AVAILABLE

PARAMUS BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST SEVEN FISCAL YEARS
(Unaudited)

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction							
Regular	304	258	262	259	245	258	263
Special education	124	168	186	191	195	193	193
Support Services:							
Student & instruction related services	83	89	88	91	89	91	90
General administration	3	2	2	2	2	2	2
School administrative services	31	36	37	41	39	38	36
Other administrative services	4						
Central services	16	15	15	15	15	14	14
Administrative Information Technology	6	6	6	6	7	7	7
Plant operations and maintenance	121	120	109	105	105	87	92
Pupil transportation	24	23	20	21	20	21	20
Other support services							
Special Schools	3	51	48	33	36	22	16
Total	<u>719</u>	<u>768</u>	<u>773</u>	<u>764</u>	<u>753</u>	<u>733</u>	<u>733</u>

Source: District Personnel Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Teacher/Pupil Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	4,361	\$ 75,318,538	\$ 17,271	3.22%	422	1:10.47	1:09.38	1:09.32	4,361	4,239	0.81%	97.20%
2009	4,426	72,471,541	16,374	-5.19%	410	1:09.05	1:11.22	1:11.16	4,247	4,127	-2.61%	97.17%
2010	4,245	76,190,657	17,948	9.61%	419	1:10.32	1:09.80	1:09.47	4,243	4,087	-0.09%	96.32%
2011	4,177	73,585,627	17,617	-1.85%	391	1:09.84	1:09.62	1:08.56	4,156	3,940	-2.05%	94.80%
2012	4,095	76,145,004	18,595	5.55%	382	1:09.76	1:08.94	1:08.98	4,073	3,938	-2.00%	96.69%
2013	4,034	79,451,112	19,695	5.92%	385	1:33.39	01:27.0	1:25.40	4,031	3,884	-1.03%	96.35%
2014	3,941	79,631,636	20,206	2.59%	387	1:09.98	1:09.72	1:10.85	3,940	3,798	-2.26%	96.40%
2015	3,933	81,939,706	20,834	3.11%	398	1:10.40	1:09.66	1:10.41	3,934	3,787	-0.15%	96.26%
2016	3,894	85,191,053	21,878	5.01%	418	1:09.20	1:09.22	1:10.11	3,894	3,742	-1.02%	96.10%
2017	3,823	87,223,004	22,815	4.29%	420	1:09.20	1:08.94	1:10.41	3,823	3,663	-1.82%	95.81%

Sources: District records

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
Elementary										
Memorial										
Square Feet	48,600	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250
Capacity (students)	365	365	365	365	365	365	365	365	365	365
Enrollment	336	336	334	344	318	317	319	340	307	295
Midland										
Square Feet	38,750	38,750	38,750	38,750	38,750	38,750	38,750	38,750	38,750	38,750
Capacity (students)	321	321	321	321	321	321	321	321	321	321
Enrollment *	271	271	244	261	231	231	237	236	229	236
Stony Lane										
Square Feet	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700
Capacity (students)	270	270	270	270	270	270	270	270	270	270
Enrollment	247	247	219	218	201	201	206	196	201	192
Ridge Ranch										
Square Feet	46,430	46,430	46,430	46,430	46,430	46,430	46,430	46,430	46,430	46,430
Capacity (students)	476	476	476	476	476	476	476	476	476	476
Enrollment	380	380	382	365	347	350	315	297	327	330
Parkway										
Square Feet	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Capacity (students)	476	476	476	476	476	476	476	476	476	476
Enrollment	351	351	274	245	273	255	251	267	289	288
Middle School										
East Brook										
Square Feet	115,971	115,971	115,971	115,971	115,971	115,971	115,971	115,971	115,971	115,971
Capacity (students)	876	876	876	876	876	876	876	876	876	876
Enrollment	634	634	649	641	627	629	608	652	618	619
West Brook										
Square Feet	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Capacity (students)	876	876	876	876	876	876	876	876	876	876
Enrollment	718	718	738	704	671	674	627	624	620	585
High School										
Square Feet	273,500	297,950	297,950	297,950	297,950	297,950	297,950	297,950	297,950	297,950
Capacity (students)	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944
Enrollment	1,427	1,427	1,332	1,318	1,288	1,288	1,272	1,322	1,303	1,278

Number of Schools at June 30, 2017

Elementary = 5

Middle School = 2

Senior High School = 1

Source: District Records

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

Undistributed Expenditures
 Required Maintenance for School Facilities
 11-000-261-xxx

<u>School Facilities</u>	<u>Project Nos.</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>
Memorial School	N/A	\$ 46,510	\$ 31,592	\$ 53,384	\$ 55,074	\$ 85,422	\$ 112,602	\$ 121,064	\$ 117,535	\$ 132,273	\$ 130,594
Midland School	N/A	27,772	22,768	42,354	43,695	77,537	37,519	40,339	39,163	44,074	43,515
Parkway School	N/A	68,243	36,463	39,284	40,528	98,642	25,832	27,773	26,963	30,344	29,959
Ridge Ranch School	N/A	25,680	43,033	59,486	61,370	67,525	82,690	88,904	86,313	97,136	95,903
Stony Lane School	N/A	27,896	33,195	48,106	49,629	53,207	33,753	36,289	35,231	39,648	39,145
Paramus High School	N/A	1,055,632	1,030,870	1,240,865	1,280,155	827,419	1,344,475	1,445,512	1,403,379	1,579,351	1,559,307
East Brook Middle School	N/A	107,389	89,619	94,357	97,345	179,886	92,996	99,985	97,071	109,243	107,856
West Brook Middle School	N/A	<u>218,248</u>	<u>141,018</u>	<u>147,418</u>	<u>152,086</u>	<u>346,612</u>	<u>162,072</u>	<u>174,252</u>	<u>169,173</u>	<u>190,386</u>	<u>187,970</u>
Total School Facilities		<u>\$ 1,577,370</u>	<u>\$ 1,428,558</u>	<u>\$ 1,725,254</u>	<u>\$ 1,779,882</u>	<u>\$ 1,736,250</u>	<u>\$ 1,891,939</u>	<u>\$ 2,034,118</u>	<u>\$ 1,974,828</u>	<u>\$ 2,222,455</u>	<u>\$ 2,194,249</u>

Source: District Records

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Building & Contents	\$ 95,128,109	\$ 5,000
General Liability (Aggregate)	2,000,000	
Environmental Impairment Liability (Aggregate)	4,000,000	15,000
Business Automobile Liability	1,000,000	
Excess Liability (Each Occurrence and Aggregate)	9,000,000	
Educator's Legal Liability	1,000,000	\$25,000/30,000
Umbrella Excess (Each Occurrence and Aggregate)	50,000,000	
Cyber Liability (Policy Aggregate)	6,000,000	\$15,000/25,000
Public Official Bonds - The Hartford Insurance Group		
Steven Cea	250,000	

Source: District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
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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

**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
Paramus Board of Education
Paramus, 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 Paramus 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 Paramus Board of Education's basic financial statements and have issued our report thereon dated October 6, 2017.

Internal Control Over Financial Reporting

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

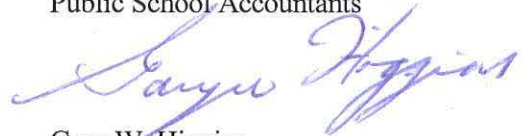
However, we noted a certain matter that is not required to be reported under Government Auditing Standards that we reported to management of the Paramus Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 6, 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 Paramus 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 Paramus 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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 6, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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MARK SACO, CPA
SHERYL M. NICOLOSI, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Paramus 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 October 6, 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 federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
October 6, 2017

PARAMUS 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	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period	June 30, 2016		Accounts Receivable Carryover	Unearned Revenue Carryover	Cash Received	Budgetary Expenditures	June 30, 2017		Due to Grantor	MEMO GAAP Receivable	
						Accounts Receivable	Unearned Revenue					Accounts Receivable	Unearned Revenue			
U.S. Department of Education Passed-through State Department of Education General Fund																
Medicaid Reimbursement	93.778	1705NJ5MAP	N/A	\$ 46,105	7/1/16-6/30/17					\$ 40,177	\$ 46,105			\$ (5,928)	\$ (5,928)	
Medicaid Reimbursement	93.778	1605NJ5MAP	N/A	63,378	7/1/15-6/30/16	\$ (29,341)	-	-	-	29,341	-	-	-	-	-	
Total General Fund						(29,341)	-	-	-	69,518	46,105	-	-	(5,928)	(5,928)	
U.S. Department of Education Passed-through State Department of Education Special Revenue Fund																
I.D.E.A. Part B																
Basic Regular	84.027	H027A160100	FT393017	1,437,735	7/1/16-6/30/17			\$ (425,137)	\$ 75,254	1,617,097	1,400,662			(245,775)	\$ 112,327	(133,448)
Basic Regular, Carryover	84.027	H027A150100	FT393016	1,476,852	7/1/15-6/30/16	(425,137)	\$ 75,254	425,137	(75,254)							
Preschool	84.173	H173A160114	PS393017	34,151	7/1/16-6/30/17			(10,408)	7,253	40,189	37,457			(4,370)	3,947	(423)
Preschool, Carryover	84.173	H173A150114	PS393016	33,046	7/1/15-6/30/16	(10,408)	7,253	10,408	(7,253)							
Total Special Education Cluster (IDEA)											1,438,119					
No Child Left Behind																
Title I	84.010	S010A160030	NCLB393017	309,802	7/1/16-6/30/17			(154,539)	68,282	360,919	354,181	\$ 20,423	\$ (20,423)	(82,999)	3,480	(79,519)
Title I c/o	84.010	S010A150030	NCLB393016	319,058	7/1/15-6/30/16	(154,539)	\$ 68,282	154,539	(68,282)							
Title II Part A	84.367	S367A160029	NCLB393017	102,312	7/1/16-6/30/17			(135,193)	94,037	146,066	115,028			(91,439)	81,321	(10,118)
Title II Part A c/o	84.367	S367A150029	NCLB393016	108,438	7/1/15-6/30/16	(135,193)	94,037	135,193	(94,037)							
Title III	84.365	S365A160030	NCLB393017	34,058	7/1/16-6/30/17			(42,923)	33,057	26,032	17,306			(50,949)	49,809	(1,140)
Title III c/o	84.365	S365A150030	NCLB393016	39,107	7/1/15-6/30/16	(42,923)	33,057	42,923	(33,057)							
Title III - Immigrant	84.365	S365A160030	NCLB393017	14,650	7/1/16-6/30/17			(67,606)	66,837	5,895	6,480	30,014	(30,014)	(46,347)	44,993	(1,354)
Title III - Immigrant c/o	84.365	S365A150030	NCLB393016	36,823	7/1/15-6/30/16	(67,606)	66,837	67,606	(66,837)	-	-	-	-	-	-	-
Total Special Revenue Fund						(835,806)	344,720	-	-	2,196,198	1,931,114	50,437	(50,437)	(521,879)	295,877	(226,002)
U.S. Department of Education Passed-through State Department of Education Enterprise Fund																
National School Lunch Program	10.555		N/A													
Non-Cash Assistance (Food Distribution)		171NJ304N1099		42,726	7/1/16-6/30/17					42,726	42,494				232	
Non-Cash Assistance (Food Distribution)		16161NJ304N1099		46,370	7/1/15-6/30/16			738			738					
Cash Assistance		171NJ304N1099		86,985	7/1/16-6/30/17					82,004	86,985			(4,981)		(4,981)
Cash Assistance		16161NJ304N1099		87,927	7/1/15-6/30/16	(15,702)				15,702						
Special Milk Program	10.556	171NJ304N1099	N/A	16,369	7/1/16-6/30/17					14,857	16,369			(1,512)		(1,512)
Special Milk Program	10.556	16161NJ304N1099	N/A	18,968	7/1/15-6/30/16	(4,045)				4,045						
Total Child Nutrition Cluster						(19,747)	738	-	-	159,334	146,586	-	-	(6,493)	232	(6,493)
Total Federal Financial Awards						\$ (884,894)	\$ 345,438	\$ -	\$ -	\$ 2,425,030	\$ 2,123,805	\$ 50,437	\$ (50,437)	\$ (534,300)	\$ 296,109	\$ (238,423)

911

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

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

State Grantor/Program Title	Project Number	Amount	Period	Balance July 1, 2016	Carryover Amount	Cash Received	Cash Expenditures	Adjustments	Refund of Prior Balance	Deferred Revenue	(Accounts Receivable)	Due to Grantor	Memo		
													June 30, 2016	June 30, 2017	GAAP Receivable
State Department of Education															
State Department of Education Schools Development Authority Capital Projects Fund															
HS Interior Handicapped Ramp	3930-050-14-1003-G04	\$ 49,200	7/1/14-6/30/15	\$ (4,080)	-	\$ 3,641	-	\$ 439	-	-	-	-	-	-	-
Total Capital Projects Fund				(4,080)	-	3,641	-	439	-	-	-	-	-	-	-
Debt Service Fund															
Debt Service State Support	17-495-034-5120-075	391,215	7/1/16-6/30/17	-	-	391,215	\$ 391,215	-	-	-	-	-	-	-	\$ 391,215
Total Debt Service Fund				-	-	391,215	391,215	-	-	-	-	-	-	-	391,215
State Department of Agriculture															
Enterprise Fund															
State School Lunch Program	17-100-010-3350-023	5,145	7/1/16-6/30/17	-	-	4,843	5,145	-	-	-	\$ (302)	-	-	\$ (302)	5,145
State School Lunch Program	16-100-010-3350-023	5,403	7/1/15-6/30/16	(951)	-	951	-	-	-	-	-	-	-	-	-
Total Enterprise Fund				(951)	-	5,794	5,145	-	-	-	(302)	-	-	(302)	5,145
Total State Financial Assistance Subject to Single Audit Determination															
				\$ (615,518)	\$ -	\$ 13,587,570	\$ 13,582,212	\$ 439	\$ 149,198	\$ -	\$ (848,560)	\$ 89,641	\$ (158,688)	\$ 13,582,212	
Less On-Behalf TPAF Pension and Annuity Aid															
Normal Cost & Accrued Liability	17-495-034-5094-002	3,172,671	7/1/16-6/30/17	-	-	3,172,671	3,172,671	-	-	-	-	-	-	-	3,172,671
NCGI	17-495-034-5094-004	114,953	7/1/16-6/30/17	-	-	114,953	114,953	-	-	-	-	-	-	-	114,953
Long Term Disability Insurance	17-495-034-5094-004	4,691	7/1/16-6/30/17	-	-	4,691	4,691	-	-	-	-	-	-	-	4,691
Post Retirement Medical Contributions	17-495-034-5094-001	2,739,339	7/1/16-6/30/17	-	-	2,739,339	2,739,339	-	-	-	-	-	-	-	2,739,339
				-	-	6,031,654	6,031,654	-	-	-	-	-	-	-	6,031,654
Total for State Financial Assistance Subject to Major Program Determination															
				\$ (615,518)	\$ -	\$ 7,555,916	\$ 7,550,558	\$ 439	\$ 149,198	\$ -	\$ (848,560)	\$ 89,641	\$ (158,688)	\$ 7,550,558	

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$87,135 for the general fund and an increase of \$67,230 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	\$ 46,105	\$ 10,789,495	\$ 10,835,600
Special Revenue Fund	1,988,929	2,317,587	4,306,516
Debt Service Fund		391,215	391,215
Food Service Fund	<u>146,586</u>	<u>5,145</u>	<u>151,731</u>
Total Awards Financial Assistance	<u>\$ 2,181,620</u>	<u>\$ 13,503,442</u>	<u>\$ 15,685,062</u>

**PARAMUS 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 \$2,215,951 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 \$3,287,624 and TPAF Post-Retirement Medical Benefits contributions in the amount of \$2,739,339 and TPAF Long-Term Disability Insurance in the amount of \$4,961 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 and 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.

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**PARAMUS 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

Internal control over major programs:

- 1) Material weakness(es) identified: _____ yes X no
- 2) Significant deficiencies identified that are not considered to be material weakness(es)? _____ yes X none reported

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

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

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program or Cluster</u>
<u>17-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>
<u>17-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>17-100-034-5120-066</u>	<u>Nonpublic Handicapped Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

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

**PARAMUS 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.

**PARAMUS BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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

THERE ARE NONE.

CURRENT YEAR STATE AWARDS

THERE ARE NONE.

**PARAMUS BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
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

Finding 2016-001

Our audit of the DRTRS revealed the following:

- Thirty one (31) special education public school students were incorrectly reported as regular public school students.
- Nine (9) regular early childhood center students were incorrectly reported as special education students with transportation needs.
- One (1) special education student was declassified and should have been reported as a regular education student.
- Two (2) IEP's for special education students with special needs did not indicate transportation as a related service.

Status

Corrective action has been taken.