

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

Teaneck, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Teaneck Board of Education

Teaneck, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

Business Office

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INTRODUCTORY SECTION



TEANECK PUBLIC SCHOOLS
One Merrison Street
Teaneck, New Jersey 07666

November 30, 2017

Dr. Ardie D. Walser, President
Members of the Board of Education
Teaneck Public Schools
1 Merrison Street
Teaneck, New Jersey 07666

Dear Board Members:

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

The Government Accounting Standards Board (GASB) 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. Teaneck Public School's MD&A can be found immediately following the "*Independent Auditor's Report.*"

The Comprehensive Annual Financial Report is presented in four sections: 1) introductory; 2) financial; 3) statistical; and 4) single audit. The introductory section includes this transmittal letter, the district's organizational chart and a list of principal officials. The financial section includes the Independent Auditor's Report, the MD&A, and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements, and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the related U.S. Uniform Guidance and the New Jersey OMB

Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Teaneck School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB), as established by GASB No. 14. All activities and funds of the district are included in this report. The Teaneck 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 preschool through grade 12. These include advanced placement, regular and vocational, as well as special education for students with disabilities through the age of 21. The district completed the 2016/17 fiscal year with an enrollment of 3,953 students. The following details the changes in the student enrollment of the district over the last 10 years.

OFFICIAL ENROLLMENT

(Based on the October 15th Application for State School Aid)

Fiscal Year	Student Enrollment	Percent Change
2016/17	3,953	-1.6%
2015/16	4,018	-1.3%
2014/15	4,071	-0.7%
2013/14	4,098	-0.8%
2012/13	4,131	-1.5%
2011/12	4,196	-2.6%
2010/11	4,308	+2.8%
2009/10	4,192	-2.1%
2008/09	4,284	-1.5%
2007/08	4,350	-2.9%

These counts *exclude* enrollments for in-district preschool students and nonpublic school students residing in the township. The counts *include* enrollment for charter school students residing in the township.

2. **ECONOMIC CONDITION AND OUTLOOK:** The economic environment for the past fiscal year has been characterized by many as the worst economic downturn since the Great Depression of the 1930's. While the economy today is showing signs of positive economic growth, there are still many uncertainties for the future. According to the Bureau of Labor Statistics, the unemployment rate in Teaneck increased from 4.2% to 6.5% from 2008 to 2013. Per capita income for Bergen County increased to \$69,919 for 2012, the latest available year, compared to the revised New Jersey Department of Labor and Workforce Development income data of \$67,375 for 2008.

2. ECONOMIC CONDITION AND OUTLOOK (Continued):

In accordance with the mandates by the State of New Jersey, the district's budget continues to include line-items for charter school expenditures. In fiscal year 2015/16, Teaneck students attended three charter schools, kindergarten through grade 8 (Teaneck Community Charter School, Englewood on the Palisades Charter School, and Bergen Arts and Science Charter School). The 2014/15 budget included \$5,000,000 expended for tuition and transportation to these charter schools.

The major funding source for the operating budget continues to be the local tax levy. The local tax levy funded 90.8% of the 2014/15 budget. The reliance on the local taxpayers to fund the majority of the district's budget will continue under the provisions of the School Funding Reform Act of 2008. According to the New Jersey Department of Education, Office of School Funding, the district's tax levy exceeds the Local Fair Share and the district's total budget exceeds the "adequacy model" used to calculate State aid.

3. MAJOR INITIATIVES:

Social Studies

In Social Studies, we realigned the curriculum guides for United States History I and United States History II at the high school level. The purpose of the realignment was to ensure students receive instruction in current United States' history. The curriculum was realigned and updated to include new units of study, pacing calendars, supportive curricular documents, instructional resources, and alignment to the New Jersey Student Learning Standards. Additionally, the district benchmark assessments were updated for each course.

The district also implemented an instructional improvement system, edConnect, with social studies teachers in grades 2, 5, 7, 8 and 9-12. Teachers used edConnect to administer district benchmark assessments. This system helps streamline the data collection process and provides students with practice and preparation for the PARCC. EdConnect will be implemented in grades 3-4 and 6 during the 2017-18 school year.

Collaborative meetings were held between social studies and English teachers in grades 9-12. Teachers engaged in an analysis of PARCC data in order to come to a common understanding of the PARCC assessment and student expectations related to their comprehension of informational text. Teachers were provided with instructional reading strategies to support student comprehension of informational text.

Science

In science, we implemented the new science program Science Fusion/Science Dimensions in grades 6-8. In addition, the grades 6-8 science curriculum was rewritten and aligned to the NGSS in the summer of 2016, then revised to NJSLS-Science in the summer of 2017.

3. MAJOR INITIATIVES (Continued):

English Language Arts/Literacy

The district implemented a new language arts literacy program in grades five and six. *Journeys* is a comprehensive reading and writing program that is aligned to the New Jersey Student Learning Standards. In addition, the high school English and Social Studies departments worked together closely to share best practices for reading informational and expository texts. The ESL department completed a full-year of Chromebook and Google Apps training to support the use of educational technology as a tool for language acquisition and learning.

4. INSTRUCTIONAL INITIATIVES: **GOAL 1:** Students attending the Teaneck Public Schools will acquire the skills, knowledge and understanding to be successful in the twenty first century. **GOAL 2:** Teachers and administrators in the Teaneck Public Schools will acquire the skills, knowledge and understanding necessary to support student achievement. **GOAL 3:** The environment in the Teaneck Public Schools will be safe and respectful, with students and adults appreciative of the unique contributions of members of the community. **GOAL 4:** The Teaneck Public Schools will communicate effectively with parents and with the community. **GOAL 5:** The Teaneck Public Schools will provide funding for Goals 1-4 and sustain school facilities while respecting community resources.
5. FACILITIES INITIATIVES: During the 2016/17 school year the district implemented a repaving project which will continue in the 17/18 and 18/19 school years. Also, the district will look to have a locker room replacement project started at Benjamin Franklin and Thomas Jefferson middle schools
6. INTERNAL ACCOUNTING CONTROLS: Management of the district is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with U.S. generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived; and 2) the valuation of costs and benefits requires estimates and judgements by management.
6. INTERNAL ACCOUNTING CONTROLS (Continued):

As a recipient of Federal and State financial assistance, the district also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This

internal control structure is also subject to periodic evaluation by district management.

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

7. BUDGETARY CONTROLS: In addition to the internal controls, the district also 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 Board. Annual appropriated budgets are adopted by the Board for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2016. These are re-appropriated automatically into the following fiscal year, and as a result, increase the approved budget.
8. ACCOUNTING SYSTEM AND REPORTS: The district's accounting records reflect New Jersey statutes (*N.J.S.A. 18A:4-14*) that requires a uniform system of double-entry bookkeeping consistent with the generally accepted accounting principles (GAAP), established by GASB for use in all school districts. The accounting system of the district is organized on the basis of funds in accordance with the Uniform Minimum Chart of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in Notes to the Financial Statement. The district continues to maintain a budgetary/finance software package which provides decentralized access to requisitions, purchase order status, account records, and program reporting. Appropriate internal controls are established for both purchasing and line-item expenditures.
9. DEBT ADMINISTRATION: As of June 30, 2017, the district has two (2) outstanding general obligation bond issues, two (2) outstanding capital lease obligations for building improvements, and one (1) ESIP obligation bond issue.

9. DEBT ADMINISTRATION (Continued):

The first general obligation issue, financed in February of 2003, and refinanced in August of 2013, relates to the district's Early Retirement Pension Obligation. Previously, this obligation had been funded through the general current expenses

budget. However, funding this obligation through debt service was made possible in fiscal year 2003 by an act of the New Jersey Legislature. This issue has an 18 year repayment schedule that matures in July of 2020. The outstanding principal balance is \$1,970,000.

The second general obligation issuance is the refinancing of callable bonds issued in April of 2001. The bonds were issued in July of 2006 and mature in January of 2031. These bonds were partially refunded in April of 2016 with the issuance of \$7,615,000 of refunding school bonds. The outstanding principal balance of the remaining 2016 refunding bonds is \$7,435,000.

The first capital lease obligation was issued in June of 2015 to finance the last phase of roof replacements at Bryant Elementary School, and Hawthorne Elementary School. The outstanding principal balance is \$761,586.

The second capital lease obligation was issued on September 1, 2016 to finance technology upgrades and network wiring in District facilities. This outstanding principal is \$2,056,356.

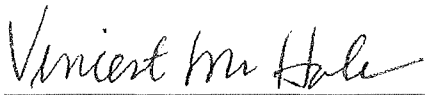
The Energy Savings Improvement Program (ESIP) obligation bonds were issued in April of 2012 with a maturity date of June 2027, and the outstanding principal balance is \$6,680,000. The bonds financed the energy conservation measures throughout the district's schools. The reduction to utility costs accruing from these conservation measures will be used to repay the bonds, resulting in no cost to the taxpayers. The outstanding principal balance is \$6,240,000.

10. CASH MANAGEMENT: The investment policy of the district is guided in large part by State statute as detailed in the Notes to the Financial Statements. The district has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA), which was enacted in 1970 to protect the Governmental Units from loss of funds on deposit with a failed banking institution. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured pursuant to the Act.
11. RISK MANAGEMENT: The district is a member of the Northeast Bergen County School Boards Insurance Group (NESBIG), a joint insurance pool comprised of 45 school districts, for the entire insurance coverage, including, but not limited to Workers' Comp, general liability, fidelity bonds, automobile liability, and comprehensive collision, hazard and theft insurance for property and contents.
12. INDEPENDENT AUDIT: New Jersey State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed

to meet the requirements of the Single Audit Act and the related U.S. Uniform Guidance and State Treasury Circular OMB 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit Section of this report.

13. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Teaneck 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,



Vincent McHale
Interim Superintendent of Schools



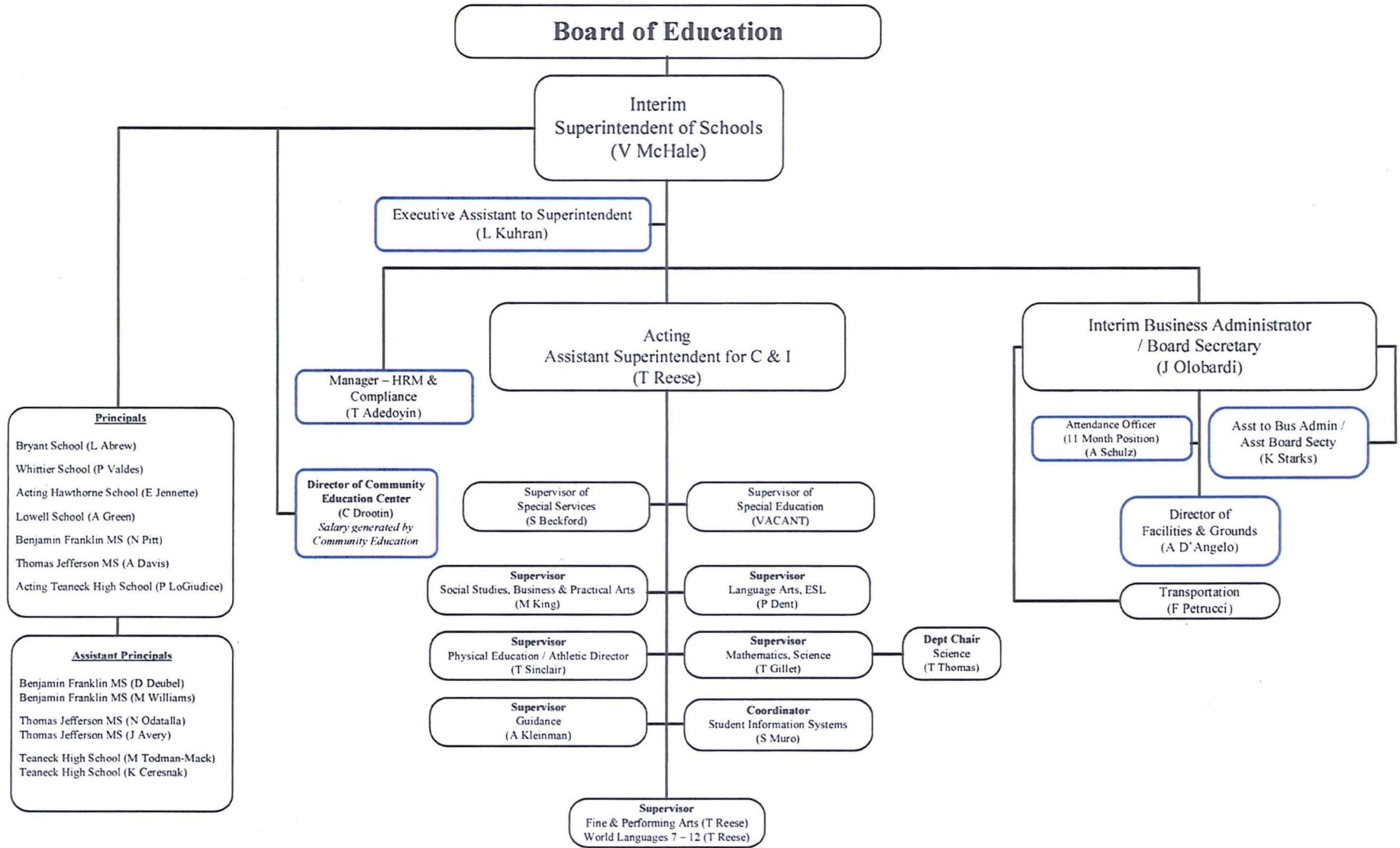
James Olobardi
Interim SBA/Board Secretary



Teaneck Public Schools Administrative Organizational Chart

2017 - 2018
District Administration

T.T.T.





TEANECK BOARD OF EDUCATION
Teaneck, New Jersey
ROSTER OF OFFICIALS
June 30, 2017

Members of the Board of Education

Term Expires

Dr. Ardie Walser, President	2017
Mrs. Clara Williams, Vice President	2017
Ms. Victoria Fisher	2018
Dr. David Gruber	2018
Mr. Martin Ramirez	2019
Mrs. Sarah Rappoport	2018
Mr. Sebastian Rodriguez	2019
Mr. Howard Rose	2017
Ms. Denise Sanders	2019

Local Officials

Vincent McHale, Interim Superintendent of Schools

Mr. James Olobardi, Interim Business Administrator/Board Secretary

Karla Starks, Assistant to the Business Administrator/Assistant Board Secretary

Anthony Bianchi, Treasurer



TEANECK BOARD OF EDUCATION
Teaneck, New Jersey

CONSULTANTS and ADVISORS

Attorney

Machado Law Group
136 Central Avenue
Clark, New Jersey 07066

Audit Firm

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

Architect

DiCara/Rubino
30 Galesi Drive
Wayne, New Jersey 07470

Insurance Broker

Northeast Bergen School Boards Insurance Group
Burton/Kanwisher Agency
44 Bergen Street
Westwood, New Jersey 07675

Health Insurance Broker

Brown & Brown Benefit Advisors
24 Arnett Avenue
Lambertville, New Jersey 08530

Official Depository

TD Bank
540 River Street
Hackensack, New Jersey 07601

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 Education
Teaneck Board of Education
Teaneck, 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 Teaneck 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 Teaneck 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 Teaneck 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 Teaneck 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.

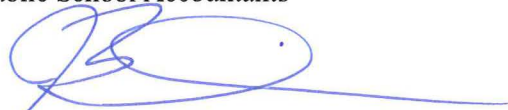
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2017 on our consideration of the Teaneck 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 Teaneck 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 Teaneck Board of Education's internal control over financial reporting and compliance.

Lerch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 30, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I
MANAGEMENT’S DISCUSSION AND ANALYSIS

TEANECK BOARD OF EDUCATION

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

This section of the Teaneck Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the District's financial statements and notes to the financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 fiscal year include the following:

- The assets and deferred outflows of resources of the Teaneck Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,515,092 (net position).
- The School District's total net position increased \$3,758,763.
- Overall District revenues were \$124,949,193. General revenues accounted for \$87,681,620 or 70% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$37,267,573 or 30% of total revenues.
- The School District had \$121,190,430 in expenses; only \$37,267,573 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$7,800,995 which represented an increase of \$3,307,016.
- The General Fund fund balance (GAAP Basis) at June 30, 2017 was \$7,733,342 an increase of \$3,741,522 when compared with the fund balance at June 30, 2016. The General Fund unassigned fund balance was \$679,845 at June 30, 2017.
- The General Fund had \$102,705,007 in revenues and \$99,623,479 in expenditures, for the current fiscal year.
- The General Fund budgetary fund balance at the close of the current fiscal year was \$9,107,946 which represented an increase of \$3,800,197 from the previous year. Unassigned budgetary fund balance increased \$238,848 from the previous year to \$2,054,449, at June 30, 2017.
- The District's total outstanding long-term liabilities increased by \$2,667,899 during the current fiscal year.

TEANECK BOARD OF EDUCATION

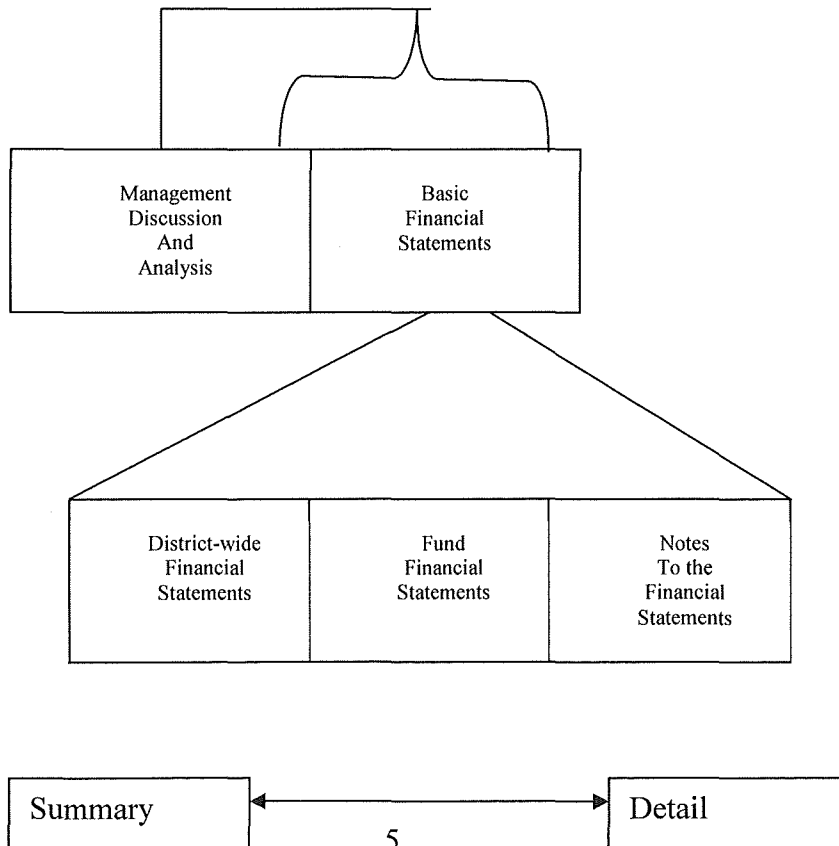
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

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

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



TEANECK BOARD OF EDUCATION

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

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

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular instruction, special Education and building maintenance	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as Scholarship, Payroll Agency, and Student Activities
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenue, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting And current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset, deferred inflows/outflows of resources and liability information	All assets, deferred inflows/outflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources are expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred inflows/outflows of resources and liabilities, both financial and capital, and short-term and long-Term	All assets and liabilities both short-term and long-term, funds do not currently contain capital assets
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

District-wide financial statements

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

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

TEANECK BOARD OF EDUCATION

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

District-wide financial statements (continued)

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

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

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aids finance most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund and Community School programs are included under this category.

Fund financial statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.

TEANECK BOARD OF EDUCATION

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

Fund financial statements (continued)

Enterprise Funds – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two enterprise funds:

- Food Service (Cafeteria)
- Community School

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. Budgetary comparison schedules have been provided for the general and special revenue funds as required supplementary information. Information regarding the District's employee retirement systems and pension plans has also been provided as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

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

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,515,092 as of June 30, 2017.

TEANECK BOARD OF EDUCATION

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

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position As of June 30, 2017 and 2016

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current Assets	\$ 9,777,496	\$ 5,174,242	\$ 949,712	\$ 715,562	\$ 10,727,208	\$ 5,889,804
Capital Assets	<u>48,658,675</u>	<u>47,436,983</u>	<u>27,769</u>	<u>35,613</u>	<u>48,686,444</u>	<u>47,472,596</u>
Total Assets	<u>58,436,171</u>	<u>52,611,225</u>	<u>977,481</u>	<u>751,175</u>	<u>59,413,652</u>	<u>53,362,400</u>
Deferred Outflows of Resources						
Deferred Amount on Refunding of Debt	330,166	367,816	-	-	330,166	367,816
Deferred Amounts on Net Pension Liability	<u>8,674,771</u>	<u>3,952,137</u>	<u>-</u>	<u>-</u>	<u>8,674,771</u>	<u>3,952,137</u>
Total Deferred Outflows	<u>9,004,937</u>	<u>4,319,953</u>	<u>-</u>	<u>-</u>	<u>9,004,937</u>	<u>4,319,953</u>
Total Assets and Deferred Outflows	<u>67,441,108</u>	<u>56,931,178</u>	<u>977,481</u>	<u>751,175</u>	<u>68,418,589</u>	<u>57,682,353</u>
Liabilities						
Other Liabilities	2,220,266	852,649	321,552	389,735	2,541,818	1,242,384
Long-Term Liabilities	<u>55,513,966</u>	<u>52,846,067</u>	<u>-</u>	<u>-</u>	<u>55,513,966</u>	<u>52,846,067</u>
Total Liabilities	<u>57,734,232</u>	<u>53,698,716</u>	<u>321,552</u>	<u>389,735</u>	<u>58,055,784</u>	<u>54,088,451</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue			10,975		10,975	-
Deferred Amounts on Net Pension Liability	<u>4,836,738</u>	<u>1,837,573</u>	<u>-</u>	<u>-</u>	<u>4,836,738</u>	<u>1,837,573</u>
Total Deferred Inflows	<u>4,836,738</u>	<u>1,837,573</u>	<u>10,975</u>	<u>-</u>	<u>4,847,713</u>	<u>1,837,573</u>
Total Liabilities and Deferred Inflows	<u>62,570,970</u>	<u>55,536,289</u>	<u>332,527</u>	<u>389,735</u>	<u>62,903,497</u>	<u>55,926,024</u>
Net Position						
Net Investment in Capital Assets	31,428,231	31,076,698	27,769	35,613	31,456,000	31,112,311
Restricted	1,788,028	833,187			1,788,028	833,187
Unrestricted	<u>(28,346,121)</u>	<u>(30,514,996)</u>	<u>617,185</u>	<u>325,827</u>	<u>(27,728,936)</u>	<u>(30,189,169)</u>
Total Net Position	<u>\$ 4,870,138</u>	<u>\$ 1,394,889</u>	<u>\$ 644,954</u>	<u>\$ 361,440</u>	<u>\$ 5,515,092</u>	<u>\$ 1,756,329</u>

TEANECK BOARD OF EDUCATION

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

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues						
Charges for Services	\$ 176,152	\$ 113,759	\$ 1,506,003	\$ 1,324,165	\$ 1,682,155	\$ 1,437,924
Operating Grants and Contributions	34,763,640	28,102,362	757,303	783,528	35,520,943	28,885,890
Capital Grants and Contributions	64,475	675,233			64,475	675,233
General Revenues						
Property Taxes	87,068,117	85,417,625			87,068,117	85,417,625
Other	<u>613,503</u>	<u>523,193</u>	<u>-</u>	<u>-</u>	<u>613,503</u>	<u>523,193</u>
Total Revenues	<u>122,685,887</u>	<u>114,832,172</u>	<u>2,263,306</u>	<u>2,107,693</u>	<u>124,949,193</u>	<u>116,939,865</u>
Expenses						
Instruction						
Regular	47,544,166	43,078,084			47,544,166	43,078,084
Special Education	25,413,050	22,521,039			25,413,050	22,521,039
Other Instruction	5,257,184	4,899,904			5,257,184	4,899,904
Support Services						
Student and Instruction Related Serv.	17,174,153	17,767,423			17,174,153	17,767,423
General Administrative Services	1,377,257	1,238,269			1,377,257	1,238,269
School Administrative Services	6,205,382	5,504,071			6,205,382	5,504,071
Central and Other Support Services	2,533,001	2,550,972			2,533,001	2,550,972
Plant Operations and Maintenance	7,926,277	7,863,553			7,926,277	7,863,553
Pupil Transportation	5,276,477	5,261,919			5,276,477	5,261,919
Interest on Long-Term Debt	503,691	556,367			503,691	556,367
Food Services			1,335,533	1,466,292	1,335,533	1,466,292
Community School	<u>-</u>	<u>-</u>	<u>644,259</u>	<u>526,953</u>	<u>644,259</u>	<u>526,953</u>
Total Expenses	<u>119,210,638</u>	<u>111,241,601</u>	<u>1,979,792</u>	<u>1,993,245</u>	<u>121,190,430</u>	<u>113,234,846</u>
Change in Net Position	3,475,249	3,590,571	283,514	114,448	3,758,763	3,705,019
Net Position, Beginning of Year	<u>1,394,889</u>	<u>(2,195,682)</u>	<u>361,440</u>	<u>246,992</u>	<u>1,756,329</u>	<u>(1,948,690)</u>
Net Position, End of Year	<u>\$ 4,870,138</u>	<u>\$ 1,394,889</u>	<u>\$ 644,954</u>	<u>\$ 361,440</u>	<u>\$ 5,515,092</u>	<u>\$ 1,756,329</u>

TEANECK BOARD OF EDUCATION

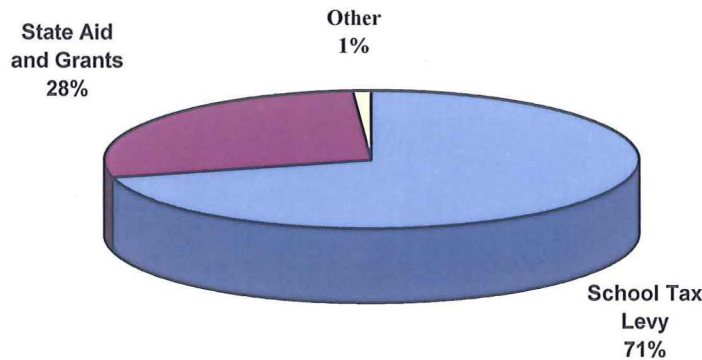
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2017

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$122,685,887 for the year ended June 30, 2017. Property taxes of \$87,068,117 represented 71% of revenues. Another significant portion of revenues is intergovernmental aid; total State, Federal and local aid was \$34,828,115. Another source of revenues is miscellaneous income of \$613,503 which includes items such as prior year refunds, interest income and other miscellaneous items. The balance of the revenues is comprised of charges for tuition from other school districts of \$176,152.

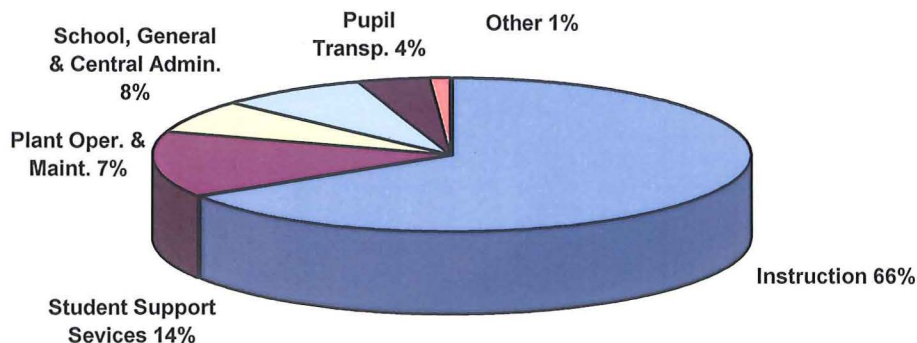
The total cost of all governmental activities programs and services was \$119,210,638. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$78,214,400 or 66% of total expenses. Support services totaled \$40,492,547 or 34% of total expenses.

Total governmental activities revenues surpassed expenses, increasing net position \$3,475,249 from the previous year. This increase is predominantly due to the District's additional revenues earned for the current year.

Revenues by Source- Governmental Activities
For Fiscal Year 2017



Expenses by Type- Governmental Activities
For Fiscal Year 2017



TEANECK BOARD OF EDUCATION

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

Total Cost and Net Cost of Governmental Activities. The District's total cost of services was \$119,210,638 for the fiscal year ended June 30, 2017. After applying program revenues derived from charges for services of \$176,152 and operating and capital grants and contributions of \$34,828,115, the net cost of services of the District was \$84,206,371 for the fiscal year ended June 30, 2017.

Total and Net Cost of Governmental Activities For the Fiscal Years Ended June 30, 2017 and 2016

	<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	\$ 47,544,166	\$ 43,078,084	\$ 31,073,537	\$ 30,623,692
Special Education	25,413,050	22,521,039	15,222,331	13,900,193
Other Instruction	5,257,184	4,899,904	3,219,359	3,306,036
Support Services				
Student and Instruction Related Svcs.	17,174,153	17,767,423	15,238,517	16,131,032
General Administrative Services	1,377,257	1,238,269	(86,003)	1,238,269
School Administrative Services	6,205,382	5,504,071	5,477,454	4,469,476
Central and Other Support Services	2,533,001	2,550,972	2,429,818	2,471,676
Plant Operations and Maintenance	7,926,277	7,863,553	5,851,190	6,460,528
Pupil Transportation	5,276,477	5,261,919	5,276,477	3,192,978
Interest on Long-Term Debt	503,691	556,367	503,691	556,367
Total	<u>\$ 119,210,638</u>	<u>\$ 111,241,601</u>	<u>\$ 84,206,371</u>	<u>\$ 82,350,247</u>

Business-Type Activities – The District's total business-type activities revenues were \$2,263,306 for the fiscal year ended June 30, 2017. Charges for services accounted for \$1,506,003, or 67% of total revenues. Operating grants and contributions accounted for \$757,303 or 33% of total revenue for the year.

The total cost of all business-type activities programs and services was \$1,979,792 for the fiscal year ended June 30, 2017. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District (67%) and the operation of the after school child care and adult education programs (33%).

Total business-type activities revenues surpassed expenses by \$283,514 increasing net position from \$361,440 at June 30, 2016 to \$644,954 at June 30, 2017.

TEANECK BOARD OF EDUCATION

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$7,800,995, an increase of \$3,307,016 from the June 30, 2016 fund balance of \$4,493,979. This increase is predominately attributable to General Fund revenues exceeding expenditures for the current period.

Revenues for the District's governmental funds were \$107,280,120, while total expenses were \$106,693,098. The net change in the fund balances for the year was an increase of \$3,307,016, as previously discussed.

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

The following schedule presents a comparison of General Fund Revenues (GAAP basis) for the fiscal years ended June 30, 2017 and 2016:

	<u>Fiscal Year Ended June 30, 2017</u>	<u>Fiscal Year Ended June 30, 2016</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
Local Sources				
Property Tax Levy	\$ 85,606,908	\$ 83,928,341	\$ 1,678,567	2%
Miscellaneous	788,002	636,876	151,126	24%
State Sources	16,163,142	14,590,763	1,572,379	11%
Federal Sources	<u>146,955</u>	<u>69,099</u>	<u>77,856</u>	113%
Total General Fund Revenues	<u>\$ 102,705,007</u>	<u>\$ 99,225,079</u>	<u>\$ 3,479,928</u>	4%

Total General Fund revenues increased by \$3,479,928 or 4% over the previous year.

Local property taxes increased by \$1,678,567 or 2% for fiscal year 2017 to finance the District's operating costs. State revenues increased \$1,572,379 or 11%. The increase in State aid revenues is predominantly attributable to increases in the on-behalf contributions for TPAF pension benefits made by the State for the District's teaching staff. Miscellaneous revenues increased from the previous year due to additional amounts received from tuition and transportation fees.

TEANECK BOARD OF EDUCATION

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

The following schedule presents a comparison of General Fund expenditures (GAAP basis) for the fiscal years ended June 30, 2017 and 2016:

	<u>Fiscal Year Ended June 30, 2017</u>	<u>Fiscal Year Ended June 30, 2016</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
Instruction	\$ 62,393,663	\$ 59,328,738	\$ 3,064,925	5%
Support Services	35,031,733	35,855,137	(823,404)	-2%
Capital Outlay	401,822	112,235	289,587	258%
Debt Service	<u>1,796,261</u>	<u>1,459,698</u>	<u>336,563</u>	23%
Total Expenditures	<u>\$ 99,623,479</u>	<u>\$ 96,755,808</u>	<u>\$ 2,867,671</u>	3%

Total General Fund expenditures increased \$2,867,671 or 3% from the previous year. The District experienced increases in expenditures for regular and special education instruction program costs, general and school administrative costs as well as debt service. These increases were offset by decreases in student and instruction related service costs.

In 2016-2017 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$3,741,522. As a result, total fund balance increased to \$7,733,342 at June 30, 2017. After deducting restricted and assigned fund balances, the unassigned fund balance increased \$180,173 from a fund balance of \$499,672 at June 30, 2016 to a fund balance of \$679,845 at June 30, 2017. In addition, restricted fund balances for capital reserves, maintenance reserve and reserved excess surplus increased by \$2,534,223 at June 30, 2017.

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

Revenues of the Special Revenue Fund were \$3,112,251, for the year ended June 30, 2017. Federal sources accounted for 59% of the total Special Revenue Fund revenue for the year. Total Special Revenue Fund revenues increased \$447,152 from the previous year. State sources increased \$315,123 while Federal sources increased \$153,946 and local sources decreased \$21,917.

Expenditures of the Special Revenue Fund were \$3,112,251. Instructional expenditures were \$1,603,839 and expenditures for student and instruction related services were \$1,394,574 for the year ended June 30, 2017. Transportation expenditures totaled \$49,363 and capital outlay \$64,475.

Capital Projects - The capital projects expenditures and other financing uses exceeded revenues and other financing sources by \$438,347 resulting in a fund balance of \$56,426 at June 30, 2017. This decrease is a result of transfers made to the General Fund in the amount of \$440,000 from unexpended project funds utilized to fund capital lease debt service payments in the current fiscal year.

TEANECK BOARD OF EDUCATION

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

Proprietary Funds

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

Enterprise Fund - The District uses Enterprise Funds to report activities related to the Food Services program as well the community school program activities. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the budgetary basis of revenue, expenditures and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the 2017 school year, the School District amended its General Fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the School Business Administrator, Superintendent and Board of Education. Transfers were necessitated by:

- Staffing changes based on student needs.
- Need for additional transportation services.
- Additional requirement for the transfer of funds to charter schools.
- Changes in appropriations to prevent budget overruns.

For the fiscal year ended June 30, 2017, General Fund budgetary revenues and other financing sources exceeded the expenditures and other financing uses increasing budgetary fund balance by \$3,800,197 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$238,848 from \$1,815,601 at June 30, 2016 to \$2,054,449 at June 30, 2017, the maximum statutorily permitted unassigned fund balance at year end. In addition, the District ended the year with balances in reserved excess surplus of \$1,583,223, excess surplus designated for subsequent years expenditures of \$1,096,694, capital reserves of \$1,575,801 and maintenance reserve of \$201,000 at June 30, 2017.

TEANECK BOARD OF EDUCATION

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

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2017 amounts to \$48,686,444 (net of accumulated depreciation). The capital assets consist of land, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2016-2017 amounted to \$1,744,605 for governmental activities and \$7,844 for business-type activities.

**Capital Assets at June 30, 2017 and 2016
(Net of Accumulated Depreciation)**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 1,601,471	\$ 1,601,471			\$ 1,601,471	\$ 1,601,471
Building and Building Improvements	42,821,704	44,121,471			42,821,704	44,121,471
Improvements Other Than Buildings	2,985,966	588,306			2,985,966	588,306
Machinery and Equipment	<u>1,249,534</u>	<u>1,125,735</u>	\$ 27,769	\$ 35,613	<u>1,277,303</u>	<u>1,161,348</u>
Total Capital Assets, Net	<u>\$ 48,658,675</u>	<u>\$ 47,436,983</u>	<u>\$ 27,769</u>	<u>\$ 35,613</u>	<u>\$ 48,686,444</u>	<u>\$ 47,472,596</u>

Additional information on the District's capital assets is presented in the "Notes to the Financial Statements".

LONG TERM LIABILITIES

At year end, the District's long-term liabilities amounted to \$55,513,966 and consisted of bonds payable of \$16,631,813 (including premiums), lease purchase agreements and capital lease obligations of \$3,211,477, compensated absences of \$2,796,065, and net pension liability of \$32,874,611. The District's total outstanding long-term liabilities increased by \$2,667,899 during the current fiscal year.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2016-2017 budget. The primary factors included the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2017-2018. Budgeted expenditures in the General Fund increased approximately 2.3% to \$96,197,260 for fiscal year 2017-2018.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator/Board Secretary, Teaneck Board of Education, One Merrison Street, Teaneck, NJ 07666.

FINANCIAL STATEMENTS

TEANECK 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	\$ 8,678,194	\$ 877,121	\$ 9,555,315
Receivables, net	730,100	51,504	781,604
Inventories		21,087	21,087
Restricted Assets			
Cash and Cash Equivalents with Fiscal Agent	369,202		369,202
Capital Assets			
Not Being Depreciated	1,601,471		1,601,471
Being Depreciated, Net	<u>47,057,204</u>	<u>27,769</u>	<u>47,084,973</u>
Total Assets	<u>58,436,171</u>	<u>977,481</u>	<u>59,413,652</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	330,166		330,166
Deferred Amounts on Net Pension Liability	<u>8,674,771</u>	<u>-</u>	<u>8,674,771</u>
Total Deferred Outflows of Resources	<u>9,004,937</u>	<u>-</u>	<u>9,004,937</u>
Total Assets and Deferred Outflows of Resources	<u>67,441,108</u>	<u>977,481</u>	<u>68,418,589</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,900,834	74,936	1,975,770
Accrued Interest Payable	243,765		243,765
Intergovernmental Payables	39,802		39,802
Unearned Revenue	35,865	246,616	282,481
Noncurrent Liabilities			
Due Within One Year	2,654,530		2,654,530
Due Beyond One Year	<u>52,859,436</u>	<u>-</u>	<u>52,859,436</u>
Total Liabilities	<u>57,734,232</u>	<u>321,552</u>	<u>58,055,784</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		10,975	10,975
Deferred Amounts on Net Pension Liability	<u>4,836,738</u>	<u>-</u>	<u>4,836,738</u>
Total Deferred Inflows of Resources	<u>4,836,738</u>	<u>10,975</u>	<u>4,847,713</u>
Total Liabilities and Deferred Inflows of Resources	<u>62,570,970</u>	<u>332,527</u>	<u>62,903,497</u>
NET POSITION			
Net Investment in Capital Assets	31,428,231	27,769	31,456,000
Restricted for			
Capital Projects	1,575,801		1,575,801
Plant Maintenance	201,000		201,000
Debt Service	11,227		11,227
Unrestricted	<u>(28,346,121)</u>	<u>617,185</u>	<u>(27,728,936)</u>
Total Net Position	<u>\$ 4,870,138</u>	<u>\$ 644,954</u>	<u>\$ 5,515,092</u>

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

**TEANECK 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	\$ 47,544,166	\$ 176,152	\$ 16,230,002	\$ 64,475	\$ (31,073,537)		\$ (31,073,537)
Special Education	25,413,050		10,190,719		(15,222,331)		(15,222,331)
Other Instruction	5,257,184		2,037,825		(3,219,359)		(3,219,359)
Support Services							
Student and Instruction Related Services	17,174,153		1,935,636		(15,238,517)		(15,238,517)
General Administrative Services	1,377,257		1,463,260		86,003		86,003
School Administrative Services	6,205,382		727,928		(5,477,454)		(5,477,454)
Central and Other Support Services	2,533,001		103,183		(2,429,818)		(2,429,818)
Plant Operations and Maintenance	7,926,277		2,075,087		(5,851,190)		(5,851,190)
Pupil Transportation	5,276,477				(5,276,477)		(5,276,477)
Interest and Other Charges on Long-Term Debt	503,691	-	-	-	(503,691)	-	(503,691)
Total Governmental Activities	119,210,638	176,152	34,763,640	64,475	(84,206,371)	-	(84,206,371)
Business-Type Activities							
Food Service	1,335,533	649,016	757,303			\$ 70,786	70,786
Community School	644,259	856,987	-	-	-	212,728	212,728
Total Business-Type Activities	1,979,792	1,506,003	757,303	-	-	283,514	283,514
Total Primary Government	\$ 121,190,430	\$ 1,682,155	\$ 35,520,943	\$ 64,475	(84,206,371)	283,514	(83,922,857)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					85,606,908		85,606,908
Property Taxes Levied for Debt Service					1,461,209		1,461,209
Investment Earnings					24,426		24,426
Miscellaneous Income					589,077		589,077
Total General Revenues					87,681,620	-	87,681,620
Change in Net Position					3,475,249	283,514	3,758,763
Net Position, Beginning of Year					1,394,889	361,440	1,756,329
Net Position, End of Year					\$ 4,870,138	\$ 644,954	\$ 5,515,092

FUND FINANCIAL STATEMENTS

**TEANECK 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	\$ 8,666,967			\$ 11,227	\$ 8,678,194
Receivables					
Receivables From Other Governments	317,038	\$ 385,676			702,714
Other Receivables	7,386				7,386
Due from Other Funds	309,462				309,462
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agents	-	-	\$ 369,202	-	369,202
 Total Assets	<u>\$ 9,300,853</u>	<u>\$ 385,676</u>	<u>\$ 369,202</u>	<u>\$ 11,227</u>	<u>\$ 10,066,958</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 1,548,504	\$ 191,975	\$ 139,173		\$ 1,879,652
Accrued Salaries and Wages	19,007	2,175			21,182
Due to Other Funds		115,859	173,603		289,462
Intergovernmental Payable - State		39,802			39,802
Unearned Revenue	-	35,865	-	-	35,865
 Total Liabilities	<u>1,567,511</u>	<u>385,676</u>	<u>312,776</u>	<u>-</u>	<u>2,265,963</u>
Fund Balances					
Restricted					
Capital Reserve	1,575,801				1,575,801
Maintenance Reserve	201,000				201,000
Excess Surplus	1,583,223				1,583,223
Excess Surplus - Designated for Subsequent Year's Expenditures	1,096,694				1,096,694
Capital Projects			56,426		56,426
Debt Service				\$ 11,227	11,227
Assigned					
Year End Encumbrances	1,558,304				1,558,304
Designated for Subsequent Year's Expenditures	1,038,475				1,038,475
Unassigned	679,845	-	-	-	679,845
 Total Fund Balances	<u>7,733,342</u>	<u>-</u>	<u>56,426</u>	<u>11,227</u>	<u>7,800,995</u>
 Total Liabilities and Fund Balances	<u>\$ 9,300,853</u>	<u>\$ 385,676</u>	<u>\$ 369,202</u>	<u>\$ 11,227</u>	<u>\$ 10,066,958</u>

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

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

Total Fund Balances - Governmental Funds (Exhibit B-1) \$ 7,800,995

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$77,662,697 and the accumulated depreciation is \$29,004,022 48,658,675

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. 330,166

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

Deferred Outflows of Resources	\$	8,674,771	
Deferred Inflows of Resources		<u>(4,836,738)</u>	
			3,838,033

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (243,765)

Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds. See Note 2 (55,513,966)

Net Position of Governmental Activities (Exhibit A-1) \$ 4,870,138

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

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

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 85,606,908			\$ 1,461,209	\$ 87,068,117
Tuition	176,152				176,152
Interest	22,773		\$ 1,653		24,426
Miscellaneous	<u>589,077</u>	<u>\$ 344,229</u>	<u>-</u>	<u>-</u>	<u>933,306</u>
Total - Local Sources	86,394,910	344,229	1,653	1,461,209	88,202,001
State Sources	16,163,142	920,617			17,083,759
Federal Sources	<u>146,955</u>	<u>1,847,405</u>	<u>-</u>	<u>-</u>	<u>1,994,360</u>
Total Revenues	<u>102,705,007</u>	<u>3,112,251</u>	<u>1,653</u>	<u>1,461,209</u>	<u>107,280,120</u>
EXPENDITURES					
Current					
Regular Instruction	37,312,402	701,527			38,013,929
Special Education Instruction	21,077,057	902,312			21,979,369
Other Instruction	4,004,204				4,004,204
Support Services					
Student and Instruction Related Services	14,618,664	1,394,574			16,013,238
General Administrative Services	1,355,640				1,355,640
School Administrative Services	5,181,268				5,181,268
Central and Other Support Services	2,362,775				2,362,775
Plant Operations and Maintenance	6,306,791				6,306,791
Pupil Transportation	5,206,595	49,363			5,255,958
Debt Service					
Principal	1,493,873			1,215,000	2,708,873
Interest and Other Charges	302,388			242,368	544,756
Capital Outlay	<u>401,822</u>	<u>64,475</u>	<u>2,500,000</u>	<u>-</u>	<u>2,966,297</u>
Total Expenditures	<u>99,623,479</u>	<u>3,112,251</u>	<u>2,500,000</u>	<u>1,457,368</u>	<u>106,693,098</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,081,528</u>	<u>-</u>	<u>(2,498,347)</u>	<u>3,841</u>	<u>587,022</u>
OTHER FINANCING SOURCES (USES)					
Capital Lease/Lease-Purchase Proceeds	219,994		2,500,000		2,719,994
Transfers In	440,000				440,000
Transfers Out	<u>-</u>	<u>-</u>	<u>(440,000)</u>	<u>-</u>	<u>(440,000)</u>
Total Other Financing Sources and Uses	<u>659,994</u>	<u>-</u>	<u>2,060,000</u>	<u>-</u>	<u>2,719,994</u>
Net Change in Fund Balances	3,741,522	-	(438,347)	3,841	3,307,016
Fund Balance, Beginning of Year	<u>3,991,820</u>	<u>-</u>	<u>494,773</u>	<u>7,386</u>	<u>4,493,979</u>
Fund Balance, End of Year	<u>\$ 7,733,342</u>	<u>\$ -</u>	<u>\$ 56,426</u>	<u>\$ 11,227</u>	<u>\$ 7,800,995</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 3,307,016**

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the period.

Capital Outlays	\$ 2,966,297	
Depreciation Expense	<u>(1,744,605)</u>	1,221,692

The issuance of long-term debt provides current financial resources to governmental funds, however, the transaction has no effect on net position.

Capital Lease Proceeds	(2,500,000)	
Lease Purchase Agreements	<u>(219,994)</u>	(2,719,994)

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Bond Principal	1,655,000	
Lease Purchase Agreement Principal	257,675	
Capital Lease Obligation Principal	<u>796,198</u>	2,708,873

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The increase in the accrued interest is an addition in the reconciliation.

(71,379)

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

Amortization of Original Issuance Premium	150,094	
Amortization - Deferred Amount on Refunding of Debt	<u>(37,650)</u>	112,444

In the statement of activities, certain operating expenses, e.g., compensated absences and net pension liability are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned or incurred amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned or incurred amount the difference is an addition to the reconciliation.

Increase in Compensated Absences	(44,127)	
Increase in Net Pension Liability	<u>(1,039,276)</u>	<u>(1,083,403)</u>

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 3,475,249**

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

	Business-Type Activities- Enterprise Funds		
	Food Services	Community School	Totals
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 122,257	\$ 754,864	\$ 877,121
Intergovernmental Accounts Receivable	51,504		51,504
Inventories	21,087	-	21,087
Total Current Assets	<u>194,848</u>	<u>754,864</u>	<u>949,712</u>
Capital Assets			
Machinery and Equipment	401,778	9,607	411,385
Less: Accumulated Depreciation	<u>(374,009)</u>	<u>(9,607)</u>	<u>(383,616)</u>
Total Capital Assets	<u>27,769</u>	<u>-</u>	<u>27,769</u>
Total Assets	<u>222,617</u>	<u>754,864</u>	<u>977,481</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	62,163	12,773	74,936
Unearned Revenue	11,786	234,830	246,616
Total Current Liabilities	<u>73,949</u>	<u>247,603</u>	<u>321,552</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>10,975</u>	<u>-</u>	<u>10,975</u>
Total Deferred Inflows of Resources	<u>10,975</u>	<u>-</u>	<u>10,975</u>
Total Liabilities and Deferred Inflows of Resources	<u>84,924</u>	<u>247,603</u>	<u>332,527</u>
NET POSITION			
Investment in Capital Assets	27,769	-	27,769
Unrestricted	<u>109,924</u>	<u>507,261</u>	<u>617,185</u>
Total Net Position	<u>\$ 137,693</u>	<u>\$ 507,261</u>	<u>\$ 644,954</u>

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

	Business-Type Activities- Enterprise Funds		
	Food Services	Community School	Totals
OPERATING REVENUES			
Charges for Services			
Daily Sales-Reimbursable Programs	\$ 359,267		\$ 359,267
Daily Sales - Non-Reimbursable Programs	246,345		246,345
Special Functions	30,144		30,144
Vending Sales	13,260		13,260
Program Fees	-	\$ 856,987	856,987
Total Operating Revenues	<u>649,016</u>	<u>856,987</u>	<u>1,506,003</u>
OPERATING EXPENSES			
Salaries and Employee Benefits	545,606	517,101	1,062,707
Cost of Sales - Reimbursable Programs	553,023		553,023
Cost of Sales - Non Reimbursable Programs	121,395		121,395
Purchased Professional and Technical Services		14,808	14,808
Purchased Management Services	60,000		60,000
Other Purchased Services	8,508	65,669	74,177
Contracted Services- Transportation		8,995	8,995
Communications/ Telephone		3,388	3,388
Supplies and Materials	5,849	15,946	21,795
Miscellaneous	33,308	18,352	51,660
Depreciation	7,844	-	7,844
Total Operating Expenses	<u>1,335,533</u>	<u>644,259</u>	<u>1,979,792</u>
Operating Income (Loss)	<u>(686,517)</u>	<u>212,728</u>	<u>(473,789)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	14,353		14,353
Federal Sources			
School Breakfast Program	106,317		106,317
National School Lunch Program	559,678		559,678
Food Distribution Program	76,955	-	76,955
Total Nonoperating Revenues	<u>757,303</u>	<u>-</u>	<u>757,303</u>
Change in Net Position	70,786	212,728	283,514
Total Net Position, Beginning of Year	<u>66,907</u>	<u>294,533</u>	<u>361,440</u>
Total Net Position, End of Year	<u>\$ 137,693</u>	<u>\$ 507,261</u>	<u>\$ 644,954</u>

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

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

	Business-Type Activities- Enterprise Funds		
	Food Services	Community School	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 670,785	\$ 827,524	\$ 1,498,309
Cash Payments to Employees' Salaries and Benefits	(545,606)	(517,101)	(1,062,707)
Cash Payments to Suppliers for Goods and Services	(754,480)	(116,800)	(871,280)
Net Cash Provided by (Used for) Operating Activities	(629,301)	193,623	(435,678)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Cash Received from State and Federal Subsidy Reimbursements	757,556	-	757,556
Net Cash Provided by Noncapital Financing Activities	757,556	-	757,556
Net Increase in Cash and Cash Equivalents	128,255	193,623	321,878
Cash and Cash Equivalents (Overdraft), Beginning of Year	(5,998)	561,241	555,243
Cash and Cash Equivalents, End of Year	\$ 122,257	\$ 754,864	\$ 877,121
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$ (686,517)	\$ 212,728	\$ (473,789)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used for) Operating Activities			
Depreciation	7,844		7,844
USDA Commodities (Food Distribution Program)	76,955		76,955
Change in Assets, Liabilities and Deferred Inflows of Resources			
(Increase)/Decrease in Other Accounts Receivable	22,153		22,153
(Increase)/Decrease in Inventories	(11,633)		(11,633)
Increase/(Decrease) in Accounts Payable	(48,694)	10,358	(38,336)
Increase/(Decrease) in Unearned Revenue	(384)	(29,463)	(29,847)
Increase/(Decrease) in Deferred Commodities Revenue	10,975	-	10,975
Total Adjustments	57,216	(19,105)	38,111
Net Cash Provided by (Used for) Operating Activities	\$ (629,301)	\$ 193,623	\$ (435,678)
Noncash Investing, Capital and Financing Activities			
Value Received - Food Distribution Program	\$ 87,930		

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

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

	Private Purpose <u>Scholarships Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ <u>123,673</u>	\$ <u>594,938</u>
Total Assets	<u>123,673</u>	<u>\$ 594,938</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 437,551
Flexible Spending Program		21,556
Due to Other Funds		20,000
Due to Student Groups	<u>-</u>	<u>115,831</u>
Total Liabilities	<u>-</u>	<u>\$ 594,938</u>
NET POSITION		
Held in Trust for Other Purposes	<u>\$ 123,673</u>	

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

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

	Private Purpose Scholarships <u>Fund</u>
ADDITIONS	
Contributions	
Donations	\$ 1,176
Investment Earnings	
Interest	466
Total Additions	1,642
DEDUCTIONS	
Miscellaneous Fees	15
Scholarships Awards	6,725
Total Deductions	6,740
Change in Net Position	(5,098)
Net Position, Beginning of Year	128,771
Net Position, End of Year	\$ 123,673

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

NOTES TO THE FINANCIAL STATEMENTS

**TEANECK 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 Teaneck 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 Teaneck Board of Education this includes general operations, food service, community school programs and student related activities of the District.

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

B. New Accounting Standards

During fiscal year 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*.

TEANECK 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.

TEANECK 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 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.

TEANECK 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 funds which are organized to be self-supporting through user charges:

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

The *community school fund* accounts for the activities of the District's community school which provides for the operation of the before and after child care program, summer camp program and adult education programs.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for private donations for scholarship awards, 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.

**TEANECK 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 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.

**TEANECK 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

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by capital lease agreements for capital projects.

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>
Buildings	45
Building Improvements	20-45
Improvements Other Than Buildings	20
Heavy Equipment	10-15
Office Equipment and Furniture	10-15
Computer Equipment	5-7

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 future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amount 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.

**TEANECK 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 future periods 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. One item, is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

7. *Compensated Absences*

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

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 with the applicable bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TEANECK 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.

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

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education (See Note 3C).

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 (See Note 3D).

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

Capital 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.

TEANECK 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)

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

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

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

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

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, interest 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.

**TEANECK 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 and of the community school 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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$55,513,966 difference are as follows:

Bonds Payable (Including Unamortized Premiums)	\$ 16,631,813
Lease Purchase Agreements	183,364
Capital Lease Obligations	3,028,113
Compensated Absences	2,796,065
Net Pension Liability	<u>32,874,611</u>
Net Adjustment to Reduce Fund Balance -	
Total Governmental Funds to Arrive at	
Net Position - Governmental Activities	<u>\$ 55,513,966</u>

**TEANECK 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. The Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District’s board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$2,684,349. The increase was funded by the appropriation of general fund restricted fund balance, additional grant awards and the reappropriation of prior year general fund encumbrances. On December 14, 2016, the Board authorized and approved the withdrawal of \$249,000 of maintenance reserve in the general fund.

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.

**TEANECK 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	\$ 575,801
Increased by:	
Deposit Approved by Board Resolution	<u>1,000,000</u>
Balance, June 30, 2017	<u>\$ 1,575,801</u>

C. Maintenance Reserve

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district’s school facilities for the current year.

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

Balance, July 1, 2016	\$ 250,000
Increased by:	
Deposit Approved by Board Resolution	<u>200,000</u>
	450,000
Withdrawals	
Approved by Board Resolution	<u>249,000</u>
Balance, June 30, 2017	<u>\$ 201,000</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$3,960,321. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. 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 \$2,679,917. Of this amount, \$1,096,694 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$1,583,223 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 \$10,273,926 and bank and brokerage firm balances of the Board's deposits amounted to \$13,875,460. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 13,861,329
Uninsured and Collateralized	<u>14,131</u>
	<u>\$ 13,875,460</u>

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 \$14,131 was exposed to custodial credit risk as follows:

<u>Depository Account</u>	<u>Bank Balance</u>
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 14,131</u>

**TEANECK 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)

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 the following investments:

<u>Investment Type:</u>	<u>Fair Value</u>
U.S. Government Securities Money Market Funds	\$ <u>369,202</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2017, \$369,202 of the Board’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department or agent but not in the Board's name	\$ <u>369,202</u>

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. More than five (5) percent of the Board’s investments are in TD Asset Management US Government Securities Money Market Fund and First Hope Bank Wealth Management Government Obligation Fund. These investments are 100% of the District’s total investments.

The fair value of the above-listed investments were based on quoted market prices by the fiscal agent.

**TEANECK 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, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 7,386			\$ 7,386
Intergovernmental				
Federal		\$ 322,338	\$ 50,478	372,816
State	298,562	47,031	1,026	346,619
Local	18,476	16,307	-	34,783
	<u>324,424</u>	<u>385,676</u>	<u>51,504</u>	<u>761,604</u>
Net Total Receivables	<u>\$ 324,424</u>	<u>\$ 385,676</u>	<u>\$ 51,504</u>	<u>\$ 761,604</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:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Drawdowns	<u>\$ 35,865</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 35,865</u>

**TEANECK 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>	Balance, <u>June 30, 2017</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,601,471			\$ 1,601,471
Construction in Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	<u>1,601,471</u>	<u>-</u>	<u>-</u>	<u>1,601,471</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	64,587,057			64,587,057
Improvements Other Than Buildings	3,762,280	\$ 2,500,000		6,262,280
Machinery and Equipment	4,745,592	466,297	-	5,211,889
Total Capital Assets Being Depreciated	<u>73,094,929</u>	<u>2,966,297</u>	<u>-</u>	<u>76,061,226</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(20,465,586)	(1,299,767)		(21,765,353)
Improvements Other Than Buildings	(3,173,974)	(102,340)		(3,276,314)
Machinery and Equipment	(3,619,857)	(342,498)	-	(3,962,355)
Total Accumulated Depreciation	<u>(27,259,417)</u>	<u>(1,744,605)</u>	<u>-</u>	<u>(29,004,022)</u>
Total Capital Assets, Being Depreciated, Net	<u>45,835,512</u>	<u>1,221,692</u>	<u>-</u>	<u>47,057,204</u>
Governmental Activities Capital Assets, Net	<u>\$ 47,436,983</u>	<u>\$ 1,221,692</u>	<u>\$ -</u>	<u>\$ 48,658,675</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 411,385	-	-	\$ 411,385
Total Capital Assets Being Depreciated	<u>411,385</u>	<u>-</u>	<u>-</u>	<u>411,385</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(375,772)	\$ (7,844)	-	(383,616)
Total Accumulated Depreciation	<u>(375,772)</u>	<u>(7,844)</u>	<u>-</u>	<u>(383,616)</u>
Total Capital Assets, Being Depreciated, Net	<u>35,613</u>	<u>(7,844)</u>	<u>-</u>	<u>27,769</u>
Business-Type Activities Capital Assets, Net	<u>\$ 35,613</u>	<u>\$ (7,844)</u>	<u>\$ -</u>	<u>\$ 27,769</u>

**TEANECK 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	\$ 43,722
Total Instruction	<u>43,722</u>
Support Services	
Student and Instruction Related Services	237,620
Business Office	3,007
Transportation	14,849
Operations and Maintenance of Plant	<u>1,445,407</u>
Total Support Services	<u>1,700,883</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,744,605</u>

Business-Type Activities:

Food Service Fund	\$ 7,844
Total Depreciation Expense-Business-Type Activities	<u>\$ 7,844</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	\$ 115,859
General Fund	Capital Projects Fund	173,603
General Fund	Payroll Agency Fund	<u>20,000</u>
		<u>\$ 309,462</u>

The above balances are the result of covering cash balances which were in an overdraft position.

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

**TEANECK 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>
	General
	<u>Fund</u>
<u>Transfer Out:</u>	
Capital Projects Fund	\$ 440,000
	<u>\$ 440,000</u>

The above transfers are the result of restricted fund balance available in one fund to finance expenditures in another fund.

F. Leases

Capital Lease Obligations and Lease-Purchase Agreements

The District is leasing computers (general supplies) totaling \$512,025 under lease-purchase agreements. The leases are for terms of 5 years.

The District has also entered into capital lease obligations totaling \$4,263,729 for capital improvements to Hawthorne and Bryant Elementary Schools Roof project, district-wide copiers and technology upgrade and network wiring. The lease terms are for five (5) years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Fiscal</u> <u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Lease-Purchase</u> <u>Agreements</u>	<u>Capital</u> <u>Leases</u>	<u>Total</u>
2018	\$ 132,622	\$ 821,145	\$ 953,767
2019	58,260	761,915	820,175
2020		731,024	731,024
2021		466,481	466,481
2022	-	443,644	443,644
	<u>190,882</u>	<u>3,224,209</u>	<u>3,415,091</u>
Total Minimum Lease Payments			
Less: Amount Representing Interest	<u>(7,518)</u>	<u>(196,096)</u>	<u>(203,614)</u>
Present Value of Minimum Lease Payments	<u>\$ 183,364</u>	<u>\$ 3,028,113</u>	<u>\$ 3,211,477</u>

**TEANECK 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. Leases (Continued)

Capital Leases (Continued)

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Building Improvements	\$ 3,750,000
Equipment	<u>513,729</u>
	<u>\$ 4,263,729</u>

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2017 are comprised of the following issues:

\$8,180,000, 2012 School Energy Savings Obligation Refunding Bonds, due in annual installments of \$465,000 to \$805,000 through April 1, 2027, interest at 3.00% to 4.50%	\$6,240,000
\$3,325,000, 2013 Pension Refunding Bonds (ERIP), due in annual installments of \$470,000 to \$515,000 through July 1, 2020, interest at 2.30% to 3.50%	1,970,000
\$7,615,000, 2016 Refunding Bonds, due in annual installments of \$465,000 to \$595,000 through July 15, 2030, interest at 2.00% to 4.00%	<u>7,435,000</u>
Total	<u>\$15,645,000</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 1,530,000	\$ 527,225	\$ 2,057,225
2019	1,565,000	486,673	2,051,673
2020	1,625,000	437,626	2,062,626
2021	1,685,000	381,613	2,066,613
2022	1,200,000	330,100	1,530,100
2023-2027	6,105,000	1,037,600	7,142,600
2028-2032	<u>1,935,000</u>	<u>136,524</u>	<u>2,071,524</u>
	<u>\$ 15,645,000</u>	<u>\$ 3,337,361</u>	<u>\$ 18,982,361</u>

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)	\$ 212,020,125
Less: Net Debt	<u>7,435,000</u>
Remaining Borrowing Power	<u>\$ 204,585,125</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2017</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 17,300,000		\$ 1,655,000	\$ 15,645,000	\$ 1,530,000
Add: Premium	1,136,907	-	150,094	986,813	-
	<u>18,436,907</u>	<u>-</u>	<u>1,805,094</u>	<u>16,631,813</u>	<u>1,530,000</u>
Lease Purchase Agreement	221,045	\$ 219,994	257,675	183,364	73,451
Capital Lease Obligations	1,324,311	2,500,000	796,198	3,028,113	751,079
Compensated Absences	2,751,938	399,365	355,238	2,796,065	300,000
Net Pension Liability	<u>30,111,866</u>	<u>3,748,841</u>	<u>986,096</u>	<u>32,874,611</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 52,846,067</u>	<u>\$ 6,868,200</u>	<u>\$ 4,200,301</u>	<u>\$ 55,513,966</u>	<u>\$ 2,654,530</u>

Compensated absences, capital lease obligations, lease purchase agreements and net pension liability are generally liquidated by the general fund.

NOTE 5 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims. In addition, the group proved various types of insurance coverages for its members including commercial property, general liability and automobile liability coverages.

**TEANECK 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)

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

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

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.

**TEANECK 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.

**TEANECK 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.

**TEANECK 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:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 986,096	\$ 3,915,537	
2016	1,153,249	2,617,192	
2015	1,171,003	1,876,458	

In addition for fiscal year 2016/2017 the District contributed \$4,770 for PERS and the State contributed \$5,475 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 \$2,500,160 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.

**TEANECK 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 \$32,874,611 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 .11100 percent, which was an decrease of .02314 percent from its proportionate share measured as of June 30, 2015 of .13414 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,025,372 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	\$ 611,368	
Changes of Assumptions	6,809,864	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,253,539	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>-</u>	<u>\$ 4,836,738</u>
Total	<u>\$ 8,674,771</u>	<u>\$ 4,836,738</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	\$ 836,768
2019	836,768
2020	1,232,994
2021	863,631
2022	<u>67,872</u>
	<u>\$ 3,838,033</u>

**TEANECK 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:

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.

TEANECK 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%

TEANECK 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 <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ 40,283,999	\$ 32,874,611	\$ 26,757,519

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.

**TEANECK 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 \$19,321,304 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 \$257,150,800. 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 .32689 percent, which was a decrease of .02019 percent from its proportionate share measured as of June 30, 2015 of .34708 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.

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.

TEANECK 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%

**TEANECK 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 (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 307,095,522</u>	<u>\$ 257,150,800</u>	<u>\$ 216,364,489</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.

**TEANECK 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.

**TEANECK 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.

**TEANECK 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 \$3,262,534, \$3,116,353 and \$2,978,876, 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 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 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 Teaneck 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

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 85,606,908		\$ 85,606,908	\$ 85,606,908	
Tuition - LEA	67,530		67,530	176,152	\$ 108,622
Interest			-	22,773	22,773
Rentals			-	23,470	23,470
Miscellaneous	245,500		245,500	565,607	320,107
Total Local Sources	<u>85,919,938</u>	<u>-</u>	<u>85,919,938</u>	<u>86,394,910</u>	<u>474,972</u>
State Sources					
Transportation Aid	1,909,231		1,909,231	1,909,231	
Special Education Aid	2,596,036		2,596,036	2,596,036	
Security Aid	730,240		730,240	730,240	
PARCC Aid	40,420		40,420	40,420	-
Per Pupil Growth Aid	40,420		40,420	40,420	-
Professional Learning Community Aid	39,700		39,700	39,700	-
Extraordinary Aid	875,000		875,000	1,011,043	136,043
Non Public Transportation				124,010	124,010
Homeless Tuition				47,011	47,011
TPAF Pension - System Contributions - Normal Costs and Accrued Liability (Non-Budget)				3,778,629	3,778,629
TPAF Pension - System Contributions - NCGI Premium (Non-Budget)				136,908	136,908
TPAF Pension - Post Retirement Contributions (Non-Budget)				3,262,534	3,262,534
TPAF Pension - Long Term Disability				5,475	5,475
TPAF Social Security Reimbursements (Non-Budget)	-	-	-	2,500,160	2,500,160
Total State Sources	<u>6,231,047</u>	<u>-</u>	<u>6,231,047</u>	<u>16,221,817</u>	<u>9,990,770</u>
Federal Sources					
Medicaid Reimbursement Program	103,205	-	103,205	146,955	43,750
Total Federal Sources	<u>103,205</u>	<u>-</u>	<u>103,205</u>	<u>146,955</u>	<u>43,750</u>
Total Revenues	<u>92,254,190</u>	<u>-</u>	<u>92,254,190</u>	<u>102,763,682</u>	<u>10,509,492</u>
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	1,186,375	\$ 18,107	1,204,482	1,204,482	-
Grades 1-5	6,084,129	(369,617)	5,714,512	5,714,512	-
Grades 6-8	5,375,682	110,239	5,485,921	5,485,921	-
Grades 9-12	8,254,820	186,113	8,440,933	8,440,933	-
Regular Programs - Home Instruction					
Salaries of Teachers	1,523	(1,523)			-
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Svcs.		29,200	29,200	29,200	-
Purchased Technical Services	33,500	1,527	35,027	25,502	9,525
Other Purchased Services	170,300	(20,852)	149,448	149,448	-
General Supplies	1,102,350	251,872	1,354,222	1,212,862	141,360
General Supplies Acquired by Lease Purchase (Non Budget)				219,994	(219,994)
Textbooks	249,550	288,367	537,917	242,921	294,996
Total Regular Programs	<u>22,458,229</u>	<u>493,433</u>	<u>22,951,662</u>	<u>22,725,775</u>	<u>225,887</u>
Special Education					
Learning / Language Disabilities					
Salaries of Teachers	1,321,925	80,651	1,402,576	1,402,576	
Other Salaries for Instruction	93,000	(67,849)	25,151	25,151	
Purchased Professional-Educational Svcs.	546,160	42,168	588,328	588,328	-
Total Learning / Language Disabilities	<u>1,961,085</u>	<u>54,970</u>	<u>2,016,055</u>	<u>2,016,055</u>	<u>-</u>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Behavioral Disabilities					
Salaries of Teachers	\$ 262,862	\$ 10,490	\$ 273,352	\$ 273,352	-
Purchased Professional-Educational Svcs.	170,675	48,115	218,790	218,790	-
Total Behavioral Disabilities	433,537	58,605	492,142	492,142	-
Multiple Disabilities					
Salaries of Teachers	534,674	128,711	663,385	663,385	-
Purchased Professional-Educational Svcs.	853,375	196,641	1,050,016	1,042,828	\$ 7,188
General Supplies	50,000	(15,963)	34,037	33,663	374
Total Multiple Disabilities	1,438,049	309,389	1,747,438	1,739,876	7,562
Resource Room / Resource Center					
Salaries of Teachers	4,783,128	(12,334)	4,770,794	4,770,794	-
Purchased Professional-Educational Svcs.	614,430	(318,279)	296,151	292,291	3,860
General Supplies	28,000	(28,000)	-	-	-
Total Resource Room / Resource Center	5,425,558	(358,613)	5,066,945	5,063,085	3,860
Preschool Disabilities - Part - Time					
Salaries of Teachers	327,750	(43,350)	284,400	284,400	-
Total Preschool Disabilities - Part - Time	327,750	(43,350)	284,400	284,400	-
Preschool Disabilities - Full - Time					
Salaries of Teachers	111,000	6,300	117,300	117,300	-
Purchased Professional-Educational Svcs.	307,215	57,804	365,019	360,181	4,838
General Supplies	5,000	(5,000)	-	-	-
Total Preschool Disabilities - Full - Time	423,215	59,104	482,319	477,481	4,838
Home Instruction					
Salaries of Teachers	90,000	(23,263)	66,737	59,549	7,188
Purchased Professional-Educational Svcs.	50,000	(8,143)	41,857	34,387	7,470
Total Home Instruction	140,000	(31,406)	108,594	93,936	14,658
Total Special Education	10,149,194	48,699	10,197,893	10,166,975	30,918

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
Basic Skills/Remedial					
Salaries of Teachers	\$ 1,660,452	\$ (179,689)	\$ 1,480,763	\$ 1,480,763	-
Total Basic Skills/Remedial	<u>1,660,452</u>	<u>(179,689)</u>	<u>1,480,763</u>	<u>1,480,763</u>	<u>-</u>
Bilingual Education					
Salaries of Teachers	395,052	8,326	403,378	403,378	-
Purchased Professional-Educational Svcs.	60,000	-	60,000	55,457	\$ 4,543
Total Bilingual Education	<u>455,052</u>	<u>8,326</u>	<u>463,378</u>	<u>458,835</u>	<u>4,543</u>
School Sponsored Co-Curricular Activities					
Salaries	229,276	9,865	239,141	237,895	1,246
Purchased Services	3,600	2,877	6,477	6,477	-
Supplies and Materials	12,000	3,012	15,012	15,012	-
Other Objects	5,500	11,458	16,958	16,958	-
Total School Sponsored Co-Curricular Activities	<u>250,376</u>	<u>27,212</u>	<u>277,588</u>	<u>276,342</u>	<u>1,246</u>
School Sponsored Athletics - Instruction					
Salaries	684,821	20,290	705,111	642,903	62,208
Purchased Services	48,465	14,754	63,219	60,885	2,334
Supplies and Materials	115,000	10,200	125,200	124,166	1,034
Other Objects	25,000	-	25,000	20,131	4,869
Transfers to Cover Deficit	70,000	70	70,070	57,020	13,050
Total School Sponsored Athletics - Instruction	<u>943,286</u>	<u>45,314</u>	<u>988,600</u>	<u>905,105</u>	<u>83,495</u>
Before and After School Programs - Instruction					
Salaries	25,000	(21,201)	3,799	-	3,799
Total Before and After School Programs - Instruction	<u>25,000</u>	<u>(21,201)</u>	<u>3,799</u>	<u>-</u>	<u>3,799</u>
Total - Instruction	<u>35,941,589</u>	<u>422,094</u>	<u>36,363,683</u>	<u>36,013,795</u>	<u>349,888</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Regular		52,259	52,259	28,318	23,941
Tuition - Other LEA's Within State - Special	1,945,776	(417,259)	1,528,517	1,433,626	94,891
Tuition to County Voc. School Dist.-Regular	570,636	-	570,636	502,760	67,876
Tuition to County Voc. School Dist.-Special	329,520	-	329,520	329,297	223
Tuition to CSSD & Reg. Day Schools	2,321,337	(309,398)	2,011,939	1,581,796	430,143
Tuition to Private Schools - Disabled Within State	2,607,049	483,280	3,090,329	2,815,903	274,426
Tuition to Priv. Sch. Disabled & Other LEAs - Spl, O/S					
State	757,540	(193,000)	564,540	519,809	44,731
Tuition - State Facilities	100,077	-	100,077	39,965	60,112
Total Undistributed Expenditures - Instruction	<u>8,631,935</u>	<u>(384,118)</u>	<u>8,247,817</u>	<u>7,251,474</u>	<u>996,343</u>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 215,109	\$ (2,527)	\$ 212,582	\$ 210,843	\$ 1,739
Purchased Professional and Technical Svcs.	60,000	-	60,000	40,163	19,837
Other Purchased Services	1,995	270	2,265	2,265	-
Total Attendance and Social Work Services	277,104	(2,257)	274,847	253,271	21,576
Health Services					
Salaries	684,472	(38,432)	646,040	646,040	-
Purchased Professional and Technical Svcs.	237,000	149,550	386,550	309,920	76,630
Other Purchased Services	2,000	-	2,000	228	1,772
Supplies and Materials	15,461	-	15,461	5,317	10,144
Total Health Services	938,933	111,118	1,050,051	961,505	88,546
Other Support Services - Students - Speech, OT, PT and Related Services					
Salaries	629,292	(37,032)	592,260	553,218	39,042
Purchased Professional-Educational Services	1,648,600	109,479	1,758,079	1,573,156	184,923
Supplies and Materials	5,000	(2,910)	2,090	90	2,000
Total Other Support Services - Students - Speech, OT, PT and Related Services	2,282,892	69,537	2,352,429	2,126,464	225,965
Other Support Services-Students-Extra Serv.					
Salaries	141,500	22,670	164,170	164,170	-
Purchased Professional-Educational Services	1,492,995	76,444	1,569,439	1,517,694	51,745
Total Other Support Services-Extra Serv.	1,634,495	99,114	1,733,609	1,681,864	51,745
Other Support Services-Students-Guidance					
Salaries of Other Professional Staff	1,427,007	(11,420)	1,415,587	1,415,587	-
Salaries of Secretarial and Clerical Assistants	258,858	(15,921)	242,937	242,937	-
Other Salaries	81,113	20	81,133	81,133	-
Other Purchased Prof. and Tech. Services	10,000	(178)	9,822	9,822	-
Supplies and Materials	7,000	(1,408)	5,592	5,535	57
Total Other Support Services-Students-Guidance	1,783,978	(28,907)	1,755,071	1,755,014	57
Other Support Services - Students - Child Study Team					
Salaries of Other Professional Staff	1,687,509	-	1,687,509	1,323,738	363,771
Salaries of Secretarial and Clerical Assistants	199,914	3,007	202,921	202,921	-
Unused Vacation Payment to Terminated/Retired Staff	21,500	(18,007)	3,493	-	3,493
Purchased Professional-Educational Services	470,000	130,500	600,500	600,500	-
Other Purchased Prof. and Tech. Services	6,000	(6,000)	-	-	-
Other Purchased Services	17,530	21,270	38,800	36,121	2,679
Supplies and Materials	39,700	(11,598)	28,102	20,654	7,448
Other Objects	300	-	300	279	21
Total Other Support Services - Students - Child Study Team	2,442,453	119,172	2,561,625	2,184,213	377,412

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	\$ 490,859	\$ (99,115)	\$ 391,744	\$ 367,060	\$ 24,684
Salaries of Secretarial and Clerical Assistants	177,633	-	177,633	174,457	3,176
Other Salaries		2,900	2,900	1,450	1,450
Purchased Professional-Educational Services	174,000	(16,975)	157,025	103,591	53,434
Other Purchased Services	7,895	-	7,895	1,681	6,214
Supplies and Materials	43,000	(17,037)	25,963	21,249	4,714
Total Improvement of Instruction Services	893,387	(130,227)	763,160	669,488	93,672
Educational Media Services/School Library					
Salaries	470,843	(28,514)	442,329	442,329	-
Purchased Professional and Technical Services	52,500	-	52,500	47,962	4,538
Supplies and Materials	54,000	1,570	55,570	12,628	42,942
Total Educational Media Services/School Library	577,343	(26,944)	550,399	502,919	47,480
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	490,859	(64,315)	426,544	367,058	59,486
Salaries of Other Professional Staff	265,300	15,612	280,912	171,331	109,581
Salaries of Secretarial and Clerical Assistants	106,745	-	106,745	104,649	2,096
Purchased Professional-Educational Svcs.	5,000	-	5,000	5,000	5,000
Other Purchased Services	28,200	1,250	29,450	3,929	25,521
Supplies and Materials	1,500	-	1,500	1,405	95
Other Objects	5,400	-	5,400	4,749	651
Total Instructional Staff Training Services	903,004	(47,453)	855,551	653,121	202,430
Support Services General Administration					
Salaries	356,733	(24,197)	332,536	326,562	5,974
Legal Services	230,000	13,536	243,536	242,739	797
Audit Fees	48,000	10,000	58,000	53,651	4,349
Architectural/Engineering Services	12,000	(7,000)	5,000	5,000	5,000
Communications/Telephone	135,000	(3,518)	131,482	100,214	31,268
BOE Other Purchased Services	11,550	2,175	13,725	6,871	6,854
Miscellaneous Purchased Services	180,215	18,411	198,626	166,166	32,460
General Supplies	5,000	1,500	6,500	6,237	263
BOE In-House Training/Meeting Supplies	6,500	-	6,500	297	6,203
Judgments Against the School District	185,000	(77,763)	107,237	102,000	5,237
Miscellaneous Expenditures	15,500	797	16,297	7,170	9,127
BOE Membership Dues and Fees	35,000	-	35,000	29,163	5,837
Total Support Services General Administration	1,220,498	(66,059)	1,154,439	1,041,070	113,369

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals	\$ 1,849,306	\$ 90,196	\$ 1,939,502	\$ 1,939,502	-
Salaries of Principals/Asst. Principals/Prog Dir		119,081	119,081	119,081	-
Salaries of Secretarial and Clerical Assistants	1,014,707	49,615	1,064,322	1,064,322	-
Other Purchased Service	40,500	(121)	40,379	40,379	-
Supplies and Materials	60,330	(16,466)	43,864	42,311	\$ 1,553
Other Objects	18,000	(13,725)	4,275	4,275	-
Total Support Services School Administration	2,982,843	228,580	3,211,423	3,209,870	1,553
Central Services					
Salaries	817,171	17,081	834,252	818,032	16,220
Purchased Technical Services	71,600	(9,723)	61,877	58,551	3,326
Misc. Purchased Services	80,600	(495)	80,105	64,127	15,978
Supplies and Materials	28,800	(508)	28,292	16,268	12,024
Interest on Lease Purchase Agreements	15,731	-	15,731	15,730	1
Miscellaneous Expenditures	2,000	1,943	3,943	3,686	257
Total Central Services	1,015,902	8,298	1,024,200	976,394	47,806
Admin. Info. Tech					
Salaries	284,865	(12,549)	272,316	271,167	1,149
Purchased Professional Services		397,000	397,000	397,000	-
Purchased Technical Services	245,800	(165,111)	80,689	80,668	21
Other Purchased Services	4,900	(4,900)			-
Supplies and Materials	85,500	(22,081)	63,419	9,148	54,271
Total Admin. Info. Tech.	621,065	192,359	813,424	757,983	55,441
Required Maintenance for School Facilities					
Salaries	663,252	(36,565)	626,687	626,687	-
Cleaning, Repair & Maintenance Services	350,000	393,327	743,327	389,677	353,650
General Supplies	150,000	61,997	211,997	196,782	15,215
Total Required Maintenance for School Facilities	1,163,252	418,759	1,582,011	1,213,146	368,865
Custodial Services					
Salaries	802,883	(28,636)	774,247	774,247	-
Unused Vacation Payment to Terminated / Retired Staff	30,000	-	30,000		30,000
Purchased Professional and Technical Services	7,500	16,050	23,550	23,550	-
Cleaning, Repair & Maintenance Services	1,741,403	(41,149)	1,700,254	1,666,595	33,659
Other Purchased Property Services	60,000	31,700	91,700	74,260	17,440
Insurance	400,000	5,765	405,765	405,765	-
Miscellaneous Purchased Services	390,650	69,168	459,818	440,972	18,846
General Supplies	150,000	64,962	214,962	206,537	8,425
Energy (Natural Gas)	600,000	(403,200)	196,800	191,755	5,045
Energy (Electricity)	600,000	(16,638)	583,362	504,319	79,043
Interest - Energy Savings Impr Prog Bonds	261,100	-	261,100	261,100	-
Other Objects	4,500	2,978	7,478	7,129	349
Principal-Energy Savings Impr. Prog. Bonds	440,000	-	440,000	440,000	-
Total Custodial Services	5,488,036	(299,000)	5,189,036	4,996,229	192,807

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Care and Upkeep of Grounds					
Salaries	\$ 314,728	\$ (31,809)	\$ 282,919	\$ 270,107	\$ 12,812
Total Care and Upkeep of Grounds	314,728	(31,809)	282,919	270,107	12,812
Security					
Salaries	110,600	35,401	146,001	146,001	-
Total Security	110,600	35,401	146,001	146,001	-
Student Transportation Services					
Salaries of Non-Instructional Aides	1,000	(1,000)			-
Salaries for Pupil Transportation (Between Home and School) - Regular	70,728	(1,595)	69,133	55,054	14,079
Salaries for Pupil Transportation (Between Home and School) - Special	12,000	(12,000)			-
Other Purchased Prof. and Technical Serv.	13,393	3,200	16,593	15,712	881
Contracted Services - Aid in Lieu of Payments - Non-Public Schools	228,072	147,404	375,476	358,579	16,897
Contracted Services (Between Home and School) - Vendors	1,650,017	202,602	1,852,619	1,794,184	58,435
Contracted Services (Other Than Between Home and School) - Vendors	254,700	(7,525)	247,175	219,386	27,789
Contracted Services (Spec Ed) - Vendors	1,362,861	(119,547)	1,243,314	1,242,333	981
Contracted Services (Reg. Students) - ESCs & CTSAs	173,265	49,527	222,792	216,453	6,339
Contracted Services (Spl. Ed. Students)-ESCs & CTSAs	1,453,095	(20,335)	1,432,760	1,272,836	159,924
General Supplies	495	-	495	-	495
Total Student Transportation Services	5,219,626	240,731	5,460,357	5,174,537	285,820
Allocated Benefits					
Regular Programs - Instruction - Employee Benefits					
Health Benefits	3,234,925	(278,818)	2,956,107	2,956,107	-
Unused Sick Payment to Terminated/Retired Staff	140,000	(140,000)	-	-	-
Total Regular Programs - Instruction - Employee Benefits	3,374,925	(418,818)	2,956,107	2,956,107	-
Special Programs - Instruction - Employee Benefits					
Health Benefits	1,887,040	27	1,887,067	1,886,295	772
Unused Sick Payment to Terminated/Retired Staff	80,000	(44,966)	35,034	-	35,034
Total Special Programs - Instruction - Employee Benefits	1,967,040	(44,939)	1,922,101	1,886,295	35,806
Total Allocated Benefits - Employee Benefits	5,341,965	(463,757)	4,878,208	4,842,402	35,806

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
Unallocated Benefits					
Group Insurance	\$ 203,890	-	\$ 203,890	\$ 203,404	\$ 486
Social Security Contributions	1,039,456	\$ (85,000)	954,456	708,552	245,904
Other Retirement Contributions - PERS	1,106,546	(90,000)	1,016,546	982,316	34,230
Unemployment Compensation	131,652	27,367	159,019	159,019	-
Workmen's Compensation	394,171	(106,617)	287,554	255,701	31,853
Health Benefits	4,771,245	(457,331)	4,313,914	4,106,931	206,983
Tuition Reimbursement		3,100	3,100	3,100	-
Other Employee Benefits	401,700	115,641	517,341	515,653	1,688
Total Unallocated Benefits	8,048,660	(592,840)	7,455,820	6,934,676	521,144
TPAF Pension - System Contributions					
Normal Costs and Accrued Liability (Non-Budget)				3,778,629	(3,778,629)
TPAF Pension - System Contributions - NCGI Premium (Non Budget)				136,908	(136,908)
TPAF Pension - Post Retirement Contributions (Non-Budget)				3,262,534	(3,262,534)
TPAF Pension - Long Term Disability				5,475	(5,475)
TPAF Social Security Reimbursements (Non-Budget)	-	-	-	2,500,160	(2,500,160)
Total On-Behalf Contributions/Reimbursements	-	-	-	9,683,706	(9,683,706)
Total Undistributed Expenditures	51,892,699	(550,302)	51,342,397	57,285,454	(5,943,057)
Total Current Expenditures	87,834,288	(128,208)	87,706,080	93,299,249	(5,593,169)
CAPITAL OUTLAY EXPENDITURES					
Equipment					
Undistributed Expenditures					
Central Services	-	7,569	7,569	-	7,569
Admin. Info. Tech.	190,000	328,593	518,593	347,893	170,700
Required Maint. For School Facilities	35,000	339,635	374,635	37,121	337,514
Custodial Services	-	16,808	16,808	16,808	-
Total Equipment	225,000	692,605	917,605	401,822	515,783
Facilities Acquisition and Construction Serv.					
Lease Purchase Agreements - Principal	246,099		246,099	246,099	-
Other Objects	128,662	-	128,662	128,662	-
Total Facilities Acquisition and Construction Serv.	374,761	-	374,761	374,761	-
Total Capital Outlay	599,761	692,605	1,292,366	776,583	515,783
Transfer of Funds to Charter Schools	5,614,397	-	5,614,397	5,547,647	66,750
Total Expenditures	94,048,446	564,397	94,612,843	99,623,479	(5,010,636)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,794,256)	(564,397)	(2,358,653)	3,140,203	5,498,856
Other Financing Sources (Uses)					
Lease-Purchase Agreement Proceeds (Non Budget)				219,994	219,994
Transfer In - Capital Projects Fund	540,000	-	540,000	440,000	(100,000)
Total Other Financing Sources (Uses)	540,000	-	540,000	659,994	119,994
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,254,256)	(564,397)	(1,818,653)	3,800,197	5,618,850
Fund Balances, Beginning of Year	5,307,749	-	5,307,749	5,307,749	-
Fund Balances, End of Year	\$ 4,053,493	\$ (564,397)	\$ 3,489,096	\$ 9,107,946	\$ 5,618,850

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
Recapitulation					
Restricted					
Capital Reserve				\$ 1,575,801	
Maintenance Reserve				201,000	
Excess Surplus				1,583,223	
Excess Surplus - Designated for Subsequent Year Expenditures				1,096,694	
Assigned					
Year End Encumbrances				1,558,304	
Designated for Subsequent Year's Expenditures				1,038,475	
Unassigned				<u>2,054,449</u>	
				9,107,946	
Reconciliation to Governmental Funds Statements (GAAP)					
2016/2017 State Aid Payments Not Recognized on GAAP Basis				<u>(1,374,604)</u>	
				<u>\$ 7,733,342</u>	
Fund Balance Per Governmental Funds (GAAP)					

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 201,315	\$ 757,448	\$ 958,763	\$ 919,276	\$ (39,487)
Federal	1,439,679	918,125	2,357,804	1,847,405	(510,399)
Local Sources					
Miscellaneous	-	444,379	444,379	335,893	(108,486)
Total Revenues	<u>1,640,994</u>	<u>2,119,952</u>	<u>3,760,946</u>	<u>3,102,574</u>	<u>(658,372)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	517,373	(136,706)	380,667	290,282	90,385
Purchased Professional/Educational Services		170,742	170,742	78,879	91,863
Purchased Technical Services		11,065	11,065	8,425	2,640
Tuition	922,306	32,694	955,000	901,574	53,426
General Supplies		475,393	475,393	274,283	201,110
Textbooks	23,171	31,416	54,587	43,435	11,152
Other Objects	-	4,265	4,265	2,428	1,837
Total Instruction	<u>1,462,850</u>	<u>588,869</u>	<u>2,051,719</u>	<u>1,599,306</u>	<u>452,413</u>
Student Support Services					
Salaries	8,449	575,202	583,651	539,114	44,537
Purchased Professional/Educational Services	169,695	419,637	589,332	513,207	76,125
Purchased Prof. and Technical Services		60,335	60,335	59,799	536
Communications/Telephone		2,872	2,872	2,664	208
Rentals		15,129	15,129	2,483	12,646
Travel		46,571	46,571	38,244	8,327
Other Purchased Services		117,098	117,098	112,606	4,492
Supplies and Materials		39,178	39,178	23,726	15,452
Miscellaneous Expenditures	-	9,637	9,637	1,000	8,637
Total Student Support Services	<u>178,144</u>	<u>1,285,659</u>	<u>1,463,803</u>	<u>1,292,843</u>	<u>170,960</u>
Transportation					
Contracted Services	-	73,613	73,613	49,363	24,250
Unallocated Benefits					
Other Employee Benefits	-	106,283	106,283	96,587	9,696
Facilities Acquisition and Construction					
Instructional Equipment	-	65,528	65,528	64,475	1,053
Total Facilities Acq. & Construction	<u>-</u>	<u>65,528</u>	<u>65,528</u>	<u>64,475</u>	<u>1,053</u>
Total Expenditures	<u>1,640,994</u>	<u>2,119,952</u>	<u>3,760,946</u>	<u>3,102,574</u>	<u>658,372</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**TEANECK BOARD OF EDUCATION
GENERAL AND SPECIAL REVENUE FUNDS
NOTES TO BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 102,763,682	\$ 3,102,574
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2016 (net of cancellations)		9,677
Encumbrances, June 30, 2017		
The last two State Aid payments are recognized as revenue for budgetary purposes. This differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenditure (GASB No. 33)		
State Aid payments recognized for GAAP purposes not recognized for Budgetary statements (2015/2016 State Aid)	1,315,929	
State Aid payments recognized for budgetary purposes not recognized for GAAP statements (2016/2017 State Aid)	<u>(1,374,604)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 102,705,007</u>	<u>\$ 3,112,251</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 99,623,479	\$ 3,102,574
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2016 (net of cancellations)		9,677
Encumbrances, June 30, 2017	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 99,623,479</u>	<u>\$ 3,112,251</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

**TEANECK 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*
(Dollar amounts in thousands)**

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.11100	%	0.13414	%	0.14205	%	0.14279	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 32,874,611		\$ 30,111,866		\$ 26,594,811		\$ 27,289,537	
District's Covered-Employee Payroll	\$ 5,608,033		\$ 8,183,038		\$ 9,132,014		\$ 9,766,548	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	586.21	%	367.98	%	291.23	%	279.42	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14	%	47.93	%	52.08	%	48.72	%

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

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

TEANECK BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Four Fiscal Years
 (Dollar amounts in thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 986,096	\$1,153,249	\$ 1,171,003	\$ 1,075,875
Contributions in Relation to the Contractually Required Contribution	<u>986,096</u>	<u>1,153,249</u>	<u>1,171,003</u>	<u>1,075,875</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$5,608,033	\$8,183,038	\$ 9,132,014	\$ 9,766,548
Contributions as a Percentage of Covered-Employee Payroll	\$ 17.58 %	\$ 14.09 %	\$ 12.82 %	\$ 11.02 %

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.

**TEANECK 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*
(Dollar amounts in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00 %	0.00 %	0.00 %	0.00 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 0	\$ 0	\$ 0	\$ 0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 257,150,800</u>	<u>\$ 219,371,309</u>	<u>\$ 192,933,307</u>	<u>\$ 183,130,122</u>
Total	<u>\$ 257,150,800</u>	<u>\$ 219,371,309</u>	<u>\$ 192,933,307</u>	<u>\$ 183,130,122</u>
District's Covered-Employee Payroll	\$ 35,395,251	\$ 35,294,602	\$ 33,506,107	\$ 34,862,168
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00 %	0.00 %	0.00 %	0.00 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33 %	28.71 %	33.64 %	33.76 %

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

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

**TEANECK 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 5D.

SCHOOL LEVEL SCHEDULES

GENERAL FUND

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	IDEA Part <u>B- Basic</u>	IDEA Part B <u>Preschool</u>	NCLB <u>Title I</u>	NCLB <u>Title IIA</u>	NCLB <u>Title III</u>	NCLB Title III <u>Immigrant</u>	Total Exhibit <u>E-1a</u>	Total Exhibit <u>E-1b</u>	<u>Totals</u>
REVENUES									
Intergovernmental									
State							\$ 849,615	\$ 69,661	\$ 919,276
Federal	\$ 1,000,391	\$ 28,615	\$ 661,897	\$ 128,960	\$ 26,249	\$ 1,293			1,847,405
Other	-	-	-	-	-	-	-	335,893	335,893
Total Revenues	<u>\$ 1,000,391</u>	<u>\$ 28,615</u>	<u>\$ 661,897</u>	<u>\$ 128,960</u>	<u>\$ 26,249</u>	<u>\$ 1,293</u>	<u>\$ 849,615</u>	<u>\$ 405,554</u>	<u>\$ 3,102,574</u>
EXPENDITURES									
Instruction									
Salaries of Teachers			\$ 216,197	\$ 8,920	\$ 4,650			\$ 60,515	\$ 290,282
Purchased Prof and Educ Svcs			78,879					-	78,879
Purchased Technical Services								8,425	8,425
Tuition	\$ 901,574								901,574
General Supplies	738		226,452		10,005	\$ 1,293	\$ 17,821	17,974	274,283
Textbooks							43,435		43,435
Miscellaneous	-	-	-	-	-	-	-	2,428	2,428
Total Instruction	<u>902,312</u>	<u>-</u>	<u>521,528</u>	<u>8,920</u>	<u>14,655</u>	<u>1,293</u>	<u>61,256</u>	<u>89,342</u>	<u>1,599,306</u>
Support Services									
Salaries			78,323		1,300		307,892	151,599	539,114
Personal Svcs. -Emp. Benefits			22,530	682	455			72,920	96,587
Other Emp. Benefits									-
Purchased Prof & Educ Svcs				94,444	7,700		411,063		513,207
Purchased Technical Services		\$ 28,615					30,659	525	59,799
Other Purchase Services	98,079						12,240	2,287	112,606
Rentals								2,483	2,483
Contracted Svcs. -Transportation			36,540		1,425			11,398	49,363
Purchased Property Services								-	-
Communication/Telephone								2,664	2,664
Travel			1,200	24,914	714			11,416	38,244
Supplies and Materials			1,776				21,418	532	23,726
Miscellaneous	-	-	-	-	-	-	-	1,000	1,000
Total Support Services	<u>98,079</u>	<u>28,615</u>	<u>140,369</u>	<u>120,040</u>	<u>11,594</u>	<u>-</u>	<u>783,272</u>	<u>256,824</u>	<u>1,438,793</u>
Equipment	-	-	-	-	-	-	5,087	59,388	64,475
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,087</u>	<u>59,388</u>	<u>64,475</u>
Total Expenditures	<u>\$ 1,000,391</u>	<u>\$ 28,615</u>	<u>\$ 661,897</u>	<u>\$ 128,960</u>	<u>\$ 26,249</u>	<u>\$ 1,293</u>	<u>\$ 849,615</u>	<u>\$ 405,554</u>	<u>\$ 3,102,574</u>

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

	<u>NonPublic Chapter 193</u>			<u>Nonpublic Nursing</u>	<u>Nonpublic Textbook Aid</u>	<u>Nonpublic Technology Aid</u>	<u>Nonpublic Security Aid</u>	<u>Nonpublic Home Instruction Aid</u>	<u>NonPublic Chapter 192</u>			<u>School Based Youth Services</u>	<u>Total Exhibit E-1a</u>
	<u>Exam. & Class.</u>	<u>Corrective Speech</u>	<u>Supp. Instr.</u>						<u>ESL</u>	<u>Transportation Aid</u>	<u>Compensatory Education Services</u>		
REVENUES													
Intergovernmental													
State	\$ 112,201	\$ 37,637	\$ 74,076	\$ 100,429	\$ 43,435	\$ 22,908	\$ 52,077	\$ 349	\$ 23,934	\$ 12,240	\$ 62,437	\$ 307,892	\$ 849,615
Federal	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 112,201	\$ 37,637	\$ 74,076	\$ 100,429	\$ 43,435	\$ 22,908	\$ 52,077	\$ 349	\$ 23,934	\$ 12,240	\$ 62,437	\$ 307,892	\$ 849,615
EXPENDITURES													
Instruction													
Salaries of Teachers													
General Supplies	-					\$ 17,821							\$ 17,821
Other Objects													-
Textbooks	-	-	-	-	\$ 43,435	-	-	-	-	-	-	-	43,435
Total Instruction	-	-	-	-	43,435	17,821	-	-	-	-	-	-	61,256
Support Services													
Salaries												307,892	307,892
Personal Svcs. -Emp. Benefits													-
Purchased Prof & Technical Service							\$ 30,659						30,659
Purchased Prof & Educ Svcs.	\$ 112,201	\$ 37,637	\$ 74,076	\$ 100,429				\$ 349	\$ 23,934		\$ 62,437		411,063
Other Purchased Services										\$ 12,240			12,240
Travel													-
Supplies and Materials							21,418						21,418
Indirect Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	112,201	37,637	74,076	100,429	-	-	52,077	349	23,934	12,240	62,437	307,892	783,272
Facilities Acquisition													
Instructional Equipment	-	-	-	-	-	5,087	-	-	-	-	-	-	5,087
Total Facilities Acquisition	-	-	-	-	-	5,087	-	-	-	-	-	-	5,087
Total Expenditures	\$ 112,201	\$ 37,637	\$ 74,076	\$ 100,429	\$ 43,435	\$ 22,908	\$ 52,077	\$ 349	\$ 23,934	\$ 12,240	\$ 62,437	\$ 307,892	\$ 849,615

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

	<u>Other Local Grants</u>	<u>Forum Twp Funds</u>	<u>Forum Juvenile Justice FY16</u>	<u>Juvenile Justice FY17</u>	<u>TWT/ Work Success</u>	<u>Total Exhibit E-1b</u>
REVENUES						
Intergovernmental						
State			\$ 19,898	\$ 49,763		\$ 69,661
Federal						
Other	\$ 62,355	\$ 39,902	-	-	\$ 233,636	335,893
Total Revenues	<u>\$ 62,355</u>	<u>\$ 39,902</u>	<u>\$ 19,898</u>	<u>\$ 49,763</u>	<u>\$ 233,636</u>	<u>\$ 405,554</u>
EXPENDITURES						
Instruction						
Salaries of Teachers		\$ 16,580	\$ 11,600	\$ 32,335		\$ 60,515
Salaries of Other Prof Staff						-
Purchased Prof and Educ Svcs						-
Purchased Prof and Tech Svcs		4,100	1,200	3,125		8,425
Tuition						-
Other Purchased Services						-
General Supplies	\$ 2,649	7,820	2,451	5,054		17,974
Textbooks						
Miscellaneous	-	2,428	-	-	-	2,428
Total Instruction	<u>2,649</u>	<u>30,928</u>	<u>15,251</u>	<u>40,514</u>	<u>-</u>	<u>89,342</u>
Support Services						
Salaries		6,888			\$ 144,711	151,599
Salaries of Other Prof. Staff						-
Personal Svcs. -Emp. Benefits			968	2,616	69,336	72,920
Purchased Prof and Educ Svcs.						-
Purchased Prof and Tech Svcs					525	525
Rentals					2,483	2,483
Travel					11,416	11,416
Contracted Svcs. -Transportation	-	1,086	3,679	6,633		11,398
Purchased Property Services						-
Other Purchased Services					2,287	2,287
Communications/ Telephone					2,664	2,664
Supplies and Materials	318				214	532
Miscellaneous						-
Total Support Services	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Total Support Services	<u>318</u>	<u>8,974</u>	<u>4,647</u>	<u>9,249</u>	<u>233,636</u>	<u>256,824</u>
Facilities Acquisition						
Equipment	59,388	-	-	-	-	59,388
Total Facilities Acquisition	<u>59,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,388</u>
Total Expenditures	<u>\$ 62,355</u>	<u>\$ 39,902</u>	<u>\$ 19,898</u>	<u>\$ 49,763</u>	<u>\$ 233,636</u>	<u>\$ 405,554</u>

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

THIS SCHEDULE IS NOT APPLICABLE

CAPITAL PROJECTS FUND

TEANECK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Project Title/Description</u>	<u>Modified Appropriations</u>	<u>Expenditures to Date</u>		<u>Transfers Out</u>		<u>Balance June 30, 2017</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Prior Years</u>	<u>Current Year</u>	
Energy Savings Improvement Program	\$ 8,878,088	\$ 7,213,376		\$ 1,205,000	\$ 440,000	\$ 19,712
Hawthorne School Roof Replacement	1,163,311	1,127,914				35,397
Technology Upgrade/Network Wiring	<u>2,501,317</u>	<u>-</u>	<u>\$ 2,500,000</u>	<u>-</u>	<u>-</u>	<u>1,317</u>
	<u>\$ 12,542,716</u>	<u>\$ 8,341,290</u>	<u>\$ 2,500,000</u>	<u>\$ 1,205,000</u>	<u>\$ 440,000</u>	<u>\$ 56,426</u>

Reconciliation of Fund Balance, June 30, 2017

Fund Balance, June 30, 2017 - GAAP Basis \$ 56,426

Analysis of Fund Balance (GAAP)

Restricted for Capital Projects:

Available For Capital Projects Expenditures \$ 56,426

Total Fund Balance - Restricted For Capital Projects \$ 56,426

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

Revenues and Other Financing Sources	
Interest Income	\$ 1,653
Other Financing Sources	
Capital Lease Proceeds	<u>2,500,000</u>
Total Revenues and Other Financing Sources	<u>2,501,653</u>
Expenditures and Other Financing Uses	
Capital Outlay	
Construction Services	2,500,000
Other Financing Uses	
Transfers out - General Fund	<u>440,000</u>
Total Expenditures and Other Financing Uses	<u>2,940,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(438,347)
Fund Balance - Beginning of Year	<u>494,773</u>
Fund Balance - End of Year	<u>\$ 56,426</u>

TEANECK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
ENERGY SAVINGS IMPROVEMENT PROGRAM
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				
Other Sources - Premium on Bonds	\$ 698,088		\$ 698,088	\$ 698,088
Bond Proceeds	<u>8,180,000</u>	<u>-</u>	<u>8,180,000</u>	<u>8,180,000</u>
 Total Revenues	 <u>8,878,088</u>	 <u>-</u>	 <u>8,878,088</u>	 <u>8,878,088</u>
Expenditures and Other Financing Uses				
Salaries	5,000		5,000	5,000
Purchased Professional and Technical Services	1,070,613		1,070,613	1,079,136
Construction Services	6,137,763		6,137,763	6,148,952
Project Balances Transferred:				
General Fund	<u>1,205,000</u>	<u>\$ 440,000</u>	<u>1,645,000</u>	<u>1,645,000</u>
 Total Expenditures and Other Financing Uses	 <u>8,418,376</u>	 <u>440,000</u>	 <u>8,858,376</u>	 <u>8,878,088</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>\$ 459,712</u>	 <u>\$ (440,000)</u>	 <u>\$ 19,712</u>	 <u>\$ -</u>
 Additional Project Information:				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	\$ 8,180,000			
Original Authorized Cost	8,878,088			
Additional Authorized Cost				
Revised Authorized Cost	\$ 8,878,088			
 Percentage Increase over Original Authorized				
Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	2012/2013			
Revised Target Completion Date	2012/2013			

TEANECK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
HAWTHORNE ELEMENTARY SCHOOL 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				
State Sources - SDA Grant	\$ 451,544		\$ 451,544	\$ 451,544
Local Share - Capital Lease	711,346		711,346	711,346
Interest Income	85	\$ 336	421	421
	<u>1,162,975</u>	<u>336</u>	<u>1,163,311</u>	<u>1,163,311</u>
Total Revenues				
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	53,937		53,937	53,937
Construction Services	1,073,977	-	1,073,977	1,109,374
	<u>1,127,914</u>	<u>-</u>	<u>1,127,914</u>	<u>1,163,311</u>
Total Expenditures and Other Financing Uses				
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 35,061	\$ 336	\$ 35,397	\$ -
 Additional Project Information:				
DOE Project Number	5150-110-14-1002			
SDA Project Number	5150-110-14-G1HO			
Grant Number	G5-4942			
Grant Date	1/16/2015			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,072,187			
Additional Authorized Cost	91,124			
Revised Authorized Cost	\$ 1,163,311			
 Percentage Increase over Original Authorized Cost 8%				
Percentage Completion 100%				
Original Target Completion Date 9/30/2015				
Revised Target Completion Date 9/30/2015				

TEANECK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
TECHNOLOGY UPGRADE/NETWORK WIRING
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				
Local Share - Capital Lease Proceeds	\$ -	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000
Interest Income	-	1,317	1,317	1,317
Total Revenues	-	2,501,317	2,501,317	2,501,317
Expenditures and Other Financing Uses				
Construction Services	-	\$ 2,500,000	2,500,000	2,501,317
Total Expenditures and Other Financing Uses	-	2,500,000	2,500,000	2,501,317
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ 1,317	\$ 1,317	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,500,000
Additional Authorized Cost	1,317
Revised Authorized Cost	\$ 2,501,317

Percentage Increase over Original Authorized

Cost	0%
Percentage Completion	100%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2017

PROPRIETARY FUNDS

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

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

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

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

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

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

AGENCY FUNDS

**TEANECK BOARD OF EDUCATION
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 115,831	\$ 479,107	\$ 594,938
Total Assets	<u>\$ 115,831</u>	<u>\$ 479,107</u>	<u>\$ 594,938</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 437,551	\$ 437,551
Flexible Spending Program		21,556	21,556
Due to Other Funds		20,000	20,000
Due to Student Groups	\$ 115,831	-	115,831
Total Liabilities	<u>\$ 115,831</u>	<u>\$ 479,107</u>	<u>\$ 594,938</u>

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

NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**TEANECK 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>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2017</u>
ELEMENTARY SCHOOLS				
Hawthorne	\$ 4,731	\$ 20,624	\$ 20,047	\$ 5,308
Bryant	3,534	11,178	9,723	4,989
Lowell	<u>3,231</u>	<u>6,516</u>	<u>7,772</u>	<u>1,975</u>
Total Elementary Schools	<u>11,496</u>	<u>38,318</u>	<u>37,542</u>	<u>12,272</u>
MIDDLE SCHOOLS				
Thomas Jefferson	10,664	42,063	41,232	11,495
Benjamin Franklin	<u>27,614</u>	<u>24,378</u>	<u>24,198</u>	<u>27,794</u>
Total Middle Schools	<u>38,278</u>	<u>66,441</u>	<u>65,430</u>	<u>39,289</u>
HIGH SCHOOL				
Teaneck High School	<u>70,566</u>	<u>190,192</u>	<u>204,540</u>	<u>56,218</u>
OTHER				
Athletic	3,931			3,931
Music	<u>3,721</u>	<u>1,525</u>	<u>1,125</u>	<u>4,121</u>
Total Other	<u>7,652</u>	<u>1,525</u>	<u>1,125</u>	<u>8,052</u>
Total All Schools	<u>\$ 127,992</u>	<u>\$ 296,476</u>	<u>\$ 308,637</u>	<u>\$ 115,831</u>

**TEANECK BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2017</u>
ASSETS				
Cash and Cash Equivalents	\$ 490,223	\$ 51,513,141	\$ 51,524,257	\$ 479,107
 Total Assets	 <u>\$ 490,223</u>	 <u>\$ 51,513,141</u>	 <u>\$ 51,524,257</u>	 <u>\$ 479,107</u>
 LIABILITIES				
Payroll Deductions and Withholdings	\$ 474,120	\$ 23,897,349	\$ 23,933,918	\$ 437,551
Flexible Spending Deposits	16,103	84,868	79,415	21,556
Accrued Salaries and Wages		27,510,924	27,510,924	
Due to Other Funds	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
 Total Liabilities	 <u>\$ 490,223</u>	 <u>\$ 51,513,141</u>	 <u>\$ 51,524,257</u>	 <u>\$ 479,107</u>

LONG-TERM DEBT

TEANECK BOARD OF EDUCATION
 SCHEDULE OF BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance, July 1, 2016	Issued	Paid	Balance, June 30, 2017
			Date	Amount					
School Refunding Bonds	7/27/2006	\$ 9,305,000				\$ 575,000		\$ 575,000	-
School Energy Savings Obligation Refunding Bonds	4/15/2012	8,180,000	4/1/18	\$ 465,000	3.00	6,680,000		440,000	\$ 6,240,000
			4/1/19	500,000	3.00				
			4/1/20	545,000	4.00				
			4/1/21	600,000	4.00				
			4/1/22	645,000	4.00				
			4/1/23	590,000	4.50				
			4/1/24	640,000	4.00				
			4/1/25	700,000	4.00				
			4/1/26	750,000	4.00				
			4/1/27	805,000	4.00				
Pension Refunding Bonds (ERIP)	8/7/2013	3,325,000	7/1/17	470,000	2.30	2,430,000		460,000	1,970,000
			7/1/18	485,000	2.70				
			7/1/19	500,000	3.20				
			7/1/20	515,000	3.50				
School Refunding Bonds	4/27/2016	7,615,000	7/15/17	595,000	2.00	7,615,000		180,000	7,435,000
			7/15/18-19	580,000	3.00/2.00				
			7/15/20	570,000	4.00				
			7/15/21	555,000	2.56				
			7/15/22	545,000	2.00				
			7/15/23-24	525,000	2.00/4.00				
			7/15/25	515,000	4.00				
			7/15/26	510,000	4.00				
			7/15/27	500,000	4.00				
			7/15/28	490,000	3.75				
			7/15/29	480,000	3.50				
			7/15/30	465,000	3.50				
			Totals						

Paid by Debt Service Fund Budget Appropriation \$ 1,215,000
 Paid by General Fund Budget Appropriation 440,000
\$ 1,655,000

TEANECK BOARD OF EDUCATION
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES AND LEASE PURCHASE AGREEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

<u>Description</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance, June 30, 2017</u>
<u>Capital Leases</u>							
Hawthorne & Bryant Elementary School Roof Imprvmnts	9/25/2014	\$ 1,250,000	1.56%	\$ 1,007,685		\$ 246,099	\$ 761,586
Savin Copiers	8/14/2013	392,535	5.08%	199,974		83,994	115,980
Savin Copiers	10/28/2014	8,959	2.63%	6,102		1,775	4,327
Savin Copiers	4/11/2016	112,235	4.18%	110,550		20,686	89,864
Technology Upgrade/Network Wiring	9/1/2016	2,500,000	2.59%	-	\$ 2,500,000	443,644	2,056,356
Total Capital Leases				<u>1,324,311</u>	<u>2,500,000</u>	<u>796,198</u>	<u>3,028,113</u>
<u>Lease-Purchase Agreements</u>							
Computers - Dell (Supplies)	7/1/2013	293,327	3.50%	75,041		75,041	-
Computers (Supplies)	7/15/2014	292,031	1.24%	146,004		72,553	73,451
Computers - Dell (Supplies)	8/1/2015	219,994	3.98%	-	219,994	110,081	109,913
Total Lease-Purchase Agreements				<u>221,045</u>	<u>219,994</u>	<u>257,675</u>	<u>183,364</u>
Total				<u>\$ 1,545,356</u>	<u>\$ 2,719,994</u>	<u>\$ 1,053,873</u>	<u>\$ 3,211,477</u>

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,461,209	-	\$ 1,461,209	\$ 1,461,209	-
Total Revenues	<u>1,461,209</u>	<u>-</u>	<u>1,461,209</u>	<u>1,461,209</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	1,035,000	\$ 183,841	1,218,841	1,215,000	\$ 3,841
Interest	<u>426,209</u>	<u>(183,841)</u>	<u>242,368</u>	<u>242,368</u>	<u>-</u>
Total Expenditures	<u>1,461,209</u>	<u>-</u>	<u>1,461,209</u>	<u>1,457,368</u>	<u>3,841</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	3,841	3,841
Fund Balance, Beginning of Year	<u>7,386</u>	<u>-</u>	<u>7,386</u>	<u>7,386</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 7,386</u>	<u>\$ -</u>	<u>\$ 7,386</u>	<u>\$ 11,227</u>	<u>\$ 3,841</u>

Recapitulation of Fund Balance:

Restricted for Debt Service:

 Available for Debt Service Expenditures \$ 11,227

Total Fund Balance - Restricted

 for Debt Service \$ 11,227

STATISTICAL SECTION

This part of the Teaneck 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.

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012 (1)	2013	2014 (2)	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 25,514,557	\$ 26,966,982	\$ 27,900,242	\$ 27,808,537	\$ 29,832,741	\$ 27,689,490	\$ 30,923,632	\$ 31,030,357	\$ 31,076,698	\$ 31,428,231
Restricted	229,174	1,975,666	899,886	643,243	1,191,255	3,236,970	571,338	324,625	833,187	1,788,028
Unrestricted	1,007,645	(1,778,289)	(3,820,722)	(1,782,172)	(2,316,760)	(1,892,086)	(29,821,336)	(33,550,664)	(30,514,996)	(28,346,121)
Total Governmental Activities Net Position	<u>\$ 26,751,376</u>	<u>\$ 27,164,359</u>	<u>\$ 24,979,406</u>	<u>\$ 26,669,608</u>	<u>\$ 28,707,236</u>	<u>\$ 29,034,374</u>	<u>\$ 1,673,634</u>	<u>\$ (2,195,682)</u>	<u>\$ 1,394,889</u>	<u>\$ 4,870,138</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 161,028	\$ 136,574	\$ 132,953	\$ 101,233	\$ 81,353	\$ 67,630	\$ 55,021	\$ 45,373	\$ 35,613	\$ 27,769
Restricted										
Unrestricted	312,806	275,705	123,100	76,294	(33,550)	84,428	140,807	201,619	325,827	617,185
Total Business-Type Activities Net Position	<u>\$ 473,834</u>	<u>\$ 412,279</u>	<u>\$ 256,053</u>	<u>\$ 177,527</u>	<u>\$ 47,803</u>	<u>\$ 152,058</u>	<u>\$ 195,828</u>	<u>\$ 246,992</u>	<u>\$ 361,440</u>	<u>\$ 644,954</u>
District-wide										
Net Investment in Capital Assets	\$ 25,675,585	\$ 27,103,556	\$ 28,033,195	\$ 27,909,770	\$ 29,914,094	\$ 27,757,120	\$ 30,978,653	\$ 31,075,730	\$ 31,112,311	\$ 31,456,000
Restricted	229,174	1,975,666	899,886	643,243	1,191,255	3,236,970	571,338	324,625	833,187	1,788,028
Unrestricted	1,320,451	(1,502,584)	(3,697,622)	(1,705,878)	(2,350,310)	(1,807,658)	(29,680,529)	(33,349,045)	(30,189,169)	(27,728,936)
Total District Net Position	<u>\$ 27,225,210</u>	<u>\$ 27,576,638</u>	<u>\$ 25,235,459</u>	<u>\$ 26,847,135</u>	<u>\$ 28,755,039</u>	<u>\$ 29,186,432</u>	<u>\$ 1,869,462</u>	<u>\$ (1,948,690)</u>	<u>\$ 1,756,329</u>	<u>\$ 5,515,092</u>

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

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

Source: District Records

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 35,644,622	\$ 32,850,320	\$ 34,139,305	\$ 30,421,657	\$ 32,671,988	\$ 33,576,131	\$ 33,856,291	\$ 45,216,191	\$ 43,078,084	\$ 47,544,166
Special Education	14,932,504	15,424,664	16,598,057	17,263,704	16,711,830	17,934,087	9,680,177	22,910,881	22,521,039	25,413,050
Other Special Instruction	4,040,837	4,490,700	4,861,567	3,382,495	4,061,728	4,049,272	3,273,279	5,104,799	4,899,904	5,257,184
Support Services:										
Student & Instruction Related Services	12,406,377	13,209,300	14,235,446	13,183,619	14,361,913	14,780,095	17,404,977	15,985,738	17,767,423	17,174,153
General Administration	1,481,314	1,789,267	1,410,162	1,122,333	1,080,471	1,494,069	1,014,942	1,346,018	1,238,269	1,377,257
School Administrative Services	4,208,866	4,088,235	4,200,508	4,416,827	4,189,822	4,257,991	3,040,882	4,797,201	5,504,071	6,205,382
Central and Other Support Services	1,368,503	1,376,200	1,790,946	1,982,452	1,993,106	2,125,032	1,481,017	2,162,372	2,550,972	2,533,001
Plant Operations and Maintenance	10,801,577	10,340,866	9,631,766	10,012,275	9,025,685	8,314,322	7,707,536	8,742,070	7,863,553	7,926,277
Pupil Transportation	5,174,060	5,101,656	5,134,633	4,853,999	4,696,541	4,567,081	4,395,157	5,090,466	5,261,919	5,276,477
Charter Schools	2,388,987	3,913,381	4,274,546	4,322,115	4,363,312	4,815,127				
Employee Benefits							12,735,510			
Depreciation Expense							1,734,667			
Interest and Other Charges on Long-Term Debt	921,055	887,725	847,364	833,217	920,530	1,129,319	820,419	682,245	556,367	503,691
Total Governmental Activities Expenses	93,368,702	93,472,314	97,124,300	91,794,693	94,076,926	97,042,526	97,144,854	112,037,981	111,241,601	119,210,638
Business-Type Activities:										
Food Service	1,282,444	1,316,617	1,350,203	1,325,864	1,397,117	1,202,883	1,479,468	1,420,191	1,466,292	1,335,533
Community School	855,417	747,254	884,402	859,294	858,905	708,373	564,347	498,653	526,953	644,259
Total Business-Type Activities	2,137,861	2,063,871	2,234,605	2,185,158	2,256,022	1,911,256	2,043,815	1,918,844	1,993,245	1,979,792
Total District Expenses	\$ 95,506,563	\$ 95,536,185	\$ 99,358,905	\$ 93,979,851	\$ 96,332,948	\$ 98,953,782	\$ 99,188,669	\$ 113,956,825	\$ 113,234,846	\$ 121,190,430
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction (Tuition)										
Special Education (Tuition)	\$ 123,683	\$ 122,388	\$ 187,773	\$ 183,867	\$ 205,243	\$ 139,183	\$ 67,734	\$ 8,034	\$ 113,759	\$ 176,152
Rentals							40,427			
Student and Instruction Related Services										
Pupil Transportation	29,050	6,913	1,391				7,620			
Operating Grants and Contributions	16,684,940	14,893,154	13,382,713	13,896,066	16,260,691	17,291,743	13,364,250	25,289,979	28,102,362	34,763,640
Capital Grants and Contributions	74,259	77,089	417,097	202,209	504,250	-		186,499	675,233	64,475
Total Governmental Activities Program Revenues	16,911,932	15,099,544	13,988,974	14,282,142	16,970,184	17,458,396	13,480,031	25,484,512	28,891,354	35,004,267
Business-Type Activities:										
Charges for Services										
Food Service	809,596	794,154	751,458	714,849	685,717	664,678	744,639	642,602	648,851	649,016
Community School	769,935	672,503	697,946	750,363	784,134	686,002	637,055	594,605	675,314	856,987
Operating Grants and Contributions	504,607	535,659	628,975	641,420	656,447	664,831	705,891	732,801	783,528	757,303
Capital Grants and Contributions	65,488	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	2,149,626	2,002,316	2,078,379	2,106,632	2,126,298	2,015,511	2,087,585	1,970,008	2,107,693	2,263,306
Total District Program Revenues	\$ 19,061,558	\$ 17,101,860	\$ 16,067,353	\$ 16,388,774	\$ 19,096,482	\$ 19,473,907	\$ 15,567,616	\$ 27,454,520	\$ 30,999,047	\$ 37,267,573

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (Expense)/Revenue										
Governmental Activities	\$ (76,456,770)	\$ (78,372,770)	\$ (83,135,326)	\$ (77,512,551)	\$ (77,106,742)	\$ (79,584,130)	\$ (83,664,823)	\$ (86,553,469)	\$ (82,350,247)	\$ (84,206,371)
Business-Type Activities	11,765	(61,555)	(156,226)	(78,526)	(129,724)	104,255	43,770	51,164	114,448	283,514
Total District-Wide Net Expense	<u>\$ (76,445,005)</u>	<u>\$ (78,434,325)</u>	<u>\$ (83,291,552)</u>	<u>\$ (77,591,077)</u>	<u>\$ (77,236,466)</u>	<u>\$ (79,479,875)</u>	<u>\$ (83,621,053)</u>	<u>\$ (86,502,305)</u>	<u>\$ (82,235,799)</u>	<u>\$ (83,922,857)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 73,468,869	\$ 75,400,085	\$ 77,384,174	\$ 77,452,263	\$ 77,452,263	\$ 77,760,542	\$ 78,926,950	\$ 80,505,489	\$ 83,928,341	\$ 85,606,908
Property Taxes Levied for Debt Service	1,755,174	1,768,016	1,758,616	1,441,802	1,782,863	1,785,784	1,789,891	1,845,977	1,489,284	1,461,209
Federal and State Aid - Restricted										
Federal and State Aid - Unrestricted	835,868	1,376,462	1,684,442	180,939			1,684,983			
Investment Earnings	231,044	68,258	34,349	51,159	19,927	82,082	61,893	24,538	17,195	24,426
Miscellaneous Income	107,639	172,932	88,792	192,205	262,013	282,860	694,931	308,149	505,998	589,077
Adjustments to Capital Assets							520,199			
Transfers										
Total Governmental Activities	<u>76,398,594</u>	<u>78,785,753</u>	<u>80,950,373</u>	<u>79,318,368</u>	<u>79,517,066</u>	<u>79,911,268</u>	<u>83,678,847</u>	<u>82,684,153</u>	<u>85,940,818</u>	<u>87,681,620</u>
Business-Type Activities:										
Miscellaneous Income										
Transfers										
Total Business-Type Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 76,398,594</u>	<u>\$ 78,785,753</u>	<u>\$ 80,950,373</u>	<u>\$ 79,318,368</u>	<u>\$ 79,517,066</u>	<u>\$ 79,911,268</u>	<u>\$ 83,678,847</u>	<u>\$ 82,684,153</u>	<u>\$ 85,940,818</u>	<u>\$ 87,681,620</u>
Change in Net Position										
Governmental Activities	\$ (58,176)	\$ 412,983	\$ (2,184,953)	\$ 1,805,817	\$ 2,410,324	\$ 327,138	\$ 14,024	\$ (3,869,316)	\$ 3,590,571	\$ 3,475,249
Business-Type Activities	11,765	(61,555)	(156,226)	(78,526)	(129,724)	104,255	43,770	51,164	114,448	283,514
Total District	<u>\$ (46,411)</u>	<u>\$ 351,428</u>	<u>\$ (2,341,179)</u>	<u>\$ 1,727,291</u>	<u>\$ 2,280,600</u>	<u>\$ 431,393</u>	<u>\$ 57,794</u>	<u>\$ (3,818,152)</u>	<u>\$ 3,705,019</u>	<u>\$ 3,758,763</u>

Source: District Records

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 7,724,554	\$ 5,974,960	\$ 3,704,385							
Unreserved	1,219,147	2,534,923	678,054							
Restricted				\$ 2,721,849	\$ 5,565,249	\$ 7,175,206	\$ 1,968,780	\$ 324,592	\$ 1,922,495	\$ 4,456,718
Committed				120,305	79,970	82,118				
Assigned				2,943,508	3,389,790	1,301,033	3,965,257	1,420,357	1,569,653	2,596,779
Unassigned				1,087,713	(79,344)	320,670	767,775	(435,844)	499,672	679,845
Total General Fund	\$ 8,943,701	\$ 8,509,883	\$ 4,382,439	\$ 6,873,375	\$ 8,955,665	\$ 8,879,027	\$ 6,701,812	\$ 1,309,105	\$ 3,991,820	\$ 7,733,342
All Other Governmental Funds										
Reserved	\$ 37,798	\$ 1,214,258	\$ 290,768							
Unreserved	959,688	(853,564)	539,451							
Restricted	-	-	-	\$ 1,307,769	\$ 7,795,275	\$ 1,516,881	\$ 1,224,801	\$ 1,647,932	\$ 502,159	\$ 67,653
Total All Other Governmental Funds	\$ 997,486	\$ 360,694	\$ 830,219	\$ 1,307,769	\$ 7,795,275	\$ 1,516,881	\$ 1,224,801	\$ 1,647,932	\$ 502,159	\$ 67,653

Source: District Records

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Property Tax Levy	\$ 75,224,043	\$ 77,168,101	\$ 79,142,790	\$ 78,894,065	\$ 79,235,126	\$ 79,546,326	\$ 80,716,841	\$ 82,351,466	\$ 85,417,625	\$ 87,068,117
Tuition Charges	123,683	122,388	187,773	183,867	205,243	139,183	67,734	8,034	113,759	176,152
Transportation	29,050	6,913	1,391				7,620			
Rentals						27,470	40,427	24,813		
Interest Earnings	231,044	68,258	34,349	51,159	19,927	82,082	61,893	24,538	17,195	24,426
Miscellaneous	331,950	402,246	329,281	456,835	638,879	692,169	694,931	606,879	872,144	933,306
State Sources	15,662,352	13,758,044	12,419,416	11,081,930	13,905,994	14,908,247	13,336,840	14,883,649	15,871,490	17,083,759
Federal Sources	1,708,404	2,359,347	2,824,347	2,932,654	2,482,081	1,848,522	1,712,393	1,764,121	1,762,558	1,994,360
Total Revenues	93,310,526	93,885,297	94,939,347	93,600,510	96,487,250	97,243,999	96,638,679	99,663,500	104,054,771	107,280,120
Expenditures										
Instruction										
Regular Instruction	35,346,984	32,639,028	34,144,175	30,353,393	32,515,309	33,564,746	33,967,601	39,789,210	36,630,907	38,013,929
Special Education Instruction	14,953,496	15,436,454	16,597,980	17,264,938	16,713,108	17,934,087	9,680,177	21,234,038	20,203,902	21,979,369
Other Special Instruction	4,050,555	4,494,747	4,859,251	3,383,004	4,062,282	4,049,272	3,273,279	4,350,846	3,998,073	4,004,204
Support Services:										
Student & Inst. Related Services	12,432,337	13,220,248	14,226,151	13,080,340	14,251,100	14,645,500	17,404,977	15,491,161	16,922,739	16,013,238
General Administration	1,446,207	1,488,827	1,508,645	1,172,764	1,074,120	1,552,943	945,329	1,388,638	1,264,599	1,355,640
School Administrative Services	4,035,116	4,022,602	4,155,819	4,397,523	4,179,353	4,275,614	3,040,882	4,340,892	4,799,231	5,181,268
Central and Other Support Services	1,371,661	1,377,927	1,790,932	1,982,676	1,993,324	2,125,032	1,481,017	2,075,126	2,448,307	2,362,775
Plant Operations and Maintenance	9,658,327	9,309,473	8,520,674	8,937,828	7,849,296	7,047,981	7,707,536	7,334,229	6,337,644	6,306,791
Pupil Transportation	5,174,724	5,101,986	5,134,631	4,854,016	4,696,557	4,567,081	4,395,157	5,086,630	5,243,572	5,255,958
Charter Schools	2,388,987	3,913,381	4,274,546	4,322,115	4,363,312	4,815,127				
Capital Outlay	1,323,022	2,183,219	1,608,203	728,345	2,820,781	6,190,573	3,672,844	992,268	1,839,461	2,966,297
Unallocated Employee Benefits							12,735,510			
Debt Service:										
Principal	870,000	900,000	945,000	1,015,177	1,350,245	1,580,573	1,625,000	2,210,634	2,162,849	2,708,873
Interest and Other Charges	899,884	868,016	831,259	800,597	833,259	1,250,502	959,960	822,229	786,133	544,756
Cost of Issuance				19,698	93,496				117,364	
Total Expenditures	93,951,300	94,955,908	98,597,266	92,312,414	96,795,542	103,599,031	100,889,269	105,115,901	102,754,781	106,693,098
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(640,774)	(1,070,611)	(3,657,919)	1,288,096	(308,292)	(6,355,032)	(4,250,590)	(5,452,401)	1,299,990	587,022

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources (Uses)										
Lease-Purchase/Capital Leases (non-budgeted)				\$ 1,680,390			\$ 684,949	\$ 1,550,990	\$ 112,235	\$ 2,719,994
Cancellation of Prior Year Receivables							(69,613)			
Proceeds from Sale of Bonds					\$ 8,180,000				7,615,000	
Premium on Sale of Bonds					698,088		63,870		642,071	
Payment to Refunded Bond Escrow Agent									(8,132,354)	
Transfers In	\$ 339,713	\$ 2,426,254	\$ 1,640,502	556,255	339,572	\$ 431,605		718,431	1,001,453	440,000
Transfers Out	(339,713)	(2,426,254)	(1,640,502)	(556,255)	(339,572)	(431,605)		(718,431)	(1,001,453)	(440,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,680,390</u>	<u>8,878,088</u>	<u>-</u>	<u>679,206</u>	<u>1,550,990</u>	<u>236,952</u>	<u>2,719,994</u>
Net Change in Fund Balances	<u>\$ (640,774)</u>	<u>\$ (1,070,611)</u>	<u>\$ (3,657,919)</u>	<u>\$ 2,968,486</u>	<u>\$ 8,569,796</u>	<u>\$ (6,355,032)</u>	<u>\$ (3,571,384)</u>	<u>\$ (3,901,411)</u>	<u>\$ 1,536,942</u>	<u>\$ 3,307,016</u>
Debt Service as a Percentage of										
Noncapital Expenditures	1.91%	1.91%	1.83%	1.98%	2.32%	2.91%	2.66%	2.91%	2.92%	3.14%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District Records

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

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Interest Earned</u>	<u>Transportation</u>	<u>Prior Year Refunds</u>	<u>Energy Performance Rebates</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 123,683	\$ 229,648	\$ 29,050			\$ 24,274	\$ 83,365	\$ 490,020
2009	122,388	68,081	6,913	\$ 440		27,800	144,692	370,314
2010	187,773	34,349	1,391			23,166	65,626	312,305
2011	183,867	51,095		75,817		35,651	80,737	427,167
2012	205,243	19,927		26,325		36,496	199,192	487,183
2013	139,183	82,082		67,832		27,470	215,028	531,595
2014	67,734	61,893	7,620			40,427	195,976	373,650
2015	8,034	24,444	12,900	79,909		24,813	190,527	340,627
2016	113,759	17,119	5,280	122,866	\$ 278,268	16,907	82,677	636,876
2017	176,152	22,773	66,295	110,870	\$ 295,402	23,470	93,040	788,002

Source: District Records

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

Fiscal Year Ended June 30.	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Memo Only Tax Exempt Property	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2008	\$ 29,911,100	\$ 5,239,172,100	\$ 575,765,100	\$ 45,394,000	\$ 198,441,100	\$ 6,088,683,400	\$ 558,851,200	\$ 5,118,294	\$ 6,093,801,694	\$ 6,176,343,931	\$ 1.250
2009	32,595,400	5,238,910,900	577,547,800	45,721,800	192,381,500	6,087,157,400	560,482,500	5,181,164	6,092,338,564	6,378,073,477	1.282
2010	28,599,600	5,250,478,800	572,256,800	42,596,300	191,725,400	6,085,656,900	565,901,000	7,236,257	6,092,893,157	6,130,053,183	1.297
2011	25,463,300	5,243,263,500	565,495,900	42,596,300	184,038,300	6,060,857,300	567,130,600	5,815,726	6,066,673,026	5,834,628,366	1.306
2012	23,156,300	5,202,928,400	557,720,900	41,484,700	186,093,300	6,011,383,600	570,785,800	5,549,185	6,016,932,785	5,786,499,545	1.322
2013	24,818,100	5,069,989,600	553,520,800	41,343,700	219,962,200	5,909,634,400	571,155,900	5,307,402	5,914,941,802	5,456,608,194	1.365
2014	26,244,900	4,980,162,600	550,175,000	40,204,300	219,780,400	5,816,567,200	567,515,209	5,516,191	5,822,083,391	5,133,113,007	1.415
2015 (1)	24,888,700	4,197,404,500	523,577,300	36,765,600	233,785,900	5,016,422,000	561,714,200	4,691,390	5,021,113,390	5,082,712,384	1.701
2016	28,296,600	4,199,996,400	516,527,300	36,765,600	231,869,900	5,013,455,800	561,310,100	4,418,973	5,017,874,773	5,298,002,372	1.735
2017	30,694,700	4,217,971,300	502,513,400	34,805,600	231,198,700	5,017,183,700	571,641,300	4,301,902	5,021,485,602	5,498,094,904	1.766

Source: County Abstract of Ratables

^a Tax rates are per \$100

(1) The Township of Teaneck undertook a revaluation of real property values effective for the calendar year 2015.

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County of Bergen	
2008	\$ 1.250	\$ 0.758	\$ 0.189	\$ 2.197
2009	1.282	0.797	0.202	2.281
2010	1.297	0.834	0.197	2.328
2011	1.306	0.858	0.199	2.363
2012	1.322	0.865	0.210	2.397
2013	1.365	0.912	0.209	2.486
2014	1.415	0.925	0.231	2.571
2015 (1)	1.701	1.095	0.251	3.047
2016	1.735	1.092	0.269	3.096
2017	1.766	1.092	0.285	3.143

Source: County Abstract of Ratables

(1) The Township of Teaneck undertook a revaluation of real property values effective for calendar year 2015.

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

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
A. Sanzari Enterprises	\$ 46,631,600	0.93 %		
Glenpointe Associates III			\$ 56,210,100	0.92 %
A. Sanzari Enterprises	46,508,500	0.93		
A. Sanzari Enterprises	33,800,400	0.67		
SNH Teaneck Properties, LLC	32,122,000	0.64		
CRP Heritage Pointe LLC	31,685,000	0.63		
A. Sanzari Enterprises	25,922,800	0.52		
Teaneck Garden Owners Corp.	17,257,000	0.34	16,500,000	0.27
A. Sanzari Enterprises	11,175,200	0.22		
Cedar Holding Assoc.	11,027,000	0.22		
Care One at Teaneck, LLC	10,486,000	0.21	14,568,000	0.24
Teaneck Limited PTNP			44,400,000	0.73
Glenpointe Associates III			43,186,000	0.71
Glenpointe Associates II			40,714,500	0.67
Glenpointe Associates			31,324,200	0.51
Givaudan-Roure Fragrance Corp			15,266,400	0.25
Glenpoint Associates II			13,469,200	0.22
Individual Taxpayer			11,348,700	0.19
	<u>\$ 266,615,500</u>	<u>\$ 5.31 %</u>	<u>\$ 286,987,100</u>	<u>\$ 4.71 %</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 75,224,043	\$ 75,224,043	100%	N/A
2009	77,168,101	77,168,101	100%	N/A
2010	79,142,790	79,142,790	100%	N/A
2011	78,894,065	78,894,065	100%	N/A
2012	79,235,126	79,235,126	100%	N/A
2013	79,546,326	79,546,326	100%	N/A
2014	80,716,841	80,716,841	100%	N/A
2015	82,351,466	82,351,466	100%	N/A
2016	85,417,625	85,417,625	100%	N/A
2017	87,068,117	87,068,117	100%	N/A

N/A - Not Applicable

Source: District records

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases/ Lease Purchase Agreements			
2008	\$ 19,390,000		\$ 19,390,000	38,541	\$ 503
2009	18,490,000		18,490,000	38,633	479
2010	17,545,000		17,545,000	39,823	441
2011	16,565,000	\$1,645,213	18,210,213	40,100	454
2012	23,710,000	1,329,968	25,039,968	40,246	622
2013	22,330,000	1,003,730	23,333,730	40,423	577
2014	20,810,000	1,219,379	22,029,379	40,587	543
2015	19,075,000	2,165,970	21,240,970	40,972	518
2016	17,300,000	1,545,356	18,845,356	41,010	460
2017	15,645,000	3,211,477	18,856,477	41,010 *	460

Source: District records

* Estimated

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2008	\$ 19,390,000		\$ 19,390,000	0.32	\$ 503
2009	18,490,000		18,490,000	0.30	479
2010	17,545,000		17,545,000	0.29	441
2011	16,565,000		16,565,000	0.27	413
2012	23,710,000		23,710,000	0.39	589
2013	22,330,000		22,330,000	0.38	552
2014	20,810,000		20,810,000	0.36	513
2015	19,075,000		19,075,000	0.38	466
2016	17,300,000		17,300,000	0.34	422
2017	15,645,000		15,645,000	0.31	381

Source: District records

**TEANECK BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES BOND DEBT
AS OF DECEMBER 31, 2016
(Unaudited)**

**Total
Debt**

Direct Debt:

Teaneck Board of Education (as of June 30, 2017)	\$ 15,645,000
Township of Teaneck (1)	<u>36,244,639</u>

51,889,639

Overlapping Debt Apportioned to the Municipality:

Bergen County:

County of Bergen (A)	38,009,701
Bergen County Utilities Authority - Water Pollution (B)	<u>10,767,637</u>

48,777,338

Total Direct and Overlapping Debt

\$ 100,666,977

Source:

(1) Township of Teaneck's 2016 Annual Debt Statement

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

(B) The debt was computed based upon usage

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 224,704,147	\$ 242,359,877	\$ 247,887,546	\$ 243,822,451	\$ 236,575,160	\$ 228,885,336	\$ 220,359,706	\$ 211,547,745	\$ 208,277,979	\$ 212,020,125
Total Net Debt Applicable to Limit	<u>19,390,590</u>	<u>13,630,000</u>	<u>12,980,000</u>	<u>16,565,000</u>	<u>23,710,000</u>	<u>22,330,000</u>	<u>20,810,000</u>	<u>9,115,000</u>	<u>8,190,000</u>	<u>7,435,000</u>
Legal Debt Margin	<u>\$ 205,313,557</u>	<u>\$ 228,729,877</u>	<u>\$ 234,907,546</u>	<u>\$ 227,257,451</u>	<u>\$ 212,865,160</u>	<u>\$ 206,555,336</u>	<u>\$ 199,549,706</u>	<u>\$ 202,432,745</u>	<u>\$ 200,087,979</u>	<u>\$ 204,585,125</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.63%	5.62%	5.24%	6.79%	10.02%	9.76%	9.44%	4.31%	3.93%	3.51%

Source: Annual Debt Statements

Legal Debt Margin Calculation June 30, 2017

Equalized Valuation Basis	
2016	\$ 5,473,205,022
2015	5,280,444,211
2014	<u>5,147,860,165</u>
	<u>\$ 15,901,509,398</u>
Average Equalized Valuation of Taxable Property	\$ 5,300,503,132.67
Debt Limit (4 % of average equalization value)	212,020,125
Less: Total Net Debt Applicable to Limit	<u>7,435,000</u>
Legal Debt Margin	<u>\$ 204,585,125</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	38,541	\$ 68,227	4.10%
2009	38,633	63,198	7.50%
2010	39,823	65,486	7.40%
2011	40,033	67,248	7.00%
2012	40,246	69,281	7.60%
2013	40,423	69,495	6.50%
2014	40,587	73,536	5.20%
2015	40,972	75,849	4.40%
2016	41,010	N/A	4.20%
2017	41,010 *	N/A	N/A

Source: New Jersey State Department of Education

N/A - Information was not available.

* - Estimate

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

Employer	2017		2008	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

Not Available

** Estimated

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	283.0	296.5	296.9	236.6	246.2	239.0	241.0	245.8	236.0	225.0
Special Education	106.0	127.5	132.6	123.4	137.4	140.8	143.8	136.0	107.8	104.0
Other Instruction	1.0	1.0	1.0	1.0	3.0	3.0	3.0	3.0	3.0	3.0
Support Services:										
Student & Instruction Related Services	91.0	101.8	96.8	95.0	92.0	91.5	89.0	79.0	76.8	74.0
General Administration	5.0	3.3	4.3	3.0	4.0	4.0	4.0	4.0	4.0	4.0
School Administrative Services	35.0	36.0	36.0	35.0	34.0	33.0	31.0	32.0	30.0	33.0
Plant Operations and Maintenance	115.0	110.5	108.5	96.5	98.0	95.5	83.5	60.0	27.0	23.0
Pupil Transportation	10.0	9.0	11.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Business and Other Support Services	10.0	13.0	16.0	15.0	15.0	14.0	14.0	15.0	12.0	8.0
Community School	5.0	4.5	6.0	6.0	3.7	2.0	1.0	2.0	1.0	1.0
Total	<u>661.00</u>	<u>703.00</u>	<u>708.99</u>	<u>612.54</u>	<u>634.30</u>	<u>623.79</u>	<u>611.30</u>	<u>577.8</u>	<u>498.6</u>	<u>476.0</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2008	4,350	\$ 90,858,394	\$ 20,887	11.17%	428.30	9.7	8.5	10	4,021	3,839	-3.03%	95.47%
2009	4,284	91,004,673	21,243	1.70%	432.80	10.7	8.5	10	3,940	3,731	-2.02%	94.70%
2010	4,192	89,768,295	21,414	0.81%	433.40	11.6	8.8	9.5	4,020	3,786	2.03%	94.18%
2011	4,308	89,748,597	20,833	-2.71%	385.00	11.4	9.1	10.4	3,955	3,769	-1.62%	95.30%
2012	4,196	91,697,761	21,854	4.90%	391.00	11.0	8.9	9.8	3,875	3,706	-2.02%	95.64%
2013	4,131	94,577,383	22,895	4.76%	395.80	11.1	8.2	9.4	3,791	3,685	-2.17%	97.20%
2014	4,098	97,216,425	23,723	3.62%	387.80	14.1	8.0	8.0	3,745	3,656	-1.21%	97.62%
2015	4,071	101,090,770	24,832	4.67%	447.90	8.4	7.4	8.9	3,604	3,500	-3.77%	97.11%
2016	4,018	97,848,974	24,353	-1.93%	460.10	8.9	7.8	9.6	3,604	3,500	0.00%	97.11%
2017	3,953	100,473,172	25,417	4.37%	408.00	9.7	8.7	10.6	3,498	3,397	-2.94%	97.11%

Sources: District records

- Note:
- a Resident student 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.

**TEANECK BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
<u>Elementary</u>										
Bryant-Kindergarten/Pre-K (1926)										
Square Feet	47,438	47,438	47,438	47,438	47,438	47,338	47,338	47,338	47,338	47,338
Capacity (students)	475	475	475	475	475	475	314	314	314	314
Enrollment	288	292	367	366	352	328	345	299	289	273
Whittier (1921)										
Square Feet	55,118	55,118	55,118	55,118	55,118	55,118	55,118	55,118	55,118	55,118
Capacity (students)	656	656	656	656	656	656	375	375	375	375
Enrollment	373	385	406	380	365	339	411	376	364	352
Hawthorne (1925)										
Square Feet	49,373	49,373	49,373	49,373	49,373	49,373	49,373	49,373	49,373	49,373
Capacity (students)	648	648	648	648	648	648	322	322	322	322
Enrollment	371	354	347	319	346	391	374	356	331	304
Lowell (1934)										
Square Feet	47,106	47,106	47,106	47,106	47,106	47,106	47,106	47,106	47,106	47,106
Capacity (students)	536	536	536	536	536	536	321	321	321	321
Enrollment	327	305	321	352	309	335	375	317	303	317
<u>Middle School</u>										
Thomas Jefferson M.S. (1958)										
Square Feet	105,216	105,216	105,216	105,216	105,216	105,216	105,216	105,216	105,216	105,216
Capacity (students)	894	894	894	894	894	894	676	676	676	676
Enrollment	669	626	624	614	598	577	690	582	541	548
Ben Franklin M.S. (1957)										
Square Feet	100,202	100,202	100,202	100,202	100,202	100,202	100,202	100,202	100,202	100,202
Capacity (students)	727	727	727	727	727	727	641	641	641	641
Enrollment	558	555	576	560	570	525	611	513	503	510
Teaneck High School (1926)										
Square Feet	215,808	215,808	215,808	215,808	215,808	215,808	215,808	215,808	215,808	215,808
Capacity (students)	1,625	1,625	1,625	1,625	1,625	1,625	1,203	1,203	1,203	1,203
Enrollment	1,396	1,398	1,369	1,336	1,298	1,272	1,459	1,280	1,304	1,250
Eugene Field School (1955)										
Square Feet	24,877	24,877	24,877	24,877	24,877	24,877	24,877	24,877	24,877	24,877
Capacity (students)	25	25	25	25	25	25	25	25	25	25

Number of Schools at June 30, 2017:

Elementary = 4

Middle School = 2

High School = 1

Other = 1

Source: District Records

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

<u>School Facilities</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>
Teaneck Sr. High (#050)	\$ 618,357	\$ 526,983	\$ 477,898	\$ 392,018	\$ 454,271	\$ 414,218	\$ 435,390	\$ 373,186	\$ 425,165	\$ 409,111
Benjamin Franklin Middle School (#060)	294,547	238,789	185,205	161,360	177,288	172,698	187,865	164,120	197,409	188,668
Thomas Jefferson Middle School (#070)	319,761	267,972	199,156	179,666	186,301	196,548	197,230	189,742	207,287	197,709
Bryant (#080)	140,552	108,934	94,760	73,689	83,199	81,183	93,155	87,910	93,261	88,352
Hawthorne (#110)	133,688	115,099	96,526	92,565	95,720	95,253	95,680	113,518	97,270	92,022
Lowell (#130)	132,144	124,384	89,683	73,332	83,997	110,949	93,635	75,399	92,804	87,934
Whittier (#150)	196,666	120,333	102,949	85,635	96,002	102,111	103,225	88,223	108,588	103,380
Eugene Field (#999)	63,721	65,148	50,985	40,248	43,544	54,733	57,813	54,466	49,253	45,970
District-Wide Total	<u>\$ 1,899,436</u>	<u>\$ 1,567,642</u>	<u>\$ 1,297,162</u>	<u>\$ 1,098,513</u>	<u>\$ 1,220,322</u>	<u>\$ 1,227,693</u>	<u>\$ 1,263,993</u>	<u>\$ 1,146,564</u>	<u>\$ 1,271,037</u>	<u>\$ 1,213,146</u>

Source: District Records

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Selective Insurance Co.		
Property-Blanket Building/Contents	\$ 179,686,729	\$ 5,000
Earthquake/Flood (Outside Zones A & V)	5,000,000	50,000
Flood Zones A & V	1,000,000	500,000
Comprehensive General Liability	1,000,000	
Comprehensive Crime Coverage	100,000 Per Employee/ 400,000 Per Loss	5,000
Automobile Coverage - Great American Insurance Co.	1,000,000	
Umbrella Liability - Selective Insurance Company	9,000,000	10,000 Retention
Excess Liability Umbrella - (Fireman's Fund)	50,000,000 Group Agg	
Educator's Legal Liability - Darwin National Assurance Co.	1,000,000	
Pollution Coverage - Ace American Insurance	4,000,000	15,000
Surety Bond Coverage - Selective Insurance Co.		
Anthony Bianchi, Treasurer of School Monies	425,000	
James Olobardi, Interim School Business Administrator/ Board Secretary	280,000	

Source: NESBIG/Burton Agency

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
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DONNA L. JAPHET, CPA, PSA
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ELIZABETH A. SHICK, CPA, RMA, PSA
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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
Teaneck Board of Education
Teaneck, 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 Teaneck 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 Teaneck Board of Education's basic financial statements and have issued our report thereon dated November 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Teaneck 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 Teaneck Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Teaneck 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 Teaneck Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Teaneck Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 30, 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 Teaneck 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 Teaneck Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 30, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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SHERYL M. NICOLosi, CPA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND 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**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Teaneck 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 Teaneck Board of Education's major federal and state programs for the fiscal year ended June 30, 2017. The Teaneck 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 Teaneck 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 Teaneck 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 Teaneck Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Teaneck 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002. Our opinion on each major federal and state program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the Teaneck 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 Teaneck 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 Teaneck 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

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

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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules 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 Teaneck Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 30, 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

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
November 30, 2017

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2016	Carryover Deferred Revenue	Carryover Accounts Receivable	Cash Received	Budgetary Expenditures	Funds Released		Balance, June 30, 2017			MEMO GAAP Receivable
											AR Adjustment	Def Rev Adjustment	(Accounts Receivable)	Uncearned Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
NCLB Title I	84.010A	S010A160030	NCLB031345-17	9/1/16-8/31/17	\$ 692,454		\$ 295,694	\$ (295,694)	\$ 431,174	\$ 661,897			\$ (556,974)	\$ 326,251		\$ (230,723)
NCLB Title I	84.010A	S010A150030	NCLB031345-16	9/1/15-8/31/16	711,003	\$ (134,856)	(295,694)	295,694	134,856	-	-	-	(556,974)	326,251	-	(230,723)
						(134,856)	-	-	566,030	661,897	-	-	(556,974)	326,251	-	(230,723)
NCLB Title II- Part A	84.367A	S367A160029	NCLB031345-17	9/1/16-8/31/17	105,244		104,714	(104,714)	113,277	128,960	\$ (13,481)	\$ 13,481	(110,162)	94,479		(15,683)
NCLB Title II- Part A	84.367A	S367A150029	NCLB031345-16	9/1/15-8/31/16	118,195	(18,054)	(104,714)	104,714	18,054	-	-	-	-	-	-	-
						(18,054)	-	-	131,331	128,960	(13,481)	13,481	(110,162)	94,479	-	(15,683)
NCLB Title III	84.365A	S365A160030	NCLB031345-17	9/1/16-8/31/17	33,124		14,733	(14,733)	19,797	26,249			(28,060)	21,608		(6,452)
NCLB Title III	84.365A	S365A150030	NCLB031345-16	9/1/15-8/31/16	27,556	(25,216)	(14,733)	14,733	25,216	-	-	-	-	-	-	-
NCLB Title III Immigrant	84.365A	S365A160030	NCLB031345-17	9/1/16-8/31/17	12,901		-	-	1,293	1,293			(11,608)	11,608		-
NCLB Title III Immigrant	84.365A	S365A150030	NCLB031345-16	9/1/15-8/31/16	19,164	(15,198)	-	-	15,198	-	-	-	-	-	-	-
Total NCLB Title III Cluster						(40,414)	-	-	61,504	27,542	-	-	(39,668)	33,216	-	(6,452)
IDEA Part B Basic	84.027	H027A160100	IDEA-1345-17	9/1/16-8/31/17	1,031,956		24,608	(24,608)	930,911	1,000,391			(125,653)	56,173		(69,480)
IDEA Part B Basic	84.027	H027A150100	IDEA-1345-16	9/1/15-8/31/16	1,040,484	(249,225)	(24,608)	24,608	249,225	-	-	-	-	-	-	-
IDEA Part B Preschool	84.173	H173A160114	IDEA-1345-17	9/1/16-8/31/17	26,790		1,870	(1,870)	28,615	28,615			(45)	45		-
IDEA Part B Preschool	84.173	H173A150114	IDEA-1345-16	9/1/15-8/31/16	25,918	(2,100)	(1,870)	1,870	2,100	-	-	-	-	-	-	-
Total Special Education Cluster						(251,325)	-	-	1,210,851	1,029,006	-	-	(125,698)	56,218	-	(69,480)
Total Special Revenue Fund						(444,649)	-	-	1,969,716	1,847,405	(13,481)	13,481	(832,502)	510,164	-	(322,338)
U.S. Department of Agriculture																
Passed-through State Department of Education																
Enterprise Fund:																
School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	106,317				96,805	106,317			(9,512)			(9,512)
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	106,947	(22,290)			22,290	-			-	-		-
NSLP - Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	559,678				518,712	559,678			(40,966)			(40,966)
NSLP - Cash Assistance	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	554,829	(103,775)			103,775	-			-	-		-
NSLP - Non Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	87,930				87,930	76,955			-	10,975		-
Total Child Nutrition Program Cluster / Enterprise Fund						(126,065)	-	-	829,512	742,950	-	-	(50,478)	10,975	-	(50,478)
U.S. Department of Health and Human Services																
Passed-through State Department of Education																
General Fund:																
Medicaid Reimbursement Program (SEMI)	93.778	1705NJSMAP	N/A	7/1/16-6/30/17	146,955				146,955	146,955						
Total General Fund									146,955	146,955						
Total Federal Financial Awards						\$ (570,714)	\$ -	\$ -	\$ 2,946,183	\$ 2,737,310	\$ (13,481)	\$ 13,481	\$ (882,980)	\$ 521,139		\$ (372,816)

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

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

Federal/Grantor/Pass-Through Grantor/ State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance June 1, 2016	Cash Received	Budgetary Expenditures	Refund Prior Year's Balances	Accts Rec Adjustments	Unearn Rev Adjustments	Balance June 30, 2017		Cumulative Total Expenditures
										(Accounts Receivable)	Unearned Revenue	
State Department of Education												
General Fund:												
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 2,596,036	\$	\$ 2,419,821	\$ 2,596,036				\$ (176,215)		\$ 2,596,036
Special Education Aid	16-100-034-5120-089	7/1/15-6/30/16	2,567,656	(166,095)	680,672	730,240				(49,568)		730,240
Security Aid	16-495-034-5120-084	7/1/16-6/30/16	730,240		47,256	47,256						
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	730,257		37,676	40,420				(2,744)		40,420
PARCC Readiness Aid	16-495-034-5120-098	7/1/16-6/30/17	40,420		2,615	2,615						
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	40,420		37,677	40,420				(2,743)		40,420
Per Pupil Growth Aid	16-495-034-5120-097	7/1/16-6/30/17	40,420		2,614	2,614						
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	40,420		37,005	39,700				(2,695)		39,700
Pre-Learning Community Aid	17-100-034-5120-101	7/1/16-6/30/17	39,700		3,451,431	3,446,816				(233,965)		3,446,816
Total State Aid Public Cluster				(218,580)								
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	1,909,231		1,779,635	1,909,231				(129,596)		1,909,231
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	1,887,212		122,079	124,010				(124,010)		124,010
Nonpublic Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	124,010									
Nonpublic Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	124,132									
Total Transportation Cluster				(246,211)	2,025,846	2,033,241				(253,606)		2,033,241
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	1,011,043		975,270	1,011,043				(1,011,043)		1,011,043
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	975,270									
Homeless Tuition	N/A	7/1/16-6/30/17	47,011			47,011				(47,011)		47,011
Homeless Tuition	N/A	7/1/15-6/30/16	75,756			75,756						
Homeless Tuition	N/A	7/1/14-6/30/15	159,661			159,661				(3,425)		156,236
On Behalf TPAT Pension System Contribution	17-495-034-5094-002	7/1/16-6/30/17	3,778,629		3,778,629	3,778,629						3,778,629
On Behalf TPAT NCO Premium	17-495-034-5094-004	7/1/16-6/30/17	136,908			136,908						136,908
On Behalf TPAT Post Retirement Medical Commit	17-495-034-5094-001	7/1/16-6/30/17	3,262,534			3,262,534						3,262,534
On Behalf TPAT Long Term Liability	17-495-034-5094-004	7/1/16-6/30/17	5,475			5,475						5,475
Reimbursed TPAT Social Security Contributions	16-100-034-5094-003	7/1/16-6/30/17	2,500,160		2,370,044	2,500,160				(124,116)		2,500,160
Reimbursed TPAT Social Security Contributions	16-495-034-5094-003	7/1/15-6/30/16	2,536,762		127,625	127,625						
Total General Fund				(1,646,917)	16,195,568	16,221,817				(1,673,166)		(298,562)
Special Revenue Fund:												
Auxiliary Services Chpt 192:												
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	66,289		66,289	66,289						66,289
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	39,244			39,244						39,244
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	24,858		24,858	24,858						24,858
English as a Second Language	16-100-034-5120-067	7/1/15-6/30/16	27,694			27,694						27,694
Transportation	17-100-034-5120-067	7/1/16-6/30/17	15,750		15,750	15,750						15,750
Transportation	16-100-034-5120-067	7/1/15-6/30/16	349			349						349
Home Instruction	17-100-034-5120-067	7/1/16-6/30/17	349			349						349
Home Instruction	16-100-034-5120-067	7/1/15-6/30/16	349			349						349
Total Auxiliary Services (Chpt 192) Cluster				(4,854)	108,897	98,960	4,854			(349)		(349)
Handicapped Services Chpt 193:												
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	113,461		113,461	112,201						112,201
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	86,427			86,427						86,427
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	39,758		39,758	37,637						37,637
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	2,524			2,524						2,524
Corrective Speech	16-100-034-5120-066	7/1/16-6/30/16	82,316		82,316	74,076						74,076
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	23,465		3,044	23,465						23,465
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	23,465			23,465						23,465
Total Handicapped Services (Chpt 193) Cluster				(4,716)	255,535	223,914	14,716					(223,914)
New Jersey Nonpublic Aid	17-100-034-5120-064	7/1/16-6/30/17	54,587		54,587	43,435						43,435
New Jersey Nonpublic Aid	16-100-034-5120-064	7/1/15-6/30/16	36,201			36,201						36,201
Textbook Aid	16-100-034-5120-070	7/1/16-6/30/17	101,070		101,070	100,429						100,429
Textbook Aid	16-100-034-5120-070	7/1/15-6/30/16	24,622			22,908						22,908
Nursing Services	17-100-034-5120-573	7/1/16-6/30/17	16,484		16,484	16,484						16,484
Nursing Services	16-100-034-5120-573	7/1/15-6/30/16	56,150		56,150	52,077						52,077
Nonpublic Technology	17-100-034-5120-084	7/1/16-6/30/17	20,950		554	20,950						20,950
Nonpublic Technology	16-100-034-5120-084	7/1/15-6/30/16	20,950			20,950						20,950
Nonpublic Security	16-100-034-5120-084	7/1/15-6/30/16	307,892		307,892	307,892						307,892
Nonpublic Security	16ALPB	7/1/15-6/30/16	308,892			308,892				(2,169)		307,892
Nonpublic Security	14ALPB	7/1/15-6/30/16	307,616			307,616						307,616
School Based Youth Services	YFS210-01-1717ALPB	7/1/16-6/30/17	307,892		307,892	307,892						307,892
School Based Youth Services	16ALPB	7/1/15-6/30/16	308,892			308,892				(2,169)		307,892
School Based Youth Services	14ALPB	7/1/15-6/30/16	307,616			307,616						307,616
School Based Youth Services	16ALPB	7/1/15-6/30/16	307,616			307,616						307,616
School Based Youth Services	14ALPB	7/1/15-6/30/16	307,616			307,616						307,616
Subtotal Special Revenue Fund				(21,062)	888,753	849,615	25,916					(2,518)
												849,615

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

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

Federal/Grantor/Pass-Through Grantor/ State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2016	Cash Received	Budgetary Expenditures	Refund Prior Year's Balances	Accts Rec Adjustments	Unearn Rev Adjustments	Balance, June 30, 2017			MEMO	
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures
Special Revenue Fund (Continued):														
Department of Law and Public Safety (passed thru County of Bergen)														
Juvenile Justice Partnership Grant	TPS-S17	1/1/17-12/31/17	\$ 70,796			\$ 19,898				\$ (70,796)	\$ 50,898		\$ (19,898)	\$ 19,898
Juvenile Justice Partnership Grant	TPS-S16	1/1/16-12/31/16	70,796	-	\$ 46,181	49,763	-	\$ (70,796)	\$ 49,763	(24,615)	-	-	(24,615)	49,763
Total Juvenile Justice Partnership Grant				-	46,181	69,661	-	(70,796)	49,763	(95,411)	50,898	-	(44,513)	69,661
Total Special Revenue Fund				\$ 24,062	934,934	919,276	\$ 25,916	(70,796)	49,763	(97,929)	50,898	\$ 39,802	(47,031)	919,276
State of New Jersey Schools Development Authority														
Capital Projects:														
Bryant ES Roof Replacement	5150-080-14-G11HN	7/1/14-6/30/15	457,884	(348,311)	348,311									
Hawthorne ES Roof Replacement	5150-110-14-G11HO	7/1/14-6/30/15	451,544	(406,390)	406,390									
Total Capital Projects				(754,701)	754,701									
State Department of Agriculture														
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	14,353		13,327	14,353				(1,026)			(1,026)	14,353
State School Lunch Program	16-100-010-3350-023	7/1/15-6/30/16	14,367	(2,647)	2,647									
Total Enterprise Fund				(2,647)	15,974	14,353				(1,026)			(1,026)	14,353
Sub-Total State Financial Assistance				(2,380,203)	17,901,177	17,155,446	25,916	(70,796)	49,763	(1,772,121)	50,898	39,802	(346,619)	17,155,446
Less: On-Behalf TPAF Contributions Not Subject to Single Audit and Major Program Determination														
TPAF Pension System Contributions	17-485-034-5094-002	7/1/16-6/30/17	3,778,629		(3,778,629)	(3,778,629)								(3,778,629)
TPAF Pension - NCGI Premium	17-485-034-5094-004	7/1/16-6/30/17	136,908		(136,908)	(136,908)								(136,908)
TPAF Post Retirement Medical	17-495-034-5094-001	7/1/16-6/30/17	3,262,534		(3,262,534)	(3,262,534)								(3,262,534)
TPAF Pension - Long Term Liability	17-485-034-5094-004	7/1/16-6/30/17	5,475		(5,475)	(5,475)								(5,475)
Total State Financial Assistance Subject to Single Audit and Major Program Determination				\$ (2,380,203)	\$ 10,717,631	\$ 9,971,900	\$ 25,916	\$ (70,796)	\$ 49,763	\$ (1,772,121)	\$ 50,898	\$ 39,802	\$ (346,619)	\$ 9,971,900

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

**TEANECK 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 Teaneck 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 \$58,675 for the general fund and an increase of \$9,677 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	\$ 146,955	\$ 16,163,142	\$ 16,310,097
Special Revenue Fund	1,847,405	920,617	2,768,022
Food Service Fund	<u>742,950</u>	<u>14,353</u>	<u>757,303</u>
Total Awards Financial Assistance	<u>\$ 2,737,310</u>	<u>\$ 17,098,112</u>	<u>\$ 19,835,422</u>

**TEANECK 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 \$2,500,160 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 \$3,915,537, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$3,262,534 and TPAF Long-Term Disability Insurance in the amount of \$5,475 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

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

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.

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

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified yes X no

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

Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

Internal Control over compliance:

1) Material weakness(es) identified yes X no

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section 516(a) of the U.S. Uniform Guidance yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEA Part B Basic</u>
<u>84.173</u>	<u>IDEA Part B Preschool</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

**TEANECK 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

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 X yes no

Internal Control over compliance:

1) Material weakness(es) identified

 yes X no

2) Were significant deficiency(ies) identified
that were not considered to be material
weakness(es)?

 X yes none reported

Type of auditor's report on compliance for
major programs

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with N.J. Circular Letter 15-08, as amended?

 X yes no

Identification of major state programs:

GMIS Number(s)	Name of State Program
17-495-034-5120-014	Transportation Aid/Non-Public Transportation Aid
17-495-034-5120-089	Special Education Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-098	PARCC Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-101	Professional Learning Community Aid
17-100-034-5120-473	Extraordinary Aid
17-495-034-5094-003	Reimbursement TPAF Social Security

**TEANECK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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.

TEANECK 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.

**TEANECK 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 STATE AWARDS

Finding 2017-001

Our audit of purchases and contract awards for compliance with Public School Contracts Law revealed the following:

- Contract awards made through National Cooperative Agreements and the General Services Administration were not procured in accordance with procedures and guidelines of the Public School Contracts Law.
- A contract for educational staffing services in excess of the bid threshold was renewed for 2016-2017 but not approved by Board resolution. In addition, it appears the original contract was not procured through a public bid or competitive contracting process. However, we noted these services were subsequently bid for the 2017/2018 school year.
- Professional service contract awards were not subsequently advertised as required.

State Program Information

Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097
Professional Learning Community Aid	495-034-5120-101

Criteria or Specific Requirement

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions – N.J.S.A. 18A:18A – Public School Contracts Law.

Condition

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law.

Questioned Costs

Unknown.

**TEANECK 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 STATE AWARDS

Finding 2017-001 (Continued)

Context

See finding 2017-001.

Effect

Noncompliance with the Public School Contracts Law.

Cause

See Condition.

Recommendation

Continued efforts be made to ensure purchases and contract awards in excess of the bid threshold are made in accordance with the Public School Contracts Law.

View of Responsible Officials and Planned Corrective Action

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

**TEANECK 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 STATE AWARDS

Finding 2017-002

Our audit of T.P.A.F. FICA reimbursements revealed the salaries used to determine the amount reimbursed by the State for FICA included certain non-pensionable compensation.

State Program Information

Reimbursed TPAF Social Security Contributions	495-034-5094-003
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Criteria or Specific Requirement

State Grant Compliance Supplement

Condition

Salaries used to determine State reimbursements for FICA paid for T.P.A.F. members included certain non-pensionable wages.

Questioned Costs

Unknown.

Context

Imputed income, non-pensionable compensation, was included in the salaries used to determine the amount to be reimbursed by the State.

Effect

Amounts reimbursed by State did not reflect actual FICA paid on T.P.A.F. members' pensionable wages.

Cause

See context.

Recommendation

The District review with its financial accounting software vendor the T.P.A.F. FICA calculation to ensure T.P.A.F. FICA reimbursements are based only on pensionable wages subject to FICA.

View of Responsible Officials and Planned Corrective Action

Management agrees with this finding and had indicated that procedures will be implemented to take corrective action.

TEANECK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR 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 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2016-001:

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law.

Current Status

See Finding 2017-001.