

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

**Oakland, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
of the  
Oakland Board of Education  
Oakland, New Jersey  
For The Fiscal Year Ended June 30, 2018**

**Prepared by  
Business Office**

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## **INTRODUCTORY SECTION**

***Oakland Public Schools***  
***315 Ramapo Valley Road, Oakland, New Jersey 07436***  
***PHONE (201) 337-6810 FAX (201) 651-0099***

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**Dr. Gina M. Coffaro**  
*Superintendent of Schools*

**Dr. Dennis R. Frohnapfel**  
*Interim SBA/Board Secretary*

January 28, 2019

The Honorable President and Members  
Oakland Board of Education  
Borough of Oakland  
County of Bergen  
Oakland, New Jersey 07436

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Borough of Oakland School District (the "District") for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the 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 results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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



## 1) REPORTING ENTITY AND ITS SERVICES

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

The District provides a full range of educational services appropriate to grade levels kindergarten through grade 8 for regular and special education handicapped youngsters. The District completed the 2017/18 fiscal year with an enrollment of 1386 students, which represents a decrease of 42 students from the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last ten years.

### Average Daily Enrollment

Fiscal Year	Average Daily Enrollment	Percentage (%) Change
2017/18	1377	(2.94%)
2016/17	1428	(4.74%)
2015/16	1499	(3.79%)
2014/15	1558	(0.03%)
2013/14	1604	(0.02%)
2012/13	1636	(4.16%)
2011/12	1707	0.89%
2010/11	1692	(0.41%)
2009/10	1699	1.19%
2008/09	1679	1.88%

## 2) ECONOMIC CONDITION AND OUTLOOK

Oakland, a Bergen County suburban residential community situated on an 8.6 square mile land area in northwestern New Jersey, has a population of approximately 13,224 based upon 2017 population estimates. Adult residents are employed in various professions and diverse trades. The Borough's close proximity to New York City and its convenient access to major New Jersey highways enable most employed residents to easily work outside the Borough's borders.

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

The Borough's largest residential housing development in recent years, the Ramapo River Reserve, continues to impact the town's schools and population. Continued support for the Borough's local schools was again evidenced by voter approval for the 2017/18 Budget.

## (3) MAJOR INITIATIVES:

### TECHNOLOGY

During the 2017/18 fiscal year, the Oakland School District continued to expand its network capacities to meet the current and emerging learning needs of our students. In an effort to continue to provide a suitable environment for academic learning and online assessments, actions were taken in the following areas:

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

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

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

Each year of the middle school 1:1 deployment, our elementary schools received additional Chromebooks. Currently, all students in grades two, three, four, and five have access to Chromebooks and Google Apps for Education, as well as many of the online resources mentioned above. The student/device ratio suggests that there is one device available for every student in Pre-K-8<sup>th</sup> grade. It is our opinion that by providing students with access to technology and information anytime, anywhere, throughout the day it will transform their learning experience and stimulate pedagogical change for teachers.

## **CURRICULUM**

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

- During the summer of 2017/18, the math curriculum was rewritten to closely align to the newly adopted New Jersey Student Learning Standards and specifically to the Mathematics Curriculum Framework released by the NJDOE. The committee team members consisted of the building Math Coordinators and the District math coordinator. The primary resource for the curriculum, Math in Focus, remained the same. The scope and sequence was also re-aligned so that the four units in the curriculum aligned with the four marking periods. The curriculum is developed into units using the Understanding by Design model.

- The Science curriculum for grades 6-8 was written to align with the New Jersey Student Learning Standards-Science in accordance with the Next Generation Science Standards for September 2017. The primary resource chosen by the curriculum writing team was Discovery Education. The curriculum is developed into units using the Understanding by Design model.

- The Coding curriculum was written by a team of two teachers to align with the primary resource Tynker.com. The coding class is held for 6th graders and 8th graders during a one marking period time period only. The curriculum incorporates technology, math and ELA standards. In grade 6, Coding is taught after a few weeks of digital safety. In grade 8, the coding class is an advanced level course. The curriculum is developed into units using the Understanding by Design model.

- Italian I curriculum was developed for grade 8 as a foundational course for high school. The design of the curriculum meets the needs of the middle school students developing a language and its culture. Since the needs of middle school vary a great deal, realistic expectations have been established in accordance with the New Jersey Student Learning Standards for World Language. The curriculum is developed into units using the Understanding by Design model.

- English Language Arts/Literacy curriculum began its revision process in the summer of 2016 and continued throughout the 2016/17 and 2017/18 school years. Curriculum Teams aligned the curricula to the New Jersey Student Learning Standards (NJSLS) and aligned units with correlating curricular calendars to the Readers' and Writers' Workshop Model of Balanced Literacy. The curriculum is developed into units using the Understanding by Design model.

## **BUILDINGS AND GROUNDS**

The 2017/18 school year saw a continuation of the Oakland Board of Education's strong commitment to maintaining an education environment conducive for teaching and learning for our staff and students. Special projects included the installation of a new fire alarm system at Dogwood Hill, and new Fire Alarm Panels were installed at VMS, Heights and Manito schools.

## **LOOKING TO THE FUTURE**

With aged schools, including increasing infrastructure needs, the Board plans to deposit into its existing Capital Reserve Account to fund future facility needs. This financial strategy would enable the Board to fund emergency repairs and renovations, while also protecting taxpayers from unexpected future tax increases.

### **4) INTERNAL ACCOUNTING CONTROLS**

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

As a recipient of Federal and State financial awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District management.

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

### **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 and special revenue funds. The District does not have any outstanding debt service. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

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

## 6) ACCOUNTING SYSTEMS AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.

## 7) CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements, Note 2". 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 Projection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. 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.

## 8) RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in Exhibit J-20.

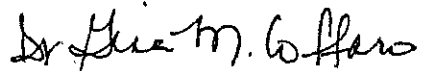
## 9) OTHER INFORMATION

Independent Audit . . . State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, was selected by the Board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the State Treasury Circular letter 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. The auditor's report on the basic financial statements and specific, required supplementary information 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.

## 10) ACKNOWLEDGMENTS

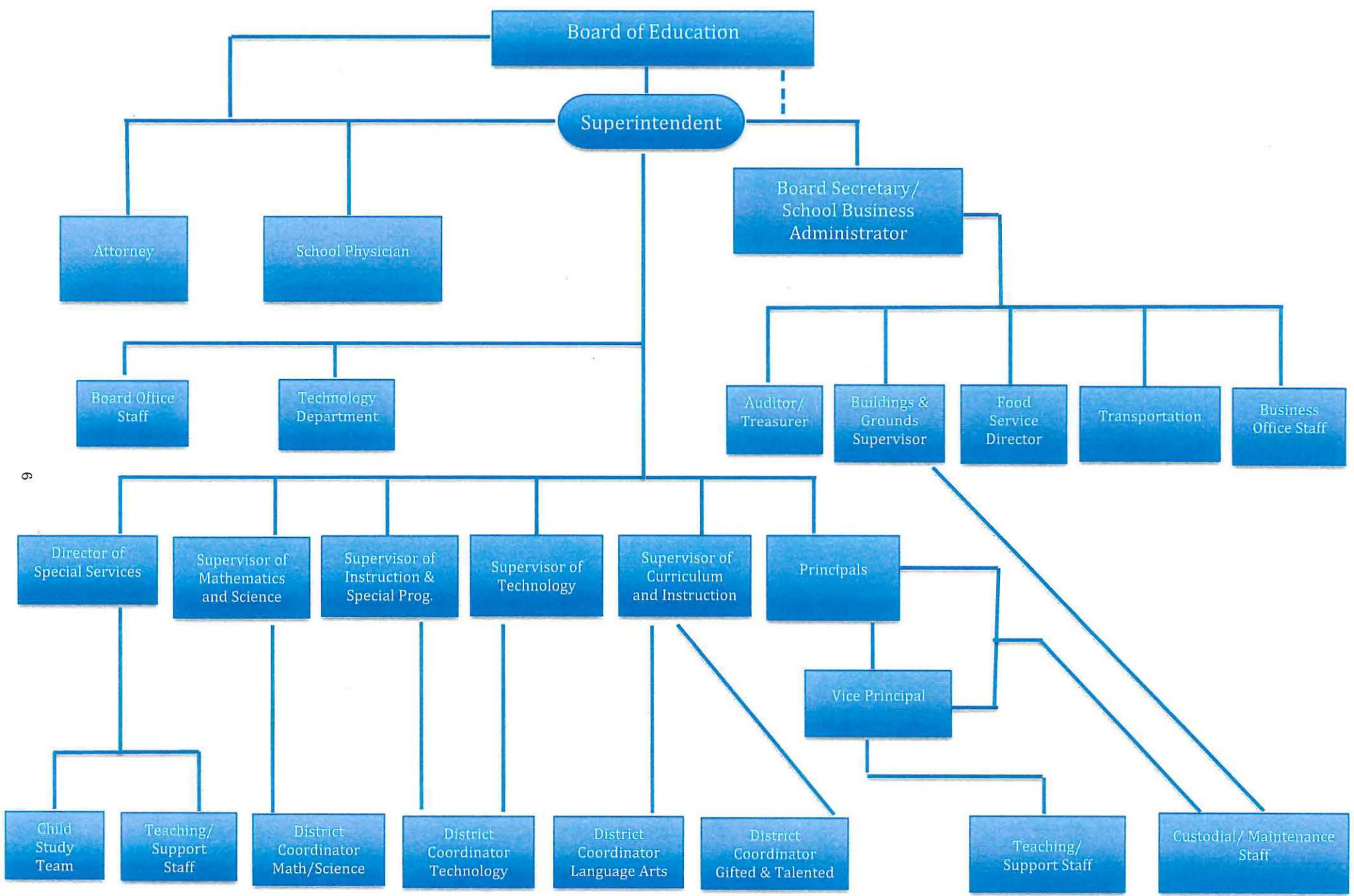
We would like to express our appreciation to the members of the Oakland Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,



---

Gina M. Coffaro, Ed.D.  
Superintendent of Schools



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



OFFICE OF THE  
BUSINESS ADMINISTRATOR  
PHONE: (201) 337-6810 EXT 4013  
FAX: (201) 651-0099

## **BOARD OF EDUCATION OAKLAND PUBLIC SCHOOLS DISTRICT**

**Board of Education  
OAKLAND PUBLIC SCHOOL DISTRICT**

### **ROSTER OF OFFICIALS June 30, 2018**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
<b>Ms. Lisa Cooper, President</b>	<b>2021</b>
<b>Mr. James Gaffney, Vice President</b>	<b>2020</b>
<b>Mr. Peter Mazzilli</b>	<b>2021</b>
<b>Mr. John Scerbo</b>	<b>2020</b>
<b>Ms. Carita Shelkin</b>	<b>2019</b>

### **OTHER OFFICIALS**

**Dr. Gina M. Coffaro, Superintendent of Schools**

**Ms. Rachel DeCarlo, School Business Administrator/Board Secretary**

**Ms. Judy Favino, Treasurer of School Monies**

**Oakland**  
A Learning Community Committed to Excellence

**BOARD OF EDUCATION  
OAKLAND PUBLIC SCHOOL DISTRICT  
ROSTER OF CONSULTANTS AND ADVISORS  
June 30, 2018**

**Architect**

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

**Attorney**

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

**Auditor**

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

**Official Depository**

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

## FINANCIAL SECTION





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education, as of and for the fiscal year ended June 30, 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 Oakland 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 Oakland 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*

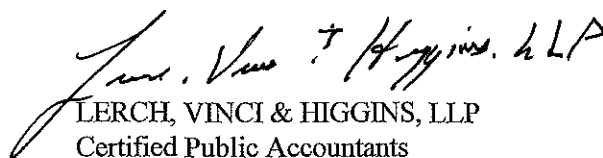
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oakland Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Oakland Board of Education.

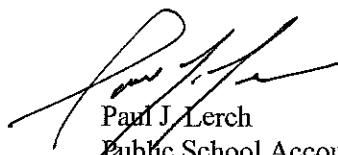
The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated January 28, 2019 on our consideration of the Oakland Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Oakland Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Oakland Board of Education's internal control over financial reporting and compliance.

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

  
Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
January 28, 2019

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

## OAKLAND BOARD OF EDUCATION

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

This discussion and analysis of the Oakland School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2018. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

#### Financial Highlights

Key financial highlights for 2018 are as follows:

- District-wide – The governmental activities had \$40,477,192 in revenues, general revenues for governmental activities accounted for \$28,582,943 or 71 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11,894,249 or 29 percent of total revenues of \$40,477,192.
- District-wide - The governmental activities had \$40,732,586 in expenses; only \$11,894,249 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$28,582,943 were adequate to provide for these programs.
- Fund Financials - Among governmental funds, the General Fund had \$33,301,557 in revenues and \$34,045,727 in expenditures. At the close of the fiscal year the General Fund's fund balance is \$5,876,985 a decrease of \$576,647 from June 30, 2017.
- Fund Financials - At the end of June 30, 2018, the District's unassigned fund balance for the General Fund was \$356,319 an increase of \$53,477 from June 30, 2017.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

**OAKLAND BOARD OF EDUCATION**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

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

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

**District-wide Statements**

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

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

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

## OAKLAND BOARD OF EDUCATION

### District-wide Statements (Continued)

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

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

### Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

## OAKLAND BOARD OF EDUCATION

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

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

Table A-1 provides a summary of the school district's net position as of June 30, 2018 and 2017.

**Net Position.** The District's combined net position as of June 30, 2018 and 2017 were \$4,406,246 and \$4,662,234, respectively.

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

**Table A-1**  
**Statement of Net Position**  
**As of June 30, 2018 and 2017**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>						
Current and Other Assets	\$ 6,783,939	\$ 6,984,969	\$ 42,127	\$ 44,749	\$ 6,826,066	\$ 7,029,718
Capital Assets	<u>8,048,584</u>	<u>7,586,975</u>	<u>19,591</u>	<u>8,104</u>	<u>8,068,175</u>	<u>7,595,079</u>
Total Assets	<u>14,832,523</u>	<u>14,571,944</u>	<u>61,718</u>	<u>52,853</u>	<u>14,894,241</u>	<u>14,624,797</u>
<b>Deferred Outflows of Resources</b>	<u>2,243,962</u>	<u>3,242,988</u>	<u>-</u>	<u>-</u>	<u>2,243,962</u>	<u>3,242,988</u>
<b>Total Assets and Deferred Outflows</b>	<u>17,076,485</u>	<u>17,814,932</u>	<u>61,718</u>	<u>52,853</u>	<u>17,138,203</u>	<u>17,867,785</u>
<b>Liabilities</b>						
Current Liabilities	921,672	537,586	20,046	10,587	941,718	548,173
Noncurrent Liabilities	<u>10,001,844</u>	<u>12,599,922</u>	<u>-</u>	<u>-</u>	<u>10,001,844</u>	<u>12,599,922</u>
Total Liabilities	<u>10,923,516</u>	<u>13,137,508</u>	<u>20,046</u>	<u>10,587</u>	<u>10,943,562</u>	<u>13,148,095</u>
<b>Deferred Inflows of Resources</b>	<u>1,788,395</u>	<u>57,456</u>	<u>-</u>	<u>-</u>	<u>1,788,395</u>	<u>57,456</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>12,711,911</u>	<u>13,194,964</u>	<u>20,046</u>	<u>10,587</u>	<u>12,731,957</u>	<u>13,205,551</u>
<b>Net Position</b>						
Net Investment in Capital Assets	6,531,778	5,924,258	19,591	8,104	6,551,369	5,932,362
Restricted	3,785,666	4,119,209			3,785,666	4,119,209
Unrestricted	<u>(5,952,870)</u>	<u>(5,423,499)</u>	<u>22,081</u>	<u>34,162</u>	<u>(5,930,789)</u>	<u>(5,389,337)</u>
<b>Total Net Position</b>	<u>\$ 4,364,574</u>	<u>\$ 4,619,968</u>	<u>\$ 41,672</u>	<u>\$ 42,266</u>	<u>\$ 4,406,246</u>	<u>\$ 4,662,234</u>



**OAKLAND BOARD OF EDUCATION**

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

**Governmental activities.** Governmental activities net position decreased by \$255,394. The increase in the net position is evident of the District's sound financial management and improved financial position. Key elements of this increase are as follows:

**Table A-2  
Changes in Net Position  
For the Fiscal Years Ended June 30, 2018 and 2017**

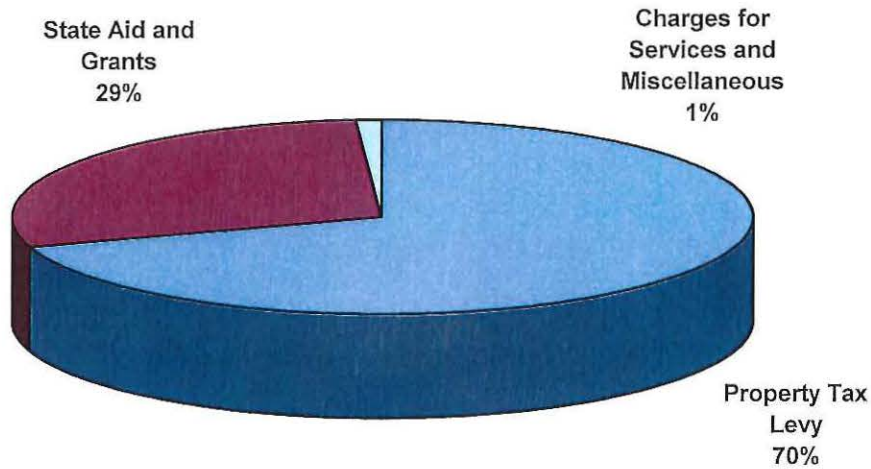
	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 112,467	\$ 77,193	\$ 481,268	\$ 438,063	\$ 593,735	\$ 515,256
Operating Grants and Contributions	11,749,582	10,403,342	15,430	96,339	11,765,012	10,499,681
Capital Grants and Contributions	32,200	20,265			32,200	20,265
General Revenues						
Property Taxes	28,360,485	27,829,946			28,360,485	27,829,946
State Aid	119,270	117,084			119,270	117,084
Unrestricted State Aid	46,875	46,354			46,875	46,354
Other	56,313	71,242	-	-	56,313	71,242
<b>Total Revenues</b>	<u>40,477,192</u>	<u>38,565,426</u>	<u>496,698</u>	<u>534,402</u>	<u>40,973,890</u>	<u>39,099,828</u>
<b>Expenses</b>						
Instruction						
Regular	18,564,545	16,600,572			18,564,545	16,600,572
Special	6,384,588	5,557,285			6,384,588	5,557,285
Other Instruction	1,252,498	1,180,785			1,252,498	1,180,785
School Sponsored Activities and Ath.	194,380	198,306			194,380	198,306
Support Services						
Student and Instruction Related Serv.	5,959,870	6,046,973			5,959,870	6,046,973
School Administrative Services	2,898,417	2,746,123			2,898,417	2,746,123
General Administrative Services	998,188	1,162,429			998,188	1,162,429
Plant Operations and Maintenance	2,735,707	3,101,686			2,735,707	3,101,686
Pupil Transportation	1,101,332	1,299,116			1,101,332	1,299,116
Central Services	587,269	475,235			587,269	475,235
Food Service	-		473,793	496,231	473,793	496,231
Other	-		23,499	29,964	23,499	29,964
Interest and Other Chgs. on Long-Term Debt	55,792	60,480	-	-	55,792	60,480
<b>Total Expenses</b>	<u>40,732,586</u>	<u>38,428,990</u>	<u>497,292</u>	<u>526,195</u>	<u>41,229,878</u>	<u>38,955,185</u>
<b>Change in Net Position</b>	(255,394)	136,436	(594)	8,207	(255,988)	144,643
<b>Net Position, Beginning of Year</b>	4,619,968	4,483,532	42,266	34,059	4,662,234	4,517,591
<b>Net Position, End of Year</b>	<u>\$ 4,364,574</u>	<u>\$ 4,619,968</u>	<u>\$ 41,672</u>	<u>\$ 42,266</u>	<u>\$ 4,406,246</u>	<u>\$ 4,662,234</u>

OAKLAND BOARD OF EDUCATION

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

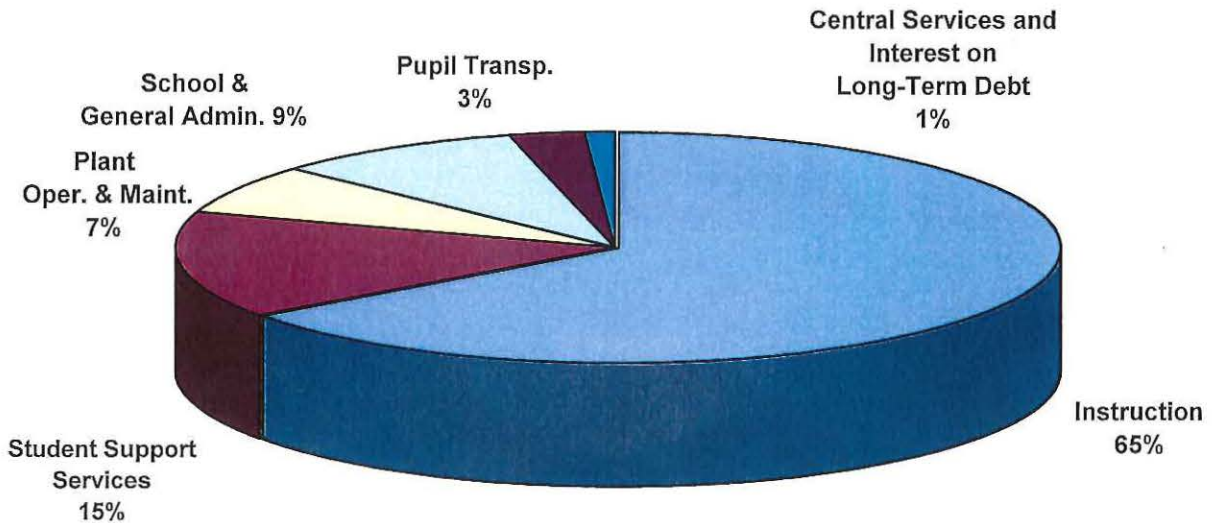
**Governmental activities.** The District's total governmental revenues were \$40,477,192. The local share of the revenues, that included property taxes, interest, unrestricted State aid and State aid restricted for debt service and miscellaneous revenue, amounted to \$28,582,943 or 71% of total revenues. Funding from state and federal sources and capital grants and contributions amounted to \$11,781,782 or 29%. Charges for services amounted to \$112,467 or less than 1%.

Table A-3 Revenues by Source- Governmental Activities  
For Fiscal Year 2017/18



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$26,396,011 (65%) support services totaled \$14,280,783 (35%) and interest and charges on long-term debt total \$55,792 (less than 1%) of total expenditures. (See Table A-5.)

Table A-4 Expenses by Type- Governmental Activities  
For Fiscal Year 2017/18



**OAKLAND BOARD OF EDUCATION**

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

**Total Cost and Net Cost of Governmental Activities.** The District's total cost of services was \$38,331,536. After applying program revenues, derived from operating and capital grants and contributions of \$9,493,199, and charges for services of \$112,467 the net cost of services of the District is \$28,838,337 for the fiscal year ended June 30, 2018.

**Table A-5  
Cost of Services and Net Cost of Services - Governmental Activities  
For the Fiscal Years Ended June 30, 2018 and 2017**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Governmental Activities				
Instruction				
Regular	\$ 18,564,545	\$ 16,600,572	\$ 12,841,957	\$ 11,736,015
Special Education	6,384,588	5,557,285	3,829,553	3,354,432
Other Instruction	1,252,498	1,180,785	856,362	844,227
School Sponsored Activities and Athletics	194,380	198,306	135,876	136,141
Support Services				
Student and Instruction Related Svcs.	5,959,870	6,046,973	4,332,012	4,298,265
School Administrative Services	2,898,417	2,746,123	2,023,571	1,964,710
General Administrative Services	998,188	1,162,429	788,704	829,038
Plant Operations and Maintenance	2,735,707	3,101,686	2,532,664	3,073,017
Pupil Transportation	1,101,332	1,299,116	898,347	1,156,630
Central Services	587,269	475,235	543,499	475,235
Interest and Other Chgs.on Long-Term Debt	55,792	60,480	55,792	60,480
<b>Total Governmental Activities</b>	<b>\$ 40,732,586</b>	<b>\$ 38,428,990</b>	<b>\$ 28,838,337</b>	<b>\$ 27,928,190</b>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$497,292. These costs were funded by operating grants and charges for services (Detailed on Table A-2). The operations resulted in an decrease in net position of \$594.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

As the District completed the year, its governmental funds reported a combined fund balance of \$5,876,985. At the end of the 2016-2017 fiscal year, the fund balance was \$6,465,152, a decrease of \$588,167.

## OAKLAND BOARD OF EDUCATION

### The District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$34,199,907 and expenditures were \$34,955,597.

### General Fund

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the general fund revenues for the fiscal years ended June 30, 2018 and 2017.

	<b>Fiscal Year Ended June 30, 2018</b>	<b>Fiscal Year Ended June 30, 2017</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Local Sources	\$ 28,309,264	\$ 27,745,262	\$ 564,002	2.03%
State Sources	<u>4,992,293</u>	<u>4,369,110</u>	<u>623,183</u>	<u>14.26%</u>
Total	<u>\$ 33,301,557</u>	<u>\$ 32,114,372</u>	<u>\$ 1,187,185</u>	<u>3.70%</u>

The following schedule represents a summary of general fund expenditures for the fiscal years ended June 30, 2018 and 2017.

	<b>Fiscal Year Ended June 30, 2018</b>	<b>Fiscal Year Ended June 30, 2017</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Current Expenditures				
Instruction	\$ 20,828,350	\$ 18,747,218	\$ 2,081,132	11.10%
Support Services	12,088,047	12,146,261	(58,214)	-0.48%
Capital Outlay	1,107,844	946,208	161,636	17.08%
Debt Service-				
Principal	15,388	112,064	(96,676)	-86.27%
Interest	<u>6,098</u>	<u>4,321</u>	<u>1,777</u>	<u>41.12%</u>
Total	<u>\$ 34,045,727</u>	<u>\$ 31,956,072</u>	<u>\$ 2,089,655</u>	<u>6.54%</u>

### Budgetary Highlights

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

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

## OAKLAND BOARD OF EDUCATION

### Budgetary Highlights (Continued)

In this climate along with limited funding and diminishing revenues, the district finds itself relying more and more on the taxpayers in order to fund the tax levy established each year. As such, the Board of Education and Administration continues to explore cost saving initiatives designed to offset rising fixed costs associated with the general fund such as salaries, insurance, tuition, transportation and energy costs. Major initiatives in the 2017/18 year included:

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

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

**Capital Assets and Debt Administration.** The Oakland Board of Education’s investment in capital assets for its governmental and business type activities as of June 30, 2018 and 2017 amounts to \$8,068,175 and \$7,595,079 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, buildings and building improvements, land improvements, machinery, equipment and vehicles.

Table A-6  
Capital Assets as of June 30, 2018 and 2017  
(Net of Depreciation)

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 131,987	\$ 131,987			\$ 131,987	\$ 131,987
Construction In Progress	-	27,100			-	27,100
Land Improvements	735,444	735,444			735,444	735,444
Buildings and Building Improvements	16,330,660	15,444,964			16,330,660	15,444,964
Machinery and Equipment	<u>3,039,950</u>	<u>2,814,845</u>	\$ 243,114	\$ 224,135	<u>3,283,064</u>	<u>3,038,980</u>
Total	20,238,041	19,154,340	243,114	224,135	20,481,155	19,378,475
Less: Accumulated Depreciation	<u>12,189,457</u>	<u>11,567,365</u>	<u>223,523</u>	<u>216,031</u>	<u>12,412,980</u>	<u>11,783,396</u>
<b>Total</b>	<b><u>\$ 8,048,584</u></b>	<b><u>\$ 7,586,975</u></b>	<b><u>\$ 19,591</u></b>	<b><u>\$ 8,104</u></b>	<b><u>\$ 8,068,175</u></b>	<b><u>\$ 7,595,079</u></b>

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



## OAKLAND BOARD OF EDUCATION

**Debt Administration.** As of June 30, 2018 and 2017 the school district had long-term debt and outstanding long-term liabilities in the amount of \$10,001,844 and \$12,599,922, respectively, as stated in Table A-7.

**Table A-7**  
**Long-Term Debt**  
**Outstanding Long-Term Liabilities**  
**as of June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Bonds Payable	\$ 1,397,000	\$ 1,707,000
Capital Leases	152,135	
Compensated Absences Payable	308,902	345,933
Net Pension Liability	<u>8,143,807</u>	<u>10,546,989</u>
 Total	 <u>\$ 10,001,844</u>	 <u>\$ 12,599,922</u>

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

### For the Future

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

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

During the 2017/18 school year, various improvement projects were completed at Dogwood, Heights, Manito and Valley Schools.

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

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

## OAKLAND BOARD OF EDUCATION

### **For the Future (Continued)**

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

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

### **Contacting the District's Financial Management**

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

Gina M. Coffaro, Ed. D  
Superintendent of Schools

At the:

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

## **BASIC FINANCIAL STATEMENTS**



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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,760,526	\$ 50,853	\$ 6,811,379
Receivables, net	6,140	4,295	10,435
Inventory		4,252	4,252
Internal Balances	17,273	(17,273)	
Capital Assets, net			
Being Depreciated	7,916,597	19,591	7,936,188
Not Being Depreciated	131,987	-	131,987
<b>Total Assets</b>	<b>14,832,523</b>	<b>61,718</b>	<b>14,894,241</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	32,329		32,329
Deferred Amounts on Net Pension Liability	2,211,633	-	2,211,633
<b>Total Deferred Outflows of Resources</b>	<b>2,243,962</b>	<b>-</b>	<b>2,243,962</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>17,076,485</b>	<b>61,718</b>	<b>17,138,203</b>
<b>LIABILITIES</b>			
Accounts Payable	792,398	2,052	794,450
Payable to Other Governments	26,889		26,889
Accrued Interest Payable	14,718		14,718
Unearned Revenue	87,667	17,994	105,661
Noncurrent Liabilities			
Due Within One Year	401,646		401,646
Due Beyond One Year	9,600,198	-	9,600,198
<b>Total Liabilities</b>	<b>10,923,516</b>	<b>20,046</b>	<b>10,943,562</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	1,788,395	-	1,788,395
<b>Total Deferred Inflows of Resources</b>	<b>1,788,395</b>	<b>-</b>	<b>1,788,395</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>12,711,911</b>	<b>20,046</b>	<b>12,731,957</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	6,531,778	19,591	6,551,369
Restricted for			
Capital Projects	3,556,094		3,556,094
Other Purposes	229,572		229,572
Unrestricted	(5,952,870)	22,081	(5,930,789)
<b>Total Net Position</b>	<b>\$ 4,364,574</b>	<b>\$ 41,672</b>	<b>\$ 4,406,246</b>

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

OAKLAND BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 18,564,545		\$ 5,690,388	\$ 32,200	\$ (12,841,957)		\$ (12,841,957)
Special Education	6,384,588		2,555,035		(3,829,553)		(3,829,553)
Other Instruction	1,252,498		396,136		(856,362)		(856,362)
School Sponsored Activities and Athletics	194,380		58,504		(135,876)		(135,876)
Support Services							
Student and Instruction Related Services	5,959,870		1,627,858		(4,332,012)		(4,332,012)
General Administrative Services	998,188		209,484		(788,704)		(788,704)
School Administrative Services	2,898,417		874,846		(2,023,571)		(2,023,571)
Plant Operations and Maintenance	2,735,707		203,043		(2,532,664)		(2,532,664)
Pupil Transportation	1,101,332	\$ 112,467	90,518		(898,347)		(898,347)
Central Services	587,269		43,770		(543,499)		(543,499)
Interest and Other Charges on Long-Term Debt	55,792	-	-	-	(55,792)	-	(55,792)
<b>Total Governmental Activities</b>	<b>40,732,586</b>	<b>112,467</b>	<b>11,749,582</b>	<b>32,200</b>	<b>(28,838,337)</b>	<b>-</b>	<b>(28,838,337)</b>
<b>Business-Type Activities</b>							
Other	23,499	14,280	1,150			\$ (8,069)	(8,069)
Food Service	473,793	382,299	98,969	-	-	7,475	7,475
<b>Total Business-Type Activities</b>	<b>497,292</b>	<b>396,579</b>	<b>100,119</b>	<b>-</b>	<b>-</b>	<b>(594)</b>	<b>(594)</b>
<b>Total Primary Government</b>	<b>\$ 41,229,878</b>	<b>\$ 509,046</b>	<b>\$ 11,849,701</b>	<b>\$ 32,200</b>	<b>(28,838,337)</b>	<b>(594)</b>	<b>(28,838,931)</b>
<b>General Revenues-</b>							
Property Taxes, Levied for General Purposes					28,140,484		28,140,484
Property Taxes, Levied for Debt Service					220,001		220,001
State Aid Restricted for Debt Service					119,270		119,270
Unrestricted State Aid					46,875		46,875
Miscellaneous Income					56,313		56,313
<b>Total General Revenues</b>					<b>28,582,943</b>	<b>-</b>	<b>28,582,943</b>
<b>Change in Net Position</b>					<b>(255,394)</b>	<b>(594)</b>	<b>(255,988)</b>
<b>Net Position, Beginning of Year</b>					<b>4,619,968</b>	<b>42,266</b>	<b>4,662,234</b>
<b>Net Position, End of Year</b>					<b>\$ 4,364,574</b>	<b>\$ 41,672</b>	<b>\$ 4,406,246</b>

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

## **FUND FINANCIAL STATEMENTS**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,621,638	\$ 138,888		\$ 6,760,526
Receivables from Other Governments	6,140			6,140
Due from Other Funds	<u>17,273</u>	<u>-</u>	<u>-</u>	<u>17,273</u>
Total Assets	<u>\$ 6,645,051</u>	<u>\$ 138,888</u>	<u>\$ -</u>	<u>\$ 6,783,939</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts Payable	\$ 768,066	\$ 24,332		\$ 792,398
Payable to State Government		26,889		26,889
Unearned Revenue	<u>-</u>	<u>87,667</u>	<u>-</u>	<u>87,667</u>
Total Liabilities	<u>768,066</u>	<u>138,888</u>	<u>-</u>	<u>906,954</u>
Fund Balances				
Restricted				
Reserve for Excess Surplus	759,542			759,542
Excess Surplus - Designated for Subsequent Year's Expenditures	649,254			649,254
Capital Reserve	1,978,226			1,978,226
Capital Reserve - Designated for Subsequent Year's Expenditures	1,577,868			1,577,868
Emergency Reserve	73,765			73,765
Emergency Reserve - Designated for Subsequent Year's Expenditures	52,439			52,439
Maintenance Reserve	229,572			229,572
Assigned				
Designated for Subsequent Year's Expenditures	200,000			200,000
Unassigned	<u>356,319</u>	<u>-</u>	<u>-</u>	<u>356,319</u>
Total Fund Balances	<u>5,876,985</u>	<u>-</u>	<u>-</u>	<u>5,876,985</u>
Total Liabilities and Fund Balances	<u>\$ 6,645,051</u>	<u>\$ 138,888</u>	<u>\$ -</u>	<u>\$ 6,783,939</u>

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

**Total Fund Balance - Governmental Funds (Exhibit B-1)** \$ 5,876,985

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,238,041 and the accumulated depreciation is \$12,189,457.

8,048,584

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.

32,329

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

(14,718)

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

Deferred Outflows of Resources  
Deferred Inflows of Resources

\$ 2,211,633  
(1,788,395)

423,238

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

Bonds Payable  
Capital Leases  
Compensated Absences  
Net Pension Liability

(1,397,000)  
(152,135)  
(308,902)  
(8,143,807)

(10,001,844)

**Net position of governmental activities (Exhibit A-1)**

**\$ 4,364,574**

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources				
Property Levy	\$ 28,140,484		\$ 220,001	\$ 28,360,485
Transportation	112,467			112,467
Miscellaneous	56,313	\$ 75,623	-	131,936
	<u>28,309,264</u>	<u>75,623</u>	<u>220,001</u>	<u>28,604,888</u>
Total - Local Sources				
State Sources	4,992,293	95,381	119,270	5,206,944
Federal Sources	-	388,075	-	388,075
	<u>4,992,293</u>	<u>388,075</u>	<u>119,270</u>	<u>5,206,944</u>
Total Revenues	<u>33,301,557</u>	<u>559,079</u>	<u>339,271</u>	<u>34,199,907</u>
<b>EXPENDITURES</b>				
Current				
Regular Instruction	14,609,266	118,944		14,728,210
Special Education Instruction	5,085,258	375,501		5,460,759
Other Instruction	979,730			979,730
School-Sponsored Activities and Athletics	154,096			154,096
Support Services				
Student and Instruction Related Services	4,845,470	32,434		4,877,904
General Administrative Services	853,943			853,943
School Administrative Services	2,296,024			2,296,024
Plant Operations and Maintenance	2,498,924			2,498,924
Pupil Transportation	1,067,922			1,067,922
Central Services	525,764			525,764
Debt Service				
Principal	15,388		310,000	325,388
Interest and Other Charges	6,098		40,791	46,889
Capital Outlay	1,107,844	32,200	-	1,140,044
	<u>34,045,727</u>	<u>559,079</u>	<u>350,791</u>	<u>34,955,597</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(744,170)</u>	<u>-</u>	<u>(11,520)</u>	<u>(755,690)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital Lease (Non-Budget)	167,523	-	-	167,523
	<u>167,523</u>	<u>-</u>	<u>-</u>	<u>167,523</u>
Total Other Financing Sources and (Uses)				
Net Change in Fund Balances	(576,647)	-	(11,520)	(588,167)
Fund Balance, Beginning of Year	6,453,632	-	11,520	6,465,152
	<u>6,453,632</u>	<u>-</u>	<u>11,520</u>	<u>6,465,152</u>
Fund Balance, End of Year	<u>\$ 5,876,985</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,876,985</u>

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

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

**Total net change in fund balances - governmental funds (Exhibit B-2)** **\$ (588,167)**

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

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

Capital Outlay	\$ 1,140,044	
Depreciation Expense	<u>(678,435)</u>	461,609

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

Net Decrease in Compensated Absences	37,031	
Increase in PERS Pension Expense	<u>(314,829)</u>	(277,798)

In the statement of activities, "the issuance of long-term debt (e.g. bonds, loans and leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of the issuance costs, premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Deferred Amounts on Refunding	(11,954)	
Capital Lease	(167,523)	
Principal Repayments		
Bond Principal	310,000	
Capital Lease Principal	<u>15,388</u>	145,911

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The details are as follows:

Decrease in Accrued Interest		<u>3,051</u>
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**Change in net position of governmental activities (Exhibit A-2)** **\$ (255,394)**

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

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

<b>ASSETS</b>	<b>Business-Type Activities</b>		<b>Total</b>
	<b>Non-Major Enterprise Fund</b>	<b>Food Service</b>	
Current Assets			
Cash and Cash Equivalents	\$ 25,295	\$ 25,558	\$ 50,853
Intergovernmental Receivable			
Federal		4,007	4,007
State		288	288
Inventory	-	4,252	4,252
Total Current Assets	25,295	34,105	59,400
Non-Current Assets			
Equipment		243,114	243,114
Less: Accumulated Depreciation	-	(223,523)	(223,523)
Total Non-Current Assets	-	19,591	19,591
Total Assets	25,295	53,696	78,991
<b>LIABILITIES</b>			
Current Liabilities			
Due to Other Funds	17,273		17,273
Accounts Payable	2,052		2,052
Unearned Revenue	5,970	12,024	17,994
Total Liabilities	25,295	12,024	37,319
<b>NET POSITION</b>			
Investment in Capital Assets		19,591	19,591
Unrestricted	-	22,081	22,081
Total Net Position	\$ -	\$ 41,672	\$ 41,672

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



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

	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Non-Major Enterprise Fund</u>	<u>Food Service</u>	
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales- Reimbursable Programs		\$ 214,540	\$ 214,540
Daily Sales- Non-Reimbursable Programs		167,759	167,759
Summer Program Fees	\$ 14,280	-	14,280
Total Operating Revenues	<u>14,280</u>	<u>382,299</u>	<u>396,579</u>
<b>OPERATING EXPENSES</b>			
Cost of Sales-Reimbursable Programs		141,167	141,167
Cost of Sales-Non-Reimbursable Programs		69,530	69,530
Salaries and Employee Benefits	20,544	201,953	222,497
Purchased Services		37,747	37,747
Supplies and Materials	2,955	15,088	18,043
Depreciation Expense		7,492	7,492
Miscellaneous Expenses	-	816	816
Total Operating Expenses	<u>23,499</u>	<u>473,793</u>	<u>497,292</u>
Operating Loss	<u>(9,219)</u>	<u>(91,494)</u>	<u>(100,713)</u>
<b>NONOPERATING REVENUES</b>			
Federal Sources			
National School Lunch Program		61,968	61,968
Food Distribution Program		32,424	32,424
State Sources	-		
School Lunch Program	-	4,577	4,577
Donations	1,150	-	1,150
Total Nonoperating Revenues	<u>1,150</u>	<u>98,969</u>	<u>100,119</u>
Net Income/(Loss)	<u>(8,069)</u>	<u>7,475</u>	<u>(594)</u>
Change in Net Position	(8,069)	7,475	(594)
Net Position, Beginning of Year	<u>8,069</u>	<u>34,197</u>	<u>42,266</u>
Net Position, End of Year	<u>\$ -</u>	<u>\$ 41,672</u>	<u>\$ 41,672</u>

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

**OAKLAND PUBLIC SCHOOLS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Business-Type Activities</b>		<b>Total</b>
	<b>Non-Major Enterprise Fund</b>	<b>Food Service</b>	
<b>Cash Flows From Operating Activities</b>			
Receipts from Customers	\$ 14,860	\$ 394,323	\$ 409,183
Payments for Employees' Salaries and Benefits	(27,636)	(201,953)	(229,589)
Payments to Suppliers for Goods and Services	(1,503)	(238,101)	(239,604)
Net Cash Provided/(Used) By Operating Activities	(14,279)	(45,731)	(60,010)
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from Local Contributions	1,150		1,150
Cash Received from State and Federal Subsidy Reimbursements	-	66,441	66,441
Net Cash Provided By Noncapital Financing Activities	1,150	66,441	67,591
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of Capital Assets	-	(18,979)	(18,979)
Net Cash Used for Capital and Related Financing Activities	-	(18,979)	(18,979)
Net Increase/(Decrease) in Cash and Cash Equivalents	(13,129)	1,731	(11,398)
Cash and Cash Equivalents, Beginning of Year	38,424	23,827	62,251
Cash and Cash Equivalents, End of Year	\$ 25,295	\$ 25,558	\$ 50,853
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>			
Operating (Loss)	\$ (9,219)	\$ (91,494)	\$ (100,713)
Adjustments to Reconcile Operating Loss to Net Cash Provided/ (Used) By Operating Activities			
Depreciation		7,492	7,492
Non-cash Assistance-Food Distribution Program		32,424	32,424
Change in Assets and Liabilities			
(Increase)/ Decrease in Inventory		(1,580)	(1,580)
Increase/ (Decrease) in Accounts Payable	1,452	(4,597)	(3,145)
Increase/ (Decrease) in Interfund Payable	(7,092)		(7,092)
Increase/ (Decrease) in Unearned Revenue	580	12,024	12,604
Total Adjustments	(5,060)	45,763	40,703
Net Cash Provided/(Used) By Operating Activities	\$ (14,279)	\$ (45,731)	\$ (60,010)
Non Cash Non Capital Financing Activities			
Value Received - Food Distribution Program		\$ 32,424	

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

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

	<b>Unemployment Compensation Trust</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 269,517	\$ 82,069
Total Assets	<u>269,517</u>	<u>\$ 82,069</u>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings		\$ 20,515
Due to Student Groups		41,689
Due to State of New Jersey	5,829	
Flex Spending Payable	<u>-</u>	<u>19,865</u>
Total Liabilities	<u>5,829</u>	<u>\$ 82,069</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims	<u>\$ 263,688</u>	

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

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

	<b>Unemployment Compensation <u>Trust</u></b>
<b>ADDITIONS</b>	
Contributions	
Employee Contributions	\$ <u>44,286</u>
Total Additions	<u>44,286</u>
<b>DEDUCTIONS</b>	
Unemployment Claims and Contributions	<u>37,893</u>
Total Deductions	<u>37,893</u>
Change in Net Position	6,393
Net Position, Beginning of Year	<u>257,295</u>
Net Position, End of Year	<u>\$ 263,688</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

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

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

OAKLAND 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 fiscal 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 fiscal 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.

OAKLAND 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 program enterprise funds to be major funds.

The District reports the following major governmental funds:

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

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

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



OAKLAND BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 funds which are organized to be self-supporting through user charges:

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

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

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

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

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

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

***2. Receivables***

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *Inventories*

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

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

4. *Capital Assets*

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

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

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

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

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

OAKLAND 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

**6. *Compensated Absences***

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

A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**7. *Pensions***

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

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

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

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

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

OAKLAND 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*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

*Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

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

*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 2).

OAKLAND 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)

*Emergency Reserve* – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 2).

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

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

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

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

In the general operating fund, 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 District 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 District'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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Fund Balance Policies (Continued)*

Amounts in the assigned fund balance classification are intended to be used by the District 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.

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 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 the summer 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.

**OAKLAND 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. The annual budget is voted upon at the annual school election on the third Tuesday in April.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$364,344. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final</u> <u>Budget</u>		<u>Actual</u>		<u>Unfavorable</u> <u>Variance</u>
<b><u>General Fund</u></b>					
Admin. Info. Technology					
General Supplies	\$ 4,000	\$	7,222	\$	(3,222)
Capital Outlay- Equipment					
Admin. Info. Technology	7,860		25,234		(17,374)
Security	-		19,850		(19,850)

The above variances were caused by audit adjustment and were offset with other available resources.



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

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

**C. 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		\$ 3,932,288
Increased by:		
Deposit Approved by Board Resolution	\$ 400,000	
Unexpended Balance of Capital Outlay Projects Funded by Capital Reserve	<u>83,408</u>	
Total Increases		<u>483,408</u>
		4,415,696
Withdrawals:		
Approved in District's Budget		<u>859,602</u>
Balance, June 30, 2018		<u>\$ 3,556,094</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects is \$12,000,000. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$1,577,868 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

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

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

**D. Maintenance Reserve**

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

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

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

Balance, July 1, 2017	\$ 175,401
Increased by:	
Unexpended Balance of Maintenance Projects Funded	
by Maintenance Reserve	1,271
Deposit Approved by Board Resolution	<u>100,000</u>
Total Increases	<u>101,271</u>
Withdrawals:	
Approved in District's Budget	<u>47,100</u>
Balance, June 30, 2018	<u>\$ 229,572</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,387,815. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**E. Emergency Reserve**

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

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

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

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

**E. Emergency Reserve (Continued)**

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

Balance, July 1, 2017	\$ <u>126,204</u>
Balance, June 30, 2018	\$ <u>126,204</u>

\$52,439 of the emergency reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

**F. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$1,408,796. Of this amount, \$649,254 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$759,542 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.

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 \$7,162,965 and bank and brokerage firm balances of the Board's deposits amounted to \$7,679,049. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>7,679,049</u>
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**OAKLAND 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)**

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board’s bank balance was not 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.

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

**B. Receivables**

Receivables as of June 30, 2018 for the district’s individual major funds are as follows:

	<u>General</u>	<u>Food Service</u>	<u>Total</u>
Receivables:			
Intergovernmental			
Federal		\$ 4,007	\$ 4,007
State	\$ 6,140	288	6,428
	<u>6,140</u>	<u>4,295</u>	<u>10,435</u>
Net Total Receivables	\$ 6,140	\$ 4,295	\$ 10,435

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

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

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>87,667</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 87,667</u>

**D. Capital Assets**

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

	<u>Balance, July 1, 2017</u>	<u>Increases</u>	<u>Adjustments</u>	<u>Decreases</u>	<u>Balance, June 30, 2018</u>
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 131,987				\$ 131,987
Construction In Progress	<u>27,100</u>	-	\$ (27,100)	-	-
Total Capital Assets, Not Being Depreciated	<u>159,087</u>	-	<u>(27,100)</u>	-	<u>131,987</u>
Capital Assets, Being Depreciated:					
Land Improvements	735,444				735,444
Buildings and Building Improvements	15,444,964	\$ 858,596	27,100		16,330,660
Machinery and Equipment	<u>2,814,845</u>	<u>281,448</u>	-	\$ (56,343)	<u>3,039,950</u>
Total Capital Assets Being Depreciated	<u>18,995,253</u>	<u>1,140,044</u>	<u>27,100</u>	<u>(56,343)</u>	<u>20,106,054</u>
Less Accumulated Depreciation for:					
Land Improvements	(162,852)	(36,770)			(199,622)
Buildings and Building Improvements	(9,064,413)	(525,679)			(9,590,092)
Machinery and Equipment	<u>(2,340,100)</u>	<u>(115,986)</u>	-	56,343	<u>(2,399,743)</u>
Total Accumulated Depreciation	<u>(11,567,365)</u>	<u>(678,435)</u>	-	<u>56,343</u>	<u>(12,189,457)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,427,888</u>	<u>461,609</u>	<u>27,100</u>	-	<u>7,916,597</u>
Governmental Activities Capital Assets, Net	<u>\$ 7,586,975</u>	<u>\$ 461,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,048,584</u>

**OAKLAND 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>	Balance, <u>June 30, 2018</u>
<b>Business-Type Activities:</b>			
Capital Assets, Being Depreciated:			
Machinery and Equipment	\$ 224,135	\$ 18,979	\$ 243,114
Total Capital Assets Being Depreciated	<u>224,135</u>	<u>18,979</u>	<u>243,114</u>
Less Accumulated Depreciation for:			
Machinery and Equipment	<u>(216,031)</u>	<u>(7,492)</u>	<u>(223,523)</u>
Total Accumulated Depreciation	<u>(216,031)</u>	<u>(7,492)</u>	<u>(223,523)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,104</u>	<u>11,487</u>	<u>19,591</u>
Business-Type Activities Capital Assets, Net	<u>\$ 8,104</u>	<u>\$ 11,487</u>	<u>\$ 19,591</u>

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

<b>Governmental Activities:</b>	
Instruction	
Regular	\$ 339,214
Special Education	<u>81,686</u>
Total Instruction	<u>420,900</u>
Support Services	
Student and Instruction Related Services	124,816
School Administrative Services	66,018
Plant Operations and Maintenance	47,613
Pupil Transportation	6,719
Central Services	<u>12,369</u>
Total Support Services	<u>257,535</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 678,435</u>
<b>Business-Type Activities:</b>	
Food Service Fund	<u>\$ 7,492</u>

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

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

**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	Non-Major Enterprise Fund	\$ 17,273
		<u>\$ 17,273</u>

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

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

**F. Leases**

**Capital Leases**

The District is leasing photo copiers totaling \$167,523 under capital leases. The leases are for terms of 5 years.

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

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2019	36,768
2020	36,768
2021	36,768
2022	36,768
2023	<u>18,384</u>
Total minimum lease payments	165,456
Less: amount representing interest	<u>(13,321)</u>
Present value of minimum lease payments	<u>\$ 152,135</u>

**OAKLAND 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:

\$1,152,000, 2007 School Improvement Bonds, due in annual installments of \$90,000 to \$102,000 through February 1, 2023 interest at 4.25%	\$ 472,000
\$1,200,000, 2015 School Refunding Bonds, due in annual installments of \$230,000 to \$235,000 through February 1, 2021, interest at 4.25%	<u>925,000</u>
Total	<u>\$ 1,397,000</u>

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

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 320,000	\$ 33,466	\$ 353,466
2020	325,000	25,888	350,888
2021	330,000	18,227	348,227
2022	320,000	10,311	330,311
2023	<u>102,000</u>	<u>4,335</u>	<u>106,335</u>
Total	<u>\$ 1,397,000</u>	<u>\$ 92,227</u>	<u>\$ 1,489,227</u>

**Statutory Borrowing Power**

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

3% of Equalized Valuation Basis (Municipal)	\$ 72,494,415
Less: Net Debt	<u>1,397,000</u>
Remaining Borrowing Power	<u>\$ 71,097,415</u>



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

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

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

	Balance, <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2018</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 1,707,000		\$ 310,000	\$ 1,397,000	\$ 320,000
Capital Leases Payable		\$ 167,523	15,388	152,135	31,646
Compensated Absences	345,933	36,169	73,200	308,902	50,000
Net Pension Liability	<u>10,546,989</u>	<u>-</u>	<u>2,403,182</u>	<u>8,143,807</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 12,599,922</u>	<u>\$ 203,692</u>	<u>\$ 2,801,770</u>	<u>\$ 10,001,844</u>	<u>\$ 401,646</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

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

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

NESBIG 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.

**OAKLAND 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)**

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018		\$ 44,286	\$ 37,893	\$ 263,688
2017		43,982	22,746	257,295
2016		41,999	17,108	236,059

**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.

**OAKLAND 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.

**OAKLAND 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).

**OAKLAND BOARD OF EDUCATION  
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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).

**OAKLAND 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.

**OAKLAND 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	\$ 324,093	\$ 1,872,140	\$ 14,228
2017	316,364	1,384,310	15,476
2016	284,934	938,029	15,990

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$4,739 and \$2,193, respectively for PERS and the State contributed \$2,010 and \$2,491, 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 \$922,945 during the fiscal year ended June 30, 2018 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

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

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

OAKLAND 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)**

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 \$8,143,807 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 .03498 percent, which was a decrease of .00063 percent from its proportionate share measured as of June 30, 2016 of .03561 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$643,661 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	\$ 191,759	
Changes of Assumptions	1,640,696	\$ 1,634,681
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	55,454	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>323,724</u>	<u>153,714</u>
Total	<u>\$ 2,211,633</u>	<u>\$ 1,788,395</u>



**OAKLAND 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</u> <u>Ending</u> <u>June 30,</u>	<u>Total</u>
2019	\$ 244,819
2020	338,548
2021	231,605
2022	(206,079)
2023	(185,655)
Thereafter	<u>-</u>
	<u>\$ 423,238</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.

OAKLAND BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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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%

OAKLAND BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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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:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ 10,102,945	\$ 8,143,807	\$ 6,511,602

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).

**OAKLAND BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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 \$5,748,375 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$82,979,148. 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 .12307 percent, which was an increase of .00591 percent from its proportionate share measured as of June 30, 2016 of .11716 percent.

OAKLAND BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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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.

OAKLAND BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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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%

**OAKLAND 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:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
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:

	<u>1% Decrease (3.25%)</u>	<u>Current Discount Rate (4.25%)</u>	<u>1% Increase (5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 98,581,831</u>	<u>\$ 82,979,148</u>	<u>\$ 70,125,590</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.

**OAKLAND BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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).



**OAKLAND BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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:

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

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

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

**OAKLAND 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 \$1,209,176, \$1,153,445 and \$984,983, 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.

**OAKLAND 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 \$3,610,226. 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 \$61,896,299. 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 .11539 percent, which was a decrease of .00028 percent from its proportionate share measured as of June 30, 2016 of .11567 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.

**OAKLAND 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:

<b><u>Fiscal Year</u></b>	<b><u>Measurement Date</u></b>	<b><u>Discount Rate</u></b>
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.

**OAKLAND 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>66,896,095</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 2,501,590
Interest on the Total OPEB Liability	1,965,805
Changes of Assumptions	(8,177,397)
Gross Benefit Payments	(1,339,103)
Contributions from the Member	49,309
<b>Net Changes</b>	<u>\$ (4,999,796)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>61,896,299</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>73,475,373</u>	\$ <u>61,896,299</u>	\$ <u>52,711,668</u>

OAKLAND 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:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>50,903,722</u>	\$ <u>61,896,299</u>	\$ <u>76,494,311</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.

F. Subsequent Events

On July 17, 2018 the District awarded a contract to Corby Associates for playground project in the amount of \$604,625. Funding for this project will be available in the 2018-19 budget year.

**BUDGETARY COMPARISON SCHEDULES**

**OAKLAND BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 28,140,484		\$ 28,140,484	\$ 28,140,484	
Transportation Individuals	70,000		70,000	112,467	\$ 42,467
Interest	13,600		13,600	29,531	15,931
Miscellaneous	11,750	-	11,750	26,782	15,032
<b>Total Local Sources</b>	<b>28,235,834</b>	<b>-</b>	<b>28,235,834</b>	<b>28,309,264</b>	<b>73,430</b>
State Sources					
Special Education Aid	548,560		548,560	603,756	55,196
Transportation Aid	60,106		60,106	60,106	
Security Aid	28,723		28,723	28,723	
PARCC Readiness	16,140		16,140	16,140	
Per Pupil Growth	16,140		16,140	16,140	
Professional Learning Comm Aid	14,580		14,580	14,580	
Extraordinary Aid	200,000		200,000	209,775	9,775
Non Public Transportation				6,140	6,140
Lead Testing for Schools Aid				5,799	5,799
On-behalf TPAF Payments (Non-Budget)					
Pension Benefit Contribution					
Normal Cost				1,827,784	1,827,784
Non-Contributory (NCGI)				44,356	44,356
Post-Retirement Medical Contribution				1,209,176	1,209,176
Long-Term Disability				2,010	2,010
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	922,945	922,945
<b>Total State Sources</b>	<b>884,249</b>	<b>-</b>	<b>884,249</b>	<b>4,967,430</b>	<b>4,083,181</b>
<b>Total Revenues</b>	<b>29,120,083</b>	<b>-</b>	<b>29,120,083</b>	<b>33,276,694</b>	<b>4,156,611</b>
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	643,234	\$ (63,259)	579,975	579,225	750
Grades 1-5	4,524,542	13,859	4,538,401	4,536,538	1,863
Grades 6-8	3,558,627	62,469	3,621,096	3,620,963	133
Instruction - Home					
Salaries of Teachers		54,925	54,925	54,165	760
Purchased Professional-Educational Services	12,000	(12,000)			-
Regular Programs- Undistributed Instruction					
Other Salaries for Instruction	35,827	(15,356)	20,471		20,471
Other Purchased Services	70,900	17,810	88,710	35,587	53,123
General Supplies	618,929	(13,763)	605,166	497,006	108,160
Textbooks	135,400	(28,378)	107,022	82,009	25,013
<b>Total Instruction - Regular</b>	<b>9,599,459</b>	<b>16,307</b>	<b>9,615,766</b>	<b>9,405,493</b>	<b>210,273</b>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	210,679	49,926	260,605	259,379	1,226
Other Salaries for Instruction	116,510	17,399	133,909	133,907	2
Purchased Professional-Educational Services	5,400	(4,830)	570	375	195
General Supplies	9,700	(2,363)	7,337	7,054	283
Textbooks	1,000	-	1,000	658	342
Other Objects	500	(111)	389	297	92
<b>Total Learning and/or Language Disabilities</b>	<b>343,789</b>	<b>60,021</b>	<b>403,810</b>	<b>401,670</b>	<b>2,140</b>
Resource Room/Resource Center					
Salaries of Teachers	1,141,629	51,311	1,192,940	1,192,940	-
Other Salaries for Instruction	445,924	14,220	460,144	455,711	4,433
General Supplies	16,250	(2,222)	14,028	13,923	105
<b>Total Resource Room/Resource Center</b>	<b>1,603,803</b>	<b>63,309</b>	<b>1,667,112</b>	<b>1,662,574</b>	<b>4,538</b>



**OAKLAND BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Preschool Disabilities - Part-Time					
Salaries of Teachers	\$ 67,591	\$ 8,333	\$ 75,924	\$ 75,924	-
Other Salaries for Instruction	52,227	(8,333)	43,894	42,425	\$ 1,469
General Supplies	5,900	-	5,900	5,226	674
<b>Total Preschool Disabilities - Part-Time</b>	<b>125,718</b>	<b>-</b>	<b>125,718</b>	<b>123,575</b>	<b>2,143</b>
<b>Total Special Education</b>	<b>2,073,310</b>	<b>123,330</b>	<b>2,196,640</b>	<b>2,187,819</b>	<b>8,821</b>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	609,168	(49,937)	559,231	526,080	33,151
Textbooks	4,300	-	4,300	-	4,300
<b>Total Basic Skills/Remedial - Instruction</b>	<b>613,468</b>	<b>(49,937)</b>	<b>563,531</b>	<b>526,080</b>	<b>37,451</b>
Bilingual Education - Instruction					
Salaries of Teachers	113,144	-	113,144	111,760	1,384
General Supplies	4,300	-	4,300	3,560	740
Textbooks	200	-	200	-	200
<b>Total Bilingual Education - Instruction</b>	<b>117,644</b>	<b>-</b>	<b>117,644</b>	<b>115,320</b>	<b>2,324</b>
School Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	103,284	1,200	104,484	91,504	12,980
Supplies and Materials	1,500	(505)	995	224	771
Other Objects	500	-	500	-	500
<b>Total School Sponsored Co/Extra Curricular Activities-Instruction</b>	<b>105,284</b>	<b>695</b>	<b>105,979</b>	<b>91,728</b>	<b>14,251</b>
School Sponsored Athletics - Instruction					
Salaries	19,283	-	19,283	2,697	16,586
Purchased Services	6,500	(2,570)	3,930	3,928	2
Supplies and Materials	-	2,275	2,275	1,368	907
Other Objects	-	800	800	-	800
<b>Total School Sponsored Athletics - Instruction</b>	<b>25,783</b>	<b>505</b>	<b>26,288</b>	<b>7,993</b>	<b>18,295</b>
Other Instructional Programs - Instruction					
Salaries	27,000	-	27,000	5,490	21,510
<b>Total Other Instructional Programs - Instruction</b>	<b>27,000</b>	<b>-</b>	<b>27,000</b>	<b>5,490</b>	<b>21,510</b>
<b>Total - Instruction</b>	<b>12,561,948</b>	<b>90,900</b>	<b>12,652,848</b>	<b>12,339,923</b>	<b>312,925</b>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	445,080	(126,817)	318,263	247,871	70,392
Tuition to CSSD & Reg. Day Schools	64,400	36,700	101,100	92,371	8,729
Tuition to APSSD W/I State	1,467,184	(88,977)	1,378,207	1,304,074	74,133
Tuition - Other	20,640	(20,640)	-	-	-
<b>Total Undistributed Expenditures - Instruction</b>	<b>1,997,304</b>	<b>(199,734)</b>	<b>1,797,570</b>	<b>1,644,316</b>	<b>153,254</b>
Attendance & Social Work					
Salaries	55,977	1,310	57,287	56,910	377
<b>Total Undistributed Expenditures - Attendance &amp; Social Work</b>	<b>55,977</b>	<b>1,310</b>	<b>57,287</b>	<b>56,910</b>	<b>377</b>

OAKLAND BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 331,482	\$ 16,826	\$ 348,308	\$ 347,409	\$ 899
Purchased Professional and Technical Services	1,000	-	1,000	-	1,000
Other Purchased Services	1,100	-	1,100	210	890
Supplies and Materials	27,730	(14,986)	12,744	9,965	2,779
<b>Total Health Services</b>	<b>361,312</b>	<b>1,840</b>	<b>363,152</b>	<b>357,584</b>	<b>5,568</b>
Speech, OT, PT & Related Services					
Salaries	338,809	-	338,809	338,140	669
Purchased Professional-Educational Services	177,500	18,130	195,630	194,270	1,360
Supplies and Materials	5,800	-	5,800	4,841	959
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>522,109</b>	<b>18,130</b>	<b>540,239</b>	<b>537,251</b>	<b>2,988</b>
Other Support Services - Extra Serv.					
Salaries	50,000	8,865	58,865	58,865	-
Purchased Professional-Educational Services	349,200	(46,607)	302,593	271,355	31,238
Supplies and Materials	3,500	4,140	7,640	7,115	525
<b>Total Other Support Services - Extra Serv.</b>	<b>402,700</b>	<b>(33,602)</b>	<b>369,098</b>	<b>337,335</b>	<b>31,763</b>
Guidance					
Salaries of Other Professional Staff	308,563	23,923	332,486	308,708	23,778
Other Salaries	2,500	-	2,500	2,500	-
Supplies and Materials	1,400	-	1,400	74	1,326
<b>Total Guidance</b>	<b>312,463</b>	<b>23,923</b>	<b>336,386</b>	<b>311,282</b>	<b>25,104</b>
Child Study Teams					
Salaries of Other Professional Staff	427,929	12,718	440,647	433,703	6,944
Salaries of Secretarial & Clerical Assist.	112,778	2,934	115,712	115,112	600
Purchased Professional -Educational Services	113,998	46,690	160,688	141,357	19,331
Other Purchased Services	4,510	160	4,670	4,269	401
Supplies and Materials	14,920	(3,508)	11,412	10,323	1,089
<b>Total Child Study Teams</b>	<b>674,135</b>	<b>58,994</b>	<b>733,129</b>	<b>704,764</b>	<b>28,365</b>
Improvement of Instructional Service					
Salaries of Supervisor of Instruction	339,266	(425)	338,841	331,333	7,508
Salaries of Other Professional Staff	34,000	8,100	42,100	39,112	2,988
Salaries of Secretarial & Clerical Assist.	63,117	(20,131)	42,986	42,986	-
Unused Vacation Payment to Terminated/Retired Staff	-	1,556	1,556	1,556	-
Other Purchased Professional-Technical Services	5,100	-	5,100	3,200	1,900
Other Purchased Services	11,262	160	11,422	11,055	367
Supplies and Materials	10,500	100	10,600	3,030	7,570
Other Objects	4,000	-	4,000	3,312	688
<b>Total Improvement of Instructional Service</b>	<b>467,245</b>	<b>(10,640)</b>	<b>456,605</b>	<b>435,584</b>	<b>21,021</b>
Educational Media Services/School Library					
Salaries	392,674	-	392,674	383,152	9,522
Salaries of Technology Coordinators	103,740	22,100	125,840	110,949	14,891
Purchased Professional and Technical Services	800	799	1,599	1,237	362
Other Purchased Services	105,636	(12,584)	93,052	80,248	12,804
Supplies and Materials	22,228	(450)	21,778	17,722	4,056
Other Objects	11,003	(11,003)	-	-	-
<b>Total Educational Media Services/School Library</b>	<b>636,081</b>	<b>(1,138)</b>	<b>634,943</b>	<b>593,308</b>	<b>41,635</b>

**OAKLAND BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Instructional Staff Training Services					
Purchased Professional-Educational Services	\$ 55,000	\$ (38,500)	\$ 16,500	\$ 16,475	\$ 25
Other Purchased Services	7,500	(2,500)	5,000	4,838	162
Supplies and Materials	1,350	-	1,350	-	1,350
<b>Total Instructional Staff Training Services</b>	<b>63,850</b>	<b>(41,000)</b>	<b>22,850</b>	<b>21,313</b>	<b>1,537</b>
Support Services - General Administration					
Salaries	313,884	23,700	337,584	337,303	281
Legal Services	50,000	521	50,521	50,521	-
Audit Fees	31,000	25,178	56,178	56,178	-
Architectural/Engineering Services	34,200	23,153	57,353	54,308	3,045
Other Purchased Professional Services	32,000	34,815	66,815	66,815	-
Purchased Technical Services	2,000	-	2,000	-	2,000
Communications/Telephone	10,000	8,527	18,527	18,527	-
BOE - Other Purchased Services	4,000	(365)	3,635	3,635	-
Supplies and Materials	4,500	11,253	15,753	15,645	108
Miscellaneous Purchased Services	3,000	6,556	9,556	9,156	400
Judgements Against the School Entity	-	980	980	980	-
Miscellaneous Expenditures	12,000	23,252	35,252	33,459	1,793
BOE Membership Dues	13,250	-	13,250	12,720	530
<b>Total Support Services - General Administration</b>	<b>509,834</b>	<b>157,570</b>	<b>667,404</b>	<b>659,247</b>	<b>8,157</b>
Support Services - School Administration					
Salaries of Principals/Asst. Principals	841,004	(26,882)	814,122	803,879	10,243
Salaries of Other Professional Staff	136,695	1,525	138,220	138,220	-
Salaries of Secretarial and Clerical Assistants	456,225	21,557	477,782	466,539	11,243
Other Purchased Services	10,000	22,284	32,284	15,976	16,308
Supplies and Materials	10,000	6,878	16,878	12,580	4,298
Other Objects	11,750	33,572	45,322	41,717	3,605
<b>Total Support Services - School Administration</b>	<b>1,465,674</b>	<b>58,934</b>	<b>1,524,608</b>	<b>1,478,911</b>	<b>45,697</b>
Central Services					
Salaries	301,465	(4,507)	296,958	296,955	3
Unused Vacation Payment to Terminated/Retired Staff	-	4,407	4,407	4,407	-
Miscellaneous Purchased Services	3,000	600	3,600	2,049	1,551
Supplies and Materials	3,200	(165)	3,035	3,035	-
Miscellaneous Expenditures	2,500	3,130	5,630	5,279	351
<b>Total Central Services</b>	<b>310,165</b>	<b>3,465</b>	<b>313,630</b>	<b>311,725</b>	<b>1,905</b>
Admin. Info. Tech.					
Salaries	53,320	(23,200)	30,120	30,120	-
Purchased Technical Services	-	68,900	68,900	68,900	-
Supplies and Materials	8,000	(4,000)	4,000	7,222	(3,222)
<b>Total Admin. Info. Tech.</b>	<b>61,320</b>	<b>41,700</b>	<b>103,020</b>	<b>106,242</b>	<b>(3,222)</b>
Required Maintenance for School Facilities					
Salaries	230,680	(15,500)	215,180	194,591	20,589
Cleaning, Repair and Maintenance Service	142,670	(30,768)	111,902	101,848	10,054
Lead Testing of Drinking Water	-	11,370	11,370	6,503	4,867
General Supplies	21,150	35,355	56,505	49,039	7,466
<b>Total Required Maintenance for School Facilities</b>	<b>394,500</b>	<b>457</b>	<b>394,957</b>	<b>351,981</b>	<b>42,976</b>
Custodial Services					
Salaries	921,081	16,500	937,581	924,599	12,982
Salaries of Non-Instructional Aides	101,680	10,000	111,680	109,507	2,173
Purchased Professional and Technical Services	7,000	2,660	9,660	9,657	3
Cleaning, Repair, and Maintenance Services	115,500	(2,510)	112,990	108,515	4,475
Rental of Land and Bldgs Other than Lease Pur. Agree.	2,900	(1,000)	1,900	550	1,350
Other Purchased Property Services	12,000	(500)	11,500	10,260	1,240
Insurance	135,000	-	135,000	130,587	4,413
Miscellaneous Purchased Services	14,200	-	14,200	4,847	9,353
General Supplies	73,500	17,445	90,945	83,875	7,070
Energy (Natural Gas)	160,000	(15,220)	144,780	135,061	9,719
Energy (Electricity)	213,400	(29,535)	183,865	175,597	8,268
Other Objects	1,350	550	1,900	1,854	46
<b>Total Custodial Services</b>	<b>1,757,611</b>	<b>(1,610)</b>	<b>1,756,001</b>	<b>1,694,909</b>	<b>61,092</b>

**OAKLAND BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Care and Upkeep of Grounds					
Salaries	\$ 23,869	\$ 4,630	\$ 28,499	\$ 28,025	\$ 474
Cleaning, Repair, and Maintenance Svc.	35,900	(14,315)	21,585	21,165	420
General Supplies	3,000	760	3,760	3,759	1
Other Objects	1,200	(1,200)	-	-	-
Total Care and Upkeep of Grounds	63,969	(10,125)	53,844	52,949	895
Security					
Salaries	20,000	2,470	22,470	2,468	20,002
Total Security	20,000	2,470	22,470	2,468	20,002
Student Transportation Services					
Salaries of Non-Instructional Aides	15,000	9,564	24,564	20,986	3,578
Salaries for Pupil Transportation (Between Home and School) - Regular	151,832	5,579	157,411	156,688	723
Salaries for Pupil Transportation (Between Home and School) - Special Education	22,000	(22,000)	-	-	-
Unused Vacation Payment to Terminated/Retired Staff	-	3,807	3,807	3,807	-
Other Purchased Professional and Technical Services	7,000	566	7,566	7,483	83
Cleaning, Repair, and Maintenance Services	25,000	734	25,734	22,392	3,342
Rental Payments - School Buses	2,000	-	2,000	-	2,000
Contracted Services -Aid-in-Lieu Payments-Non-Public	30,000	-	30,000	22,591	7,409
Contracted Services (Between Home and School) - Vendors	367,000	29,444	396,444	390,966	5,478
Contracted Services (Other Than Between Home and School) - Vendors	11,500	(10,000)	1,500	1,250	250
Contracted Services (Special Education Students) - Vendors	410,000	(8,850)	401,150	380,917	20,233
Supplies and Materials	3,000	2,450	5,450	1,278	4,172
Transportation Supplies	14,000	(9,700)	4,300	-	4,300
Other Objects	7,535	4,606	12,141	1,007	11,134
Total Student Transportation Services	1,065,867	6,200	1,072,067	1,009,365	62,702
Employee Benefits - Unallocated					
Group Insurance	15,000	-	15,000	5,950	9,050
Social Security Contributions	347,000	4,810	351,810	327,761	24,049
Other Retirement Contributions - PERS	350,000	(20,500)	329,500	328,832	668
Other Retirement Contributions - Regular	18,400	(3,523)	14,877	14,228	649
Unemployment Compensation	100,000	(50,000)	50,000	-	50,000
Workmen's Compensation	179,477	(13,300)	166,177	162,172	4,005
Health Benefits	5,185,475	(54,550)	5,130,925	4,813,093	317,832
Tuition Reimbursement	70,000	40,000	110,000	44,696	65,304
Other Employee Benefits	245,047	(13,241)	231,806	224,411	7,395
Total Employee Benefits - Unallocated	6,510,399	(110,304)	6,400,095	5,921,143	478,952
Interest Earned on Maintenance Reserve					
	160	-	160	-	160
Interest Earned on Emergency Reserves					
	212	-	212	-	212
On-Behalf TPAF Pension Contributions (Non-Budgeted)					
Normal Cost	-	-	-	1,827,784	(1,827,784)
Non-Contributory (NCGI)	-	-	-	44,356	(44,356)
Post-Retirement Medical Contribution	-	-	-	1,209,176	(1,209,176)
Long-Term Disability	-	-	-	2,010	(2,010)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	922,945	(922,945)
Total	-	-	-	4,006,271	(4,006,271)
Total Undistributed Expenditures	17,652,887	(33,160)	17,619,727	20,594,858	(2,975,131)
Total Current Expenditures	30,214,835	57,740	30,272,575	32,934,781	(2,662,206)

**OAKLAND BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed					
Admin. Info. Tech.	\$ 7,860		\$ 7,860	\$ 25,234	\$ (17,374)
Security		-	-	19,850	(19,850)
School Buses - Regular		\$ 27,113	27,113	27,113	-
Maintenance and Operation of Plant	47,100	-	47,100	45,829	1,271
Total Undistributed Expenditures	54,960	27,113	82,073	118,026	(35,953)
Total Equipment	54,960	27,113	82,073	118,026	(35,953)
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		48,700	48,700	48,700	-
Construction Services	856,500	18,250	874,750	773,595	101,155
Other Objects	3,102	-	3,102	3,102	-
Total Facilities Acquis. and Const. Services	859,602	66,950	926,552	825,397	101,155
Interest Deposit into Capital Reserve	13,228	-	13,228	-	13,228
Capital Assets Acquired under Capital Lease (Non-Budget)					
Photo-Copiers	-	-	-	167,523	(167,523)
Total Capital Assets Acquired under Capital Lease (Non-Budget)	-	-	-	167,523	(167,523)
Total Capital Outlay	927,790	94,063	1,021,853	1,110,946	(89,093)
Total Expenditures - General Fund	31,142,625	151,803	31,294,428	34,045,727	(2,751,299)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,022,542)	(151,803)	(2,174,345)	(769,033)	1,405,312
Other Financing Sources (Uses)					
Capital Leases (Non-Budget)	-	-	-	167,523	167,523
Total Other Financing Sources (Uses)	-	-	-	167,523	167,523
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(2,022,542)	(151,803)	(2,174,345)	(601,510)	1,572,835
Fund Balances, Beginning of Year	6,735,530	-	6,735,530	6,735,530	-
Fund Balances, End of Year	\$ 4,712,988	\$ (151,803)	\$ 4,561,185	\$ 6,134,020	\$ 1,572,835
<b>Recapitulation of Fund Balances</b>					
Restricted					
Reserve for Excess Surplus				\$ 759,542	
Excess Surplus Designated for Subsequent Year's Expenditures				649,254	
Capital Reserve				1,978,226	
Capital Reserve Designated for Subsequent Year's Expenditures				1,577,868	
Emergency Reserve				73,765	
Emergency Reserve Designated for Subsequent Year's Expenditures				52,439	
Maintenance Reserve				229,572	
Assigned					
Designated for Subsequent Year's Expenditures				200,000	
Unassigned				613,354	
Fund Balance (Budgetary Basis)				6,134,020	
Reconciliation to Government Funds Statements (GAAP)					
Final State Aid Payments Not Recognized on GAAP Basis				47,260	
Extraordinary Aid Payment Not Recognized on GAAP Basis				209,775	
Fund Balances Per Governmental Funds (GAAP Basis)				\$ 5,876,985	

**OAKLAND BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>REVENUES</b>					
Intergovernmental					
Local		\$ 152,972	\$ 152,972	\$ 65,724	\$ (87,248)
State	\$ 152,230	(29,960)	122,270	95,381	(26,889)
Federal	300,475	89,529	390,004	388,074	(1,930)
<b>Total Revenues</b>	<u>452,705</u>	<u>212,541</u>	<u>665,246</u>	<u>549,179</u>	<u>(116,067)</u>
<b>EXPENDITURES</b>					
Instruction					
Purchased Professional & Technical Svcs.	22,707	8,822	31,529	31,529	-
Purchased Professional & Educational Svcs.	125,680	(51,166)	74,514	56,463	18,051
Tuition	263,146	63,719	326,865	326,865	-
Supplies and Materials	17,731	139,267	156,998	71,931	85,067
Textbooks	8,819	(766)	8,053	7,657	396
<b>Total Instruction</b>	<u>438,083</u>	<u>159,876</u>	<u>597,959</u>	<u>494,445</u>	<u>103,514</u>
Support Services					
Purchased Professional & Educational Svcs.	14,622	20,986	35,608	31,514	4,094
Other Purchased Services	-	1,891	1,891	920	971
<b>Total Support Services</b>	<u>14,622</u>	<u>22,877</u>	<u>37,499</u>	<u>32,434</u>	<u>5,065</u>
Facilities Acquisition and Construction					
Construction Services		23,938	23,938	16,450	7,488
Non-Instructional Equipment	-	5,850	5,850	5,850	-
<b>Total Facilities Acquisition and Construction</b>	<u>-</u>	<u>29,788</u>	<u>29,788</u>	<u>22,300</u>	<u>7,488</u>
<b>Total Expenditures</b>	<u>452,705</u>	<u>212,541</u>	<u>665,246</u>	<u>549,179</u>	<u>116,067</u>
Excess Revenues Over Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**OAKLAND BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 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	(C-1) \$ 33,276,694	(C-2) \$	549,179
<b>Difference - Budget to GAAP</b>			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - June 30, 2018			-
- June 30, 2017			9,900
State Aid (2016/2017) recognized for GAAP purposes and not recognized for budgetary statements.	281,898		
State Aid (2017/2018) recognized for budgetary purposes and not recognized for GAAP statements	<u>(257,035)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>33,301,557</u>	(B-2) \$	<u>559,079</u>
<b>Uses/Outflows of Resources</b>			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 34,045,727	(C-2) \$	549,179
<b>Difference - Budget to GAAP:</b>			
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and services are received for financial reporting purposes - June 30, 2018			-
- June 30, 2017			<u>9,900</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>34,045,727</u>	(B-2) \$	<u>559,079</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

**AND**

**OTHER POST-EMPLOYMENT BENEFITS INFORMATION**

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

**Public Employees Retirement System**

**Last 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)	0.03498	%	0.03561	%	0.03314	%	0.03360	%	0.03347	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,143,807		\$ 10,546,989		\$ 7,439,759		\$ 6,291,053		\$ 6,396,995	
District's Covered-Employee Payroll	\$ 2,462,288		\$ 2,432,053		\$ 2,398,385		\$ 2,209,137		\$ 2,219,914	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	330.74	%	433.67	%	310.20	%	284.77	%	288.16	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.11	%	40.14	%	47.93	%	52.08	%	48.72	%

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

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

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

**Public Employees Retirement System**

**Last Five Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 324,093	\$ 316,364	\$ 284,934	\$ 277,003	\$ 252,198
Contributions in Relation to the Contractually Required Contribution	<u>324,093</u>	<u>316,364</u>	<u>284,934</u>	<u>277,003</u>	<u>252,198</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$2,462,288	\$2,432,053	\$ 2,398,385	\$ 2,209,137	\$ 2,219,914
Contributions as a Percentage of Covered-Employee Payroll	\$ 13.16 %	\$ 13.01 %	\$ 11.88 %	\$ 12.54 %	\$ 11.36 %

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

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

**Teachers Pension and Annuity Fund**

**Last 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)	0.00	%	0.00	%	0.00	%	0.00	%	0.00	%
District's Proportionate Share of the Net Pension Liability (Asset)	0.00	%	0.00	%	0.00	%	0.00	%	0.00	%
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 82,979,148</u>		<u>\$ 92,165,565</u>		<u>\$ 72,532,687</u>		<u>\$ 62,549,208</u>		<u>\$ 60,530,359</u>	
Total	<u>\$ 82,979,148</u>		<u>\$ 92,165,565</u>		<u>\$ 72,532,687</u>		<u>\$ 62,549,208</u>		<u>\$ 60,530,359</u>	
District's Covered-Employee Payroll	\$ 12,973,076		\$ 12,792,813		\$ 12,495,712		\$ 11,586,071		\$ 11,490,030	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00	%	0.00	%	0.00	%	0.00	%	0.00	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	36.44	%	22.33	%	28.71	%	33.64	%	33.76	%

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

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

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

**OAKLAND 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\***

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 2,501,590
Interest	1,965,805
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	
Changes of Assumptions or Other Inputs	(8,177,397)
Benefit Payments	(1,339,103)
Contribution from the Member	<u>49,309</u>
<b>Net Change in Total OPEB Liability</b>	(4,999,796)
<b>Total OPEB Liability - Beginning</b>	<u>66,896,095</u>
<b>Total OPEB Liability - Ending</b>	<u>61,896,299</u>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPE Liability	<u>61,896,299</u>
Total OPEB Liability - Ending	<u>\$ 61,896,299</u>
District's Covered-Employee Payroll	<u>\$ 15,435,364</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.

**OAKLAND 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 LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**



**SPECIAL REVENUE FUND**

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

	Non-Public Auxiliary		Non-Public Handicapped			Non-Public Textbook	Non-Public Technology	Total Exhibit E1A	Totals
	Comp. Ed	ESL	Exam/ Classification	Corrective Speech	Suppl. Instruction				
<b>REVENUES</b>									
Intergovernmental									
Local								\$ 65,724	\$ 65,724
State	\$ 15,579	\$ 7,869	\$ 12,650	\$ 9,106	\$ 8,001	\$ 7,657	\$ 5,188	29,331	95,381
Federal	-	-	-	-	-	-	-	388,074	388,074
<b>Total Revenues</b>	<b>\$ 15,579</b>	<b>\$ 7,869</b>	<b>\$ 12,650</b>	<b>\$ 9,106</b>	<b>\$ 8,001</b>	<b>\$ 7,657</b>	<b>\$ 5,188</b>	<b>\$ 483,129</b>	<b>\$ 549,179</b>
<b>EXPENDITURES</b>									
Instruction									
Purchased Professional & Technical Svcs.								\$ 31,529	\$ 31,529
Purchased Professional & Educational Svcs.	\$ 15,579	\$ 7,869		\$ 9,106	\$ 8,001			15,908	56,463
Tuition								326,865	326,865
Supplies and Materials							\$ 5,188	66,743	71,931
Textbooks	-	-	-	-	-	\$ 7,657	-	-	7,657
<b>Total Instruction</b>	<b>15,579</b>	<b>7,869</b>	<b>-</b>	<b>9,106</b>	<b>8,001</b>	<b>7,657</b>	<b>5,188</b>	<b>441,045</b>	<b>494,445</b>
Support Services									
Purchased Professional & Educational Svcs.			\$ 12,650					18,864	31,514
Other Purchased Services	-	-	-	-	-	-	-	920	920
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>12,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,784</b>	<b>32,434</b>
Facilities Acquisition and Construction									
Construction Services	-	-	-	-	-	-	-	16,450	16,450
Non Instructional Equipment	-	-	-	-	-	-	-	5,850	5,850
<b>Total Facilities Acquisition and Construction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,300</b>	<b>22,300</b>
<b>Total Expenditures</b>	<b>\$ 15,579</b>	<b>\$ 7,869</b>	<b>\$ 12,650</b>	<b>\$ 9,106</b>	<b>\$ 8,001</b>	<b>\$ 7,657</b>	<b>\$ 5,188</b>	<b>\$ 483,129</b>	<b>\$ 549,179</b>

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

	Non-Public <u>Security</u>	Non-Public <u>Nursing</u>	IDEA			ESSA		Local <u>Grants</u>	Total <u>Exhibit E-1A</u>	
			Preschool	Preschool Carrvover	Basic	Basic Carryover	Title II A			Title IV
<b>REVENUES</b>										
Intergovernmental										
Local								\$ 65,724	\$ 65,724	
State	\$ 13,423	\$ 15,908							29,331	
Federal	-	-	\$ 19,515	\$ 673	\$ 328,962	\$ 9,244	\$ 19,784	\$ 9,896	-	
									<u>388,074</u>	
Total Revenues	<u>\$ 13,423</u>	<u>\$ 15,908</u>	<u>\$ 19,515</u>	<u>\$ 673</u>	<u>\$ 328,962</u>	<u>\$ 9,244</u>	<u>\$ 19,784</u>	<u>\$ 9,896</u>	<u>\$ 65,724</u>	<u>\$ 483,129</u>
<b>EXPENDITURES</b>										
Instruction										
Purchased Professional & Technical Svcs.					\$ 31,529				\$ 31,529	
Purchased Professional & Educational Svcs.		\$ 15,908							15,908	
Tuition			\$ 19,515	\$ 673	297,433	\$ 9,244			326,865	
Supplies and Materials	\$ 7,573						\$ 9,896	\$ 49,274	66,743	
Textbooks	-	-	-	-	-	-	-	-	-	
									<u>-</u>	
Total Instruction	<u>7,573</u>	<u>15,908</u>	<u>19,515</u>	<u>673</u>	<u>328,962</u>	<u>9,244</u>	<u>-</u>	<u>9,896</u>	<u>49,274</u>	<u>441,045</u>
Support Services										
Purchased Professional & Educational Svcs.							\$ 18,864		18,864	
Other Purchased Services	-	-	-	-	-	-	920	-	-	
									<u>920</u>	
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,784</u>	<u>-</u>	<u>-</u>	<u>19,784</u>
Facilities Acquisition and Construction										
Construction Services								16,450	16,450	
Non-Instructional Equipment	5,850	-	-	-	-	-	-	-	-	
									<u>5,850</u>	
Total Facilities Acquisition and Construction	<u>5,850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,450</u>	<u>22,300</u>
Total Expenditures	<u>\$ 13,423</u>	<u>\$ 15,908</u>	<u>\$ 19,515</u>	<u>\$ 673</u>	<u>\$ 328,962</u>	<u>\$ 9,244</u>	<u>\$ 19,784</u>	<u>\$ 9,896</u>	<u>\$ 65,724</u>	<u>\$ 483,129</u>

**CAPITAL PROJECTS FUND**

**NOT APPLICABLE**

## **PROPRIETARY FUNDS**

**EXHIBIT G-1**

**OAKLAND BOARD OF EDUCATION  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

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

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

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

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**EXHIBIT G-4**

**OAKLAND BOARD OF EDUCATION  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-5**

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

THIS STATEMENT IS NOT APPLICABLE

**EXHIBIT G-6**

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

THIS STATEMENT IS NOT APPLICABLE

## **FIDUCIARY FUNDS**



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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 41,689	\$ 40,380	\$ 82,069
Total Assets	<u>\$ 41,689</u>	<u>\$ 40,380</u>	<u>\$ 82,069</u>
 <b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 20,515	\$ 20,515
Due to Student Groups	\$ 41,689		41,689
Flex Spending Payable	<u>-</u>	<u>19,865</u>	<u>19,865</u>
Total Liabilities	<u>\$ 41,689</u>	<u>\$ 40,380</u>	<u>\$ 82,069</u>

**FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

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

	<b>Balance, July 1, <u>2017</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2018</u></b>
<b>SCHOOLS</b>				
Dogwood Hills	\$ 852	\$ 6,389	\$ 5,842	\$ 1,399
Heights	10,640	9,549	11,374	8,815
Manito	2,105	12,451	11,912	2,644
Valley Middle	<u>25,321</u>	<u>181,892</u>	<u>178,382</u>	<u>28,831</u>
 Total All Schools	 <u>\$ 38,918</u>	 <u>\$ 210,281</u>	 <u>\$ 207,510</u>	 <u>\$ 41,689</u>

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

	<b>Balance, July 1, <u>2017</u></b>	<b>Cash <u>Receipt</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2018</u></b>
Payroll Deductions and Withholdings	\$ 37,866	\$ 9,108,686	\$ 9,126,037	\$ 20,515
Accrued Salaries and Wages		10,199,132	10,199,132	-
Flex Spending Payable	<u>13,713</u>	<u>108,052</u>	<u>101,900</u>	<u>19,865</u>
 Total	 <u>\$ 51,579</u>	 <u>\$ 19,415,870</u>	 <u>\$ 19,427,069</u>	 <u>\$ 40,380</u>

## **LONG-TERM DEBT**

**OAKLAND BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
School Improvements	8/15/2007	\$ 1,152,000	2/1/2019-20	\$ 90,000	4.25%	\$ 557,000		\$ 85,000	\$ 472,000
			2/1/2021-22	95,000	4.25%				
			2/1/2023	102,000	4.25%				
Refunding Bonds	3/2/2015	\$ 1,200,000	8/1/2019	230,000	4.25%	<u>1,150,000</u>	<u>-</u>	<u>225,000</u>	<u>925,000</u>
			8/1/2020-21	235,000	4.25%				
						<u>\$ 1,707,000</u>	<u>\$ -</u>	<u>\$ 310,000</u>	<u>\$ 1,397,000</u>
								Paid by Budget Appropriation	<u>\$ 310,000</u>

**OAKLAND BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Obligation</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
2017-18 Photo Copiers	3.70%	\$ 167,523	\$ -	167,523	\$ 15,388	\$ 152,135
			<u>\$ -</u>	<u>\$ 167,523</u>	<u>\$ 15,388</u>	<u>\$ 152,135</u>

**OAKLAND PUBLIC SCHOOLS  
DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjust</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 220,001		\$ 220,001	\$ 220,001	
State Sources					
State Aid	<u>119,270</u>	<u>-</u>	<u>119,270</u>	<u>119,270</u>	<u>-</u>
Total Revenues	<u>339,271</u>	<u>-</u>	<u>339,271</u>	<u>339,271</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Redemption of Principal	310,000		310,000	310,000	
Interest	<u>40,791</u>	<u>-</u>	<u>40,791</u>	<u>40,791</u>	<u>-</u>
Total Expenditures	<u>350,791</u>	<u>-</u>	<u>350,791</u>	<u>350,791</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>(11,520)</u>	<u>-</u>	<u>(11,520)</u>	<u>(11,520)</u>	<u>-</u>
Other Financing Sources and (Uses)					
Refunding Bond Proceeds					-
Payment to Refunded Bond Escrow Agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of Revenues Under Expenditures					
Financing Sources Under Expenditures	(11,520)	-	(11,520)	(11,520)	-
Fund Balance, Beginning of Year	<u>11,520</u>	<u>-</u>	<u>11,520</u>	<u>11,520</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

This part of the Oakland Board of Education's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### Contents

### Exhibits

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
			(1)			(2)				
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 2,679,617	\$ 3,290,956	\$ 3,415,505	\$ 3,660,995	\$ 3,897,925	\$ 3,888,182	\$ 4,524,087	\$ 5,185,259	\$ 5,924,258	\$ 6,531,778
Restricted	401,985	379,559	705,637	846,077	2,076,088	4,002,988	4,877,374	4,576,371	4,119,209	3,785,666
Unrestricted	<u>478,277</u>	<u>137,134</u>	<u>280,973</u>	<u>714,773</u>	<u>35,055</u>	<u>(6,243,589)</u>	<u>(5,868,917)</u>	<u>(5,278,098)</u>	<u>(5,423,499)</u>	<u>(5,952,870)</u>
<b>Total Governmental Activities Net Position</b>	<b>\$ <u>3,559,879</u></b>	<b>\$ <u>3,807,649</u></b>	<b>\$ <u>4,402,115</u></b>	<b>\$ <u>5,221,845</u></b>	<b>\$ <u>6,009,068</u></b>	<b>\$ <u>1,647,581</u></b>	<b>\$ <u>3,532,544</u></b>	<b>\$ <u>4,483,532</u></b>	<b>\$ <u>4,619,968</u></b>	<b>\$ <u>4,364,574</u></b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 41,004	\$ 36,728	\$ 31,662	\$ 18,906	\$ 7,650	\$ 3,639	\$ 10,624	\$ 7,434	\$ 8,104	\$ 19,591
Restricted										
Unrestricted	<u>26,889</u>	<u>15,534</u>	<u>32,147</u>	<u>32,695</u>	<u>27,681</u>	<u>29,370</u>	<u>11,398</u>	<u>26,625</u>	<u>34,162</u>	<u>22,081</u>
<b>Total Business-Type Activities Net Position</b>	<b>\$ <u>67,893</u></b>	<b>\$ <u>52,262</u></b>	<b>\$ <u>63,809</u></b>	<b>\$ <u>51,601</u></b>	<b>\$ <u>35,331</u></b>	<b>\$ <u>33,009</u></b>	<b>\$ <u>22,022</u></b>	<b>\$ <u>34,059</u></b>	<b>\$ <u>42,266</u></b>	<b>\$ <u>41,672</u></b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 2,720,621	\$ 3,327,684	\$ 3,447,167	\$ 3,679,901	\$ 3,905,575	\$ 3,891,821	\$ 4,534,711	\$ 5,192,693	\$ 5,932,362	\$ 6,551,369
Restricted	401,985	379,559	705,637	846,077	2,076,088	4,002,988	4,877,374	4,576,371	4,119,209	3,785,666
Unrestricted	<u>505,166</u>	<u>152,668</u>	<u>313,120</u>	<u>747,468</u>	<u>62,736</u>	<u>(6,214,219)</u>	<u>(5,857,519)</u>	<u>(5,251,473)</u>	<u>(5,389,337)</u>	<u>(5,930,789)</u>
<b>Total District Net Position</b>	<b>\$ <u>3,627,772</u></b>	<b>\$ <u>3,859,911</u></b>	<b>\$ <u>4,465,924</u></b>	<b>\$ <u>5,273,446</u></b>	<b>\$ <u>6,044,399</u></b>	<b>\$ <u>1,680,590</u></b>	<b>\$ <u>3,554,566</u></b>	<b>\$ <u>4,517,591</u></b>	<b>\$ <u>4,662,234</u></b>	<b>\$ <u>4,406,246</u></b>

Source: District's Financial Records

(1) - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 64, "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".



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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 11,392,432	\$ 11,434,244	\$ 10,915,332	\$ 11,126,135	\$ 11,886,076	\$ 12,161,879	\$ 14,695,489	\$ 15,427,428	\$ 16,600,572	\$ 18,564,545
Special Education	3,940,882	4,636,266	4,644,511	4,755,652	4,780,729	4,118,511	4,845,084	4,917,793	5,557,285	6,384,588
Other Instruction	1,143,596	1,053,860	1,143,529	1,222,301	975,349	996,345	1,179,018	1,364,724	1,180,785	1,252,498
School Sponsored Activities And Athletics	143,175	115,105	135,976	113,039	124,434	129,637	129,096	154,219	198,306	194,380
Support Services:										
Student & Instruction Related Services	3,405,387	3,347,440	3,366,039	3,664,302	4,122,196	4,005,463	4,434,399	4,711,693	6,046,973	5,959,870
General Administration	655,409	695,851	754,063	782,208	851,380	707,879	978,813	1,066,878	1,162,429	998,188
School Administrative Services	1,814,113	2,029,477	2,046,884	2,171,503	2,143,676	1,989,232	2,032,124	2,373,715	2,746,123	2,898,417
Central Services	505,830	529,887	523,739	547,983	579,648	556,587	520,146	533,711	475,235	587,269
Plant Operations And Maintenance	2,140,268	2,451,387	2,231,788	2,761,464	2,635,520	2,578,089	2,816,592	3,010,427	3,101,686	2,735,707
Pupil Transportation	996,221	1,063,089	1,066,892	956,185	976,888	924,731	886,397	969,994	1,299,116	1,101,332
Interest and Other Charges On Long-Term Debt	181,936	163,761	149,455	137,789	121,481	107,737	115,654	68,932	60,480	55,792
<b>Total Governmental Activities Expenses</b>	<b>26,319,249</b>	<b>27,520,367</b>	<b>26,978,208</b>	<b>28,238,561</b>	<b>29,197,377</b>	<b>28,276,090</b>	<b>32,632,812</b>	<b>34,599,514</b>	<b>38,428,990</b>	<b>40,732,586</b>
<b>Business-Type Activities:</b>										
Other									29,964	23,499
Food Service	466,428	448,841	416,961	470,995	459,438	468,397	467,723	473,261	496,231	473,793
<b>Total Business-Type Activities Expense</b>	<b>466,428</b>	<b>448,841</b>	<b>416,961</b>	<b>470,995</b>	<b>459,438</b>	<b>468,397</b>	<b>467,723</b>	<b>473,261</b>	<b>526,195</b>	<b>497,292</b>
<b>Total District Expenses</b>	<b>\$ 26,785,677</b>	<b>\$ 27,969,208</b>	<b>\$ 27,395,169</b>	<b>\$ 28,709,556</b>	<b>\$ 29,656,815</b>	<b>\$ 28,744,487</b>	<b>\$ 33,100,535</b>	<b>\$ 35,072,775</b>	<b>\$ 38,955,185</b>	<b>\$ 41,229,878</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Pupil Transportation	\$ 81,241	\$ 92,437	\$ 76,579	\$ 86,593	\$ 82,457	\$ 75,035	\$ 76,586	\$ 64,020	\$ 77,193	\$ 112,467
Operating Grants And Contributions	3,237,328	3,801,833	2,761,993	3,518,780	3,945,602	3,668,462	6,970,416	7,945,432	10,403,342	11,749,582
Capital Grants And Contributions	-	34,144	-	-	-	34,460	421,694	-	20,265	32,200
<b>Total Governmental Activities Program Revenues</b>	<b>3,318,569</b>	<b>3,928,414</b>	<b>2,838,572</b>	<b>3,605,373</b>	<b>4,028,059</b>	<b>3,777,957</b>	<b>7,468,696</b>	<b>8,009,452</b>	<b>10,500,800</b>	<b>11,894,249</b>
<b>Business-Type Activities:</b>										
Charges For Services										
Other									22,221	14,280
Food Service	364,580	344,450	345,329	354,694	342,384	355,329	343,290	380,275	415,842	382,299
Operating Grants And Contributions	72,958	88,455	82,792	103,809	100,499	110,408	113,446	89,211	96,339	100,119
<b>Total Business Type Activities Program Revenues</b>	<b>437,538</b>	<b>432,905</b>	<b>428,121</b>	<b>458,503</b>	<b>442,883</b>	<b>465,737</b>	<b>456,736</b>	<b>469,486</b>	<b>534,402</b>	<b>496,698</b>
<b>Total District Program Revenues</b>	<b>\$ 3,756,107</b>	<b>\$ 4,361,319</b>	<b>\$ 3,266,693</b>	<b>\$ 4,063,876</b>	<b>\$ 4,470,942</b>	<b>\$ 4,243,694</b>	<b>\$ 7,925,432</b>	<b>\$ 8,478,938</b>	<b>\$ 11,035,202</b>	<b>\$ 12,390,947</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (23,000,680)	\$ (23,591,953)	\$ (24,139,636)	\$ (24,633,188)	\$ (25,169,318)	\$ (24,498,133)	\$ (25,164,116)	\$ (26,590,062)	\$ (27,928,190)	\$ (28,838,337)
Business-Type Activities	(28,890)	(15,936)	11,160	(12,492)	(16,555)	(2,660)	(10,987)	(3,775)	8,207	(594)
<b>Total District-Wide Net Expense</b>	<b>\$ (23,029,570)</b>	<b>\$ (23,607,889)</b>	<b>\$ (24,128,476)</b>	<b>\$ (24,645,680)</b>	<b>\$ (25,185,873)</b>	<b>\$ (24,500,793)</b>	<b>\$ (25,175,103)</b>	<b>\$ (26,593,837)</b>	<b>\$ (27,919,983)</b>	<b>\$ (28,838,931)</b>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental Activities:</b>										
Property Taxes	\$ 23,142,022	\$ 23,662,652	\$ 24,534,386	\$ 25,265,844	\$ 25,768,681	\$ 26,276,897	\$ 26,775,061	\$ 27,308,757	\$ 27,829,946	\$ 28,360,485
Unrestricted Grants And Contributions	44,325						30,038	32,178	46,354	46,875
State Aid Restricted for Debt Service	148,430	140,348	118,174	118,650	118,998	119,191	119,213	120,784	117,084	119,270
Miscellaneous Income	10,383	39,723	81,542	68,424	68,862	137,553	124,767	79,331	71,242	56,313
<b>Total Governmental Activities</b>	<b>23,345,160</b>	<b>23,842,723</b>	<b>24,734,102</b>	<b>25,452,918</b>	<b>25,956,541</b>	<b>26,533,641</b>	<b>27,049,079</b>	<b>27,541,050</b>	<b>28,064,626</b>	<b>28,582,943</b>
<b>Business-Type Activities:</b>										
Investment Earnings	-	305	387	284	285	338	-	-	-	-
<b>Total Business-Type Activities</b>	<b>-</b>	<b>305</b>	<b>387</b>	<b>284</b>	<b>285</b>	<b>338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 23,345,160</b>	<b>\$ 23,843,028</b>	<b>\$ 24,734,489</b>	<b>\$ 25,453,202</b>	<b>\$ 25,956,826</b>	<b>\$ 26,533,979</b>	<b>\$ 27,049,079</b>	<b>\$ 27,541,050</b>	<b>\$ 28,064,626</b>	<b>\$ 28,582,943</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 344,480	\$ 250,770	\$ 594,466	\$ 819,730	\$ 787,223	\$ 2,035,508	\$ 1,884,963	\$ 950,988	\$ 136,436	\$ (255,394)
Business-Type Activities	(28,890)	(15,631)	11,547	(12,208)	(16,270)	(2,322)	(10,987)	(3,775)	8,207	(594)
<b>Total District</b>	<b>\$ 315,590</b>	<b>\$ 235,139</b>	<b>\$ 606,013</b>	<b>\$ 807,522</b>	<b>\$ 770,953</b>	<b>\$ 2,033,186</b>	<b>\$ 1,873,976</b>	<b>\$ 947,213</b>	<b>\$ 144,643</b>	<b>\$ (255,988)</b>

Source: District's Financial Records

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 933,248	\$ 619,696								
Unreserved	264,430	314,166								
Restricted			\$ 748,425	\$ 1,113,871	\$ 2,074,604	\$ 4,104,908	\$ 4,460,531	\$ 5,611,570	\$ 5,803,662	\$ 5,320,666
Committed			26,200	62,776	6,278					
Assigned			349,841	514,030	159,870	151,289	470,137	387,837	347,128	200,000
Unassigned	-	-	234,720	261,312	268,759	252,669	275,449	295,925	302,842	356,319
<b>Total General Fund</b>	<b>\$ 1,197,678</b>	<b>\$ 933,862</b>	<b>\$ 1,359,186</b>	<b>\$ 1,951,989</b>	<b>\$ 2,509,511</b>	<b>\$ 4,508,866</b>	<b>\$ 5,206,117</b>	<b>\$ 6,295,332</b>	<b>\$ 6,453,632</b>	<b>\$ 5,876,985</b>
All Other Governmental Funds										
Reserved	\$ 61,395									
Unreserved	28,343	\$ 21,088								
Restricted	-	-	\$ 24,329	\$ 24,323	\$ 25,753	\$ (27,407)	\$ 543,047	\$ 11,520	\$ 11,520	\$ -
<b>Total All Other Governmental Funds</b>	<b>\$ 89,738</b>	<b>\$ 21,088</b>	<b>\$ 24,329</b>	<b>\$ 24,323</b>	<b>\$ 25,753</b>	<b>\$ (27,407)</b>	<b>\$ 543,047</b>	<b>\$ 11,520</b>	<b>\$ 11,520</b>	<b>\$ -</b>

Source: District's Financial Records

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 23,142,022	\$ 23,662,652	\$ 24,534,386	\$ 25,265,844	\$ 25,768,681	\$ 26,276,897	\$ 26,775,061	\$ 27,308,757	\$ 27,829,946	\$ 28,360,485
Miscellaneous	153,032	163,154	189,643	291,779	152,290	212,646	324,140	226,460	225,844	244,403
State Sources	2,959,530	3,316,475	2,285,064	3,015,077	3,622,483	3,425,462	4,144,417	4,123,421	4,590,962	5,206,944
Federal Sources	409,145	628,856	563,581	485,591	441,146	396,593	403,508	401,119	378,024	388,075
<b>Total Revenue</b>	<b>26,663,729</b>	<b>27,771,137</b>	<b>27,572,674</b>	<b>29,058,291</b>	<b>29,984,600</b>	<b>30,311,598</b>	<b>31,647,126</b>	<b>32,059,757</b>	<b>33,024,776</b>	<b>34,199,907</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	11,293,485	11,356,810	10,863,967	11,068,183	11,828,154	12,075,876	12,759,933	13,050,847	13,318,032	14,728,210
Special Education Instruction	3,914,772	4,631,449	4,648,299	4,751,682	4,778,098	4,125,009	4,519,904	4,548,594	4,828,446	5,460,759
Other Instruction	1,132,710	1,052,093	1,145,532	1,220,887	974,669	999,461	1,021,630	1,159,542	949,695	979,730
School Sponsored Activities and Athletics	141,442	114,909	136,171	112,909	124,364	129,997	129,182	153,705	155,621	154,096
<b>Support Services:</b>										
Student and Inst. Related Services	3,373,905	3,329,952	3,358,370	3,658,415	4,117,692	4,010,266	4,167,627	4,345,163	4,857,462	4,877,904
General Administration	650,780	695,061	704,713	786,189	851,003	709,229	723,585	787,764	933,512	853,943
School Administrative Services	1,795,779	2,017,179	2,043,546	2,168,243	2,141,489	1,994,902	1,960,177	2,106,082	2,203,435	2,296,024
Central Services	500,657	528,328	522,661	546,049	577,985	556,408	518,597	531,378	461,061	525,764
Plant Operations And Maintenance	2,126,359	2,285,592	2,080,089	2,315,914	2,175,777	2,179,456	2,413,028	2,475,035	2,481,993	2,498,924
Pupil Transportation	994,203	1,041,432	1,045,976	930,144	967,796	916,425	877,585	950,917	1,244,158	1,067,922
Employee Benefits										
Capital Outlay	489,988	518,063	84,231	463,249	412,449	298,945	1,141,605	911,486	966,473	1,140,044
<b>Debt Service:</b>										
Principal	353,714	364,408	356,940	391,527	347,364	257,418	381,171	419,227	412,064	325,388
Interest and Other Charges	204,704	168,327	153,614	141,553	128,808	112,012	101,602	62,329	54,524	46,889
Cost of Issuance							29,947			
Advance Refunding Escrow	-	-	-	-	-	-	67,053	-	-	-
<b>Total Expenditures</b>	<b>26,972,498</b>	<b>28,103,603</b>	<b>27,144,109</b>	<b>28,554,944</b>	<b>29,425,648</b>	<b>28,365,404</b>	<b>30,812,626</b>	<b>31,502,069</b>	<b>32,866,476</b>	<b>34,955,597</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(308,769)	(332,466)	428,565	503,347	558,952	1,946,194	834,500	557,688	158,300	(755,690)
<b>Other Financing Sources (Uses)</b>										
Proceed From Sale of Bonds							1,200,000			
Payment of Refunding Bond Escrow Agent							(1,103,000)			
Capital Leases (Non-Budgeted)				89,450	-	-	336,205			167,523
Transfers In	49,066	11,600	27	27	14	24,269	1,221,600	530,424		
Transfers Out	(49,066)	(11,600)	(27)	(27)	(14)	(24,269)	(1,221,600)	(530,424)		
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89,450</b>	<b>-</b>	<b>-</b>	<b>433,205</b>	<b>-</b>	<b>-</b>	<b>167,523</b>
<b>Net Change in Fund Balances</b>	<b>\$ (308,769)</b>	<b>\$ (332,466)</b>	<b>\$ 428,565</b>	<b>\$ 592,797</b>	<b>\$ 558,952</b>	<b>\$ 1,946,194</b>	<b>\$ 1,267,705</b>	<b>\$ 557,688</b>	<b>\$ 158,300</b>	<b>\$ (588,167)</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	1.34%	1.32%	1.32%	1.39%	1.20%	0.92%	1.51%	1.37%	1.29%	0.96%

Source: District's Financial Records

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

	<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>
Transportation Fees	\$ 81,241	\$ 92,437	\$ 76,579	\$ 86,593	\$ 82,457	\$ 75,035	\$ 76,586	\$ 64,020	\$ 71,242	\$ 112,467
Interest Earnings	8,597		20,902	8,498	13,364	21,833	12,462	20,531	27,071	29,531
Interest Capital Reserve		2,094	2,837	276	-	-	-			
Prior Years Refunds		23,439	48,231	7,849	477	72,628	6,269	11,221		
Rentals		4,000	4,525	5,250	5,250	5,400	5,400	5,400	5,400	11,900
Miscellaneous	-	10,158	20	46,524	49,757	37,692	94,959	42,179	44,722	14,882
	<u>\$ 89,838</u>	<u>\$ 132,128</u>	<u>\$ 153,094</u>	<u>\$ 154,990</u>	<u>\$ 151,305</u>	<u>\$ 212,588</u>	<u>\$ 195,676</u>	<u>\$ 143,351</u>	<u>\$ 148,435</u>	<u>\$ 168,780</u>

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2009	\$ 42,396,400	\$ 2,141,264,100	\$ 3,305,200	\$ 65,800	\$ 176,488,900	\$ 173,344,700		\$ 2,536,865,100	\$ 5,707,334	\$ 2,542,572,434	\$ 2,775,734,176	\$ 0.921
2010	42,187,500	2,142,909,700	2,982,300	22,700	182,765,500	174,344,700		2,545,212,400	5,049,895	2,550,262,295	2,678,697,472	0.946
2011 <sup>b</sup>	28,272,400	1,798,418,300	2,557,300	25,900	173,457,800	168,479,300		2,171,211,000	100	2,171,211,100	2,370,838,202	1.147
2012	26,098,000	1,800,660,000	2,577,300	25,900	172,464,500	170,032,900		2,171,858,600	100	2,171,858,700	2,456,287,818	1.175
2013	24,211,200	1,802,856,800	2,885,500	39,900	171,359,400	169,098,100		2,170,450,900	91	2,170,450,991	2,397,105,440	1.199
2014	23,633,700	1,808,154,900	2,885,500	39,900	170,811,100	168,454,500		2,173,979,600	-	2,173,979,600	2,329,348,120	1.220
2015	24,381,700	1,809,728,300	2,885,500	39,900	170,363,300	165,125,700		2,172,524,400	-	2,172,524,400	2,336,550,226	1.246
2016	24,313,000	1,811,779,100	2,885,500	39,900	170,999,400	164,738,200		2,174,755,100	-	2,174,755,100	2,368,709,018	1.268
2017	23,622,400	1,813,417,100	2,885,500	39,900	170,534,900	161,192,500		2,171,692,300	-	2,171,692,300	2,407,875,178	1.294
2018	23,234,600	1,817,481,500	2,885,500	41,000	171,494,300	158,608,700		2,173,745,600	-	2,173,745,600	2,490,923,953	1.313

Source: County Abstract of Ratables

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

<sup>b</sup> Borough undertook a re-assessment of property in 2011

<sup>c</sup> Borough undertook a revaluation of real property in 2005

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

<u>Assessment Year</u>	<u>Oakland School District</u>	<u>Borough of Oakland</u>	<u>Regional H.S. District</u>	<u>Bergen County</u>	<u>Total</u>
2009	\$ 0.921	\$ 0.531	\$ 0.390	\$ 0.210	\$ 2.052
2010	0.946	0.537	0.398	0.217	2.098
2011	** 1.147	0.612	0.465	0.227	2.451
2012	1.175	0.610	0.456	0.249	2.490
2013	1.199	0.650	0.463	0.254	2.566
2014	1.220	0.646	0.485	0.260	2.611
2015	1.246	0.657	0.494	0.269	2.666
2016	1.268	0.669	0.506	0.277	2.720
2017	1.294	0.676	0.538	0.288	2.796
2018	1.313	0.686	0.553	0.281	2.833

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

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

Source: Abstract of Ratables, County Board of Taxation.

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

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Jayare Associates, LLC	\$ 15,500,000	0.71%		
Washington Square Owner, LLC	13,500,000	0.62%	\$ 16,100,000	0.63%
40 Potash Road Associates, LLC	12,084,100	0.56%		
Unicorn Real Estate Investment, LLC	11,511,700	0.53%		
BD Oakland Owner, LLC	9,900,000	0.46%		
Oakland Care Ctr Real Estate Co, LLC	9,725,000	0.45%		
5 Thornton Road Associates, LLC	8,750,000	0.40%		
Lincoln Realty Associates Fund	7,427,100	0.34%		
1 Raritan Road Realty LLC	6,235,900	0.29%		
Rampo Valley Resources	6,087,700	0.28%		
Jayare Associates, LLC			14,035,900	0.55%
40 Potash Road Associates, LLC			13,688,900	0.54%
Shiseido America Inc.			12,766,900	0.50%
Oakland Care Ctr Real Estate Co, LLC			10,750,800	0.42%
5 Thornton Road Associates, LLC			10,203,700	0.40%
The Realty Associates Fund			9,900,000	0.39%
Public Service & Electric			7,611,800	0.30%
Rampo Valley Resources			6,864,100	0.27%
Bi-County Development Corp.			6,305,100	0.25%
	<u>\$ 100,721,500</u>	<u>4.63%</u>	<u>16,100,000</u>	<u>4.25%</u>

Source: Municipal Tax Assessor



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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 23,142,022	\$ 23,142,022	100.00%	-
2010	23,662,652	23,662,652	100.00%	-
2011	24,534,386	24,534,386	100.00%	-
2012	25,265,844	25,265,844	100.00%	-
2013	25,768,681	25,768,681	100.00%	-
2014	26,276,897	26,276,897	100.00%	-
2015	26,775,061	26,775,061	100.00%	-
2016	27,308,757	27,308,757	100.00%	-
2017	27,829,946	27,829,946	100.00%	-
2018	28,360,485	28,360,485	100.00%	-

Source: District's Financial Records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANs)</u>			
2009	\$ 3,555,000	\$ 556,464		\$ 4,111,464	13,293	\$ 309
2010	3,350,000	400,056		3,750,056	12,780	282
2011	3,140,000	253,116		3,393,116	12,869	264
2012	2,920,000	171,039		3,091,039	12,948	239
2013	2,690,000	53,675		2,743,675	13,028	211
2014	2,450,000	36,257		2,486,257	13,097	190
2015	2,297,000	241,291		2,538,291	13,161	193
2016	2,007,000	112,064		2,119,064	13,174	161
2017	1,707,000			1,707,000	13,224	129
2018	1,397,000	152,135		1,549,135	13,224 *	117

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

\* Estimated

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2009	\$ 3,555,000		\$ 3,555,000	0.14%	\$ 267
2010	3,350,000		3,350,000	0.13%	262
2011	3,140,000		3,140,000	0.14%	244
2012	2,920,000		2,920,000	0.13%	226
2013	2,690,000		2,690,000	0.12%	206
2014	2,450,000		2,450,000	0.11%	187
2015	2,297,000		2,297,000	0.11%	175
2016	2,007,000		2,007,000	0.09%	152
2017	1,707,000		1,707,000	0.08%	129
2018	1,397,000		1,397,000	0.06%	106

Source: District Financial Records and Apportionment of Taxes

**OAKLAND BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Oakland	\$ 20,561,002	\$ 2,588,195	\$ 17,972,807
Borough of Oakland School District	1,482,000	1,482,000	
Ramapo Indian Hills Regional High School	<u>3,876,440</u>	<u>3,876,440</u>	<u>-</u>
	<u>\$ 25,919,442</u>	<u>\$ 7,946,635</u>	<u>17,972,807</u>
 Overlapping Debt Apportioned to the Municipality:			
Bergen County (2);(A):			<u>17,692,420</u>
 Total Direct and Overlapping Debt			<u>\$ 35,665,227</u>

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

Sources:

- (1) Borough of Oakland 2017 Annual Debt Statement
- (2) Bergen County 2017 Annual Debt Statement

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 79,978,732	\$ 80,650,042	\$ 79,781,165	\$ 76,699,218	\$ 74,037,997	\$ 71,615,364	\$ 70,501,583	\$ 70,183,863	\$ 71,044,876	\$ 72,494,415
Total Net Debt Applicable to Limit	<u>3,556,121</u>	<u>3,351,121</u>	<u>3,141,121</u>	<u>2,921,121</u>	<u>2,691,121</u>	<u>2,451,121</u>	<u>2,298,121</u>	<u>2,008,121</u>	<u>1,707,000</u>	<u>1,397,000</u>
Legal Debt Margin	<u>\$ 76,422,611</u>	<u>\$ 77,298,921</u>	<u>\$ 76,640,044</u>	<u>\$ 73,778,097</u>	<u>\$ 71,346,876</u>	<u>\$ 69,164,243</u>	<u>\$ 68,203,462</u>	<u>\$ 68,175,742</u>	<u>\$ 69,337,876</u>	<u>\$ 71,097,415</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.45%	4.16%	3.94%	3.81%	3.63%	3.42%	3.26%	2.86%	2.40%	1.93%

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized Valuation Basis

2017	\$ 2,483,069,174
2016	2,405,702,544
2015	<u>2,360,669,782</u>
	<u>\$ 7,249,441,500</u>

Average Equalized Valuation of Taxable Property

\$ 2,416,480,500

Debt Limit (3 % of Average Equalization Value)

72,494,415

Total Net Debt Applicable to Limit

1,397,000

Legal Debt Margin

\$ 71,097,415

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>Population</u>
2009	5.96%	\$ 65,097	13,293
2010	6.10%	66,080	12,780
2011	6.00%	69,044	12,869
2012	6.10%	71,953	12,948
2013	6.10%	71,499	13,028
2014	5.50%	73,293	13,097
2015	4.50%	76,388	13,161
2016	4.20%	77,187	13,174
2017	4.00%	77,187 *	13,224
2018	4.00%	77,187 *	13,224

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

(1) Represents County information

\* Estimate

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

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>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	126.6	114.8	115.5	99.0	96.2	103.0	102.0	101.1	104.0	116.0
Special Education	47.0	50.5	50.0	50.5	54.9	47.0	56.0	54.2	47.0	41.0
Support Services:										
Student and Instruction Related Services	21.2	35.5	33.5	34.0	32.0	31.5	31.6	31.9	37.5	36.0
General Administration	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
School Administrative Services	15.0	15.0	15.0	15.0	16.0	15.0	16.0	16.0	16.0	16.0
Central Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	0.8	1.0	1.0	1.0
Plant Operations And Maintenance	20.3	20.6	18.5	24.1	18.0	18.0	18.0	18.0	19.0	19.0
Pupil Transportation	4.0	5.0	4.0	4.0	4.5	4.5	4.5	4.5	5.0	5.0
Total	<u>243.1</u>	<u>249.4</u>	<u>244.5</u>	<u>234.6</u>	<u>229.6</u>	<u>227.0</u>	<u>235.9</u>	<u>233.7</u>	<u>236.5</u>	<u>241.0</u>

Source: District Personnel Records



OAKLAND 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	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2009	1,672	\$ 25,924,092	\$ 15,505	-3.30%	154	11.5:1	10.1:1	1,679	1,608	1.88%	95.77%
2010	1,697	28,665,835	16,892	8.95%	152	11.9:1	9.9:1	1,699	1,633	1.19%	96.12%
2011	1,718	26,549,324	15,454	-8.52%	154	11.8:1	9.8:1	1,692	1,625	-0.41%	96.04%
2012	1,741	29,222,797	16,785	8.62%	147	10.5:1	10.9:1	1,707	1,644	0.89%	96.31%
2013	1,676	28,537,027	17,027	1.44%	143	10.8:1	11.9:1	1,636	1,567	-3.31%	95.78%
2014	1,637	27,697,029	16,919	-0.63%	160	10.1:1	9.9:1	1,604	1,538	0.00%	95.89%
2015	1,499	29,091,248	19,407	14.70%	143	10.8:1	11.9:1	1,578	1,514	-1.68%	96.00%
2016	1,449	30,109,027	20,779	7.07%	147	10.3:1	9.8:1	1,449	1,389	-2.29%	95.91%
2017	1,428	31,433,415	22,012	5.93%	151	10.1:1	9.9:1	1,422	1,367	-9.89%	96.13%
2018	1,386	33,443,276	24,129	9.62%	157	10.1:1	9.9:1	1,377	1,318	-4.97%	95.72%

Sources: District records

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>District Building</b>										
<u>Elementary</u>										
<b>Dogwood Hill</b>										
Square Feet	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180
Capacity (students)	286	286	286	286	286	286	286	286	286	286
Enrollment	320	319	314	305	282	277	277	247	241	
<b>Heights</b>										
Square Feet	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548
Capacity (students)	418	418	418	418	418	418	418	418	418	418
Enrollment	435	459	465	455	396	389	389	335	338	
<b>Manito</b>										
Square Feet	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162
Capacity (students)	324	324	324	324	324	324	324	324	324	324
Enrollment	367	347	331	322	305	306	306	273	272	
<u>Middle School</u>										
<b>Valley</b>										
Square Feet	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557
Capacity (students)	648	648	648	648	648	648	648	648	648	648
Enrollment	570	573	582	627	662	638	638	566	567	
Number of Schools at June 30, 2018										
Elementary =	3	3	3	3	3	3	3	3	3	3
Middle School =	1	1	1	1	1	1	1	1	1	1
Senior High School =	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other =	0	0	0	0	0	0	0	0	0	0

Source: District Records

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
School Facilities										
Dogwood Hill School	\$ 54,274	\$ 27,398	\$ 28,177	\$ 31,727	\$ 29,672	\$ 63,280	\$ 53,667	\$ 54,945	\$ 44,296	\$ 53,412
Heights School	69,925	39,067	32,946	60,669	33,652	44,162	74,364	62,526	51,922	76,310
Manito School	55,439	30,295	23,379	42,727	33,334	40,437	71,738	60,644	37,474	83,347
Valley Middle School	<u>120,544</u>	<u>124,333</u>	<u>73,390</u>	<u>116,831</u>	<u>140,594</u>	<u>61,598</u>	<u>127,779</u>	<u>119,733</u>	<u>140,995</u>	<u>138,912</u>
Grand Total	<u>\$ 300,182</u>	<u>\$ 221,093</u>	<u>\$ 157,892</u>	<u>\$ 251,954</u>	<u>\$ 237,252</u>	<u>\$ 209,477</u>	<u>\$ 327,548</u>	<u>\$ 297,848</u>	<u>\$ 274,687</u>	<u>\$ 351,981</u>

Source: School District's Financial Statements

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

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

Source: School District's records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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ROBERT W. HAAG, CPA, PSA  
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RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, 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 Trustees  
Oakland Board of Education  
Oakland, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Oakland Board of Education's basic financial statements and have issued our report thereon dated January 28, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Oakland Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Oakland Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oakland Board of Education's internal control.

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

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

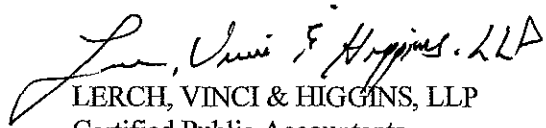
### **Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the Oakland Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Oakland Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 28, 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 Oakland Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Oakland Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

  
Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
January 28, 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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ROBERT LERCH, CPA  
CHRIS SOHN, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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



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

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

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

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

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

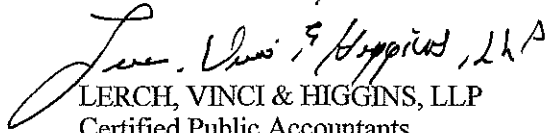
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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


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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education, as of and for the fiscal year ended June 30, 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 28, 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 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

  
Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
January 28, 2019

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN	Grant Period	Award Amount	Balance July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance, June 30, 2018			Memo GAAP Receivable
											(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
Passed-through State Department														
of Education														
Non-Cash Assistance- Food Distribution Program	10.550	171NJ304N1099	7/1/17-6/30/18	\$ 32,424			\$ 32,424	\$ 32,424						*
National School Lunch Program	10.555	171NJ304N1099	7/1/17-6/30/18	61,968			57,961	61,968				\$ (4,007)		\$ (4,007)
National School Lunch Program	10.555	171NJ304N1099	7/1/16-6/30/17	65,033	\$ (3,940)	-	3,940	-	-	-	-	-	-	*
<b>Total Child Nutrition Program Cluster / Enterprise Fund</b>					<b>(3,940)</b>	<b>-</b>	<b>94,325</b>	<b>94,392</b>	<b>-</b>	<b>-</b>	<b>(4,007)</b>	<b>-</b>	<b>-</b>	<b>(4,007)</b>
U.S. Department of Education														
Passed-through State Department														
of Education														
Special Revenue Fund														
ESSA Title II A	84.367A	S367A170029	7/1/17-6/30/18	20,718			19,784	19,784						*
ESSA Title IV	84.424	S424A170031	7/1/17-6/30/18	10,000			9,896	9,896						*
IDEA Part B	84.027	H027A170100	7/1/17-6/30/18	328,962		\$ 9,244	328,962	338,206						*
IDEA Part B	84.027	H027A160100	7/1/16-6/30/17	338,509	(4,200)	(1,962)	6,162							*
IDEA Part B	84.027	H027A150100	7/1/15-6/30/16	361,662		(7,282)	7,282							*
IDEA Preschool	84.173	H173A170114	7/1/17-6/30/18	19,515		673	19,515	20,188						*
IDEA Preschool	84.173	H173A160114	7/1/16-6/30/17	19,663	-	(673)	673	-	-	-	-	-	-	*
<b>Total IDEA Cluster</b>								<b>358,394</b>						*
<b>Total Special Revenue Fund</b>					<b>(4,200)</b>	<b>-</b>	<b>392,274</b>	<b>388,074</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>					<b>\$ (8,140)</b>	<b>\$ -</b>	<b>\$ 486,599</b>	<b>\$ 482,466</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4,007)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (4,007)</b>

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

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balance	Balance, June 30, 2018			Memo Only Cumulative		
										(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Total Expenditures	
<b>State Department of Education</b>															
<b>General Fund</b>															
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 603,756			\$ 565,003	\$ 603,756				\$ (38,753)			\$ 603,756	
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	548,560	(38,496)		38,496									
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	28,723			26,853	28,723				(1,890)			28,723	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	28,723	(1,902)		1,902								-	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	16,140			15,195	16,140				(945)			16,140	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	16,140	(950)		950								-	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	16,140			15,195	16,140				(945)			16,140	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	16,140	(950)		950								-	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	14,580			13,635	14,580				(945)			14,580	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	14,580	(950)		950								-	
<b>Total State Aid Public Cluster</b>							<u>679,339</u>								
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	60,106			56,324	60,106				(3,782)			60,106	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	60,106	(4,277)		4,277								-	
Non-Public Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	6,140				6,140				(6,140)		\$ (6,140)	6,140	
Non-Public Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	5,558	(5,558)		5,558								-	
<b>Total Transportation</b>							<u>66,246</u>								
Lead Testing for Schools Aid	18-100-034-5120-104	7/1/17-6/30/18	5,799			5,799	5,799							5,799	
Extraordinary Aid	18-100-034-5120-044	7/1/17-6/30/18	209,775				209,775				(209,775)			209,775	
Extraordinary Aid	17-100-034-5120-044	7/1/16-6/30/17	234,373	(234,373)		234,373								-	
On-Behalf TPAF Pension and Annuity Aid- Pension Contribution - Normal Cost Noncontributory (NCGI)	18-495-034-5094-002	7/1/17-6/30/18	1,827,784			1,827,784	1,827,784							1,827,784	
Post Retirement Medical Contributions	18-495-034-5094-004	7/1/17-6/30/18	44,356			44,356	44,356							44,356	
Long-Term Disability	18-495-034-5094-001	7/1/17-6/30/18	1,209,176			1,209,176	1,209,176							1,209,176	
On-Behalf TPAF Social Security Aid	18-495-034-5094-004	7/1/17-6/30/18	2,010			2,010	2,010							2,010	
On-Behalf TPAF Social Security Aid	17-495-034-5094-003	7/1/16-6/30/17	922,945	(47,012)		922,945	922,945							922,945	
On-Behalf TPAF Social Security Aid	17-495-034-5094-003	7/1/16-6/30/17	925,382			47,012								-	
<b>Total General Fund</b>				<u>(334,468)</u>		<u>5,038,723</u>	<u>4,967,430</u>				<u>(263,175)</u>			<u>(6,140)</u>	<u>4,967,430</u>
<b>Special Revenue Fund</b>															
New Jersey Non Public Aid: Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	8,053			8,053	7,657						\$ 396	7,657	
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	8,819	30										-	
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	15,908			15,908	15,908							15,908	
Nonpublic Technology	18-100-034-5120-373	7/1/17-6/30/18	5,439			5,439	5,188						251	5,188	
Nonpublic Technology	17-100-034-5120-373	7/1/16-6/30/17	3,978	107						107				-	
Nonpublic Security	18-100-034-5120-509	7/1/17-6/30/18	18,375			18,375	13,423						4,952	13,423	
Nonpublic Security	17-100-034-5120-509	7/1/16-6/30/17	13,000	201						201				-	
Auxiliary Services Chpt 192: ESL	18-100-034-5120-067	7/1/17-6/30/18	10,299			10,299	7,869						2,430	7,869	
ESL	17-100-034-5120-067	7/1/16-6/30/17	9,135	1,827						1,827				-	
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	19,488			19,488	15,579						3,909	15,579	
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	27,770	6,629						6,629				-	
<b>Total Auxiliary Services (Chpt 192) Cluster</b>							<u>23,448</u>								
Handicapped Services Chpt 193: Exam and Class	18-100-034-5120-066	7/1/17-6/30/18	16,744			16,744	12,650						4,094	12,650	
Exam and Class	17-100-034-5120-066	7/1/16-6/30/17	18,006	2,519						2,519				-	
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	16,070			16,070	9,106						6,964	9,106	
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	14,136	2,916						2,916				-	
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	11,894			11,894	8,001						3,893	8,001	
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	13,340	3,767						3,767				-	
<b>Total Handicapped Services (Chpt 193) Cluster</b>							<u>29,757</u>								
<b>Total Special Revenue Fund</b>				<u>17,996</u>			<u>122,270</u>	<u>95,381</u>		<u>17,996</u>			<u>26,889</u>	<u>95,381</u>	
<b>State Department of Education Debt Service Aid</b>															
Debt Service Aid	18-495-034-5120-075	7/1/17-6/30/18	119,270			119,270	119,270							119,270	
<b>Total Debt Service Fund</b>						<u>119,270</u>	<u>119,270</u>							<u>119,270</u>	
<b>State Department of Agriculture</b>															
National School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	4,577			4,289	4,577				(288)		(288)	4,577	
National School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	4,201	(251)		251								-	
<b>Total Enterprise Fund</b>				<u>(251)</u>		<u>4,540</u>	<u>4,577</u>				<u>(288)</u>		<u>(288)</u>	<u>4,577</u>	
<b>Total State Financial Assistance- Determination for Single Aid</b>				<u>\$ (316,723)</u>	<u>\$ -</u>	<u>\$ 5,284,803</u>	<u>\$ 5,186,658</u>	<u>\$ -</u>	<u>\$ 17,996</u>	<u>\$ (263,463)</u>	<u>\$ -</u>	<u>\$ 26,889</u>	<u>\$ (6,428)</u>	<u>\$ 5,186,658</u>	
<b>Less On-Behalf TPAF Pension and Annuity Aid</b>							<u>3,083,326</u>								
<b>Total State Financial Assistance Subject to Major Program Determination</b>							<u>\$ 2,103,332</u>								

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

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 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 an increase of \$24,863 for the general fund and an increase of \$9,900 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,992,293	\$ 4,992,293
Special Revenue Fund	\$ 388,075	95,381	483,456
Debt Service Fund		119,270	119,270
Food Service Fund	94,392	4,577	98,969
Total Financial Assistance	<u>\$ 482,467</u>	<u>\$ 5,211,521</u>	<u>\$ 5,693,988</u>

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

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

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$922,945 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 \$1,872,140, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,209,176 and TPAF Long-Term Disability Insurance in the amount of \$2,010 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

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

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

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

**Federal Awards Section**

**Not Applicable**

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

Part I – Summary of Auditor’s Results

State Awards Section

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

Internal Control over compliance:

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

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

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

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

Auditee qualified as low-risk auditee?     X     yes                    no

Identification of major programs:

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



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

*Part 2 - Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

OAKLAND 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**

Not Applicable

**CURRENT YEAR STATE AWARDS**

There were none.

**OAKLAND BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.