

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

**Elmwood Park, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Elmwood Park Board of Education**

**Elmwood Park, New Jersey**

**For The Fiscal Year Ended June 30, 2018**

**Prepared by**

**Business Office**

**ELMWOOD PARK BOARD OF EDUCATION  
TABLE OF CONTENTS**

Page

**INTRODUCTORY SECTION**

Letter of Transmittal	1-5
Organizational Chart	6
Roster of Officials	7
Consultants and Advisors	8

**FINANCIAL SECTION**

Independent Auditor's Report	9-11
------------------------------	------

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management's Discussion and Analysis	12-22
--------------------------------------	-------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1 Statement of Net Position	23
A-2 Statement of Activities	24-25

**B. Fund Financial Statements**

*Governmental Funds*

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

*Proprietary Funds*

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

*Fiduciary Funds*

B-7 Statement of Agency Assets and Liabilities	33
B-8 Statement of Changes in Fiduciary Net Position – Not Applicable	34

<b>Notes to the Financial Statements</b>	<b>35-76</b>
--	--------------

**ELMWOOD PARK BOARD OF EDUCATION  
TABLE OF CONTENTS**

		<u>Page</u>
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART II</b>		
<b>C. Budgetary Comparison Schedules</b>		
C-1	Budgetary Comparison Schedule – General Fund	77-84
C-2	Budgetary Comparison Schedule – Special Revenue Fund	85
<b>NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II</b>		
C-3	Budgetary Comparison Schedule – Notes to Required Supplementary Information	86
<b>REQUIRED SUPPLEMENTARY INFORMATION - PART III</b>		
<b>L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)</b>		
L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	87
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	88
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	89
L-4	Notes to Required Supplementary Information	90
L-5	Required Supplementary Information – Schedule of Changes in the District’s Proportionate Share of Total OPEB Liability	91
L-6	Required Supplemental Information – Schedule of Changes in the District’s Proportionate Share of the OPEB Liability and Schedule of the District Proportionate Share of the OPEB Liability – Notes to the Required Supplementary Information	92
<b>OTHER SUPPLEMENTARY INFORMATION</b>		
<b>D. School Level Schedules – Not Applicable</b>		
<b>E. Special Revenue Fund</b>		
E-1	Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	93-94
E-2	Schedule of Preschool Aid Expenditures – Budgetary Basis – Not Applicable	95
<b>F. Capital Projects Fund</b>		
F-1	Summary Statement of Project Expenditures – Budgetary Basis	96
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	97
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	98

**ELMWOOD PARK BOARD OF EDUCATION  
TABLE OF CONTENTS**

		<u>Page</u>
<b>G. Proprietary Funds</b>		
<i>Enterprise Fund</i>		
G-1	Combining Statement of Net Position	99
G-2	Combining Statement of Revenues, Expenses and Changes in Net Position	99
G-3	Combining Statement of Cash Flows	99
<b>H. Fiduciary Funds</b>		
H-1	Combining Statement of Agency Assets and Liabilities	100
H-2	Combining Statement of Changes in Fiduciary Net Position – Not Applicable	101
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	101
H-4	Payroll Agency Fund Schedule of Changes in Assets and Liabilities	102
<b>I. Long-Term Debt</b>		
I-1	Schedule of Serial Bonds	103
I-2	Schedule of Capital Leases and Lease-Purchases Payable	104
I-3	Debt Service Fund Budgetary Comparison Schedule	105
<b>J.</b>	<b>STATISTICAL SECTION (Unaudited)</b>	
J-1	Net Position by Component	106
J-2	Changes in Net Position	107-108
J-3	Fund Balances – Governmental Funds	109
J-4	Changes in Fund Balances, Governmental Funds	110-111
J-5	General Fund Other Local Revenue by Source	112
J-6	Assessed Value and Actual Value of Taxable Property	113
J-7	Direct and Overlapping Property Tax Rates	114
J-8	Principal Property Taxpayers	115
J-9	Property Tax Levies and Collections	116
J-10	Ratios of Outstanding Debt by Type	117
J-11	Ratios of Net General Bonded Debt Outstanding	118
J-12	Direct and Overlapping Governmental Activities Debt	119
J-13	Legal Debt Margin Information	120
J-14	Demographic and Economic Statistics	121
J-15	Principal Employers	122
J-16	Full-Time Equivalent District Employees by Function/Program	123
J-17	Operating Statistics	124
J-18	School Building Information	125
J-19	Schedule of Required Maintenance for School Facilities	126
J-20	Insurance Schedule	127

**ELMWOOD PARK BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**SINGLE AUDIT SECTION**

<b>K.</b>		
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards – Independent Auditor’s Report	128-129
K-2	Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08 Independent Auditor’s Report	130-132
K-3	Schedule of Expenditure of Federal Awards	133
K-4	Schedule of Expenditures of State Financial Assistance	134-135
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	136-137
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	138-139
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	140
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	141-142
K-8	Summary Schedule of Prior Year Findings	143

## **INTRODUCTORY SECTION**

# **ELMWOOD PARK PUBLIC SCHOOLS**

**OFFICE OF THE BOARD SECRETARY/BUSINESS ADMINISTRATOR**

**Anthony Iachetti**  
Superintendent  
of Schools

**60 EAST 53<sup>RD</sup> STREET**  
**ELMWOOD PARK, NEW JERSEY 07407**  
**TELEPHONE (201) 796-8700**  
**Fax (201) 625-6370**

**John DiPaola**  
Business Administrator/  
Board Secretary

January 18, 2019

Members of the Board of Education  
Elmwood Park Public Schools  
60 East 53<sup>rd</sup> Street  
Elmwood Park, NJ 07407

Dear Board Members:

The comprehensive annual financial report (CAFR) of the Elmwood Park Board of Education (the Board) for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation (including all disclosures) rests with the management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects, and is reported in a manner designed to present fairly the financial position and the respective changes in financial position of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Governmental 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 the narrative. The District's MD&A can be found immediately following the "Independent Auditor's Report."

The comprehensive annual financial report (CAFR) is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (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 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.



Every 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 State Treasury Circular OMB 15-08. Information related to this single audit, including the auditors' 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

Our District provides a full range of educational services appropriate to grade levels K through 12. These include regular and special education for handicapped, school-aged individuals. The District completed FY 2017/2018 with an average daily enrollment of 2,601. The following Average Daily Enrollment figures, reported in the School Summary Register, detail the changes in student enrollment over the last ten (10) years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2017/18	2,601	.011%
2016/17	2,572	.015%
2015/16	2,533	.0008%
2014/15	2,531	.0016%
2013/14	2,527	-0.41%
2012/13	2,537	2.24%
2011/12	2,482	3.31%
2010/11	2,402	3.94%
2009/10	2,311	0.57%
2008/09	2,298	3.89%

2. ECONOMIC CONDITION AND OUTLOOK

The Borough of Elmwood Park is almost fully developed with only a nominal amount of land that remains vacant. Most land use changes reflect the results of redevelopment. This has resulted in a static tax base, and this appears to be the picture for the immediate future as well.

The District's General Fund was in a deficit position at the end of the 2010-2011 and 2011-2012 school years. The District obtained a state aid advance loan in 2012-2013 in the amount of \$2,214,497, which must be repaid over the next ten years. This loan was reflected as budgetary revenue pursuant to N.J.S.A. 18A:7A-56, and as another financing source on the GAAP basis governmental fund statements. For purposes of the District-wide statements, the loan is reflected as a long-term liability of governmental activities at year end.

### 3. MAJOR INITIATIVES

The Elmwood Park School District strives to meet the educational challenges of the various student population through a series of ambitious curriculum initiatives. Planning is based upon a long range District Professional Development Plan (2018-2020), which encompasses the growth of general education students, ELL/ ESL, students with IEPs and other specific initiatives based on NJDOE mandates. Curriculum advances and enhancements include the areas of English Language Arts, mathematics, Foreign Language, 21<sup>st</sup> Century Skills, technology, social studies, and science.

In-service professional development training is provided to all staff members to continue the progress of rigorous instruction, implementation of effective assessments, and the application of 21<sup>st</sup> century technology. The district also continues to offer frequent PLC articulation time throughout the school year, after-school hours and during summer recess. The Quality School Assurance Continuum addresses this area.

In addition to technology, in-service training has focused on guided reading, readers and writers workshop, mathematics workshop, and specific technological platforms to assist in PARCC preparation at all levels. Professional Development has also thoroughly addressed the assimilation of NGSS and NJ Student Learning Standards. District in-service days have focused on a diversified curriculum meeting the needs of each type of learner, as well as establishing Professional Learning Communities for our teachers throughout the district.

### 4. INTERNAL ACCOUNTING CONTROLS

As a recipient of Federal and State financial assistance, the District is also 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 subject to periodic evaluation by District management and the auditor.

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

### 5. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for FY 2017/2018 is reflected in the budgetary comparison schedules of the required supplementary information.

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-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assigned fund balance at June 30, 2018.

## 6. ACCOUNTING SYSTEM AND REPORTS

Our District accounting records reflect generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements."

## 7. DEBT ADMINISTRATION

On June 30, 2018, the District had \$26,220,000 outstanding in General Obligation Bonds. The proceeds of these bonds were used to provide funds for major capital improvements to the District's buildings and grounds.

## 8. CASH MANAGEMENT

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

## 9. RISK MANAGEMENT

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

## 10. OTHER INFORMATION

**Independent Audit.** State statute requires an annual audit by an independent certified public accountant or registered municipal accountant. The Board's Finance Committee selected the accounting firm of Lerch Vinci & Higgins, LLP, CPA's. In addition to meeting the requirements as 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 Letter OMB 15-08.

The auditor's report on the basic financial statements 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.

## 11. ACKNOWLEDGEMENTS

We would like to express our appreciation to the members of the Elmwood Park Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the District, as well as contributing their full support to the development and maintenance of our financial operations. Further, the preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff and other members in central office.

Respectfully submitted,



Anthony Iachetti  
Superintendent of Schools  
Elmwood Park Public Schools

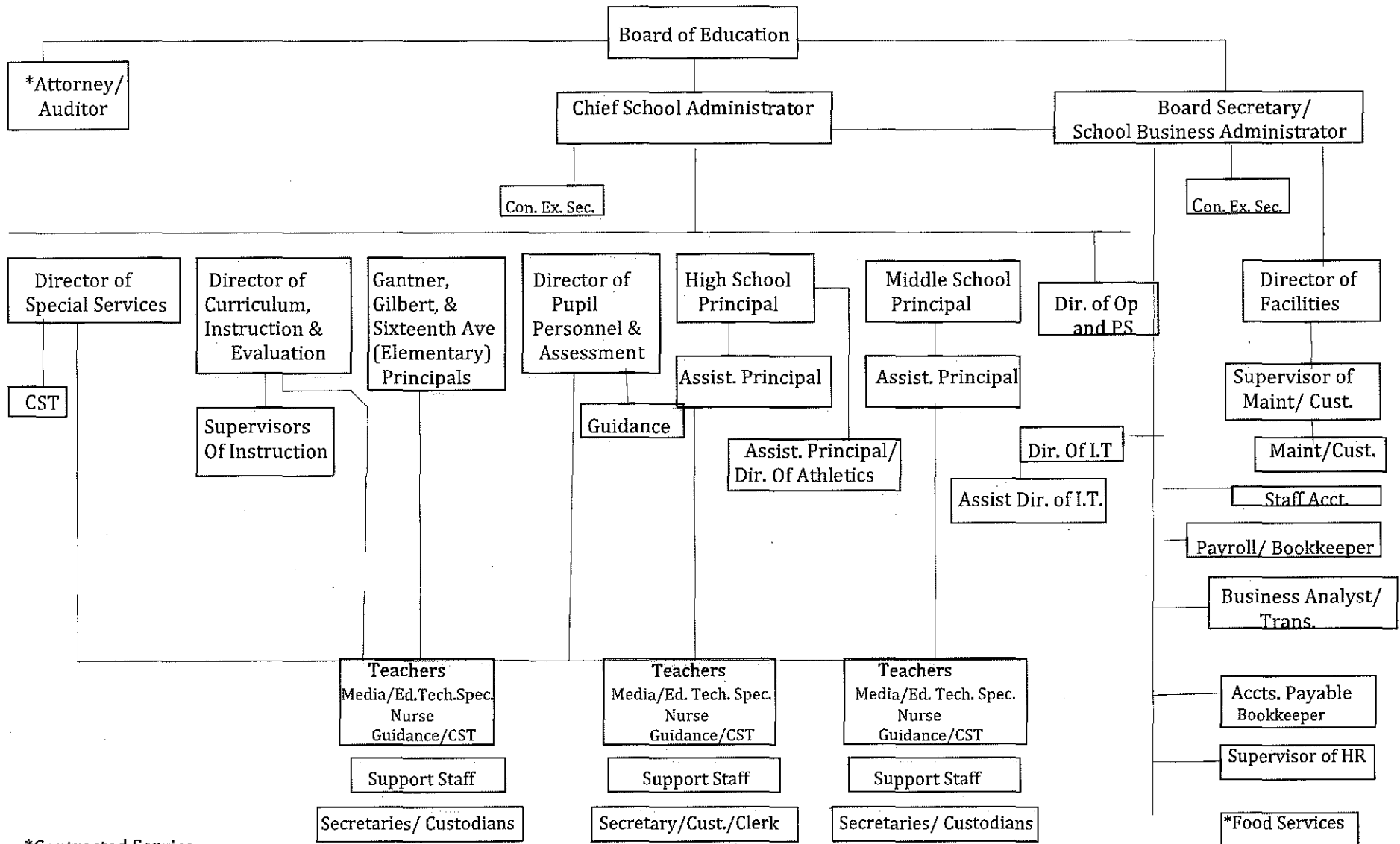


John DiPaola  
Business Administrator/Board Secretary  
Elmwood Park Public Schools

Elmwood Park  
Board of Education

**POLICY**

1110 Organizational Chart



\*Contracted Service

**ELMWOOD PARK SCHOOL DISTRICT  
ELMWOOD PARK, NEW JERSEY**

**Roster of Officials  
June 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires December 31</u>
Louise Gerardi, President	2019
Keith Cannizzo, Vice President	2018
Jeanne Freitag	2018
Douglas DeMatteo	2020
George Luke	2018
James Monaco	2019
Jakub Golabek	2020
Dorin Aspras	2020
Chakib Fakhoury	2018

**Other Officials**

Anthony Grieco, Superintendent of Schools

John DiPaola, Board Secretary/Business Administrator.

Angelo DeSimone, State Monitor

Joanne Wilson, Treasurer of School Monies

**ELMWOOD PARK BOARD OF EDUCATION  
Consultants and Advisors  
JUNE 30, 2018**

**ARCHITECT**

DiCara Rubino  
30 Galesi Drive  
Wayne, New Jersey 07470

**AUDIT FIRM**

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

**ATTORNEY**

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Oakland, NJ 07436

**OFFICIAL DEPOSITORY**

Spencer Savings  
River Drive Center 3  
611 River Drive  
Elmwood Park, NJ 07407

**FINANCIAL SECTION**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR'S REPORT

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

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elmwood Park Board of Education as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Elmwood Park Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## *Other Information*

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

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


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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2019 on our consideration of the Elmwood Park 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 Elmwood Park 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 Elmwood Park 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  
January 18, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# ELMWOOD PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

As management of the Elmwood Park Board of Education (the Board or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Elmwood Park Board of Education for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with the letter of transmittal, which can be found in the introductory section of this report and the District's financial statements and related notes to the financial statement which immediately follows this section.

### FINANCIAL HIGHLIGHTS

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

- The assets and deferred outflows of resources of the Elmwood Park Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$16,243,202. (Net Position)
- The District's total net position increased by \$3,367,585 or 26%.
- Overall District revenues were \$54,991,281. General revenues accounted for \$39,266,754 or 71% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$15,724,527 or 29% of total revenues.
- The school district had \$50,600,064 in expenses for governmental activities; only \$14,674,674 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$39,266,754 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 \$6,814,405. Of this amount, \$3,664,319 is restricted for capital projects, \$1,649,570 is restricted for required maintenance of District facilities, \$1,025,379 is restricted for other purposes and \$166,540 is assigned for year end encumbrances and the remaining amount is the unassigned fund balance of \$308,597.
- The General Fund fund balance at June 30, 2018 was \$6,692,404, an increase of \$2,601,691 compared to the ending fund balance at June 30, 2017 of \$4,090,349.
- The General Fund unassigned budgetary fund balance at June 30, 2018 was \$879,518, which represents an increase of \$306,663 when compared to the ending unassigned budgetary fund balance at June 30, 2017 of \$572,855.
- The District's total outstanding long-term liabilities decreased by \$4,348,223 during the current fiscal year.

# ELMWOOD PARK BOARD OF EDUCATION

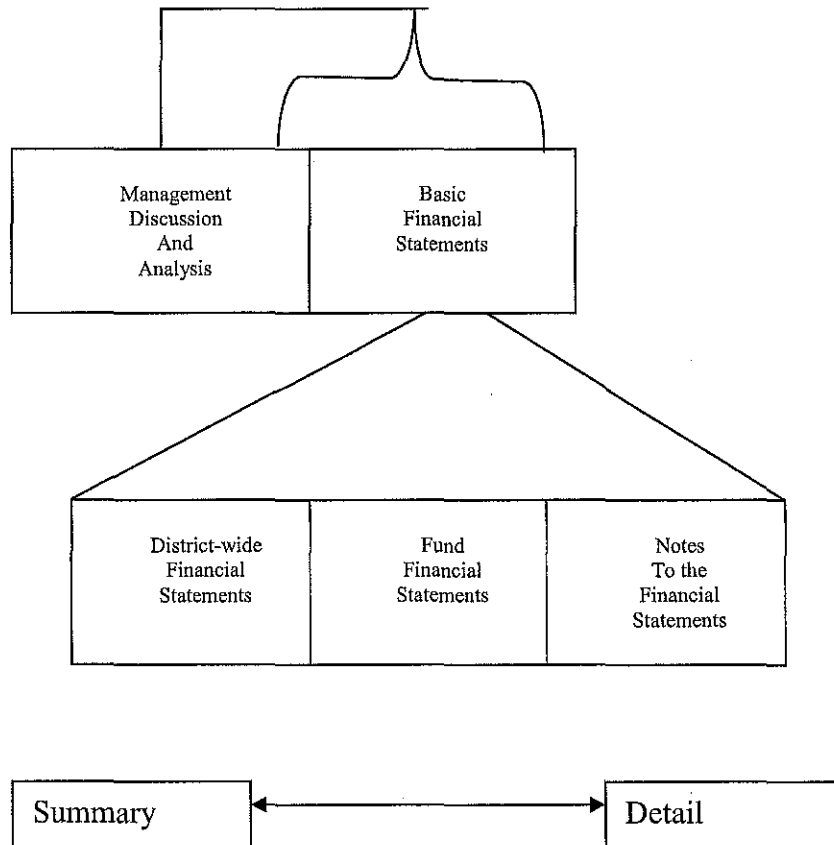
## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The following shows how the various parts of this Annual Report are arranged and related to one another.



# ELMWOOD PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

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

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district(except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction, building maintenance, transportation, and administration.	Activities the district operates similar to private businesses: Enterprise Funds	Instances in which the district administers resources on behalf of someone else, such as student activities and payroll activities
Required financial Statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures and Changes in Fund Balances	Statement of Net position Statement of Revenue, Expenses, and Changes in Fund Net Position, Statement of Cash Flows	Statement of Fiduciary Net Position. Statement of Change 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, liability and deferred inflows/outflows information	All assets, deferred outflows, liabilities, and deferred inflows, both financial and capital, short-term and Long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities and deferred inflows, 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, although they can
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 Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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 it has changed. Net position – the difference between the District's assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial condition 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.

# ELMWOOD PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

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 operation and maintenance. Property taxes and Federal and State aid finance most of these activities.
- *Business type activities* – These are activities for operations that are financed and operated in a manner similar to private business enterprises. The District's food services (cafeteria) program and summer session 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 resources* 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.
  - *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, for its food service (cafeteria) program and summer session program.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets and other resources that belong to others. The District is responsible for ensuring that the assets and other resources reported in these funds are used only for their intended purposes and by those to whom they 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 resources to finance its operations.



ELMWOOD PARK BOARD OF EDUCATION

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net Position.** The District's *combined* net position was \$16,243,202 and \$12,875,617 on June 30, 2018 and 2017, respectively as follows:

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and Other Assets	\$ 7,727,200	\$ 6,325,903	\$ 351,083	\$ 373,575	\$ 8,078,283	\$ 6,699,478
Capital Assets	<u>47,215,093</u>	<u>47,223,897</u>	<u>121,482</u>	<u>79,223</u>	<u>47,336,575</u>	<u>47,303,120</u>
<b>Total Assets</b>	<u>54,942,293</u>	<u>53,549,800</u>	<u>472,565</u>	<u>452,798</u>	<u>55,414,858</u>	<u>54,002,598</u>
<b>Total Deferred Outflows of Resources</b>	<u>2,678,584</u>	<u>3,644,556</u>	<u>-</u>	<u>-</u>	<u>2,678,584</u>	<u>3,644,556</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>57,620,877</u>	<u>57,194,356</u>	<u>472,565</u>	<u>452,798</u>	<u>58,093,442</u>	<u>57,647,154</u>
<b>Liabilities</b>						
Long-Term Liabilities	38,635,097	42,983,320	-	-	38,635,097	42,983,320
Other Liabilities	<u>1,393,029</u>	<u>1,543,698</u>	<u>40,169</u>	<u>70,201</u>	<u>1,433,198</u>	<u>1,613,899</u>
<b>Total Liabilities</b>	<u>40,028,126</u>	<u>44,527,018</u>	<u>40,169</u>	<u>70,201</u>	<u>40,068,295</u>	<u>44,597,219</u>
<b>Deferred Inflows of Resources</b>	<u>1,779,284</u>	<u>170,235</u>	<u>2,661</u>	<u>4,083</u>	<u>1,781,945</u>	<u>174,318</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>41,807,410</u>	<u>44,697,253</u>	<u>42,830</u>	<u>74,284</u>	<u>41,850,240</u>	<u>44,771,537</u>
<b>Net Position</b>						
Net Investment in Capital Assets	19,137,424	18,431,982	121,482	79,223	19,258,906	18,511,205
Restricted	5,191,524	3,970,740			5,191,524	3,970,740
Unrestricted	<u>(8,515,481)</u>	<u>(9,905,619)</u>	<u>308,253</u>	<u>299,291</u>	<u>(8,207,228)</u>	<u>(9,606,328)</u>
<b>Total Net Position</b>	<u>\$ 15,813,467</u>	<u>\$ 12,497,103</u>	<u>\$ 429,735</u>	<u>\$ 378,514</u>	<u>\$ 16,243,202</u>	<u>\$ 12,875,617</u>

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. Restricted net position represents amounts reserved for specific purposes by outside parties or state laws and regulations. Unrestricted net position represents amounts available to the government that are neither restricted nor invested in capital assets.

ELMWOOD PARK BOARD OF EDUCATION

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

The District's total net position of \$16,243,202 at June 30, 2018 represents a \$3,367,585 or 26%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2018 and 2017.

Changes in Net Position  
For the Fiscal Years Ended June 30, 2018 and 2017

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program Revenues						
Charges for Services and Sales	\$ 228,599	\$ 124,088	\$ 475,257	\$ 431,474	\$ 703,856	\$ 555,562
Operating Grants and Contributions	14,414,893	12,918,625	574,596	588,951	14,989,489	13,507,576
Capital Grants and Contributions	31,182	9,410			31,182	9,410
General Revenues						
Property Taxes, Levied	36,086,782	35,363,955			36,086,782	35,363,955
State Aid - Unrestricted	2,886,275	1,382,357			2,886,275	1,382,357
Miscellaneous Income	293,697	243,625	-	-	293,697	243,625
<b>Total Revenues</b>	<b>53,941,428</b>	<b>50,042,060</b>	<b>1,049,853</b>	<b>1,020,425</b>	<b>54,991,281</b>	<b>51,062,485</b>
<b>Expenses</b>						
Instruction						
Regular	18,591,827	17,305,932			18,591,827	17,305,932
Special	10,273,035	10,436,257			10,273,035	10,436,257
Other Instruction	1,130,913	625,591			1,130,913	625,591
School Sponsored Activities and Athletics	603,415	672,594			603,415	672,594
Support Services						
Student and Instruction Related Services	6,933,736	6,667,445			6,933,736	6,667,445
General Administrative Services	1,201,790	1,256,669			1,201,790	1,256,669
School Administrative Services	3,649,080	3,438,947			3,649,080	3,438,947
Central Administrative Services	1,413,974	1,371,526			1,413,974	1,371,526
Plant Operations and Maintenance	3,776,579	3,754,899			3,776,579	3,754,899
Pupil Transportation	2,109,614	2,060,894			2,109,614	2,060,894
Interest on Long-Term Debt	916,101	912,312			916,101	912,312
Food Services			1,003,913	931,821	1,003,913	931,821
Summer Session	-	-	19,719	36,415	19,719	36,415
<b>Total Expenses</b>	<b>50,600,064</b>	<b>48,503,066</b>	<b>1,023,632</b>	<b>968,236</b>	<b>51,623,696</b>	<b>49,471,302</b>
<b>Increase in Net Position before Transfers</b>	<b>3,341,364</b>	<b>1,538,994</b>	<b>26,221</b>	<b>52,189</b>	<b>3,367,585</b>	<b>1,591,183</b>
<b>Transfers</b>	<b>(25,000)</b>	<b>(25,000)</b>	<b>25,000</b>	<b>25,000</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>3,316,364</b>	<b>1,513,994</b>	<b>51,221</b>	<b>77,189</b>	<b>3,367,585</b>	<b>1,591,183</b>
<b>Net Position, Beginning of Year</b>	<b>12,497,103</b>	<b>10,983,109</b>	<b>378,514</b>	<b>301,325</b>	<b>12,875,617</b>	<b>11,284,434</b>
<b>Net Position, End of Year</b>	<b>\$ 15,813,467</b>	<b>\$ 12,497,103</b>	<b>\$ 429,735</b>	<b>\$ 378,514</b>	<b>\$ 16,243,202</b>	<b>\$ 12,875,617</b>

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$53,941,428 for the fiscal year ended June 30, 2018, property taxes of \$36,086,782 represented 67% of revenues. Another significant portion of revenues came from grants and contributions and unrestricted state aid which totaled \$17,332,350 and represented 32% of revenues. In addition, charges for services from tuition and general revenue from miscellaneous income such as interest, prior year refunds and other miscellaneous items represented 1% of revenues.

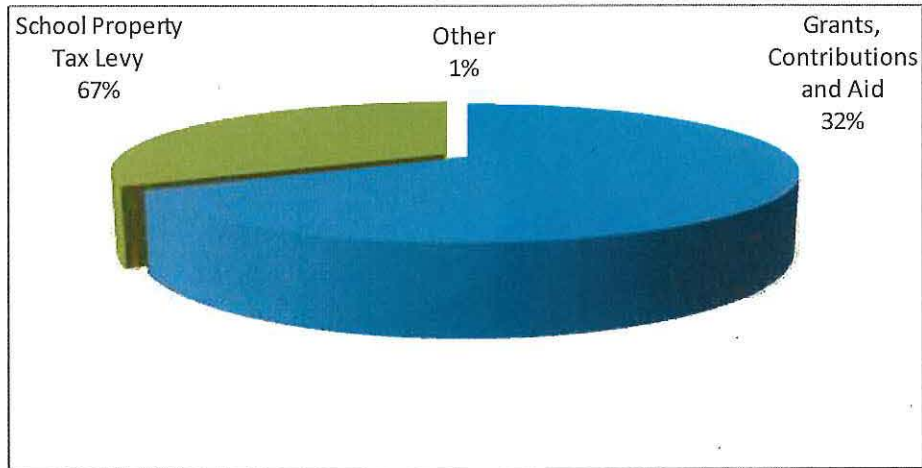
ELMWOOD PARK BOARD OF EDUCATION

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

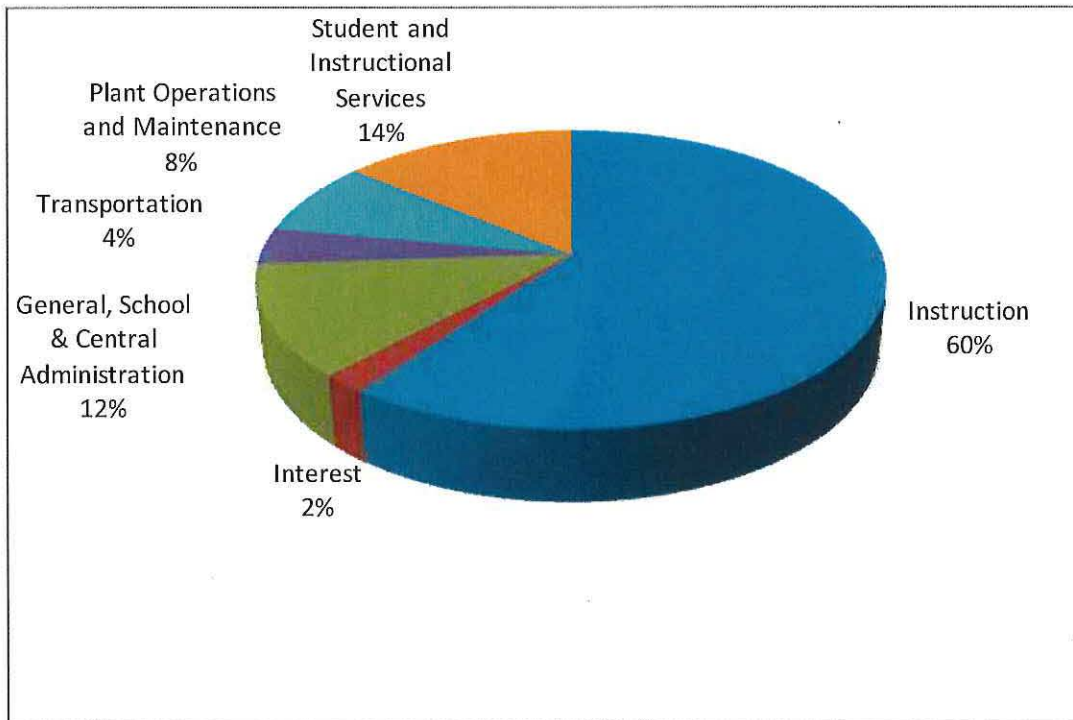
The total cost of all governmental activities programs and services was \$50,600,064 for the fiscal year ended June 30, 2018. The District's expenses are predominantly related to educating and caring for students. Instruction costs were \$30,599,190 (60%) of total expenses. Support services costs were \$19,084,773 (38%) of total expenses and interest on debt totaled \$916,101, (2%) of total expenses.

For fiscal year 2018, total governmental activities revenues exceeded expenses and transfers out increasing net position for governmental activities by \$3,316,364 from the previous year.

Revenues by Sources – Governmental Activities  
For Fiscal Year 2018



Expenses by Use – Governmental Activities  
For Fiscal Year 2018



ELMWOOD PARK BOARD OF EDUCATION

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

**Total and Net Cost of Governmental Activities.** The District's total cost of services was \$50,600,064. After applying program revenues, derived from operating and capital grants and contributions of \$14,446,075, and charges for services of \$228,599, the net cost of services of the District is \$35,925,390 for the fiscal year ended June 30, 2018.

**Total and Net Cost of Governmental Activities**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction:				
Regular	\$ 18,591,827	\$ 17,305,932	\$ 12,153,290	\$ 11,428,645
Special Education	10,273,035	10,436,257	6,148,158	6,500,261
Other Instruction	1,130,913	625,591	756,154	389,775
School Sponsored Activities and Athletics	603,415	672,594	582,876	672,594
Support Services:				
Student & Instruction Related Services	6,933,736	6,667,445	5,101,536	5,101,838
General Administrative Services	1,201,790	1,256,669	1,166,317	1,166,776
School Administrative Services	3,649,080	3,438,947	2,638,775	2,608,159
Central Administrative Services	1,413,974	1,371,526	1,311,423	1,360,654
Plant Operations and Maintenance	3,776,579	3,754,899	3,380,157	3,561,010
Pupil Transportation	2,109,614	2,060,894	1,882,543	1,863,481
Interest on Long Term Debt	916,101	912,312	804,161	797,750
<b>Total</b>	<b>\$ 50,600,064</b>	<b>\$ 48,503,066</b>	<b>\$ 35,925,390</b>	<b>\$ 35,450,943</b>

**Business-Type Activities** – The District's total business-type activities revenues were \$1,049,853 for the fiscal year ended June 30, 2018. Charges for services of \$475,257 accounted for 45% of total revenues and operating grants and contributions of \$574,596 accounted for 55% of total revenues. Transfers into the Business-Type Activities were \$25,000 and represented the general fund transfer to subsidize the summer session program operations.

Total cost of all business-type activities programs and services was \$1,023,632 for the fiscal year ended June 30, 2018. Food service expenses of \$1,003,913 represented 98% of total expense and the summer session program expenses of \$19,719 represented 2% of total expenses.

For fiscal year 2018, total business-type activities revenues and transfers in exceeded expenses increasing net position by \$51,221 or 14% over the previous year.

# ELMWOOD PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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 \$6,814,405 at June 30, 2018, an increase of \$1,537,194 from last year's fund balance of \$5,277,211. The District restricted fund balances increased \$1,181,666 while the unassigned fund balance of the governmental funds increased \$220,430 at June 30, 2018.

Revenues for the District's governmental funds were \$47,563,352, while total expenditures were \$46,001,158 for the fiscal year ended June 30, 2018. Total financing uses of the District's governmental funds were \$25,000 for the fiscal year ended June 30, 2018.

### GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from grades K through 12 including pupil transportation, extra-curricular activities and plant operation and maintenance costs.

The following schedule presents a summary of General Fund Revenues.

	<u>Year Ended</u> <u>June 30, 2018</u>	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Local Sources:				
Property Tax Levy	\$ 33,692,252	\$ 32,973,746	\$ 718,506	2%
Tuition and Fees	228,599	124,088	104,511	84%
Miscellaneous	293,697	243,625	50,072	21%
State Sources	9,054,483	6,893,190	2,161,293	31%
Federal Sources	<u>9,564</u>	<u>14,698</u>	<u>(5,134)</u>	-35%
Total General Fund Revenues	<u>\$ 43,278,595</u>	<u>\$ 40,249,347</u>	<u>\$ 3,029,248</u>	8%

For fiscal year 2018, total General Fund revenues increased \$3,029,248 or 8% from the previous year. Property taxes increased \$718,506 or 2% to support increases in budgeted operating costs. As indicated, State aid increased \$2,161,293 or 31% mainly due to increases in equalization formula aid and on behalf TPAF pension contributions made by the State for the District's teaching professionals. Tuition and fees increased \$104,511 or 84% due to increase student enrollment.

The following schedule presents a summary of General Fund expenditures.

	<u>Year Ended</u> <u>June 30, 2018</u>	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 23,753,739	\$ 22,884,848	\$ 868,891	4%
Support Services	15,873,449	15,570,044	303,405	2%
Debt Service	396,111	454,693	(58,582)	-13%
Capital Outlay	<u>628,605</u>	<u>481,368</u>	<u>147,237</u>	31%
Total Expenditures	<u>\$ 40,651,904</u>	<u>\$ 39,390,953</u>	<u>\$ 1,260,951</u>	3%

ELMWOOD PARK BOARD OF EDUCATION

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

**GENERAL FUND (Continued)**

For fiscal year 2018, total General Fund expenditures increased \$1,260,953 or 3% from the previous year. Contractual salary increases and related employee benefit costs including on-behalf state pension contributions were the major factors for this increase in expenditures for the current fiscal year.

In fiscal year 2018 General Fund revenues exceeded expenditures and other financing uses by \$2,601,691. Therefore, the total fund balance at June 30, 2017 of \$4,090,349 increased to a fund balance of \$6,692,040 at June 30, 2018. After deducting restricted and assigned fund balances, the unassigned fund balance increased from \$88,167 at June 30, 2017 to \$308,597 at June 30, 2018. In addition, restricted fund balances for capital reserve, maintenance reserve and other purposes increased \$2,246,163 at June 30, 2018.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

At the end of fiscal year 2018, the District had \$47,215,093 invested in land, buildings, furniture, equipment and vehicles for governmental activities and \$121,482, for business type activity. The following is a comparison of the June 30, 2018 and 2017 balances:

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Land	\$ 11,790	\$ 11,790			\$ 11,790	\$ 11,790
Construction in Progress	4,848,964	3,784,467	\$ 48,328		4,897,292	3,784,467
Land Improvements	1,581,535	1,670,273			1,581,535	1,670,273
Buildings and Improvements	40,456,960	41,454,603			40,456,960	41,454,603
Furniture, Equipment and Vehicles	<u>315,844</u>	<u>302,764</u>	<u>73,154</u>	<u>\$ 79,223</u>	<u>388,998</u>	<u>381,987</u>
<b>Total Capital Assets, Net</b>	<b><u>\$ 47,215,093</u></b>	<b><u>\$ 47,223,897</u></b>	<b><u>\$ 121,482</u></b>	<b><u>\$ 79,223</u></b>	<b><u>\$ 47,336,575</u></b>	<b><u>\$ 47,303,120</u></b>

Additional information on the District's capital assets is presented in Note 3 of this report.

**LONG TERM LIABILITIES**

At June 30, 2018 the District had \$38,635,097 of total outstanding long term liabilities. Of this amount, \$28,602,702 is for serial bonds, \$1,064,497 is for state aid advance loan payable, \$57,609 is for capital leases, \$57,609 is for lease-purchase agreements, \$608,437 is for compensated absences, and \$8,244,092 is for net pension liability. For fiscal year 2017/2018 total outstanding long-term liabilities decreased by \$4,348,223. The following is a comparison of the June 30, 2018 and 2017 balances:

**Outstanding Long-Term Debt  
as of June 30, 2018 and 2017**

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
Serial Bonds (including unamortized premium)	\$ 28,602,702	\$ 30,391,071
State Aid Advance Loan Payable	1,064,497	1,294,497
Capital Leases	57,760	114,388
Lease-Purchase Agreements	57,609	163,354
Compensated Absences	608,437	582,537
Net Pension Liability	<u>8,244,092</u>	<u>10,437,473</u>
<b>Total</b>	<b><u>\$ 38,635,097</u></b>	<b><u>\$ 42,983,320</u></b>

# ELMWOOD PARK BOARD OF EDUCATION

## Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

Additional information of the District's long-term liabilities is presented in Note 3 of this report.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made through budget transfers to prevent over expenditures in specific line item accounts and the appropriation of additional unassigned fund balance.

For fiscal year 2018 General Fund budgetary revenues exceeded budgetary expenditures and other financing uses increasing budgetary fund balance \$2,687,924. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance increased \$306,663, from an unassigned fund balance of \$572,855 at June 30, 2017 to \$879,518 at June 30, 2018. In addition, the District increased its capital reserve \$1,016,560 to \$3,541,956 at June 30, 2018, of which \$1,375,000 was designated in the 2018-2019 budget for capital outlay projects. Also, the District increased its maintenance reserve \$205,000 to \$1,649,570 at June 30, 2018 of which \$200,000 was designated in the 2018-2019 budget for required maintenance for the school facilities projects. The District also restricted at year end \$834,497 of fund balance for the repayment of the state aid advance loan which is expected to be repaid in full during the 2019/2020 school year.

### **FACTORS BEARING ON THE DISTRICT'S FUTURE**

While many factors influence the district's future, the availability of funding for increased enrollment, staffing needs special education costs and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2018-2019 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing 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 9% to \$41,544,209 for fiscal year 2018-2019. Budgeted regular and special education instruction costs, as well as, employee benefit costs and capital outlay projects were the main factors for the increase. This increase was funded by additional state aid (51%), tax levy (30%), restricted fund balances (18%) and other miscellaneous revenue sources (1%).

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Elmwood Park Board of Education, 60 East 53<sup>rd</sup> Street, Elmwood Park, NJ 07407.

## **FINANCIAL STATEMENTS**



**DISTRICT-WIDE FINANCIAL STATEMENTS**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 7,169,606	\$ 292,602	\$ 7,462,208
Receivables, Net	557,594	49,629	607,223
Inventory		8,852	8,852
Capital Assets, Not Being Depreciated	4,860,754	48,328	4,909,082
Capital Assets, Being Depreciated, Net	<u>42,354,339</u>	<u>73,154</u>	<u>42,427,493</u>
Total Assets	<u>54,942,293</u>	<u>472,565</u>	<u>55,414,858</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding of Debt	460,428		460,428
Deferred Amounts on Net Pension Liability	<u>2,218,156</u>	-	<u>2,218,156</u>
Total Deferred Outflows of Resources	<u>2,678,584</u>	-	<u>2,678,584</u>
Total Assets and Deferred Outflows of Resources	<u>57,620,877</u>	<u>472,565</u>	<u>58,093,442</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	839,725	6,390	846,115
Payable to Other Governments	69,224		69,224
Accrued Interest Payable	480,234		480,234
Unearned Revenue	3,846	33,779	37,625
Noncurrent Liabilities			
Due Within One Year	1,890,369		1,890,369
Due Beyond One Year	<u>36,744,728</u>	-	<u>36,744,728</u>
Total Liabilities	<u>40,028,126</u>	<u>40,169</u>	<u>40,068,295</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	1,779,284		1,779,284
Deferred Commodities Revenue	-	<u>2,661</u>	<u>2,661</u>
Total Deferred Inflows of Resources	<u>1,779,284</u>	<u>2,661</u>	<u>1,781,945</u>
Total Liabilities and Deferred Inflows of Resources	<u>41,807,410</u>	<u>42,830</u>	<u>41,850,240</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	19,137,424	121,482	19,258,906
Restricted for:			
Capital Projects	3,541,954		3,541,954
Plant Maintenance	1,649,570		1,649,570
Unrestricted	<u>(8,515,481)</u>	<u>308,253</u>	<u>(8,207,228)</u>
Total Net Position	<u>\$ 15,813,467</u>	<u>\$ 429,735</u>	<u>\$ 16,243,202</u>

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:							
Instruction:							
Regular	\$ 18,591,827	\$ 164,040	\$ 6,243,315	\$ 31,182	\$ (12,153,290)		\$ (12,153,290)
Special Education	10,273,035	64,559	4,060,318		(6,148,158)		(6,148,158)
Other Instruction	1,130,913		374,759		(756,154)		(756,154)
School Sponsored Activities and Athletics	603,415		20,539		(582,876)		(582,876)
Support Services:							
Student & Instruction Related Services	6,933,736		1,832,200		(5,101,536)		(5,101,536)
General Administrative Services	1,201,790		35,473		(1,166,317)		(1,166,317)
School Administrative Services	3,649,080		1,010,305		(2,638,775)		(2,638,775)
Central Administrative Services	1,413,974		102,551		(1,311,423)		(1,311,423)
Plant Operations and Maintenance	3,776,579		396,422		(3,380,157)		(3,380,157)
Pupil Transportation	2,109,614		227,071		(1,882,543)		(1,882,543)
Interest on Long Term Debt	916,101	-	111,940	-	(804,161)	-	(804,161)
<b>Total Governmental Activities</b>	<b>50,600,064</b>	<b>228,599</b>	<b>14,414,893</b>	<b>31,182</b>	<b>(35,925,390)</b>	<b>-</b>	<b>(35,925,390)</b>
Business-Type Activities:							
Food Service	1,003,913	466,259	574,596			\$ 36,942	36,942
Summer Session Program	19,719	8,998	-	-	-	(10,721)	(10,721)
<b>Total Business-Type Activities</b>	<b>1,023,632</b>	<b>475,257</b>	<b>574,596</b>	<b>-</b>	<b>-</b>	<b>26,221</b>	<b>26,221</b>
<b>Total Primary Government</b>	<b>\$ 51,623,696</b>	<b>\$ 703,856</b>	<b>\$ 14,989,489</b>	<b>\$ 31,182</b>	<b>(35,925,390)</b>	<b>26,221</b>	<b>(35,899,169)</b>

24

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

(Continued)

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

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
General Revenues:			
Property Taxes:			
Levied for General Purposes	\$ 33,692,252		\$ 33,692,252
Levied for Debt Service	2,394,530		2,394,530
State Aid - Unrestricted	2,743,495		2,743,495
State Aid for Debt Service Principal	142,780		142,780
Interest Earnings	124,589		124,589
Miscellaneous Income	169,108		169,108
Transfers	(25,000)	\$ 25,000	-
Total General Revenues and Transfers	39,241,754	25,000	39,266,754
Change in Net Position	3,316,364	51,221	3,367,585
Net Position, Beginning of Year	12,497,103	378,514	12,875,617
Net Position, End of Year	\$ 15,813,467	\$ 429,735	\$ 16,243,202

**FUND FINANCIAL STATEMENTS**

**ELMWOOD PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 6,572,739		\$ 596,867		\$ 7,169,606
Receivables From Other Governments	268,759	\$ 286,003			554,762
Other Receivables	2,832				2,832
Due from Other Funds	99,379	-	-	-	99,379
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 6,943,709</u>	<u>\$ 286,003</u>	<u>\$ 596,867</u>	<u>\$ -</u>	<u>\$ 7,826,579</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 172,834	\$ 113,554	\$ 474,502		\$ 760,890
Accrued Salaries and Wages	78,835				78,835
Payable to State Government		69,224			69,224
Due to Other Funds		99,379			99,379
Unearned Revenue	-	3,846	-	-	3,846
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>251,669</u>	<u>286,003</u>	<u>474,502</u>	<u>-</u>	<u>1,012,174</u>
Fund Balances:					
Restricted					
Capital Reserve	2,166,954				2,166,954
Capital Reserve - Designated for Subsequent Year's Expenditures	1,375,000				1,375,000
Maintenance Reserve	1,449,570				1,449,570
Maintenance Reserve - Designated for Subsequent Year's Expenditures	200,000				200,000
State Aid Advance Loan Repayment	834,497				834,497
Reserved Excess Surplus	190,882				190,882
Capital Projects			122,365		122,365
Assigned					
Year End Encumbrances	166,540				166,540
Unassigned	308,597	-	-	-	308,597
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>6,692,040</u>	<u>-</u>	<u>122,365</u>	<u>-</u>	<u>6,814,405</u>
Total Liabilities and Fund Balances	<u>\$ 6,943,709</u>	<u>\$ 286,003</u>	<u>\$ 596,867</u>	<u>\$ -</u>	<u>\$ 7,826,579</u>

**ELMWOOD PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2018**

<b>Total Fund Balances (Exhibit B-1)</b>		<b>\$ 6,814,405</b>
 Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$64,986,900 and the accumulated depreciation is \$17,771,807.		47,215,093
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.		460,428
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.		
Deferred Outflows of Resources	\$ 2,218,156	
Deferred Inflows of Resources	<u>(1,779,284)</u>	
		438,872
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(480,234)
Long-term liabilities, are not due payable in the current period and therefore are not reported as liabilities in the funds		
General Obligation Bonds (including unamortized premium)	28,602,702	
State Aid Advance Loan Payable	1,064,497	
Capital Leases Payable	57,760	
Lease - Purchase Agreements	57,609	
Compensated Absences	608,437	
Net Pension Liability	<u>8,244,092</u>	
		<u>(38,635,097)</u>
<b>Total Net Assets of Governmental Activities (Exhibit A-1)</b>		<b>\$ <u>15,813,467</u></b>

**ELMWOOD PARK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Property Tax Levy	\$ 33,692,252			\$ 2,394,530	\$ 36,086,782
Tuition	228,599				228,599
Miscellaneous	293,697	\$ 58,662	-	-	352,359
Total - Local Sources	34,214,548	58,662	-	2,394,530	36,667,740
State Sources	9,054,483	211,342		254,720	9,520,545
Federal Sources	9,564	1,365,503	-	-	1,375,067
Total Revenues	43,278,595	1,635,507	-	2,649,250	47,563,352
<b>EXPENDITURES</b>					
Current Expenditures					
Instruction					
Regular	13,855,639	706,399			14,562,038
Special Education	8,479,930	525,668			9,005,598
Other Instruction	859,341				859,341
School Sponsored Activities and Athletics	558,829				558,829
Support Services					
Student and Instruction Related Services	5,343,326	341,108			5,684,434
General Administrative Services	1,125,445				1,125,445
School Administrative Services	2,832,222				2,832,222
Central Administrative Services	1,183,349				1,183,349
Plant Operations and Maintenance	3,324,884				3,324,884
Pupil Transportation	2,064,223	31,150			2,095,373
Debt Service					
Principal	392,373			1,485,000	1,877,373
Interest	3,738			1,164,250	1,167,988
Capital Outlay	628,605	31,182	\$ 1,064,497	-	1,724,284
Total Expenditures	40,651,904	1,635,507	1,064,497	2,649,250	46,001,158
Excess (Deficiencies) of Revenues					
Over/(Under) Expenditures	2,626,691	-	(1,064,497)	-	1,562,194
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers Out	(25,000)	-	-	-	(25,000)
Total Other Financing Sources	(25,000)	-	-	-	(25,000)
Net Change in Fund Balances	2,601,691	-	(1,064,497)	-	1,537,194
Fund Balance, Beginning of Year	4,090,349	-	1,186,862	-	5,277,211
Fund Balance, End of Year	\$ 6,692,040	\$ -	\$ 122,365	\$ -	\$ 6,814,405

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



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

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** \$ 1,537,194

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

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

Capital Outlays	\$ 1,724,284	
Depreciation Expense	<u>(1,733,088)</u>	(8,804)

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

Principal Repayments:		
General Obligations Bonds	1,485,000	
Capital Leases/ Lease - Purchase Agreements	162,373	
State Aid Advance Loan Payable	<u>230,000</u>	1,877,373

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

Deferred Amounts on Refunding of Debt	(66,254)	
Original Issue Premium	<u>303,369</u>	237,115

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

Increase in Compensated Absences	(25,900)	
Increase in Pension Expense	<u>(315,386)</u>	(341,286)

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

14,772

**Change in Net Position of Governmental Activities (Exhibit A-2)** \$ 3,316,364

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

**ELMWOOD PARK BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2018**

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>Non-Major Summer Session Program</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 225,256	\$ 67,346	\$ 292,602
Intergovernmental Receivable	37,047		37,047
Other Accounts Receivable, Net	12,582		12,582
Inventories	8,852	-	8,852
Total Current Assets	<u>283,737</u>	<u>67,346</u>	<u>351,083</u>
Capital Assets			
Construction in Progress	48,328		48,328
Equipment	327,657		327,657
Accumulated Depreciation	<u>(254,503)</u>	<u>-</u>	<u>(254,503)</u>
Total Capital Assets, Net	<u>121,482</u>	<u>-</u>	<u>121,482</u>
Total Assets	<u>405,219</u>	<u>67,346</u>	<u>472,565</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	6,390		6,390
Unearned Revenue	8,503	25,276	33,779
Total Current Liabilities	<u>14,893</u>	<u>25,276</u>	<u>40,169</u>
<b>DEFERRED INFLOW OF RESOURCES</b>			
Deferred Commodities Revenue	2,661	-	2,661
Total Liabilities and Deferred Inflow of Resources	<u>17,554</u>	<u>25,276</u>	<u>42,830</u>
<b>NET POSITION</b>			
Investment in Capital Assets	121,482		121,482
Unrestricted	266,183	42,070	308,253
Total Net Position	<u>\$ 387,665</u>	<u>\$ 42,070</u>	<u>\$ 429,735</u>

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

**ELMWOOD PARK BOARD OF EDUCATION  
 PROPRIETARY FUND  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Funds		
	Food Service	Non-Major Summer Session Program	Total
<b>OPERATING REVENUES</b>			
Local Sources			
Daily Sales - Reimbursable Programs	\$ 271,686		\$ 271,686
Daily Sales - Non-Reimbursable Programs	194,573		194,573
Program Fees	-	\$ 8,998	8,998
Total Operating Revenues	<u>466,259</u>	<u>8,998</u>	<u>475,257</u>
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	385,425	19,719	405,144
Cost of Sales - Reimbursable Programs	383,865		383,865
Cost of Sales - Non-Reimbursable Programs	90,043		90,043
Purchase Technical Services	22,465		22,465
Supplies and Materials	36,521		36,521
Other Purchased Services	25,017		25,017
Management Fee	38,135		38,135
Miscellaneous Expense	7,473		7,473
Depreciation	14,969	-	14,969
Total Operating Expenses	<u>1,003,913</u>	<u>19,719</u>	<u>1,023,632</u>
Operating (Loss)	<u>(537,654)</u>	<u>(10,721)</u>	<u>(548,375)</u>
Nonoperating Revenues			
State Sources			
State School Lunch Program	11,645		11,645
Federal Sources			
School Breakfast Program	39,986		39,986
National School Lunch Program	450,384		450,384
Food Distribution Program	72,581	-	72,581
Total Nonoperating Revenues	<u>574,596</u>	<u>-</u>	<u>574,596</u>
Income (Loss) Before Transfers	36,942	(10,721)	26,221
Transfers In	-	25,000	25,000
Change in Net Position	36,942	14,279	51,221
Total Net Position, Beginning of Year	<u>350,723</u>	<u>27,791</u>	<u>378,514</u>
Total Net Position, End of Year	<u>\$ 387,665</u>	<u>\$ 42,070</u>	<u>\$ 429,735</u>

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

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

	Business-Type Activities		
	Enterprise Funds		
	Food Service	Non-Major Summer Session Program	Total
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 464,793	\$ 34,274	\$ 499,067
Cash Payments for Employees Salaries and Benefits	(385,425)	(22,290)	(407,715)
Cash Payments to Suppliers for Goods and Services	(584,774)	-	(584,774)
Net Cash Provided by (Used for) Operating Activities	<u>(505,406)</u>	<u>11,984</u>	<u>(493,422)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from Other Funds		25,000	25,000
Cash Received from State and Federal Subsidy Reimbursements	464,968	-	464,968
Net Cash Provided by Noncapital Financing Activities	<u>464,968</u>	<u>25,000</u>	<u>489,968</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of Capital Assets	(57,228)	-	(57,228)
Net Cash (Used For) Capital and Related Financing Activities	<u>(57,228)</u>	<u>-</u>	<u>(57,228)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(97,666)	36,984	(60,682)
Cash and Cash Equivalents, Beginning of Year	<u>322,922</u>	<u>30,362</u>	<u>353,284</u>
Cash and Cash Equivalents, End of Year	<u>\$ 225,256</u>	<u>\$ 67,346</u>	<u>\$ 292,602</u>
Reconciliation of Operating (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating (Loss)	\$ (537,654)	\$ (10,721)	(548,375)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	14,969		14,969
Non-Cash Federal Assistance-Food Distribution Program	72,581		72,581
Change in Assets, Liabilities and Deferred Inflows			
(Increase)/Decrease in Accounts Receivable	(3,061)		(3,061)
(Increase)/Decrease in Inventory	1,918		1,918
Increase/(Decrease) in Accounts Payable	(54,332)		(54,332)
Increase/(Decrease) in Accrued Salaries		(2,571)	(2,571)
Increase/(Decrease) in Unearned Revenue	1,595	25,276	26,871
Increase/(Decrease) in Deferred Commodities Revenue	(1,422)	-	(1,422)
Total Adjustments	<u>32,248</u>	<u>22,705</u>	<u>54,953</u>
Net Cash Provided by (Used For) Operating Activities	<u>\$ (505,406)</u>	<u>\$ 11,984</u>	<u>\$ (493,422)</u>
Non-Cash Investing, Capital and Financing Activities:			
Value Received - Food Distribution Program	\$ 71,159		

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

**ELMWOOD PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2018**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>933,948</u>
Total Assets	\$ <u>933,948</u>
<b>LIABILITIES</b>	
Due to Student Groups	\$ 108,770
Payroll Deductions and Withholdings	121,744
Summer Savings Deposits	698,608
Flexible Spending Deposits	<u>4,826</u>
Total Liabilities	\$ <u>933,948</u>

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

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

**NOT APPLICABLE**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Elmwood Park 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 Elmwood Park Board of Education this includes general operations, food service, summer session program and student related activities of the District.

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

**B. New Accounting Standards**

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

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



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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

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

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

**C. Basis of Presentation - Financial Statements**

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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

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

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

The *summer session program fund* accounts for the activities of the District's middle school summer school programs which provides classroom instruction during the summer recess.

Additionally, the government reports the following fund types:

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

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

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

**1. *Cash, Cash Equivalents and Investments***

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

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

**2. *Receivables***

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

**3. *Inventories***

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**4. *Capital Assets***

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	15-20
Machinery and Equipment	5-10
Vehicles	10

**5. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to 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 amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***5. 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 of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. The first 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. The other item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

***6. Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation, personal 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.

***7. Pensions***

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

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

***8. Long-Term Obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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 unamortized bond premium. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations (Continued)*

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.

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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

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

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

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

*State Aid Advance Loan Repayment* – This restriction was created in accordance with N.J.S.A. 18A:7A-56(c) to represent the amount of the District’s unassigned general fund balance in excess of 1.5% of general fund expenditures which will be the additional amount applied to the annual loan repayment in the subsequent year.

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

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

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

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

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

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

**10. *Fund Balance Policies***

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District had no committed fund balances at June 30, 2018.

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



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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

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

**2. *Property Taxes***

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

**3. *Tuition Revenues and Expenditures***

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

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

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

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. 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 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$2,170,445. The increase was funded by additional surplus appropriated, additional state aid and grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional fund balance appropriations of \$33,001.

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.

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve**

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

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

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

Balance, July 1, 2017		\$ 2,525,394
Increased by:		
Deposits Approved by Board Resolution	\$ 1,500,000	
Return of Unexpended Capital Outlay Appropriations Funded by Capital Reserve	<u>316,560</u>	
		<u>1,816,560</u>
		4,341,954
Decreased by:		
Withdrawals Approved by Board Resolution		<u>800,000</u>
Balance, June 30, 2018		<u>\$ 3,541,954</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$1,375,000 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

**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.

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Maintenance Reserve (Continued)**

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

Balance, July 1, 2017	\$ 1,444,570
Increased by:	
Deposits Approved by Board Resolution	<u>350,000</u>
	1,794,570
Decreased by:	
Withdrawals Approved by Board Resolution	<u>145,000</u>
Balance, June 30, 2018	<u>\$ 1,649,570</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$2,102,483. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. \$200,000 of the maintenance reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

**D. 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) and 18A:7A-56 recommendation of an advance state aid loan payment by the Commissioner. Under 18A:7A-56 New Jersey school districts with an advance state aid loan are required to restrict General Fund fund balance in excess of 1.5% 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 and they have restricted the total amount of the outstanding advance state aid loan balance due at the end of the next subsequent year. The excess fund balance at June 30, 2018 is \$190,882. This amount will be appropriated in the 2019/2020 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$8,396,156 and bank and brokerage firm balances of the Board's deposits amounted to \$11,278,743. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>11,278,743</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, 2018 none of the Board's bank balances were exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

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

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

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

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

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

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2018 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
State	\$ 268,759		\$ 883	\$ 269,642
Federal		\$ 286,003	36,164	322,167
Accounts	<u>2,832</u>	<u>-</u>	<u>12,582</u>	<u>15,414</u>
Gross Receivables	271,591	286,003	49,629	607,223
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 271,591</u>	<u>\$ 286,003</u>	<u>\$ 49,629</u>	<u>\$ 607,223</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 Draw Downs	<u>\$ 3,846</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

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

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 11,790			\$ 11,790
Construction in Progress	<u>3,784,467</u>	<u>\$ 1,064,497</u>	<u>-</u>	<u>4,848,964</u>
Total Capital Assets, Not Being Depreciated	<u>3,796,257</u>	<u>1,064,497</u>	<u>-</u>	<u>4,860,754</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,840,847			1,840,847
Building and Building Improvements	56,073,895	483,440		56,557,335
Machinery and Equipment	<u>1,847,567</u>	<u>176,347</u>	<u>\$ (295,950)</u>	<u>1,727,964</u>
Total Capital Assets Being Depreciated	<u>59,762,309</u>	<u>659,787</u>	<u>(295,950)</u>	<u>60,126,146</u>
Less Accumulated Depreciation for:				
Land Improvements	(170,574)	(88,738)		(259,312)
Buildings and Improvements	(14,619,292)	(1,481,083)		(16,100,375)
Machinery and Equipment	<u>(1,544,803)</u>	<u>(163,267)</u>	<u>295,950</u>	<u>(1,412,120)</u>
Total Accumulated Depreciation	<u>(16,334,669)</u>	<u>(1,733,088)</u>	<u>295,950</u>	<u>(17,771,807)</u>
Total Capital Assets, Being Depreciated, Net	<u>43,427,640</u>	<u>(1,073,301)</u>	<u>-</u>	<u>42,354,339</u>
Governmental Activities Capital Assets, Net	<u>\$ 47,223,897</u>	<u>\$ (8,804)</u>	<u>\$ -</u>	<u>\$ 47,215,093</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	-	\$ 48,328	-	\$ 48,328
Total Capital Assets Not Being Depreciated	<u>-</u>	<u>48,328</u>	<u>-</u>	<u>48,328</u>
Capital Assets, Being Depreciated:				
Equipment	\$ 318,757	8,900	-	327,657
Total Capital Assets Being Depreciated	<u>318,757</u>	<u>8,900</u>	<u>-</u>	<u>327,657</u>
Less Accumulated Depreciation for:				
Equipment	(239,534)	(14,969)	-	(254,503)
Total Accumulated Depreciation	<u>(239,534)</u>	<u>(14,969)</u>	<u>-</u>	<u>(254,503)</u>
Total Capital Assets, Being Depreciated, Net	<u>79,223</u>	<u>(6,069)</u>	<u>-</u>	<u>73,154</u>
Business-Type Activities Capital Assets, Net	<u>\$ 79,223</u>	<u>\$ (6,069)</u>	<u>\$ -</u>	<u>\$ 73,154</u>

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

**Governmental Activities:**

Instruction	
Regular	\$ 767,426
Special Education	249,818
Other	51,527
School Sponsored	13,114
Total Instruction	<u>1,081,885</u>
Support Services	
Student and Instruction Related Services	261,442
General Administrative Services	22,649
School Administrative Services	167,487
Central Administrative Services	65,477
Plant Operations and Maintenance	129,959
Student Transportation	4,189
Total Support Services	<u>651,203</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,733,088</u>

**Business-Type Activities:**

Food Service Fund	\$ 14,969
Total Depreciation Expense - Business-Type Activities	<u>\$ 14,969</u>



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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

**Construction Commitments**

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

<u>Project</u>	<u>Remaining Commitment</u>
Kitchen Renovation at Memorial JR/SR High School	\$ <u>66,249</u>

**E. Interfund Receivables, Payables, and Transfers**

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

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ <u>99,379</u>
Total		\$ <u>99,379</u>

The above balance is the result of funds to cover cash balances which were in an overdraft position.

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

**Interfund transfers**

	<u>Transfer In:</u>
	Summer Session Program <u>Fund</u>
Transfer Out: General Fund	\$ <u>25,000</u>
Total	\$ <u>25,000</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

**Operating Leases**

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2018 were \$35,315. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 35,315
2020	<u>26,487</u>
Total Minimum Lease Payments	<u>\$ 61,802</u>

**Capital Leases**

The District is leasing technology/network upgrades totaling \$275,000 under a capital lease. The lease is for a term of 5 years. In addition, the District is leasing Ipad's (supplies) totaling \$527,309 under a lease purchase agreement for a term of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Building Improvements	<u>\$ 275,000</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Capital Leases</u>	<u>Lease Purchase Agreement</u>	<u>Total</u>
2019	<u>\$ 57,760</u>	<u>\$ 58,425</u>	<u>\$ 116,185</u>
Total Minimum Lease Payments	57,760	58,425	116,185
Less: Amount Representing Interest	<u>-</u>	<u>(816)</u>	<u>(816)</u>
Present Value of Minimum Lease Payments	<u>\$ 57,760</u>	<u>\$ 57,609</u>	<u>\$ 115,369</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt**

**General Obligation Bonds**

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

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

\$9,290,000, 2014 Bonds, due in annual installments of \$350,000 to \$600,000 through August 1, 2034, interest at 3.00% to 5.00%	\$8,295,000
\$21,275,000, 2014 Refunding Bonds, due in annual installments of \$1,160,000 to \$1,950,000 through August 1, 2029, interest at 2.00% to 5.00%	<u>17,925,000</u>
Total	<u>\$26,220,000</u>

**State Aid Advance Loan Payable**

In April, 2013 the Board entered into a loan agreement with the State of New Jersey in the amount of \$2,214,497 pursuant to N.J.S.A. 18A:7A-56 in the form of an advancement of state aid to provide funds to eliminate the unassigned budgetary fund deficit in the General Fund at June 30, 2012. The State aid advance loan is being repaid by the school district through automatic reductions in the State aid provided to the school district in each year. The term of the loan repayment is ten (10) years which began in the 2013/2014 school year at a minimum amount of \$230,000 per year, but may be for a shorter term as determined by the State Treasurer. At any time during the term of the repayment the State Treasurer, in consultation with the Commissioner of Education, may determine to impose interest on the unpaid balance. The State Treasurer has not imposed interest during the 2017/2018 school year.

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

<u>Year Ended</u> <u>June 30,</u>	<u>Serial Bonds</u>		<u>State Aid Advance Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 1,520,000	\$ 1,126,600	\$ 230,000		\$ 2,876,600
2020	1,575,000	1,072,300	230,000		2,877,300
2021	1,640,000	1,008,000	230,000		2,878,000
2022	1,715,000	932,325	230,000		2,877,325
2023	1,800,000	844,450	144,497		2,788,947
2024-2028	10,320,000	2,764,025			13,084,025
2029-2033	6,450,000	677,800			7,127,800
2034-2035	<u>1,200,000</u>	<u>48,000</u>	<u>-</u>	<u>-</u>	<u>1,248,000</u>
Totals	<u>\$ 26,220,000</u>	<u>\$ 8,473,500</u>	<u>\$ 1,064,497</u>	<u>\$ -</u>	<u>\$ 35,757,997</u>

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

**Statutory Borrowing Power**

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

4% of Equalized Valuation Basis (Municipal)	\$ 86,164,254
Less: Net Debt Issued	<u>26,220,000</u>
 Remaining Borrowing Power	 <u>\$ 59,944,254</u>

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Bonds Payable	\$ 27,705,000		\$ 1,485,000	\$ 26,220,000	\$ 1,520,000
Add: Unamortized Premium	<u>2,686,071</u>	<u>-</u>	<u>303,369</u>	<u>2,382,702</u>	<u>-</u>
	30,391,071	-	1,788,369	28,602,702	1,520,000
Capital Leases	114,388		56,628	57,760	57,760
Lease Purchase Agreements	163,354		105,745	57,609	57,609
Compensated Absences	582,537	\$ 101,009	75,109	608,437	25,000
State Aid Advance Loan Payable	1,294,497		230,000	1,064,497	230,000
Net Pension Liability	<u>10,437,473</u>	<u>\$ -</u>	<u>2,193,381</u>	<u>8,244,092</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 42,983,320</u>	<u>\$ 101,009</u>	<u>\$ 4,449,232</u>	<u>\$ 38,635,097</u>	<u>\$ 1,890,369</u>

For the governmental activities, the liabilities for capital leases, lease-purchase agreements, compensated absences, state aid advance loan and net pensions liability are generally liquidated by the general fund.

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

The District is a member of the New Jersey Schools Insurance Group (NJSIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against property, liability, student accident and surety bond claims.

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

NJSIG 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, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

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

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

<b>Tier</b>	<b>Definition</b>
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members’ beneficiaries are entitled to full interest credited to the members’ accounts.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

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

**Other Pension Funds**

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

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

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Plan Amendments**

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

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



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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Funding Status and Funding Progress**

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

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

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

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

**Annual Pension Costs (APC)**

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Annual Pension Costs (APC) (Continued)**

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

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 328,084	\$ 1,870,951	\$ 25,415
2017	313,079	1,332,848	27,385
2016	289,739	928,399	19,227

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$4,179 and \$2,241, respectively for PERS and the State contributed \$4,594 and \$4,773, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$983,881 during the fiscal year ended June 30, 2018 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24 85.

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

**Public Employees Retirement System (PERS)**

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$8,244,092 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District’s proportionate share was .03542 percent, which was an increase of .00018 percent from its proportionate share measured as of June 30, 2016 of .03524 percent.

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

**Public Employees Retirement System (PERS) (Continued)**

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$643,470 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 194,120	
Changes of Assumptions	1,660,901	\$ 1,654,811
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	56,137	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>306,998</u>	<u>124,473</u>
Total	<u>\$ 2,218,156</u>	<u>\$ 1,779,284</u>

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

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

<u>Year Ending June 30,</u>	<u>Total</u>
2019	\$ 237,318
2020	335,120
2021	227,741
2022	(193,059)
2023	(168,248)
	<u>\$ 438,872</u>

***Actuarial Assumptions***

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

***Discount Rate***

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

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

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

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

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 10,227,356</u>	<u>\$ 8,244,092</u>	<u>\$ 6,591,788</u>

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

***Pension Plan Fiduciary Net Position***

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Teachers Pension and Annuity Fund (TPAF)**

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

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,534,671 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$79,894,315. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .11850 percent, which was an increase of .00254 percent from its proportionate share measured as of June 30, 2016 of .11596 percent.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

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



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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

***Discount Rate***

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

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

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

**Period of Projected Benefit**

Payments for which the Following  
 Rates were Applied:

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

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

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease (3.25%)</b>	<b>Current Discount Rate (4.25%)</b>	<b>1% Increase (5.25%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 94,916,952</u>	<u>\$ 79,894,315</u>	<u>\$ 67,518,601</u>

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

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

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

**Plan Description and Benefits Provided**

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

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

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Plan Membership**

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

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

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

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Funded Status and Funding Progress (Continued)**

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

**Actuarial Methods and Assumptions**

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

**Post-Retirement Medical Benefits Contributions**

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

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$1,208,407, \$1,110,565 and \$1,105,467 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

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

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$3,922,763. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$54,237,692. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .10111 percent, which was an increase of .00027 percent from its proportionate share measured as of June 30, 2016 of .10084 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

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

**Actuarial Assumptions (Continued)**

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

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

**Long-Term Expected Rate of Return**

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

**Discount Rate**

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

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

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

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

**Changes in the Total OPEB Liability**

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

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>58,318,108</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 2,960,139
Interest on the Total OPEB Liability	1,713,733
Changes of Assumptions	(7,165,584)
Gross Benefit Payments	(1,649,441)
Contributions from the Member	<u>60,737</u>
<b>Net Changes</b>	<b>\$ <u>(4,080,416)</u></b>
Balance, June 30, 2017 Measurement Date	\$ <u>54,237,692</u>

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

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

**Sensitivity of OPEB Liability**

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

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>64,384,053</u>	\$ <u>54,237,692</u>	\$ <u>46,189,502</u>



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

**NOTE 4 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

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

**Sensitivity of OPEB Liability (Continued)**

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

	<b><u>1% Decrease</u></b>	<b><u>Healthcare Cost Trend Rates</u></b>	<b><u>1% Increase</u></b>
Total OPEB Liability (School Retirees)	\$ <u>44,605,259</u>	\$ <u>54,237,692</u>	\$ <u>67,029,450</u>

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

**NOTE 5 SUBSEQUENT EVENTS**

On August 14, 2018 the Board approved the appropriation of \$329,320 of unassigned fund balance of the General Fund to the 2018/2019 budget.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**  
**BUDGETARY COMPARISON SCHEDULES**

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 33,692,252		\$ 33,692,252	\$ 33,692,252	
Tuition from Other LEA's / Within State	50,000		50,000	228,599	\$ 178,599
Unrestricted Miscellaneous	90,700	-	90,700	293,697	202,997
<b>Total Local Revenues</b>	<u>33,832,952</u>	<u>-</u>	<u>33,832,952</u>	<u>34,214,548</u>	<u>381,596</u>
State Sources					
Special Education Aid	1,551,273		1,551,273	1,551,273	
Equalization Aid	665,999	\$ 1,610,874	2,276,873	2,276,873	
Security Aid	195,455		195,455	195,455	
Transportation Aid	135,016		135,016	135,016	
Under Adequacy Aid	500,000		500,000	500,000	
PARCC Readiness Aid	26,780		26,780	26,780	
Per Pupil Growth Aid	26,780		26,780	26,780	
Professional Learning Community Aid	26,390		26,390	26,390	
Extraordinary Special Education Costs Aid				274,258	274,258
Nonpublic School Transportation Costs				56,124	56,124
Lead Testing for Schools Aid				3,934	3,934
On-Behalf TPAF Contributions (Non-Budgeted)					
Pension Benefit Contribution				1,826,623	1,826,623
Pension - NCGI Premium				44,328	44,328
Post Retirement Medical Benefit Contribution				1,208,407	1,208,407
Long Term Disability Insurance				4,594	4,594
Reimbursed Social Security Contribution	-	-	-	983,881	983,881
<b>Total State Revenues</b>	<u>3,127,693</u>	<u>1,610,874</u>	<u>4,738,567</u>	<u>9,140,716</u>	<u>4,402,149</u>
Federal Sources					
Special Education Medicaid Initiative Reimbursement	43,454	-	43,454	9,564	(33,890)
<b>Total Federal Revenues</b>	<u>43,454</u>	<u>-</u>	<u>43,454</u>	<u>9,564</u>	<u>(33,890)</u>
<b>Total Revenues</b>	<u>37,004,099</u>	<u>1,610,874</u>	<u>38,614,973</u>	<u>43,364,828</u>	<u>4,749,855</u>
<b>CURRENT EXPENDITURES</b>					
Regular Programs - Instruction					
Salaries of Teachers					
Kindergarten	574,517	\$ 32,000	606,517	580,233	26,284
Grades 1-5	2,963,123	(13,600)	2,949,523	2,927,927	21,596
Grades 6-8	1,663,902	(92,417)	1,571,485	1,550,356	21,129
Grades 9-12	2,642,945	42,000	2,684,945	2,635,233	49,712
Regular Programs - Home Instruction					
Salaries of Teachers	15,000	2,000	17,000	12,099	4,901
Purchased Professional-Educational Services	16,000	(2,000)	14,000	3,674	10,326
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	112,218	(12,100)	100,118	83,369	16,749
Purchased Professional-Educational Services	6,331	5,133	11,464	10,932	532
Purchased Technical Services	55,064	37,500	92,564	86,737	5,827
Other Purchased Services	259,548	9,800	269,348	262,197	7,151
General Supplies	240,279	231,014	471,293	440,718	30,575
Textbooks	24,819	(9,124)	15,695	13,788	1,907
<b>Total Regular Programs</b>	<u>8,573,746</u>	<u>230,206</u>	<u>8,803,952</u>	<u>8,607,263</u>	<u>196,689</u>

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Learning / Language Disabilities					
Salaries of Teachers	\$ 363,333	\$ (5,000)	\$ 358,333	\$ 345,946	\$ 12,387
Other Salaries for Instruction	116,280	(5,000)	111,280	78,764	32,516
Total Learning / Language Disabilities	479,613	(10,000)	469,613	424,710	44,903
Behavioral Disabilities					
Salaries of Teachers	89,213	-	89,213	83,486	5,727
Other Salaries for Instruction	15,390	(5,000)	10,390	-	10,390
Total Behavioral Disabilities	104,603	(5,000)	99,603	83,486	16,117
Multiple Disabilities					
Salaries of Teachers	260,171	(10,000)	250,171	245,414	4,757
Other Salaries for Instruction	15,390	1,000	16,390	15,783	607
General Supplies	2,000	8,000	10,000	8,461	1,539
Total Multiple Disabilities	277,561	(1,000)	276,561	269,658	6,903
Resource Room / Resource Center					
Salaries of Teachers	1,211,376	(28,314)	1,183,062	1,174,534	8,528
Other Salaries for Instruction	127,110	(43,500)	83,610	60,856	22,754
General Supplies	500	-	500	353	147
Total Resource Room / Resource Center	1,338,986	(71,814)	1,267,172	1,235,743	31,429
Autism					
Salaries of Teachers	279,610	10,000	289,610	275,826	13,784
Other Salaries for Instruction	79,800	(500)	79,300	62,214	17,086
General Supplies	-	2,500	2,500	-	2,500
Total Autism	359,410	12,000	371,410	338,040	33,370
Preschool Disabilities - Part - Time					
Salaries of Teachers	164,494	2,200	166,694	166,219	475
Other Salaries for Instruction	95,760	(55,960)	39,800	35,176	4,624
Total Preschool Disabilities - Part - Time	260,254	(53,760)	206,494	201,395	5,099
Preschool Disabilities - Full - Time					
Salaries of Teachers	51,093	-	51,093	51,093	-
Other Salaries for Instruction	15,390	48,721	64,111	32,289	31,822
Total Preschool Disabilities - Full - Time	66,483	48,721	115,204	83,382	31,822
Home Instruction					
Salaries of Teachers	40,000	-	40,000	32,968	7,032
Purchased Professional and Educational Services	299	-	299	-	299
Total Home Instruction	40,299	-	40,299	32,968	7,331
Total Special Education	2,927,209	(80,853)	2,846,356	2,669,382	176,974

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Basic Skills/Remedial					
Salaries of Teachers	\$ 168,569	\$ 196,000	\$ 364,569	\$ 358,180	\$ 6,389
Total Basic Skills/Remedial	<u>168,569</u>	<u>196,000</u>	<u>364,569</u>	<u>358,180</u>	<u>6,389</u>
Bilingual Education					
Salaries of Teachers	206,490	30,000	236,490	190,585	45,905
Total Bilingual Education	<u>206,490</u>	<u>30,000</u>	<u>236,490</u>	<u>190,585</u>	<u>45,905</u>
School Sponsored Co-Curricular Activities					
Salaries	114,163	12,948	127,111	107,001	20,110
Supplies and Materials	6,767	(900)	5,867	2,899	2,968
Total School Sponsored Co-Curricular Activities	<u>120,930</u>	<u>12,048</u>	<u>132,978</u>	<u>109,900</u>	<u>23,078</u>
School Sponsored Athletics - Instruction					
Salaries	263,179	14,641	277,820	259,145	18,675
Purchased Services	69,500	12,264	81,764	75,338	6,426
Supplies and Materials	37,429	(2,190)	35,239	34,690	549
Other Objects	11,555	(1,609)	9,946	9,325	621
Total School Sponsored Athletics - Instruction	<u>381,663</u>	<u>23,106</u>	<u>404,769</u>	<u>378,498</u>	<u>26,271</u>
Other Suppl./At Risk Program - Instruction					
Salaries of Teacher Tutors	-	7,500	7,500	6,751	749
Total Other Suppl./At Risk Program - Instruction	<u>-</u>	<u>7,500</u>	<u>7,500</u>	<u>6,751</u>	<u>749</u>
Total - Instruction	<u>12,378,607</u>	<u>410,507</u>	<u>12,789,114</u>	<u>12,313,808</u>	<u>475,306</u>
Undistributed Expenditures					
Instruction (Tuition)					
Tuition - Other LEA's Within State - Special	338,423	305,000	643,423	570,986	72,437
Tuition to County Vocational School District-Reg.	483,678	30,000	513,678	479,100	34,578
Tuition to County Vocational School/Dist.-Spec.	736,700	13,000	749,700	747,962	1,738
Tuition to County Special Services School Districts & Regional Day Schools	1,244,478	97,000	1,341,478	1,271,677	69,801
Tuition to Private Schools - Disabled Within State	1,900,231	53,967	1,954,198	1,741,024	213,174
Tuition - State Facilities	4,500	-	4,500	4,500	-
Total Undistributed - Instruction (Tuition)	<u>4,708,010</u>	<u>498,967</u>	<u>5,206,977</u>	<u>4,815,249</u>	<u>391,728</u>
Attendance and Social Work Services					
Salaries	146,633	500	147,133	147,003	130
Supplies and Materials	600	-	600	344	256
Total Attendance and Social Work Services	<u>147,233</u>	<u>500</u>	<u>147,733</u>	<u>147,347</u>	<u>386</u>

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Health Services					
Salaries	\$ 321,015	\$ 7,500	\$ 328,515	\$ 323,205	\$ 5,310
Purchased Professional and Technical Services	27,843	(750)	27,093	22,815	4,278
Supplies and Materials	4,491	3,593	8,084	6,554	1,530
Total Health Services	<u>353,349</u>	<u>10,343</u>	<u>363,692</u>	<u>352,574</u>	<u>11,118</u>
Speech, OT, PT and Related Services					
Salaries	402,909	(7,100)	395,809	377,619	18,190
Purchased Professional - Educational Services	312,000	142,000	454,000	351,890	102,110
Supplies and Materials	-	100	100	-	100
Total Speech, OT, PT and Related Services	<u>714,909</u>	<u>135,000</u>	<u>849,909</u>	<u>729,509</u>	<u>120,400</u>
Other Support Services-Students-Extra Services					
Salaries	601,050	(94,250)	506,800	488,337	18,463
Purchased Professional-Educational Services	641,408	127,650	769,058	547,498	221,560
Supplies and Materials	1,000	-	1,000	-	1,000
Total Other Support Services-Extra Services	<u>1,243,458</u>	<u>33,400</u>	<u>1,276,858</u>	<u>1,035,835</u>	<u>241,023</u>
Guidance					
Salaries of Other Professional Staff	390,800	(40,000)	350,800	335,665	15,135
Salaries of Secretarial and Clerical Assistants	38,250	1,000	39,250	38,640	610
Other Purchased Services	8,623	(1,000)	7,623	3,531	4,092
Supplies and Materials	833	-	833	703	130
Total Guidance	<u>438,506</u>	<u>(40,000)</u>	<u>398,506</u>	<u>378,539</u>	<u>19,967</u>
Child Study Team					
Salaries of Other Professional Staff	641,470	9,000	650,470	637,592	12,878
Salaries of Secretarial and Clerical Assistants	47,254	(1,500)	45,754	38,498	7,256
Other Purchased Professional and Technical Services	54,500	16,900	71,400	55,822	15,578
Other Purchased Services	6,000	-	6,000	3,531	2,469
Supplies and Materials	15,000	5,100	20,100	19,810	290
Total Child Study Team	<u>764,224</u>	<u>29,500</u>	<u>793,724</u>	<u>755,253</u>	<u>38,471</u>
Improvement of Instruction Services					
Salaries of Supervisor of Instruction	123,045	(400)	122,645	122,528	117
Salaries of Secretarial and Clerical Assistants	26,684	-	26,684	26,684	-
Other Purchased Professional and Technical Services	12,300	41,000	53,300	40,096	13,204
Other Purchased Services	8,313	-	8,313	3,531	4,782
Supplies and Materials	500	1,400	1,900	1,749	151
Total Improvement of Instruction Services	<u>170,842</u>	<u>42,000</u>	<u>212,842</u>	<u>194,588</u>	<u>18,254</u>

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Educational Media Services/School Library					
Salaries	\$ 114,892	\$ 2,300	\$ 117,192	\$ 116,167	\$ 1,025
Other Purchased Services	9,000	-	9,000	5,696	3,304
Supplies and Materials	6,690	(900)	5,790	3,828	1,962
Total Educational Media Services/School Library	<u>130,582</u>	<u>1,400</u>	<u>131,982</u>	<u>125,691</u>	<u>6,291</u>
Instructional Staff Training Services					
Salaries of Supervisor of Instruction	123,045	8,000	131,045	105,736	25,309
Salaries of Secretarial and Clerical Assistants	26,684	-	26,684	26,684	-
Total Instructional Staff Training Services	<u>149,729</u>	<u>8,000</u>	<u>157,729</u>	<u>132,420</u>	<u>25,309</u>
Support Services General Administration					
Salaries	262,700	(11,000)	251,700	234,613	17,087
Salaries of State Fiscal Monitor	15,000	-	15,000	6,600	8,400
Repayment of Principal - NJDOE Loan	230,000	-	230,000	230,000	-
Legal Services	138,500	38,000	176,500	136,411	40,089
Audit Fees	48,000	28,000	76,000	37,211	38,789
Architectural/Engineering Services	10,000	61,000	71,000	44,261	26,739
Other Purchased Professional Services	19,430	5,000	24,430	21,410	3,020
Communications/Telephone	130,500	12,800	143,300	115,492	27,808
Miscellaneous Purchased Services	241,593	7,200	248,793	232,812	15,981
General Supplies	9,110	-	9,110	2,889	6,221
Miscellaneous Expenditures	2,000	-	2,000	1,044	956
BOE Membership Dues and Fees	25,205	-	25,205	16,628	8,577
Total Support Services General Administration	<u>1,132,038</u>	<u>141,000</u>	<u>1,273,038</u>	<u>1,079,371</u>	<u>193,667</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog. Dir.	1,362,130	82,000	1,444,130	1,395,883	48,247
Salaries of Secretarial and Clerical Assistants	415,170	-	415,170	387,865	27,305
Other Purchased Services	54,792	-	54,792	46,027	8,765
Supplies and Materials	43,044	(5,296)	37,748	35,296	2,452
Other Objects	600	(100)	500	300	200
Total Support Services School Administration	<u>1,875,736</u>	<u>76,604</u>	<u>1,952,340</u>	<u>1,865,371</u>	<u>86,969</u>
Central Services					
Salaries	545,527	(7,500)	538,027	514,297	23,730
Purchased Professional Services	45,289	-	45,289	42,342	2,947
Purchased Technical Services	18,200	-	18,200	12,226	5,974
Miscellaneous Purchased Services	13,281	3,000	16,281	11,191	5,090
Supplies and Materials	10,768	7,500	18,268	17,658	610
Interest on Lease Purchase Agreements	5,400	-	5,400	4,264	1,136
Total Central Services	<u>638,465</u>	<u>3,000</u>	<u>641,465</u>	<u>601,978</u>	<u>39,487</u>

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Administration Information Technology					
Salaries	\$ 195,195	\$ (12,000)	\$ 183,195	\$ 183,046	\$ 149
Purchased Technical Services	79,385	(14,000)	65,385	53,375	12,010
Other Purchased Services	44,052	(19,000)	25,052	9,614	15,438
Supplies and Materials	22,000	3,000	25,000	17,386	7,614
Other Objects	758	-	758	-	758
Total Administration Information Technology	<u>341,390</u>	<u>(42,000)</u>	<u>299,390</u>	<u>263,421</u>	<u>35,969</u>
Required Maintenance for School Facilities					
Salaries	255,830	(4,000)	251,830	244,133	7,697
Cleaning, Repair & Maintenance Services	250,973	128,020	378,993	349,176	29,817
General Supplies	75,984	28,900	104,884	78,897	25,987
Other Objects	-	80	80	80	-
Total Required Maintenance for School Facilities	<u>582,787</u>	<u>153,000</u>	<u>735,787</u>	<u>672,286</u>	<u>63,501</u>
Custodial Services					
Salaries	1,187,284	(38,100)	1,149,184	1,062,734	86,450
Salaries of Non-Instructional Aides	41,715	(700)	41,015	35,919	5,096
Cleaning, Repair and Maintenance Services	80,097	(6,000)	74,097	39,657	34,440
Other Purchased Property Services	29,286	6,000	35,286	34,916	370
Insurance	172,150	-	172,150	153,652	18,498
General Supplies	90,580	(12,000)	78,580	59,362	19,218
Energy (Natural Gas)	190,000	-	190,000	129,418	60,582
Energy (Electricity)	507,000	(68,210)	438,790	350,260	88,530
Energy (Gasoline)	10,000	-	10,000	-	10,000
Total Custodial Services	<u>2,308,112</u>	<u>(119,010)</u>	<u>2,189,102</u>	<u>1,865,918</u>	<u>323,184</u>
Care and Upkeep of Grounds					
Cleaning, Repair and Maintenance Services	61,573	14,000	75,573	71,712	3,861
General Supplies	25,325	(12,000)	13,325	5,035	8,290
Total Care and Upkeep of Grounds	<u>86,898</u>	<u>2,000</u>	<u>88,898</u>	<u>76,747</u>	<u>12,151</u>
Security					
Salaries	42,110	-	42,110	41,295	815
Purchased Professional and Technical Services	35,000	1,000	36,000	35,556	444
General Supplies	-	3,000	3,000	2,018	982
Total Security	<u>77,110</u>	<u>4,000</u>	<u>81,110</u>	<u>78,869</u>	<u>2,241</u>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	13,780	-	13,780	13,439	341
Salaries for Pupil Transportation (Between Home and School) - Special	13,780	-	13,780	13,439	341
Salaries for Pupil Transportation (Other Than Between Home & School)	18,000	-	18,000	17,730	270
Cleaning, Repair and Maintenance Services	9,500	-	9,500	8,703	797
Contracted Services - Aid-in-Lieu-Nonpublic Schools	145,000	53,942	198,942	183,768	15,174
Contracted Services (Other Than Between Home and School) - Vendors	39,000	-	39,000	28,694	10,306
Contracted Services (Regular) - ESC's & CTSA's	235,000	(13,500)	221,500	221,201	299
Contracted Services (Spec Ed) - ESC's & CTSA's	1,535,000	128,001	1,663,001	1,556,760	106,241
Miscellaneous Purchased Services - Transportation	6,393	-	6,393	150	6,243
Total Student Transportation Services	<u>2,015,453</u>	<u>168,443</u>	<u>2,183,896</u>	<u>2,043,884</u>	<u>140,012</u>



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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Unallocated Benefits					
Social Security Contributions	\$ 410,000	-	\$ 410,000	\$ 379,484	\$ 30,516
Other Retirement Contributions - PERS	350,648	\$ (18,000)	332,648	332,263	385
Other Retirement Contributions - DCRP	25,600	-	25,600	25,415	185
Unemployment Compensation	73,032	-	73,032	49,488	23,544
Workmen's Compensation	234,350	(57,000)	177,350	176,869	481
Health Benefits	5,132,234	(24,500)	5,107,734	4,812,264	295,470
Tuition Reimbursement	64,260	3,000	67,260	66,307	953
Other Employee Benefits	113,086	(36,779)	76,307	76,137	170
Unused Sick Payment to Terminated/Retired Staff	10,000	101,279	111,279	16,847	94,432
<b>Total Unallocated Benefits</b>	<b>6,413,210</b>	<b>(32,000)</b>	<b>6,381,210</b>	<b>5,935,074</b>	<b>446,136</b>
<b>On Behalf TPAF Contributions (Non Budgeted)</b>					
Pension Benefit Contribution		-		1,826,623	(1,826,623)
Pension -NCGI Premium				44,328	(44,328)
Post Retirement Medical Benefit Contribution		-		1,208,407	(1,208,407)
Long Term Disability Insurance				4,594	(4,594)
Reimbursed Social Security Contribution	-	-	-	983,881	(983,881)
<b>Total On-Behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,067,833</b>	<b>(4,067,833)</b>
<b>Total Undistributed Expenditures</b>	<b>24,292,041</b>	<b>1,074,147</b>	<b>25,366,188</b>	<b>27,217,757</b>	<b>(1,851,569)</b>
<b>Total Expenditures - Current Expenditures</b>	<b>36,670,648</b>	<b>1,492,154</b>	<b>38,162,802</b>	<b>39,538,316</b>	<b>(1,375,514)</b>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures - Admin Info Technology		93,058	93,058	91,201	1,857
Undistributed Expenditures - Required Maint. For School Facilities		24,549	24,549	23,620	929
School Sponsored and Other Instructional Program	-	34,100	34,100	30,344	3,756
<b>Total Equipment</b>	<b>-</b>	<b>151,707</b>	<b>151,707</b>	<b>145,165</b>	<b>6,542</b>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	35,000	-	35,000	35,000	-
Construction Services	765,000	-	765,000	448,440	316,560
Assessment for Debt Service on SDA Funding	170,358	-	170,358	170,358	-
<b>Total Facilities Acquisition and Construction Services</b>	<b>970,358</b>	<b>-</b>	<b>970,358</b>	<b>653,798</b>	<b>316,560</b>
Interest on Capital Reserve	560		560		560
Interest on Maintenance Reserve	140	-	140	-	140
	700	-	700	-	700
<b>Total Capital Outlay</b>	<b>971,058</b>	<b>151,707</b>	<b>1,122,765</b>	<b>798,963</b>	<b>323,802</b>
Transfer of Funds to Charter Schools	308,169	6,456	314,625	314,625	-
<b>Total Expenditures</b>	<b>37,949,875</b>	<b>1,650,317</b>	<b>39,600,192</b>	<b>40,651,904</b>	<b>(1,051,712)</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(945,776)	(39,443)	(985,219)	2,712,924	3,698,143

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
Other Financing Sources/(Uses)					
Transfers Out - Summer Session Enterprise Fund	-	\$ (25,000)	\$ (25,000)	\$ (25,000)	-
Total Other Financing Sources/(Uses)	-	(25,000)	(25,000)	(25,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	\$ (945,776)	(64,443)	(1,010,219)	2,687,924	\$ 3,698,143
Fund Balances Beginning of Year	4,575,037	-	4,575,037	4,575,037	-
Fund Balances, End of Year	<u>\$ 3,629,261</u>	<u>\$ (64,443)</u>	<u>\$ 3,564,818</u>	<u>\$ 7,262,961</u>	<u>\$ 3,698,143</u>
<b>Recapitulation</b>					
<b>Restricted</b>					
Capital Reserve				\$ 2,166,954	
Capital Reserve - Designated for Subsequent Year' Expenditures				1,375,000	
Maintenance Reserve				1,449,570	
Maintenance Reserve - Designated for Subsequent Year' Expenditures				200,000	
State Aid Advance Loan Repayment				834,497	
Reserved Excess Surplus				190,882	
<b>Assigned</b>					
Year End Encumbrances				166,540	
<b>Unassigned</b>				<u>879,518</u>	
Fund Balance Per State Budgetary Basis of Accounting				7,262,961	
<b>Reconciliation to Governmental Funds Statements (GAAP)</b>					
Less State Aid Revenue Not Recognized on GAAP Basis				<u>(570,921)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 6,692,040</u>	

**ELMWOOD PARK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 213,157	\$ 67,409	\$ 280,566	\$ 211,342	\$ (69,224)
Federal	1,167,844	365,211	1,533,055	1,365,503	(167,552)
Local Sources					
Miscellaneous	-	62,508	62,508	58,662	(3,846)
Total Revenues	<u>1,381,001</u>	<u>495,128</u>	<u>1,876,129</u>	<u>1,635,507</u>	<u>(240,622)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries	585,412	(198,727)	386,685	371,821	14,864
Tuition	530,929	11,879	542,808	525,668	17,140
Purchased Professional / Educational Services		101,950	101,950	83,400	18,550
General Supplies	11,795	133,138	144,933	129,810	15,123
Textbooks	8,946	202	9,148	9,148	-
Miscellaneous	-	250	250	250	-
Total Instruction	<u>1,137,082</u>	<u>48,692</u>	<u>1,185,774</u>	<u>1,120,097</u>	<u>65,677</u>
Support Services					
Salaries		14,129	14,129	12,179	1,950
Purchased Professional / Educational Service	167,936	226,461	394,397	251,544	142,853
Other Purchased Services		19,672	19,672	5,028	14,644
Tuition	51,503	24,082	75,585	60,139	15,446
Supplies and Materials	-	12,270	12,270	12,218	52
Total Support Services	<u>219,439</u>	<u>296,614</u>	<u>516,053</u>	<u>341,108</u>	<u>174,945</u>
Transportation					
Contracted Services	<u>24,480</u>	<u>6,670</u>	<u>31,150</u>	<u>31,150</u>	<u>-</u>
Unallocated Employee Benefits	<u>-</u>	<u>111,970</u>	<u>111,970</u>	<u>111,970</u>	<u>-</u>
Capital Outlay					
Non-Instructional Equipment		10,000	10,000	10,000	-
Instructional Equipment	<u>-</u>	<u>21,182</u>	<u>21,182</u>	<u>21,182</u>	<u>-</u>
Total Capital Outlay	<u>-</u>	<u>31,182</u>	<u>31,182</u>	<u>31,182</u>	<u>-</u>
Total Expenditures	<u>1,381,001</u>	<u>495,128</u>	<u>1,876,129</u>	<u>1,635,507</u>	<u>240,622</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**ELMWOOD PARK BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULES  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 43,364,828	\$ 1,635,507
Difference - Budget to GAAP:		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2017-2018)	(570,921)	
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2016-2017)	484,688	
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	<u>-</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 43,278,595</u>	<u>\$ 1,635,507</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 40,651,904	\$ 1,635,507
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 40,651,904</u>	<u>\$ 1,635,507</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

**AND**

**OTHER POST-EMPLOYMENT BENEFITS INFORMATION**

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

**Public Employees Retirement System**

**Last Five Fiscal Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	.03542%	0.03524%	0.03370%	0.03506%	0.03396
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,244,092	\$ 10,437,473	\$ 7,565,220	\$ 6,564,359	\$ 6,489,881
District's Covered-Employee Payroll	\$ 2,449,487	\$ 2,336,786	\$ 2,268,342	\$ 2,464,462	\$ 2,399,581
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	336.56%	446.66%	333.51%	266.36%	270.46%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

**ELMWOOD PARK BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Five Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 328,084	\$ 313,079	\$ 289,739	\$ 289,037	\$ 255,860
Contributions in Relation to the Contractually Required Contribution	<u>328,084</u>	<u>313,079</u>	<u>289,739</u>	<u>289,037</u>	<u>255,860</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,449,487	\$ 2,336,786	\$ 2,268,342	\$ 2,464,462	\$ 2,399,581
Contributions as a Percentage of Covered-Employee Payroll	13.39%	13.40%	12.77%	11.78%	10.66%

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.



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

**Teachers Pension and Annuity Fund**

**Last Five Fiscal Years\***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 79,894,315</u>	<u>\$ 91,219,332</u>	<u>\$ 72,022,972</u>	<u>\$ 63,892,836</u>	<u>\$ 63,489,527</u>
Total	<u>\$ 79,894,315</u>	<u>\$ 91,219,332</u>	<u>\$ 72,022,972</u>	<u>\$ 63,892,836</u>	<u>\$ 63,489,527</u>
District's Covered-Employee Payroll	\$ 13,506,891	\$ 12,040,919	\$ 11,393,763	\$ 11,250,968	\$ 11,244,012
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

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

**Change of Benefit Terms:** None.

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

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

**Postemployment Health Benefit Plan**

**Last One Fiscal Year\***

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 2,960,139
Interest on Total OPEB Liability	1,713,733
Changes of Assumptions	(7,165,584)
Gross Benefit Payments	(1,649,441)
Contribution from the Member	<u>60,737</u>
<b>Net Change in Total OPEB Liability</b>	<b>(4,080,416)</b>
<b>Total OPEB Liability - Beginning</b>	<u><b>58,318,108</b></u>
<b>Total OPEB Liability - Ending</b>	<u><b>\$ 54,237,692</b></u>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	<u>54,237,692</u>
Total OPEB Liability - Ending	<u><u>\$ 54,237,692</u></u>
District's Covered-Employee Payroll	<u><u>\$ 15,956,378</u></u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

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

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

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

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

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

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

**SCHOOL LEVELS SCHEDULES**

**GENERAL FUND**

NOT APPLICABLE

**SPECIAL REVENUE FUND**

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

	<u>ESEA Title I</u>	<u>ESEA Title II A</u>	<u>ESEA Title III</u>	<u>ESEA Title III Immigrant</u>	<u>ESEA Title IV</u>	<u>IDEA Basic</u>	<u>IDEA PreK</u>	<u>Local Grants</u>	<u>(Exhibit) E-1a</u>	<u>Total 2018</u>
<b>REVENUES</b>										
Intergovernmental										
State									\$ 211,342	\$ 211,342
Federal	\$ 651,122	\$ 60,139	\$ 24,532	\$ 9,629	\$ 9,338	\$ 600,142	\$ 10,601		-	1,365,503
Other Sources	-	-	-	-	-	-	-	\$ 58,662	-	58,662
<b>Total Revenues</b>	<b>\$ 651,122</b>	<b>\$ 60,139</b>	<b>\$ 24,532</b>	<b>\$ 9,629</b>	<b>\$ 9,338</b>	<b>\$ 600,142</b>	<b>\$ 10,601</b>	<b>\$ 58,662</b>	<b>\$ 211,342</b>	<b>\$ 1,635,507</b>
<b>EXPENDITURES</b>										
Instruction										
Salaries	\$ 371,821								-	\$ 371,821
Tuition						\$ 515,067	\$ 10,601			525,668
Purchased Professional / Educational Services	83,400								-	83,400
General Supplies	72,055		\$ 24,532					\$ 16,010	\$ 17,213	129,810
Textbooks									9,148	9,148
Miscellaneous	-	-	-	-	-	-	-	250	-	250
<b>Total Instruction</b>	<b>527,276</b>	<b>-</b>	<b>24,532</b>	<b>-</b>	<b>-</b>	<b>515,067</b>	<b>10,601</b>	<b>16,260</b>	<b>26,361</b>	<b>1,120,097</b>
Support Services										
Salaries	2,550			\$ 9,629						12,179
Personnel Services - Employee Benefits	111,970								-	111,970
Purchased Professional/Educational Services	3,300				\$ 9,338	85,075			153,831	251,544
Other Purchased Professional Services	5,028								-	5,028
Tuition		\$ 60,139								60,139
Supplies and Materials	998	-	-	-	-	-	-	11,220	-	12,218
<b>Total Support Services</b>	<b>123,846</b>	<b>60,139</b>	<b>-</b>	<b>9,629</b>	<b>9,338</b>	<b>85,075</b>	<b>-</b>	<b>11,220</b>	<b>153,831</b>	<b>453,078</b>
Transportation										
Contracted Services	-	-	-	-	-	-	-	-	31,150	31,150
	-	-	-	-	-	-	-	-	31,150	31,150
Capital Outlay										
Non - Instructional Equipment								10,000	-	10,000
Instructional Equipment								21,182	-	21,182
<b>Total Capital Outlay</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,182</b>	<b>-</b>	<b>31,182</b>
<b>Total Expenditures</b>	<b>\$ 651,122</b>	<b>\$ 60,139</b>	<b>\$ 24,532</b>	<b>\$ 9,629</b>	<b>\$ 9,338</b>	<b>\$ 600,142</b>	<b>\$ 10,601</b>	<b>\$ 58,662</b>	<b>\$ 211,342</b>	<b>\$ 1,635,507</b>

63

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

	Chapter 192 Services			Chapter 193 Services			Nonpublic Textbooks	Nonpublic Nursing	Nonpublic Security	Nonpublic Technology	Total Exhibit E-1a
	Compensatory Services	ESL	Transportation	Examination & Classification	Corrective Speech	Supplemental Instruction					
<b>REVENUES</b>											
Intergovernmental											
State	\$ 76,005	\$ 3,613	\$ 31,150	\$ 28,567	\$ 10,178	\$ 19,269	\$ 9,148	\$ 16,199	\$ 11,130	\$ 6,083	\$ 211,342
Federal	-	-	-	-	-	-	-	-	-	-	-
Other Sources	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	<u>\$ 76,005</u>	<u>\$ 3,613</u>	<u>\$ 31,150</u>	<u>\$ 28,567</u>	<u>\$ 10,178</u>	<u>\$ 19,269</u>	<u>\$ 9,148</u>	<u>\$ 16,199</u>	<u>\$ 11,130</u>	<u>\$ 6,083</u>	<u>\$ 211,342</u>
<b>EXPENDITURES</b>											
Instruction											
General Supplies									\$ 11,130	\$ 6,083	17,213
Textbooks							9,148				\$ 9,148
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	-	-	-	-	-	-	9,148	-	11,130	6,083	26,361
Support Services											
Purchased Professional / Educational Services	\$ 76,005	\$ 3,613		\$ 28,567	\$ 10,178	\$ 19,269		\$ 16,199			153,831
Supplies and Materials	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	<u>76,005</u>	<u>3,613</u>	<u>-</u>	<u>28,567</u>	<u>10,178</u>	<u>19,269</u>	<u>-</u>	<u>16,199</u>	<u>-</u>	<u>-</u>	<u>153,831</u>
Transportation											
Contracted Services	-	-	31,150	-	-	-	-	-	-	-	31,150
Total Transportation	-	-	<u>31,150</u>	-	-	-	-	-	-	-	<u>31,150</u>
Capital Outlay											
Instructional Equipment											-
Non - Instructional Equipment	-	-	-	-	-	-	-	-	-	-	-
Total Capital Outlay	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 76,005</u>	<u>\$ 3,613</u>	<u>\$ 31,150</u>	<u>\$ 28,567</u>	<u>\$ 10,178</u>	<u>\$ 19,269</u>	<u>\$ 9,148</u>	<u>\$ 16,199</u>	<u>\$ 11,130</u>	<u>\$ 6,083</u>	<u>\$ 211,342</u>



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

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

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

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance June 30, 2018</u>
		<u>Prior Years</u>	<u>Current Year</u>	
2014 Referendum Projects- Various Improvements to Memorial MS/HS, Gantner Ave School, Gilbert Avenue School, and Sixteenth Avenue School	\$ 9,992,250	\$ 8,805,388	\$ 1,064,497	\$ 122,365
	\$ 9,992,250	\$ 8,805,388	\$ 1,064,497	\$ 122,365
 <b><u>Recapitulation to GAAP</u></b>				
Project Balance, June 30, 2018				\$ 122,365
Fund Balance, June 30, 2018 - GAAP Basis				\$ 122,365
 <b><u>Recapitulation of Fund Balance</u></b>				
Unassigned Capital Projects Fund				
Year End Encumbrances				\$ 4,142
Available for Capital Projects				118,223
Total Fund Balance - Unassigned - Capital Projects Fund				\$ 122,365

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

**Revenues and Other Financing Sources**

Revenues:

Interest

Other Financing Sources

-

Total Revenues and Other Financing sources

-

**Expenditures and Other Financing Uses**

Expenditures:

Facilities Acquisition and Construction Services

Salaries

\$ 1,000

Architectural / Engineering Services

54,056

Construction Services

1,009,441

Total Expenditures and Other Financing Uses

1,064,497

Excess (Deficiency) of Revenues and Other Financing Sources

Over (Under) Expenditures and Other Financing Uses

(1,064,497)

Fund Balance, Beginning of Year

1,186,862

Fund Balance, End of Year

\$ 122,365**Reconciliation to GAAP**

Fund Balance, June 30, 2018 - Budgetary Basis

\$ 122,365

Fund Balance, June 30, 2018 - GAAP Basis

\$ 122,365

**ELMWOOD PARK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
BUDGETARY BASIS  
2014 REFERNDUM PROJECTS-VARIOUS IMPROVEMENTS TO MEMORIAL MS/HS,  
GANTNER AVENUE SCHOOL, GILBERT AVENUE SCHOOL AND SIXTEENTH AVENUE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	\$ 9,290,000	-	\$ 9,290,000	\$ 9,290,000
Premium on Bonds	702,250	-	702,250	702,250
	<u>9,992,250</u>	<u>-</u>	<u>9,992,250</u>	<u>9,992,250</u>
<b>Expenditures and Other Financing Uses</b>				
Salaries	38,342	\$ 1,000	39,342	37,954
Legal Services	27,649		27,649	26,369
Architectural / Engineering Services	791,892	54,056	845,948	1,105,039
Construction Services	7,688,474	1,009,441	8,697,915	8,532,549
Supplies	20,425		20,425	20,425
Other Objects	230,943		230,943	262,214
Equipment	7,663	-	7,663	7,700
	<u>8,805,388</u>	<u>1,064,497</u>	<u>9,869,885</u>	<u>9,992,250</u>
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 1,186,862</u>	<u>\$ (1,064,497)</u>	<u>\$ 122,365</u>	<u>\$ -</u>

**Additional project information:**

Project Number	N/A
Grant Date	N/A
Referendum Authorization Date	1/28/2014
Bonds Authorized	\$ 9,992,250
Bonds Issued	9,290,000
Original Authorized Cost	9,992,250
Additional Authorized Cost	-
Revised Authorized Cost	\$ 9,992,250

## Percentage Increase(Decrease) Over Original

Authorized Cost	0.00%
Percentage Completion	98.78%
Original Target Completion Date	June 30, 2016
Revised Target Completion Date	June 30, 2018

**PROPRIETARY FUNDS**

**ELMWOOD PARK BOARD OF EDUCATION  
NON-MAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**AGENCY FUNDS**



**ELMWOOD PARK BOARD OF EDUCATION  
AGENCY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 108,770	\$ 825,178	\$ 933,948
Total Assets	<u>\$ 108,770</u>	<u>\$ 825,178</u>	<u>\$ 933,948</u>
<b>LIABILITIES</b>			
Due to Student Groups	\$ 108,770		\$ 108,770
Payroll Deductions and Withholdings		\$ 121,744	121,744
Summer Savings Deposits		698,608	698,608
Flexible Spending Deposits	<u>\$ -</u>	<u>4,826</u>	<u>4,826</u>
Total Liabilities	<u>\$ 108,770</u>	<u>\$ 825,178</u>	<u>\$ 933,948</u>

**ELMWOOD PARK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
NONEXPENDABLE TRUST FUND  
COMBINING STATEMENT OF CHANGES IN  
FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

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

	<u>Balance, July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
<b>Elementary Schools:</b>				
Gantner Avenue	\$ 2,258	\$ 11,480	\$ 12,202	\$ 1,536
Gilbert Avenue	1,551	13,324	14,614	261
Sixteenth Avenue	<u>2,529</u>	<u>9,175</u>	<u>11,472</u>	<u>232</u>
	<u>6,338</u>	<u>33,979</u>	<u>38,288</u>	<u>2,029</u>
<b>Junior High School:</b>				
Memorial Middle School	<u>31,474</u>	<u>68,215</u>	<u>70,576</u>	<u>29,113</u>
<b>Senior High School:</b>				
Memorial High School	78,333	128,354	129,963	76,724
Athletic Activities	<u>737</u>	<u>54,500</u>	<u>54,333</u>	<u>904</u>
	<u>79,070</u>	<u>182,854</u>	<u>184,296</u>	<u>77,628</u>
	<u>\$ 116,882</u>	<u>\$ 285,048</u>	<u>\$ 293,160</u>	<u>\$ 108,770</u>

**ELMWOOD PARK BOARD OF EDUCATION  
AGENCY FUNDS  
PAYROLL AGENCY FUND  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2018</u>
<b>ASSETS</b>				
Cash	\$ 639,986	\$ 21,223,587	\$ 21,038,395	\$ 825,178
Total Assets	<u>\$ 639,986</u>	<u>\$ 21,223,587</u>	<u>\$ 21,038,395</u>	<u>\$ 825,178</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 13	\$ 9,325,452	\$ 9,203,721	\$ 121,744
Accrued Salaries and Wages	8,101	11,155,639	11,163,740	-
Summer Savings Deposits	621,212	703,187	625,791	698,608
Flexible Spending Deposits	5,687	39,244	40,105	4,826
Due to Other Funds	<u>4,973</u>	<u>65</u>	<u>5,038</u>	<u>-</u>
Total Liabilities	<u>\$ 639,986</u>	<u>\$ 21,223,587</u>	<u>\$ 21,038,395</u>	<u>\$ 825,178</u>

**LONG-TERM DEBT**

ELMWOOD PARK BOARD OF EDUCATION  
 SCHEDULE OF SERIAL BONDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
School Bonds	7/9/2014	\$ 9,290,000	8/1/2018	\$ 360,000	3.000				
			8/1/2019	375,000	4.000				
			8/1/2020	350,000	4.000				
			8/1/2021	375,000	5.000				
			8/1/2022	405,000	5.000				
			8/1/2023	445,000	5.000				
			8/1/2024	470,000	5.000				
			8/1/2025	500,000	5.000				
			8/1/2026	545,000	5.000				
			8/1/2027	555,000	4.000				
			8/1/2028	545,000	4.000				
			8/1/2029	370,000	4.000				
			8/1/2030	600,000	4.000				
			8/1/2031	600,000	4.000				
			8/1/2032	600,000	4.000				
			8/1/2033	600,000	4.000				
			8/1/2034	600,000	4.000				
Refunding Schools Bonds	7/9/2014	\$ 21,275,000	8/1/2018	1,160,000	3.000				
			8/1/2019	1,200,000	4.000				
			8/1/2020	1,290,000	4.000				
			8/1/2021	1,340,000	5.000				
			8/1/2022	1,395,000	5.000				
			8/1/2023	1,445,000	5.000				
			8/1/2024	1,500,000	5.000				
			8/1/2025	1,555,000	5.000				
			8/1/2026	1,605,000	5.000				
			8/1/2027	1,700,000	4.000				
			8/1/2028	1,785,000	4.000				
			8/1/2029	1,950,000	4.000				
						<u>\$ 27,705,000</u>	<u>\$ -</u>	<u>\$ 1,485,000</u>	<u>\$ 26,220,000</u>
							<u>Paid by Budget</u>	<u>\$ 1,485,000</u>	

**ELMWOOD PARK BOARD OF EDUCATION  
SCHEDULE OF CAPITAL LEASES AND LEASE - PURCHASES PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
<b><u>Capital Leases</u></b>						
Technology / Network Upgrade	275,000	2.00%	\$ 114,388	\$ -	\$ 56,628	\$ 57,760
			<u>114,388</u>	<u>-</u>	<u>56,628</u>	<u>57,760</u>
<b><u>Lease - Purchase Agreements</u></b>						
Computer Supplies (IPADS)	245,454	2.99%	49,252	-	49,252	-
Computer Supplies (IPADS)	281,855	2.69%	<u>114,102</u>	<u>-</u>	<u>56,493</u>	<u>57,609</u>
			<u>163,354</u>	<u>-</u>	<u>105,745</u>	<u>57,609</u>
			<u>\$ 277,742</u>	<u>\$ -</u>	<u>\$ 162,373</u>	<u>\$ 115,369</u>

**ELMWOOD PARK BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 2,394,530		\$ 2,394,530	\$ 2,394,530	
State Sources					
Debt Service State Aid	<u>254,720</u>	<u>-</u>	<u>254,720</u>	<u>254,720</u>	<u>-</u>
Total Revenues	<u>2,649,250</u>	<u>-</u>	<u>2,649,250</u>	<u>2,649,250</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	1,485,000		1,485,000	1,485,000	-
Interest	<u>1,164,250</u>	<u>-</u>	<u>1,164,250</u>	<u>1,164,250</u>	<u>-</u>
Total Expenditures	<u>2,649,250</u>	<u>-</u>	<u>2,649,250</u>	<u>2,649,250</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

## STATISTICAL SECTION

This part of the Elmwood Park 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.



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

	<u>Fiscal Year Ended June 30.</u>									
	2009	2010	2011 (1)	2012	2013	2014 (2)	2015	2016	2017	2018
<b>Governmental activities</b>										
Net Investment in Capital Assets	\$ 15,744,171	\$ 15,496,530	\$ 15,110,080	\$ 15,092,220	\$ 14,516,671	\$ 15,208,895	\$ 15,057,857	\$ 17,710,996	\$ 18,431,982	\$ 19,137,424
Restricted	1,213	1,215	451	447	250,777	2,445,347	3,078,731	3,091,934	3,970,740	5,191,524
Unrestricted	<u>(1,271,168)</u>	<u>(1,556,592)</u>	<u>(1,670,542)</u>	<u>(3,718,193)</u>	<u>(3,083,523)</u>	<u>(10,703,259)</u>	<u>(10,022,879)</u>	<u>(9,819,821)</u>	<u>(9,905,619)</u>	<u>(8,515,481)</u>
<b>Total governmental activities net position</b>	<u>\$ 14,474,216</u>	<u>\$ 13,941,153</u>	<u>\$ 13,439,989</u>	<u>\$ 11,374,474</u>	<u>\$ 11,683,925</u>	<u>\$ 6,950,983</u>	<u>\$ 8,113,709</u>	<u>\$ 10,983,109</u>	<u>\$ 12,497,103</u>	<u>\$ 15,813,467</u>
<b>Business-type activities</b>										
Net Investment in Capital Assets	\$ 213,981	\$ 193,635	\$ 173,825	\$ 170,511	\$ 27,671	\$ 17,135	\$ 9,466	\$ 23,456	\$ 79,223	\$ 121,482
Restricted										
Unrestricted	<u>113,778</u>	<u>133,908</u>	<u>203,323</u>	<u>25,811</u>	<u>238,928</u>	<u>468,708</u>	<u>668,874</u>	<u>277,869</u>	<u>299,291</u>	<u>308,253</u>
<b>Total business-type activities net position</b>	<u>\$ 327,759</u>	<u>\$ 327,543</u>	<u>\$ 377,148</u>	<u>\$ 196,322</u>	<u>\$ 266,599</u>	<u>\$ 485,843</u>	<u>\$ 678,340</u>	<u>\$ 301,325</u>	<u>\$ 378,514</u>	<u>\$ 429,735</u>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 15,958,152	\$ 15,690,165	\$ 15,283,905	\$ 15,262,731	\$ 14,544,342	\$ 15,226,030	\$ 15,067,323	\$ 17,734,452	\$ 18,511,205	\$ 19,258,906
Restricted	1,213	1,215	451	447	250,777	2,445,347	3,078,731	3,091,934	3,970,740	5,191,524
Unrestricted	<u>(1,157,390)</u>	<u>(1,422,684)</u>	<u>(1,467,219)</u>	<u>(3,692,382)</u>	<u>(2,844,595)</u>	<u>(10,234,551)</u>	<u>(9,354,005)</u>	<u>(9,541,952)</u>	<u>(9,606,328)</u>	<u>(8,207,228)</u>
<b>Total district net position</b>	<u>\$ 14,801,975</u>	<u>\$ 14,268,696</u>	<u>\$ 13,817,137</u>	<u>\$ 11,570,796</u>	<u>\$ 11,950,524</u>	<u>\$ 7,436,826</u>	<u>\$ 8,792,049</u>	<u>\$ 11,284,434</u>	<u>\$ 12,875,617</u>	<u>\$ 16,243,202</u>

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB 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 No. 68 "Accounting and Financial Reporting for Pensions".

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

	2009	2010	2011	2012	Fiscal Year Ended June 30,		2015	2016	2017	2018
					2013	2014				
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 9,906,168	\$ 10,605,630	\$ 10,180,397	\$ 9,953,651	\$ 11,906,542	\$ 12,396,434	\$ 14,999,220	\$ 15,783,095	\$ 17,305,932	\$ 18,591,827
Special Education	1,967,996	2,446,906	2,579,766	2,608,782	9,041,608	8,781,930	9,844,230	9,663,299	10,436,257	10,273,035
Other Instruction	191,243	233,329	282,831	482,506	243,800	387,071	575,702	569,196	625,591	1,130,913
School Sponsored	540,908	631,532	685,764	666,997	565,044	541,451	572,849	613,296	672,594	603,415
Community Services	1,165	308								
<b>Support Services:</b>										
Tuition	4,272,582	4,261,058	4,470,522	5,221,404						
Student & instruction Related Services	4,238,705	4,515,442	4,536,180	4,548,825	5,134,658	4,658,155	5,439,445	5,600,381	6,667,445	6,933,736
General Administrative Services	919,151	929,528	944,202	920,605	1,119,619	1,409,617	1,807,366	1,272,670	1,256,669	1,201,790
School Administrative Services	1,681,513	1,762,373	2,163,535	1,699,593	2,382,539	2,484,316	2,801,552	2,890,800	3,438,947	3,649,080
Central Services and Admin. Info. Technolog	973,597	782,050	880,579	711,822	1,183,844	1,205,590	1,515,178	1,322,865	1,371,526	1,413,974
Plant Operations and Maintenance	3,182,293	3,333,374	3,152,087	3,587,272	2,884,042	3,554,579	3,700,896	3,669,476	3,754,899	3,776,579
Pupil Transportation	2,556,248	2,385,961	1,945,611	1,983,856	1,726,171	1,583,747	1,621,563	1,886,266	2,060,894	2,109,614
Business and Other Support Services										
Unallocated Benefits	1,495,579	1,672,360	1,526,137	2,676,385			443,134			
Special Schools										
Charter Schools	22,842	13,057	94,588	149,739						
Interest on Long-Term Debt	1,248,970	1,215,136	1,178,271	1,139,256	1,113,954	1,072,951		913,382	912,312	916,101
Capital Outlay - Non-Depreciable	174,850	368,627	138,430	629,529						
Unallocated Depreciation	1,188,500	1,172,745	1,181,371	1,179,784						
<b>Total Governmental Activities Expenses</b>	<b>34,562,310</b>	<b>36,328,416</b>	<b>35,940,271</b>	<b>38,160,006</b>	<b>37,301,821</b>	<b>38,075,841</b>	<b>43,321,135</b>	<b>44,184,726</b>	<b>48,503,066</b>	<b>50,600,064</b>
<b>Business-Type Activities:</b>										
Food service	-946,234	1,082,787	1,122,264	1,006,654	933,142	887,284	891,617	947,926	931,821	1,003,913
Before/After Care Program			40,775	329,677	143,731	137,066	129,686			
Non Major Business-Type Programs					138,823	24,837	24,818	36,945	36,415	19,719
<b>Total Business-Type Activities Expense</b>	<b>946,234</b>	<b>1,082,787</b>	<b>1,163,039</b>	<b>1,336,331</b>	<b>1,215,696</b>	<b>1,049,187</b>	<b>1,046,121</b>	<b>984,871</b>	<b>968,236</b>	<b>1,023,632</b>
<b>Total District Expenses</b>	<b>\$ 35,508,544</b>	<b>\$ 37,411,203</b>	<b>\$ 37,103,310</b>	<b>\$ 39,496,337</b>	<b>\$ 38,517,517</b>	<b>\$ 39,125,028</b>	<b>\$ 44,367,256</b>	<b>\$ 45,169,597</b>	<b>\$ 49,471,302</b>	<b>\$ 51,623,696</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services					164,664	260,002	213,843	197,399	124,088	228,599
Operating Grants and Contributions	1,332,917	1,791,333	1,412,092	1,485,896	5,703,017	6,437,292	9,327,421	10,694,109	12,918,625	14,414,893
Capital Grants and Contributions					12,679	6,963		77,000	9,410	31,182
<b>Total Governmental Activities Program Revenues</b>	<b>1,332,917</b>	<b>1,791,333</b>	<b>1,412,092</b>	<b>1,485,896</b>	<b>5,880,360</b>	<b>6,704,257</b>	<b>9,541,264</b>	<b>10,968,508</b>	<b>13,052,123</b>	<b>14,674,674</b>

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Business-Type Activities:</b>										
Charges for Services										
Food Service	\$ 615,782	\$ 623,669	\$ 675,100	\$ 609,506	\$ 465,300	\$ 471,320	\$ 432,590	\$ 398,561	\$ 413,325	\$ 466,259
Before/After CARE Program			66,714	153,421	290,311	272,047	245,354	2,245		
Non Major Business-Type Programs				165,009	148,497	22,547	17,667	22,656	16,149	8,998
Operating Grants and Contributions	360,880	458,894	470,631	508,293	504,652	502,374	531,571	566,237	588,951	574,596
Total Business Type Activities Program Revenues	976,662	1,082,563	1,212,445	1,436,229	1,408,760	1,268,288	1,227,182	989,699	1,020,425	1,049,853
Total District Program Revenues	<u>\$ 2,309,579</u>	<u>\$ 2,873,896</u>	<u>\$ 2,624,537</u>	<u>\$ 2,922,125</u>	<u>\$ 7,289,120</u>	<u>\$ 7,972,545</u>	<u>\$ 10,768,446</u>	<u>\$ 11,958,207</u>	<u>\$ 14,072,548</u>	<u>\$ 15,724,527</u>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (33,229,393)	\$ (34,537,083)	\$ (34,528,179)	\$ (36,674,110)	\$ (31,421,461)	\$ (31,371,584)	\$ (33,779,871)	\$ (33,216,218)	\$ (35,450,943)	\$ (35,925,390)
Business-Type Activities	30,428	(224)	49,406	99,898	193,064	219,101	181,061	4,828	52,189	26,221
Total District-Wide Net Expense	<u>\$ (33,198,965)</u>	<u>\$ (34,537,307)</u>	<u>\$ (34,478,773)</u>	<u>\$ (36,574,212)</u>	<u>\$ (31,228,397)</u>	<u>\$ (31,152,483)</u>	<u>\$ (33,598,810)</u>	<u>\$ (33,211,390)</u>	<u>\$ (35,398,754)</u>	<u>\$ (35,899,169)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes	25,780,937	26,423,176	27,480,103	\$ 27,480,103	\$ 28,789,793	\$ 29,579,684	\$ 31,160,280	\$ 31,783,486	\$ 32,973,746	\$ 33,692,252
Taxes Levied for Debt Service	2,062,302	2,079,305	2,093,740	2,105,580	2,114,918	2,123,084	2,128,740	2,292,850	2,390,209	2,394,530
State Facilities Grant										
Unrestricted Federal and State Aid	4,887,394	5,332,263	4,254,542	4,640,263	723,691	1,176,221	1,269,440	1,232,660	1,241,807	2,743,495
State Aid for Debt Service Principal								169,176	140,350	142,780
Federal and State Aid - Capital Outlay										
Tuition Received		78,240	34,269	66,508						
Cancellation Accounts Receivable/Payable			(764)				82,582	-		
Investment earnings	64,889	2,899	4,676	3,219	7,306	16,581		90,730	64,241	124,589
Miscellaneous income	70,074	88,135	160,449	31,850	95,204	232,953		134,873	179,384	169,108
Transfers				281,073				(11,436)	381,843	(25,000)
Total Governmental Activities	<u>32,865,596</u>	<u>34,004,018</u>	<u>34,027,015</u>	<u>34,608,596</u>	<u>31,730,912</u>	<u>33,128,523</u>	<u>34,942,597</u>	<u>36,085,618</u>	<u>36,964,937</u>	<u>39,241,754</u>
Business-Type Activities:										
Investment Earnings		6	201	348	279	143				
Miscellaneous										
Transfers				(281,073)			11,436	(381,843)	25,000	25,000
Total Business-Type Activities	<u>-</u>	<u>6</u>	<u>201</u>	<u>(280,725)</u>	<u>279</u>	<u>143</u>	<u>11,436</u>	<u>(381,843)</u>	<u>25,000</u>	<u>25,000</u>
Total District-Wide	<u>\$ 32,865,596</u>	<u>\$ 34,004,024</u>	<u>\$ 34,027,216</u>	<u>\$ 34,327,871</u>	<u>\$ 31,731,191</u>	<u>\$ 33,128,666</u>	<u>\$ 34,954,033</u>	<u>\$ 35,703,775</u>	<u>\$ 36,989,937</u>	<u>\$ 39,266,754</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ (363,797)	\$ (533,065)	\$ (501,164)	\$ (2,065,514)	\$ 309,451	\$ 1,756,939	\$ 1,162,726	\$ 2,869,400	\$ 1,513,994	\$ 3,316,364
Business-Type Activities	30,428	(218)	49,607	(180,827)	193,343	219,244	192,497	(377,015)	77,189	51,221
Total District	<u>\$ (333,369)</u>	<u>\$ (533,283)</u>	<u>\$ (451,557)</u>	<u>\$ (2,246,341)</u>	<u>\$ 502,794</u>	<u>\$ 1,976,183</u>	<u>\$ 1,355,223</u>	<u>\$ 2,492,385</u>	<u>\$ 1,591,183</u>	<u>\$ 3,367,585</u>

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1	\$ 1								
Unreserved	99,399	(184,980)								
Restricted			\$ 1	\$ 1	\$ 250,777	\$ 2,445,347	\$ 3,074,002	\$ 3,087,205	\$ 3,970,740	\$ 6,216,903
Committed					171,441					
Assigned					42,337	34,400	29,600	65,719	31,442	166,540
Unassigned	-	-	(704,548)	(2,295,555)	184,084	(48,023)	29,177	104,031	88,167	308,597
<b>Total General Fund</b>	<b>\$ 99,400</b>	<b>\$ (184,979)</b>	<b>\$ (704,547)</b>	<b>\$ (2,295,554)</b>	<b>\$ 648,639</b>	<b>\$ 2,431,724</b>	<b>\$ 3,132,779</b>	<b>\$ 3,256,955</b>	<b>\$ 4,090,349</b>	<b>\$ 6,692,040</b>
All Other Governmental Funds										
Unreserved, Reported in:										
Special Revenue Fund										
Capital Projects Fund	\$ 1,212	\$ 1,212								
Debt Service		3								
Restricted for:										
Capital Projects							6,969,798	2,300,730	1,186,862	122,365
Debt Service			\$ 450	\$ 446			4,729	4,729		
Unassigned	-	-	-	-		(765,913)	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 1,212</b>	<b>\$ 1,215</b>	<b>\$ 450</b>	<b>\$ 446</b>	<b>\$ -</b>	<b>\$ (765,913)</b>	<b>\$ 6,974,527</b>	<b>\$ 2,305,459</b>	<b>\$ 1,186,862</b>	<b>\$ 122,365</b>

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental 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 resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 27,843,239	\$ 28,502,481	\$ 29,573,843	\$ 29,585,683	\$ 30,904,711	\$ 31,702,768	\$ 33,289,020	\$ 34,076,336	\$ 35,363,955	\$ 36,086,782
Tuition				50,831	162,103	260,002	213,843	197,399	124,088	228,599
Transportation Fees					2,561	-				
E-Rate		78,240	34,269	15,677						
Interest Earnings	64,889	2,899	4,676	3,219						
Miscellaneous	73,939	92,691	162,267	55,111	125,564	262,683	413,670	302,922	293,649	352,359
State Sources	5,223,223	5,440,939	4,401,048	4,892,190	5,242,835	6,117,289	6,340,110	7,098,021	7,393,918	9,520,545
Federal Sources	993,224	1,678,101	1,263,766	1,210,708	1,173,498	1,490,038	1,416,690	1,528,353	1,345,434	1,375,067
<b>Total revenue</b>	<b>34,198,514</b>	<b>35,795,351</b>	<b>35,439,869</b>	<b>35,813,419</b>	<b>37,611,272</b>	<b>39,832,780</b>	<b>41,673,333</b>	<b>43,203,031</b>	<b>44,521,044</b>	<b>47,563,352</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	8,420,729	8,883,555	8,337,606	8,213,620	11,377,399	12,025,350	12,904,644	13,187,793	13,749,348	14,562,038
Special Education Instruction	1,589,747	1,936,935	2,005,274	2,261,707	8,698,198	8,534,760	9,123,082	8,884,888	9,268,202	9,005,598
Other Instruction	154,102	183,655	219,475	374,630	232,598	387,071	499,891	477,517	480,301	859,341
School Sponsored/Other Instructional	453,796	525,437	564,179	547,661	539,793	541,451	565,270	598,011	615,310	558,829
Community Service Programs	1,165	308								
<b>Support Services:</b>										
Instruction - Tuition	4,272,582	4,261,058	4,470,522	5,221,404						
Student & Inst. Related Services	3,672,990	3,856,949	3,780,524	3,836,671	4,928,362	4,441,742	4,818,144	4,922,487	5,600,004	5,684,434
General Administration	836,309	837,952	852,507	844,668	1,074,436	1,334,462	1,106,989	1,204,673	1,134,287	1,125,445
School Administration	1,359,026	1,386,686	1,678,728	1,339,609	2,271,932	2,394,816	2,434,687	2,419,779	2,695,700	2,832,222
Central Administrative Services	873,885	653,867	720,638	534,170	1,109,333	1,146,524	1,429,273	1,227,405	1,194,069	1,183,349
Operations and Maintenance	2,824,951	2,938,699	2,737,355	3,186,256	2,756,848	3,310,981	3,462,358	3,399,914	3,284,256	3,324,884
Student Transportation	2,172,430	1,950,843	1,484,400	1,965,964	1,665,612	1,572,649	1,615,070	1,881,373	2,050,381	2,095,373
Business and Other Support Services										
Employee Benefits	5,413,181	6,285,671	6,781,472	6,854,988						
<b>Special Schools</b>										
Transfer to Charter Schools	22,842	13,057	94,588	149,739						
Capital Outlay	253,127	449,155	138,430	789,390	207,441	787,583	3,110,577	6,748,440	1,604,646	1,724,284
<b>Debt Service</b>										
Principal	800,000	850,000	900,000	950,000	1,142,748	1,493,782	1,658,332	1,945,688	1,906,088	1,877,373
Interest and Other Charges	1,262,303	1,229,303	1,193,740	1,155,584	1,127,311	1,089,891	542,893	1,231,798	1,198,655	1,167,988
Payment to Escrow Agent							736,846			
Cost of Issuance							604,928			
<b>Total Governmental Fund Expenditures</b>	<b>34,383,165</b>	<b>36,243,130</b>	<b>35,959,438</b>	<b>38,226,061</b>	<b>37,132,011</b>	<b>39,061,062</b>	<b>44,612,984</b>	<b>48,129,766</b>	<b>44,781,247</b>	<b>46,001,158</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>(184,651)</b>	<b>(447,779)</b>	<b>(519,569)</b>	<b>(2,412,642)</b>	<b>479,261</b>	<b>771,718</b>	<b>(2,939,651)</b>	<b>(4,926,735)</b>	<b>(260,203)</b>	<b>1,562,194</b>

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Other Financing Sources (Uses)</b>										
Transfers in	\$ 20,766	\$ 10	\$ 448	\$ 281,073	\$ 1		\$ 44,539	\$ 416,843		
Transfers out	(20,766)	(10)	(448)		(1)		(55,975)	(35,000)	(25,000)	(25,000)
Proceeds State Aid Advance Loan					2,214,497					
Proceeds from the Sale of Bonds							30,565,000			
Premium on Bonds							3,652,727			
Payments to Refunding Escrow							(23,382,000)			
Cancellation of Accounts Receivable			(10,240)							
Cancellation of Accounts Payable			9,476							
Capital Leases/Lease Purchase Proceeds	208,452	163,404		540,558	249,989	\$ 245,454	556,855	-	-	-
<b>Total other financing sources (uses)</b>	<u>208,452</u>	<u>163,404</u>	<u>(764)</u>	<u>821,631</u>	<u>2,464,486</u>	<u>245,454</u>	<u>11,381,146</u>	<u>381,843</u>	<u>(25,000)</u>	<u>(25,000)</u>
<b>Net change in fund balances</b>	<u>\$ 23,801</u>	<u>\$ (284,375)</u>	<u>\$ (520,333)</u>	<u>\$ (1,591,011)</u>	<u>\$ 2,943,747</u>	<u>\$ 1,017,172</u>	<u>\$ 8,441,495</u>	<u>\$ (4,544,892)</u>	<u>\$ (285,203)</u>	<u>\$ 1,537,194</u>
Debt service as a percentage of noncapital expenditures	6.04%	5.81%	5.85%	5.62%	6.15%	6.75%	5.30%	7.68%	7.19%	6.88%

\* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Transfer from Payroll Trust and Agency</u>	<u>E-Rate</u>	<u>Athletic Gate Receipts</u>	<u>Energy Credits</u>	<u>Rebates/ Refunds</u>	<u>Other Misc.</u>	<u>Total</u>
2009		\$ 10,023					\$ 56,094	\$ 2,746	\$ 68,863
2010		2,888		\$ 78,240			19,291	68,845	169,264
2011		4,676		34,269				160,449	199,394
2012	\$ 50,831	3,219		15,677				31,850	101,577
2013	162,103	5,997		65,981			20,617	12,476	267,174
2014	260,002	16,581	\$ 60,367	69,544			1,668	101,374	509,536
2015	213,843	38,043		64,634				248,357	564,877
2016	197,399	90,730		76,982				57,891	423,002
2017	124,088	64,241	5,569	69,826	\$ 3,336		30,595	70,058	367,713
2018	228,599	127,589		73,914	4,914	\$ 10,686	44,794	31,800	522,296

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2009	\$ 20,420,400	\$ 1,574,061,200		\$ 288,186,500	\$ 119,348,700	\$ 63,267,700	\$ 2,065,284,500	\$ 1,674,243	\$ 2,066,958,743	\$ 2,607,177,526	\$ 1.334
2010	19,156,000	1,580,256,800		287,015,300	119,348,700	63,267,700	2,069,044,500	2,042,994	2,071,087,494	2,513,582,993	1.402
2011	18,924,000	1,583,522,000		278,337,200	112,838,500	63,267,700	2,056,889,400	1,734,845	2,058,624,245	2,374,358,577	1.437
2012	16,880,100	1,583,487,400		274,953,900	112,063,500	60,905,700	2,048,290,600	1,786,220	2,050,076,820	2,295,775,313	1.500
2013	14,564,100	1,589,876,300		267,590,000	116,242,400	60,905,700	2,049,178,500	96	2,049,178,596	2,162,263,204	1.530
2014	14,055,500	1,584,939,900		264,753,100	115,007,700	72,861,200	2,051,617,400	100	2,051,617,500	2,058,172,110	1.585
2015	12,807,700	1,586,494,000		260,312,600	114,720,800	76,758,700	2,051,093,800	100	2,051,093,900	2,097,262,176	1.657
2016	12,184,900	1,593,960,300		259,987,400	114,105,700	82,130,300	2,062,368,600	99	2,062,368,699	2,105,355,467	1.684
2017	11,813,900	1,605,280,300		258,841,400	114,292,500	82,130,300	2,072,358,400	100	2,072,358,500	2,117,435,483	1.724
2018	12,723,200	1,608,122,000		257,549,400	114,568,400	82,130,300	2,075,093,300	90	2,075,093,390	2,309,774,854	1.730

Source: County Abstract of Ratables

<sup>a</sup> Tax rates are per \$100



**ELMWOOD PARK 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
	Elmwood Park Local School District	Municipality of Elmwood Park	County of Bergen	
2009	\$ 1.334	\$ 0.758	\$ 0.243	\$ 2.335
2010	1.402	0.799	0.239	2.440
2011	1.437	0.819	0.236	2.492
2012	1.500	0.845	0.246	2.591
2013	1.530	0.864	0.242	2.636
2014	1.585	0.880	0.234	2.699
2015	1.657	0.881	0.245	2.783
2016	1.684	0.861	0.250	2.795
2017	1.724	0.908	0.257	2.889
2018	1.730	0.920	0.273	2.923

Source: County Abstract of Ratables

\* Includes Library

**ELMWOOD PARK BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS,  
LAST YEAR AND NINE YEARS AGO  
(Unaudited)**

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Riverfront Residential	\$ 38,027,000	1.83%		
E. Coast Elmwood	32,706,300	1.58%		
Marcal Manufacturing LLC			\$ 14,669,500	0.72%
RD Elmwood Associates, L.P.	23,373,500	1.13%	14,450,900	0.71%
Marcal Paper Co	13,000,000	0.63%		
Alfred Sanzari Enterprise	12,940,900	0.62%		
Elmwood Terr Inc.	12,000,000	0.58%		
35 Market St Associates	11,700,000	0.56%	11,700,000	0.57%
EF SBC	11,496,700	0.55%		
LKD-1, LLC			11,496,700	0.56%
LKD Associates	11,003,900	0.53%		
LKD-3, LLC			11,003,900	0.54%
Bankers Financial	9,467,000	0.46%	9,467,000	0.46%
Elmwood V. Assoc. L.P.			9,107,900	0.44%
Hartz Mtn. Ind. Inc.			9,676,500	0.47%
669 River Drive Center Assoc.			9,574,000	0.47%
PRC-1, LLC			8,745,500	0.43%
	<u>\$ 175,715,300</u>	<u>8.47%</u>	<u>\$ 109,891,900</u>	<u>5.37%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 27,843,239	\$ 27,843,239	100.00%	
2010	28,502,481	28,502,481	100.00%	
2011	29,573,843	29,573,843	100.00%	
2012	29,585,683	29,585,683	100.00%	
2013	30,904,711	30,904,711	100.00%	
2014	31,702,768	31,702,768	100.00%	
2015	33,289,020	33,289,020	100.00%	
2016	34,076,336	34,076,336	100.00%	
2017	35,363,955	35,363,955	100.00%	
2018	36,086,782	36,086,782	100.00%	

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				Total District	Population	Per Capita
	General Obligation Bonds	Loans Payable	Capital Leases/Lease- Purchase				
2009	\$ 29,232,000		\$ 260,779		\$ 29,492,779	18,645	\$ 1,582
2010	28,382,000		226,130		28,608,130	19,490	1,468
2011	27,482,000		78,280		27,560,280	19,638	1,403
2012	26,532,000		442,082		26,974,082	19,751	1,366
2013	25,532,000	\$ 2,214,497	549,323		28,295,820	20,153	1,404
2014	24,482,000	1,984,497	580,995		27,047,492	20,245	1,336
2015	30,565,000	1,754,497	809,518		33,129,015	20,324	1,630
2016	29,165,000	1,524,497	493,830		31,183,327	20,352	1,532
2017	27,705,000	1,294,497	277,742		29,277,239	20,429	1,433
2018	26,220,000	1,064,497	115,369		27,399,866	20,429 *	1,341

Source: District records

\* Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 29,232,000	-	\$ 29,232,000	1.42%	\$ 1,568
2010	28,382,000	-	28,382,000	1.37%	1,456
2011	27,482,000	-	27,482,000	1.33%	1,399
2012	26,532,000	-	26,532,000	1.29%	1,343
2013	25,532,000	-	25,532,000	1.25%	1,267
2014	24,482,000	-	24,482,000	1.19%	1,209
2015	30,565,000	-	30,565,000	1.49%	1,504
2016	29,165,000	-	29,165,000	1.41%	1,433
2017	27,705,000	-	27,705,000	1.34%	1,356
2018	26,220,000	-	26,220,000	1.26%	1,283

Source: District records

**ELMWOOD PARK BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2017  
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Elmwood Park School District	\$ 26,220,000
Borough of Elmwood Park	<u>18,143,568</u>
Total Direct Debt	<u>44,363,568</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	15,558,347
Passaic Valley Sewerage Commission (B)	<u>4,580,993</u>
Total Overlapping Debt	<u>20,139,340</u>
Total Direct and Overlapping Debt	<u>\$ 64,502,908</u>

Source:

(1) Borough's 2017 Annual Debt Statement

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

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

ELMWOOD PARK BOARD OF EDUCATION  
 LEGAL DEBT MARGIN INFORMATION  
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis
	2017 \$ 2,291,924,795
	2016 2,091,863,881
	2015 <u>2,078,530,401</u>
	\$ <u>6,462,319,077</u>
Average equalized valuation of taxable property	\$ <u>2,154,106,359</u>
Debt limit (4 % of average equalization value)	\$ 86,164,254
Total Net Debt Applicable to Limit	<u>26,220,000</u>
Legal debt margin	\$ <u>59,944,254</u>

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 100,769,518	\$ 101,430,998	\$ 98,851,575	\$ 95,146,742	\$ 90,574,712	\$ 86,218,443	\$ 83,525,942	\$ 82,663,201	\$ 83,368,272	\$ 86,164,254
Total net debt applicable to limit	<u>29,232,000</u>	<u>28,382,000</u>	<u>27,482,000</u>	<u>23,532,000</u>	<u>25,532,000</u>	<u>34,474,250</u>	<u>30,565,000</u>	<u>29,165,000</u>	<u>27,705,000</u>	<u>26,220,000</u>
Legal debt margin	<u>\$ 71,537,518</u>	<u>\$ 73,048,998</u>	<u>\$ 71,369,575</u>	<u>\$ 71,614,742</u>	<u>\$ 65,042,712</u>	<u>\$ 51,744,193</u>	<u>\$ 52,960,942</u>	<u>\$ 53,498,201</u>	<u>\$ 55,663,272</u>	<u>\$ 59,944,254</u>
Total net debt applicable to the limit as a percentage of debt limit	29.01%	27.98%	27.80%	24.73%	28.19%	39.98%	36.59%	35.28%	33.23%	30.43%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	18,645	\$ 65,097	10.10%
2010	19,490	66,080	8.10%
2011	19,638	69,044	10.20%
2012	19,751	71,953	10.40%
2013	20,153	71,449	6.40%
2014	20,245	73,293	7.10%
2015	20,324	76,388	6.00%
2016	20,352	77,187	5.50%
2017	20,429	Not Available	5.10%
2018	20,429 *	Not Available	Not Available

Source: New Jersey State Department of Education

N/A - Not Available

\* Estimated



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

Employer	2018		2009	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION IS NOT AVAILABLE

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	151.0	164.0	177.0	123.0	123.0	129.0	121.0	126.0	112.0	117.0
Special Education	38.0	40.0	40.0	44.0	54.0	65.0	65.0	65.0	65.0	70.3
Other Instruction				6.0	6.0	3.5	2.0	2.0	2.0	2.0
Support Services:										
Tuition										
Student & instruction related services	46.0	55.0	55.0	59.5	50.5	53.0	56.0	55.3	56.8	59.7
General administrative Services	7.0	7.0	7.0	1.0	1.0	4.0	3.0	3.0	3.0	3.0
School Administrative Services	26.0	26.0	27.0	20.5	20.5	20.0	19.0	19.0	19.0	22.0
Business Administrative Services	8.5	8.5	9.5	9.5	9.5	13.0	11.6	10.6	13.8	12.3
Plant Operations and Maintenance	26.5	24.5	27.0	43.0	50.0	23.5	22.0	23.0	22.0	21.0
Pupil transportation	3.0	3.0	1.0	1.0	1.0	0.7	0.7	0.7	0.7	0.7
<b>Total</b>	<b>306.0</b>	<b>328.0</b>	<b>343.5</b>	<b>307.5</b>	<b>315.5</b>	<b>311.7</b>	<b>300.3</b>	<b>304.6</b>	<b>294.3</b>	<b>308.0</b>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Teacher/Pupil Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Junior High School	High School				
2009	2,308	\$ 32,067,735	\$ 13,894	-3.15%	306	1:16	1:18	1:14	2,298.0	2,181.0	3.89%	94.91%
2010	2,326	33,714,674	14,495	4.32%	328	1:16	1:18	1:16	2,311.0	2,201.0	0.57%	95.24%
2011	2,473	33,727,268	13,638	-5.91%	307	1:16	1:18	1:16	2,402.0	2,281.0	3.94%	94.96%
2012	2,502	35,331,087	14,121	3.54%	307	1:16	1:18	1:16	2,481.5	2,367.6	3.31%	95.41%
2013	2,544	34,654,511	13,622	-3.53%	316	1:16	1:18	1:16	2,537.0	2,415.0	2.24%	95.19%
2014	2,519	35,689,806	14,168	4.01%	312	1:21	1:18	1:18	2,526.7	2,409.8	0.00%	95.37%
2015	2,541	37,959,408	14,939	9.67%	300	1:14	1:15	1:17	2,530.8	2,422.1	0.00%	95.70%
2016	2,508	38,203,840	15,233	7.51%	305	1:15	1:15	1:13	2,532.5	2,429.0	0.00%	95.91%
2017	2,542	40,071,858	15,764	5.52%	294	1:16	1:18	1:16	2,571.2	2,455.5	0.00%	95.50%
2018	2,601	41,231,513	15,852	4.07%	308	1:15	1:15	1:17	2,601.3	2,476.2	0.00%	95.19%

Sources: District records

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

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

<u>District Building</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Ganter Elementary School</b>										
Square Feet	38,453	38,453	38,453	38,453	38,453	38,453	38,453	38,453	38,453	38,453
Enrollment	313	313	313	313	393	375	354	375	359	352
<b>Gilbert Elementary School</b>										
Square Feet	54,767	54,767	54,767	54,767	54,767	54,767	54,767	54,767	54,767	54,767
Enrollment	338	338	338	338	404	409	395	406	414	449
<b>16th Avenue School</b>										
Square Feet	63,525	63,525	63,525	63,525	63,525	53,525	53,525	53,525	53,525	53,525
Enrollment	302	302	302	302	474	462	325	467	466	485
<b>High School/Middle School</b>										
Square Feet	210,822	210,822	210,822	210,822	210,822	210,822	210,822	210,822	210,822	210,822
Enrollment	1,194	1,194	1,194	1,194	1,273	1,273	1,267	1,260	1,303	1,315

Number of Schools at June 30, 2018  
 Elementary =  
 High/Middle School =

Source: District Records

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>School Facilities</b>										
Memorial/Middle/High School	\$ 331,086	\$ 402,690	\$ 390,385	\$ 254,008	\$ 182,018	\$ 412,841	\$ 320,628	\$ 317,224	\$ 265,472	\$ 385,596
Gantner Avenue Elementary School	69,503	152,108	110,108	133,309	95,527	76,460	62,269	57,860	48,420	70,331
Gilbert Avenue Elementary School	92,768	163,660	107,292	113,709	81,482	129,661	60,464	82,414	68,964	100,170
Sixteenth Avenue Elementary School	52,121	157,723	126,686	121,008	86,712	128,675	118,539	95,586	79,993	116,189
Other Facilities	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<u>\$ 545,478</u>	<u>\$ 876,181</u>	<u>\$ 734,471</u>	<u>\$ 622,034</u>	<u>\$ 445,739</u>	<u>\$ 747,637</u>	<u>\$ 561,900</u>	<u>\$ 553,084</u>	<u>\$ 462,849</u>	<u>\$ 672,286</u>

Source: District Records

**ELMWOOD PARK BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2018  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy -(1)		
Building and Contents (All Locations)	\$ 71,475,598	\$ 5,000
Boiler and Machinery	Included	1,000
EDP Equipment	1,750,000	1,000
Automobile Liability Coverage	16,000,000	1,000
Comprehensive General Liability	16,000,000	
School Leaders Errors & Omissions Liability	16,000,000	10,000
Workers Compensation and Employer's Liability	2,000,000	
Public Employee Dishonest with Faithful Performance	50,000	500
Surety Bonds (2)		
Board Secretary/Business Administrator	300,000	
Treasurer of School Monies	300,000	

(1) New Jersey School Insurance Group

(2) Hartford Fire Insurance Company

Source: District records

Source: School District's records

**SINGLE AUDIT**



# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Elmwood Park Board of Education  
Elmwood Park, 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 Elmwood Park Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Elmwood Park Board of Education's basic financial statements and have issued our report thereon dated January 18, 2019.

**Internal Control Over Financial Reporting**

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

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



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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Elmwood Park 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.

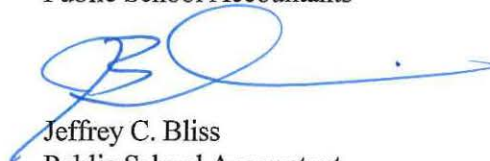
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Elmwood Park Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance”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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Elmwood Park 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 Elmwood Park 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  
January 18, 2019



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Elmwood Park Board of Education  
Elmwood Park, New Jersey

**Report on Compliance for Each Major Federal and State Program**

We have audited the Elmwood Park Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Elmwood Park Board of Education's major federal and state programs for the fiscal year ended June 30, 2018. The Elmwood Park 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 Elmwood Park 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 Elmwood Park 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 Elmwood Park Board of Education's compliance.

### ***Opinion on Each Major Federal and State Program***

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

### **Report on Internal Control Over Compliance**

Management of the Elmwood Park 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 Elmwood Park 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 Elmwood Park Board of Education's internal control over compliance.

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

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

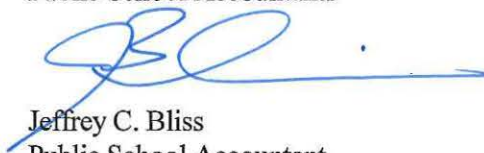
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Elmwood Park Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 18, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

*LERCH, VINCI & HIGGINS, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
January 18, 2019

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CEDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017			Carryover/ (Walkover) Amount Def. Rev.	Carryover/ (Walkover) Amount Δ/R	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years Balances	Balance, June 30, 2018			Memo GAAP Receivable
						(Account Receivable)	Deferred Revenue	Due to Grantor							(Account Receivable)	Deferred Revenue	Due to Grantor	
<b>U.S. Department of Education</b>																		
Passed-through State Department of Education																		
<b>Enterprise Fund</b>																		
School Breakfast Program	10.553	181N304N1099	N/A	7/1/17-6/30/18	\$ 39,986					\$ 36,523	\$ 39,986				\$ (3,463)			\$ (3,463)
National School Lunch Program	10.555	181N304N1099																
Cash Assistance			N/A	7/1/17-6/30/18	450,384					417,683	450,384				(32,701)			(32,701)
Non-Cash Assistance (Food Distribution)			N/A	7/1/17-6/30/18	71,159					71,159	68,498					\$ 2,661		
Non-Cash Assistance (Food Distribution)			N/A	7/1/16-6/30/17	70,765		\$ 4,083				4,083							
<b>Total Child Nutrition Cluster/Enterprise Fund</b>							\$ 4,083			\$ 525,365	\$ 562,951				\$ (36,164)	\$ 2,661		\$ (36,164)
<b>Special Revenue Fund</b>																		
<b>ESEA</b>																		
Title I	84.010	S010A170030	NCLB031345-18	7/1/17-6/30/18	638,334			\$ 67,687	\$ (67,687)	441,856	651,122				\$ (264,165)	54,899		\$ (209,266)
Title I	84.010	S010A160030	NCLB031345-17	7/1/16-6/30/17	644,235	(207,584)	67,687		(67,687)	133,897								
<b>Total ESEA Title I</b>						(207,584)	67,687			581,753	651,122				(264,165)	54,899		(209,266)
Title II, Part A	84.367A	S367A170029	NCLB031345-18	7/1/17-6/30/18	74,312			1,273	(1,273)	49,417	60,139				(26,168)	15,446		(10,722)
Title II, Part A	84.367A	S367A160029	NCLB031345-17	7/1/16-6/30/17	53,478	(18,130)	1,273		(1,273)	16,857								
<b>Total ESEA Title II, Part A</b>						(18,130)	1,273			66,274	60,139				(26,168)	15,446		(10,722)
Title III	84.365	S365A170030	NLB031345-18	7/1/17-6/30/18	27,560			2,619	(2,619)	14,356	24,532				(15,823)	5,647		(10,176)
Title III	84.365	S365A160030	NLB031345-17	7/1/16-6/30/17	28,063	(14,870)	2,619		(2,619)	12,251								
Title III, Immigrant	84.365	S365A170030	NLB031345-18	7/1/17-6/30/18	8,165			1,464	(1,464)	9,629	9,629							
Title III, Immigrant	84.365	S365A160030	NLB031345-17	7/1/16-6/30/17	9,694	(4,914)	1,464		(1,464)	3,450								
<b>Total ESEA Title III</b>						(19,784)	4,083			39,686	34,161				(15,823)	5,647		(10,176)
ESEA Title IV	84.424	S424A170031	NLB031345-18	7/1/17-6/30/18	10,000						9,338				(10,000)	662		(9,338)
<b>IDEA, Part B, Basic Regular</b>	84.027	H027A170100	IDEA-1345-18	7/1/17-6/30/18	623,209			50,691	(50,691)	564,242	600,142				(109,658)	73,758		(35,900)
<b>IDEA, Part B, Basic Regular</b>	84.027	H027A160100	IDEA-1345-17	7/1/16-6/30/17	622,151	(96,922)	50,691		(50,691)	46,231								
<b>IDEA, Part B, Preschool</b>	84.173	H173A170114	IDEA-1345-18	7/1/17-6/30/18	22,405			5,336	(5,336)		10,601				(27,741)	17,140		(10,601)
<b>IDEA, Part B, Preschool</b>	84.173	H173A160114	IDEA-1345-17	7/1/16-6/30/17	22,432	(5,336)	5,336		(5,336)									
<b>Total Special Education Cluster IDEA</b>						(102,258)	56,027			610,473	610,743				(137,399)	90,898		(46,501)
Race to the Top		N/A	N/A	9/1/11-11/30/15	38,468	(2,118)	2,118								(2,118)	2,118		
<b>Total Special Revenue Fund</b>						(349,874)	131,188			1,298,186	1,365,503				(455,673)	169,670		(286,003)
<b>U.S. Department of Health and Human Services</b>																		
<b>General Fund</b>																		
Medical Assistance Program	93.778	1805NISMAMP	N/A	7/1/17-6/30/18	9,564					9,564	9,564							
<b>Total General Fund</b>										9,564	9,564							
<b>Total Federal Awards</b>						\$ (349,874)	\$ 135,271	\$ -	\$ -	\$ 1,833,115	\$ 1,938,018	\$ -	\$ -	\$ -	\$ (491,837)	\$ 172,331	\$ -	\$ (322,167)

133

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2018			GAAP Receivable	Memo Cumulative Total Expenditures
								(Accounts Receivable)	Deferred Revenue	Due to Grantor		
<b>State Department of Education</b>												
<b>Current Expense:</b>												
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 2,276,873		\$ 2,134,327	\$ 2,276,873		\$ (142,546)				\$ 2,276,873
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	665,999	(32,922)	32,922							
Under Adequacy Aid	18-495-034-5120-096	7/1/17-6/30/18	500,000		468,697	500,000		(31,303)				500,000
Under Adequacy Aid	17-495-034-5120-096	7/1/16-6/30/17	500,000	(24,717)	24,717							
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	1,551,273		1,454,154	1,551,273		(97,119)				1,551,273
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,551,273	(76,684)	76,684							
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	195,455		183,218	195,455		(12,237)				195,455
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	195,455	(9,662)	9,662							
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	26,780		25,103	26,780		(1,677)				26,780
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	26,780	(1,324)	1,324							
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	26,780		25,104	26,780		(1,676)				26,780
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	26,780	(1,324)	1,324							
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	26,390		24,738	26,390		(1,652)				26,390
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	26,390	(1,305)	1,305							
<b>Total State Aid Public Cluster</b>			<b>7,596,228</b>	<b>(147,938)</b>	<b>4,463,279</b>	<b>4,603,551</b>	<b>-</b>	<b>(288,210)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,603,551</b>
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	135,016		126,563	135,016		(8,453)				135,016
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	135,016	(6,674)	6,674							
Nonpublic Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	56,124		56,124	56,124		(6,124)			\$ (6,124)	56,124
Nonpublic Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	33,001	(33,001)	33,001							
Extraordinary Aid	18-495-034-5120-473	7/1/17-6/30/18	274,258		274,258	274,258		(274,258)				274,258
Extraordinary Aid	17-495-034-5120-473	7/1/16-6/30/17	330,076	(330,076)	330,076							
Lead Testing for Schools Aid	18-495-034-5120-102	7/1/17-6/30/18	3,934		3,934	3,934						3,934
On Behalf Payments												
TPAF Social Security	18-495-034-5094-003	7/1/17-6/30/18	983,881		935,286	983,881		(48,595)			(48,595)	983,881
TPAF Social Security	17-495-034-5094-003	7/1/16-6/30/17	977,480	(48,357)	48,357							
TPAF Pension and OPEB												
Pension - NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18	44,328		44,328	44,328						44,328
Pension Benefit Contribution	18-495-034-5094-002	7/1/17-6/30/18	1,826,623		1,826,623	1,826,623						1,826,623
Post Retirement Medical Benefit Contribution	18-495-034-5094-001	7/1/17-6/30/18	1,208,407		1,208,407	1,208,407						1,208,407
Long Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	4,594		4,594	4,594						4,594
<b>Total General Fund</b>				<b>(566,046)</b>	<b>9,031,122</b>	<b>9,140,716</b>	<b>-</b>	<b>(675,640)</b>	<b>-</b>	<b>-</b>	<b>(104,719)</b>	<b>9,140,716</b>
<b>Special Revenue:</b>												
<b>Auxiliary Services Chpt 192:</b>												
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	108,072		108,072	76,005			\$ 32,067			76,005
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	108,392	9,764			\$ 9,764					
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	10,840		10,840	3,613			7,227			3,613
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	10,962	4,567			4,567					
Transportation	18-100-034-5120-067	7/1/17-6/30/18	31,150		31,150	31,150						31,150
Transportation	17-100-034-5120-067	7/1/16-6/30/17	31,150		31,150	31,150						
<b>Total Auxiliary Services (Chpt 192) Cluster</b>			<b>14,331</b>	<b>150,062</b>	<b>110,768</b>	<b>110,768</b>	<b>14,331</b>	<b>-</b>	<b>-</b>	<b>39,294</b>	<b>-</b>	<b>110,768</b>
<b>Handicapped Services Chpt 193:</b>												
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	31,850		31,850	28,567			3,283			28,567
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	34,576	6,668			6,668					
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	33,034		33,034	10,178			22,856			10,178
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	29,156	7,157			7,157					
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	21,569		21,569	19,269			2,300			19,269
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	21,972	3,845			3,845					
<b>Total Handicapped Services (Chpt 193) Cluster</b>			<b>17,670</b>	<b>86,453</b>	<b>58,014</b>	<b>58,014</b>	<b>17,670</b>	<b>-</b>	<b>-</b>	<b>28,439</b>	<b>-</b>	<b>58,014</b>
<b>New Jersey Nonpublic Aid:</b>												
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	9,148		9,148	9,148						9,148
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	11,182	78			78					
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	16,199		16,199	16,199						16,199
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	17,460	1,138			1,138					
Nonpublic Technology	18-100-034-5120-373	7/1/17-6/30/18	6,179		6,179	6,083			96			6,083
Nonpublic Technology	17-100-034-5120-373	7/1/16-6/30/17	5,044	211			211					
Nonpublic Security	18-100-034-5120-084	7/1/17-6/30/18	12,525		12,525	11,130			1,395			11,130
Nonpublic Security	17-100-034-5120-084	7/1/16-6/30/17	12,525		12,525	11,130			1,395			
<b>Total Special Revenue Fund</b>			<b>33,428</b>	<b>280,566</b>	<b>211,342</b>	<b>211,342</b>	<b>33,428</b>	<b>-</b>	<b>-</b>	<b>69,224</b>	<b>-</b>	<b>211,342</b>

134



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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2018			Memo	
								(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Agriculture</b>												
<b>Food Service:</b>												
National School Lunch Program (State Share)	18-100-010-3350-023	7/1/17-6/30/18	\$ 11,645	-	\$ 10,762	\$ 11,645	-	(883)	-	-	(883)	\$ 11,645
Total Food Service Fund				-	10,762	11,645	-	(883)	-	-	(883)	11,645
<b>Debt Service Fund</b>												
Type II Debt Service Aid	18-495-034-5120-075	7/1/17-6/30/18	254,720	-	254,720	254,720	-	-	-	-	-	254,720
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				\$ (532,618)	9,577,170	9,618,423	\$ 33,428	\$ (676,523)	-	\$ 69,224	\$ (105,602)	9,618,423
<b>State Financial Assistance Not Subject to Major Program Determination</b>												
<b>General Fund</b>												
On-Behalf TPAF Pension System Contributions-NCGI	18-100-034-5094-004	7/1/17-6/30/18	44,328		(44,328)	(44,328)						(44,328)
On-Behalf TPAF Pension System Contributions- Normal	18-100-034-5094-002	7/1/17-6/30/18	1,826,623		(1,826,623)	(1,826,623)						(1,826,623)
On-Behalf TPAF Post-Retirement Medical Contribution	18-100-034-5094-001	7/1/17-6/30/18	1,208,407		(1,208,407)	(1,208,407)						(1,208,407)
On-Behalf TPAF Long Term Disability Insurance	18-100-034-5094-004	7/1/17-6/30/18	4,594		(4,594)	(4,594)						(4,594)
<b>Total State Financial Assistance Subject to Major Program Determination</b>				\$ (537,618)	\$ 6,493,218	\$ 6,534,471	\$ 33,428	\$ (676,523)	\$ -	\$ 69,224	\$ (105,602)	\$ 6,534,471

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

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Elmwood Park 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 \$86,233 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 9,564	\$ 9,054,483	\$ 9,064,047
Special Revenue Fund	1,365,503	211,342	1,576,845
Debt Service Fund		254,720	254,720
Food Service Fund	<u>562,951</u>	<u>11,645</u>	<u>574,596</u>
Total Financial Assistance	<u>\$ 1,938,018</u>	<u>\$ 9,532,190</u>	<u>\$ 11,470,208</u>



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

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 STATE LOANS OUTSTANDING**

The District's state loans outstanding at June 30, 2018, which are not required to be reported on the schedule of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>Total</u>
State Aid Advance Loan	100-034-5120-489	\$ <u>1,064,497</u>

**NOTE 6 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 \$983,881 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$1,870,951, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,208,407 and TPAF Long-Term Disability Insurance in the amount of \$4,594 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

**NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

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

**NOTE 8 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.





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

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with paragraph 5.18 of *Government Auditing Standards*.

There are none.

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

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

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

**CURRENT YEAR FEDERAL AWARDS**

There are none.

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

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

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

**CURRENT YEAR STATE AWARDS**

There are none.

**ELMWOOD PARK 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. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 15-08.

There were none.