

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

Oradell, New Jersey

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

**Prepared by
Business Office**

**ORADELL BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	1-4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7i

FINANCIAL SECTION

Independent Auditor's Report	8-10
------------------------------	------

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	11-22
--------------------------------------	-------

Basic Financial Statements

A. District-wide Financial Statements

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

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	25-26
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	27
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the the District-Wide Statements	28

Proprietary Funds

B-4 Statement of Net Position	29
B-5 Statement of Revenues, Expenses, and Changes in Net Position	30
B-6 Statement of Cash Flows	31

Fiduciary Funds

B-7 Statement of Fiduciary Net Position	32
B-8 Statement of Changes in Fiduciary Net Position	33

Notes to the Financial Statements	34-75
--	-------

**ORADELL BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

REQUIRED SUPPLEMENTARY INFORMATION - PART II

C. Budgetary Comparison Schedules

C-1	Budgetary Comparison Schedule – General Fund	76-81
C-2	Budgetary Comparison Schedule – Special Revenue Fund	82

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II

C-3	Budgetary Comparison Schedule – Notes to Required Supplementary Information	83
-----	---	----

REQUIRED SUPPLEMENTARY INFORMATION - PART III

L. Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	84
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	85
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	86
L-4	Notes to Required Supplementary Information – Net Pension Liability	87
L-5	Required Supplementary Information – Schedule of District’s Proportionate Share of OPEB Liability	88
L-6	Notes to Required Supplementary Information – OPEB Liability	89

OTHER SUPPLEMENTARY INFORMATION

D. School Level Schedules – Not Applicable

E. Special Revenue Fund

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	90-91
E-2	Schedule of Preschool Education Aid – Budget vs. Actual – Not Applicable	92

F. Capital Projects Fund

F-1	Summary Schedule of Project Expenditures – Budgetary Basis	93
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	94
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Security Improvements to School Entrance Lobby	95
F-2b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Energy Savings Incentive Program	96

G. Proprietary Funds

Enterprise Fund

G-1	Statement of Net Position – N/A	97
G-2	Statement of Revenues, Expenses and Changes in Net Position – N/A	97
G-3	Statement of Cash Flows – N/A	97

**ORADELL BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
H. Fiduciary Funds	
H-1 Combining Statement of Assets and Liabilities	98
H-2 Combining Statement of Changes in Net Position – Not Applicable	99
H-3 Student Activity Agency Fund Schedule of Changes in Assets and Liabilities	99
H-4 Payroll Agency Fund Schedule of Changes in Assets and Liabilities	100
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	101
I-2 Long-Term Debt Budgetary Comparison Schedule	102
I-3 Schedule of Capital Leases and Lease Purchase Agreements	103
J. STATISTICAL SECTION (Unaudited)	
J-1 Net Position by Component	104
J-2 Changes in Net Position	105-106
J-3 Fund Balances – Governmental Funds	107
J-4 Changes in Fund Balances - Governmental Funds	108
J-5 General Fund Other Local Revenue by Source	109
J-6 Assessed Value and Actual Value of Taxable Property	110
J-7 Direct and Overlapping Property Tax Rates	111
J-8 Principal Property Taxpayers	112
J-9 Property Tax Levies and Collections	113
J-10 Ratios of Outstanding Debt by Type	114
J-11 Ratios of Net General Bonded Debt Outstanding	115
J-12 Direct and Overlapping Governmental Activities Bonded Debt	116
J-13 Legal Debt Margin Information	117
J-14 Demographic and Economic Statistics	118
J-15 Principal Employers	119
J-16 Full-Time Equivalent District Employees by Function/Program	120
J-17 Operating Statistics	121
J-18 School Building Information	122
J-19 Schedule of Required Maintenance for School Facilities	123
J-20 Insurance Schedule	124

**ORADELL BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

SINGLE AUDIT SECTION

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	125-126
K-2	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	127-129
K-3	Schedule of Expenditures of Federal Awards	130
K-4	Schedule of Expenditures of State Financial Assistance	131
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	132-133
K-6	Schedule of Findings and Questioned Costs --Summary of Auditor's Results	134-135
K-7	Schedule of Findings and Questioned Costs -- Schedule of Financial Statement Findings and Schedule of Federal and State Award Findings and Questioned Costs	136-137
K-8	Summary Schedule of Prior Year Findings	138

INTRODUCTORY SECTION



John C. Anzul, Ed.D. Superintendent

Nicole C Schoening, CPA, SFO
Business Administrator/Board Secretary

Oradell Public School District

350 Prospect Avenue | Oradell, NJ 07649 | oradellschool.org | (201)261-1180

*Our children,
our hope,
our future*

January 21, 2019

Honorable President and
Members of the Board of Education
Oradell School District

Dear Board Members:

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

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Oradell Public School's MD&A can be found immediately following the “Independent Auditors' Report.”

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 independent auditors' report, management's discussion and analysis (MD&A), and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplementary information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the 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.” Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations, and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Oradell School District is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Oradell Board of Education and its school constitute the District's reporting entity.

The District continues to provide a full range of educational services appropriate to grade levels Pre-K through 6. These include both regular and special education for learning disabled students. The District completed the 2016-2017 fiscal year with enrollment of 769 students, which is 6 students more than the previous year's enrollment. The following details the changes in the student enrollment over the last ten years:

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2007-2008	794	+1.02
2008-2009	790	-0.51
2009-2010	782	-1.02
2010-2011	804	+2.94
2011-2012	788	-1.99
2012-2013	784	-0.51
2013-2014	782	-0.26
2014-2015	770	-0.55
2015-2016	763	-0.91
2016-2017	769	+0.78

2) ECONOMIC CONDITION AND OUTLOOK: The Borough of Oradell, like other municipalities, is feeling the effects of the continued economic growth. The real estate market has begun to recover while the prices of fuel, food, and other necessities still continued to rise. Despite the economy having entered into a recovery phase, the declining resources from the State and Federal level, the Oradell Public School has been able to maintain its staffing to ensure optimal class sizes as the NJCCCS are implemented.

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

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

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

4) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund.

Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget 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 cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assignments of fund balance at June 30, 2017.

5) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect accounting principles generally accepted in the United States of America, 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".

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

7) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

8) OTHER INFORMATION:

A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act as Amended and the related U.S. Uniform Guidance and state Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements, individual fund financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

B) Commendations – The Oradell Public School District is proud of all that it accomplished during the 2016-2017 school year. The following is a sampling of the District's achievements:

* Student achievement was above the State average, as measured by PARCC, Link-it, and Reading Level assessments.

* The District completed the updating of all of our curricula, in order to be aligned with the NJ Student Learning Standards. We also completed a significant revision of the Science Curriculum, including the adoption of a new textbook.

* Several professional Development activities were provided to staff members, including Technology Integration, Assessment, and Use of Data. In addition, a large number of teachers and administrators attended out-of-district workshops and conferences.

* Students participated in a variety of art displays and musical performances.

* The Oradell Public School was the first in Bergen County to earn a Banner for their numerous acts of community service, as part of the school's participation in the "No Place for Hate" initiative.

* Overall parent and community satisfaction with the operations of District and School was generally high, as measured by Culture & Climate, and Communications surveys.

9) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Oradell School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The Oradell Board of Education continues to serve the community in proud fashion. Of the nine Board members, **two have** attained *Master Board Member Status* and three have achieved *Certified Board Member Status*. Also, the preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

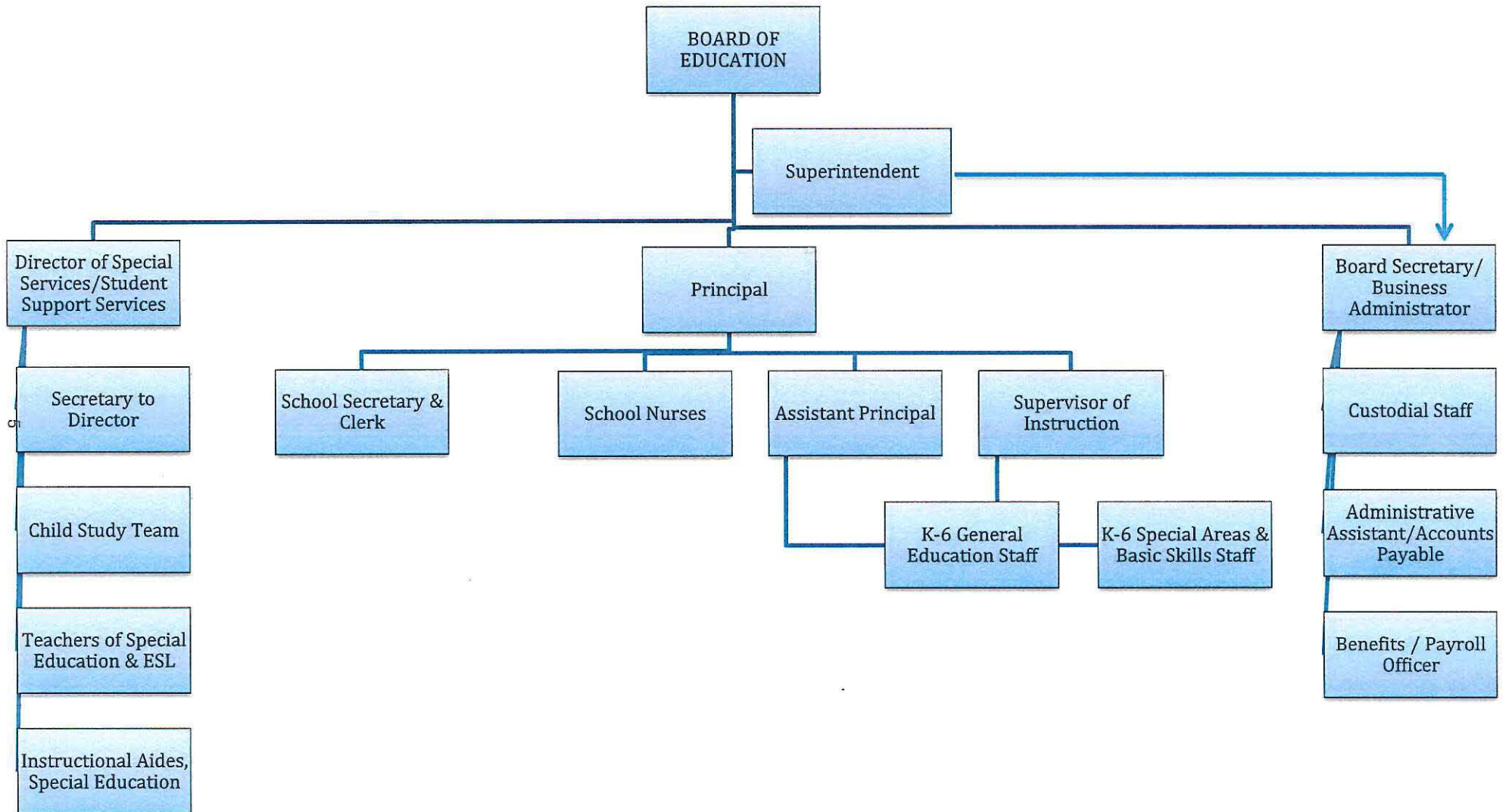


John C. Anzul, Ed.D.
Superintendent



Nicole C. Schoening, CPA, SFO
School Business Administrator/Board Secretary

ORADELL PUBLIC SCHOOL DISTRICT ORGANIZATIONAL CHART 2017-2018



**ORADELL BOARD OF EDUCATION
ORADELL, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2018**

Members of the Board of Education

Dorothy Watson-Nichols	President	2019
Christine Robertson	Vice President	2018
Katherine Norian		2018
Andrew Oddo		2018
John A. Walsh		2019
Eugene Westlake		2019
Jeremy Griffin		2020
Nancy Shapiro		2020
Rita Walker		2020

Other Officials

John C. Anzul, Ed. D.	Superintendent of Schools
Nicole Schoening, CPA, SFO	School Business Administrator/ Board Secretary
Angelo DeSimone	Treasurer of School Monies

**ORADELL BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

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

Attorney

Sciarrillo, Cornell, Merlino,
& McKeever, P.C.
Attorneys at Law
23 St. Paul Street
Westfield, NJ 07091

Official Depository

Capital One
464 Route 17 North
Paramus, NJ 07652

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER F. 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 Education
Oradell Board of Education
Oradell, 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 Oradell 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 Oradell 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 Oradell 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 Oradell 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 Oradell 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.

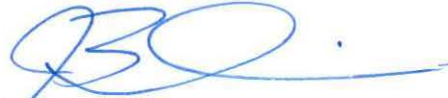
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 21, 2019 on our consideration of the Oradell 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 Oradell 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 Oradell Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 21, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

ORADELL BOARD OF EDUCATION

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

As management of the Oradell Board of Education (the Board or District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Oradell Board of Education for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

FINANCIAL HIGHLIGHTS

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

- The assets and deferred outflows of resources of the Oradell Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$9,191,960. (Net Position)
- The District's total net position increased by \$687,110.
- Overall District revenues were \$16,814,656. General revenues accounted for \$11,940,842 or 71% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,873,814 or 29% of total revenues.
- The school district had \$16,050,224 in expenses for governmental activities; only \$4,797,243 of these expenses were offset by program specific charges, grants or contributions. General revenues of \$11,940,842 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$3,415,869. Of this amount, \$187,085 is available for spending at the District's discretion (unassigned fund balance – General Fund).
- The General Fund fund balance at June 30, 2018 was \$3,352,443 an increase of \$545,789 compared to the ending fund balance at June 30, 2017 of \$2,806,654.
- The General Fund budgetary fund balance at June 30, 2018 was \$3,476,861, which represents an increase of \$550,729 compared to the ending budgetary fund balance at June 30, 2017 of \$2,926,132. The General Fund unassigned budgetary fund balance at June 30, 2018 was \$311,503, an increase of \$2,603 when compared to the ending unassigned budgetary fund balance at June 30, 2017 of \$308,900.
- The District's total outstanding long-term liabilities decreased by \$1,460,389 during the current fiscal year.

ORADELL BOARD OF EDUCATION

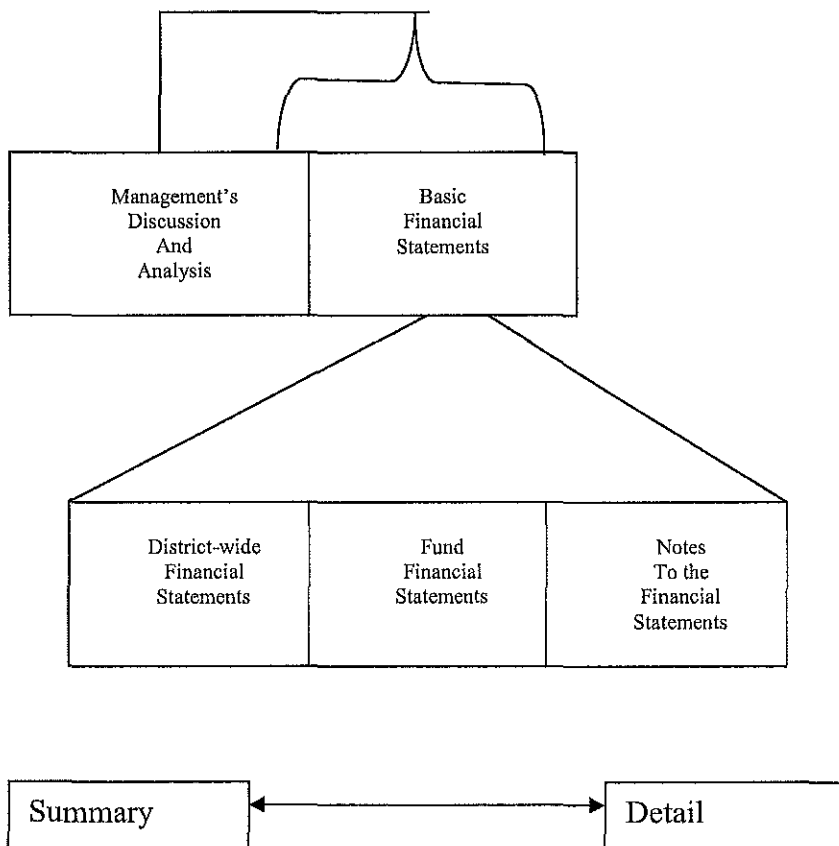
Management's Discussion and Analysis Fiscal Year Ended June 30, 2018

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



ORADELL BOARD OF EDUCATION

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

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

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Statements

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

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

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

ORADELL BOARD OF EDUCATION

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

- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and plant operation and maintenance. Property taxes and Federal and State aid finances most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprise. The District's extended year summer and food service programs are included under this category.

Fund Financial Statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds in accordance with the State of New Jersey Uniform Chart of Accounts to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
 - *Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two enterprise funds, for its extended year summer program and food service (cafeteria) program.
 - *Internal Service Funds* – This fund is established to account for activities that provide services primarily for the District's other programs and activities. The District currently uses an internal service fund to account for shared coordinated curriculum services. Since these services benefit governmental rather than business-type functions, they have been included in governmental activities in the district-wide financial statements.
- *Fiduciary funds* – The District is the trustee, or *fiduciary*, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

ORADELL BOARD OF EDUCATION

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

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. The notes to the financial statements can be found following the financial statements.

Other Information

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's *combined* net position were \$9,191,960 and \$8,504,850 on June 30, 2018 and 2017, respectively, as follows:

**Statement of Net Position
as of June 30, 2018 and 2017**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current Assets	\$ 3,786,098	\$ 3,485,183	\$ 117,940	\$ 115,072	\$ 3,904,038	\$ 3,600,255
Capital Assets	13,432,844	13,541,806	3,884	6,473	13,436,728	13,548,279
Total Assets	<u>17,218,942</u>	<u>17,026,989</u>	<u>121,824</u>	<u>121,545</u>	<u>17,340,766</u>	<u>17,148,534</u>
Deferred Outflows of Resources	<u>784,084</u>	<u>1,133,271</u>	<u>-</u>	<u>-</u>	<u>784,084</u>	<u>1,133,271</u>
Total Assets and Deferred Outflows of Resources	<u>18,003,026</u>	<u>18,160,260</u>	<u>121,824</u>	<u>121,545</u>	<u>18,124,850</u>	<u>18,281,805</u>
Noncurrent Liabilities	7,706,914	9,167,303			7,706,914	9,167,303
Other Liabilities	421,110	360,015	65,205	64,175	486,315	424,190
Total Liabilities	<u>8,128,024</u>	<u>9,527,318</u>	<u>65,205</u>	<u>64,175</u>	<u>8,193,229</u>	<u>9,591,493</u>
Deferred Inflows of Resources	<u>739,661</u>	<u>185,462</u>	<u>-</u>	<u>-</u>	<u>739,661</u>	<u>185,462</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,867,685</u>	<u>9,712,780</u>	<u>65,205</u>	<u>64,175</u>	<u>8,932,890</u>	<u>9,776,955</u>
Net Position						
Net Investment in capital assets	8,701,442	8,252,637	3,884	6,473	8,705,326	8,259,110
Restricted	2,126,053	2,045,557			2,126,053	2,045,557
Unrestricted	(1,692,154)	(1,850,714)	52,735	50,897	(1,639,419)	(1,799,817)
Total Net Position	<u>\$ 9,135,341</u>	<u>\$ 8,447,480</u>	<u>\$ 56,619</u>	<u>\$ 57,370</u>	<u>\$ 9,191,960</u>	<u>\$ 8,504,850</u>

ORADELL BOARD OF EDUCATION

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

The District's total net position of \$9,191,960 at June 30, 2018 represents a \$687,110 or 8%, increase from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2018 and 2017:

Change in Net Position For The Fiscal Years Ended June 30, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues						
Charges for Services		\$ 75,562	\$ 72,871	\$ 78,853	\$ 72,871	\$ 154,415
Operating Grants and Contributions	\$ 4,795,117	4,271,564	3,700	3,482	4,798,817	4,275,046
Capital Grants and Contributions	2,126				2,126	-
General Revenues						
Property Taxes	11,782,155	11,224,709			11,782,155	11,224,709
Unrestricted State Aid	7,775	7,779			7,775	7,779
Other	150,912	34,620	-	-	150,912	34,620
Total Revenues	<u>16,738,085</u>	<u>15,614,234</u>	<u>76,571</u>	<u>82,335</u>	<u>16,814,656</u>	<u>15,696,569</u>
Expenses						
Instruction						
Regular	6,770,203	6,952,407			6,770,203	6,952,407
Special Education	2,464,103	2,062,668			2,464,103	2,062,668
Other Instruction	949,075	643,808			949,075	643,808
School Sponsored Activities and Athletics	43,588	55,062			43,588	55,062
Support Services						
Student and Instruction Related Services	1,975,724	2,061,498			1,975,724	2,061,498
General Administrative Services	584,582	450,402			584,582	450,402
School Administrative Services	901,436	952,768			901,436	952,768
Central and Other Support Services	419,806	422,606			419,806	422,606
Plant Operations and Maintenance	1,645,958	1,705,808			1,645,958	1,705,808
Pupil Transportation	146,610	119,180			146,610	119,180
Interest on Debt	149,139	164,216			149,139	164,216
Summer Program			62,164	58,937	62,164	58,937
Food Services	-	-	15,158	19,221	15,158	19,221
Total Expenses	<u>16,050,224</u>	<u>15,590,423</u>	<u>77,322</u>	<u>78,158</u>	<u>16,127,546</u>	<u>15,668,581</u>
Increase/(Decrease) in Net Position	687,861	23,811	(751)	4,177	687,110	27,988
Net Position, Beginning of Year	<u>8,447,480</u>	<u>8,423,669</u>	<u>57,370</u>	<u>53,193</u>	<u>8,504,850</u>	<u>8,476,862</u>
Net Position, End of Year	<u>\$ 9,135,341</u>	<u>\$ 8,447,480</u>	<u>\$ 56,619</u>	<u>\$ 57,370</u>	<u>\$ 9,191,960</u>	<u>\$ 8,504,850</u>

Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$16,738,085 for the year ended June 30, 2018. Property taxes of \$11,782,155 represented 70% of revenues. Another significant portion of revenues came from State aid; total State, Federal and local aid, grants and contributions was \$4,805,018 represented 29% of revenues. In addition, miscellaneous income which includes items such as interest, rents and other miscellaneous items was \$150,912 percent (1%) of revenues earned.

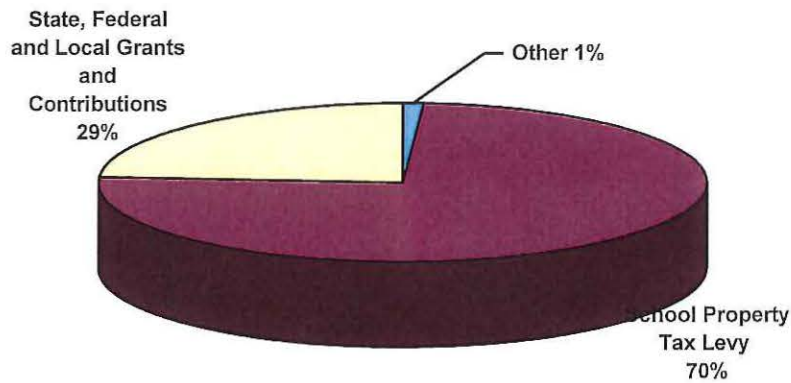
ORADELL BOARD OF EDUCATION

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

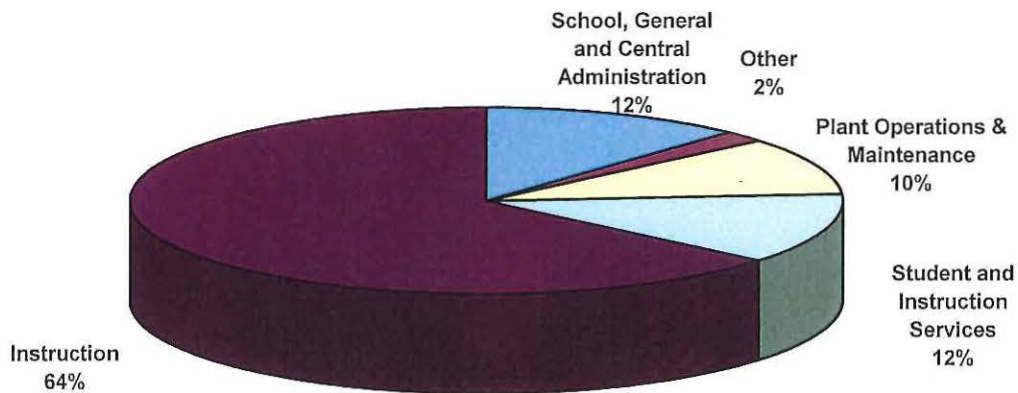
The total cost of all governmental activities programs and services was \$16,050,224. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$10,226,969 (64%) of total expenses. Support services, total \$5,674,116 (35%) of total expenses and interest on debt totaled \$149,139 (1%) of total expenses.

Total governmental activities revenues exceeded expenses, increasing net position \$687,861 from the previous year.

**Revenues by Sources – Governmental Activities
For Fiscal Year 2018**



**Expenses by Use – Governmental Activities
For Fiscal Year 2018**



ORADELL BOARD OF EDUCATION

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

Total and Net Cost of Governmental Activities. The District's total cost of services was \$16,050,224. After applying program revenues, derived from operating and capital grants and contributions of \$4,797,243 the net cost of services to the District is \$11,252,981.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2018 and 2017**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction				
Regular	\$ 6,770,203	\$ 6,952,407	\$ 4,375,791	\$ 4,479,829
Special Education	2,464,103	2,062,668	1,367,437	1,062,879
Other Instruction	949,075	643,808	604,102	611,095
School Sponsored Activities and Athletics	43,588	55,062	40,046	55,062
Support Services				
Student and Instruction Related Services	1,975,724	2,061,498	1,543,664	1,633,299
General Administrative Services	584,582	450,402	549,773	450,402
School Administrative Services	901,436	952,768	605,700	655,730
Central and Other Support Services	419,806	422,606	319,685	329,967
Plant Operations and Maintenance	1,645,958	1,705,808	1,561,991	1,692,456
Pupil Transportation	146,610	119,180	135,653	108,362
Interest on Debt	149,139	164,216	149,139	164,216
Total	\$ 16,050,224	\$ 15,590,423	\$ 11,252,981	\$ 11,243,297

Business-Type Activities – The District's total business-type activities revenues were \$76,571 for the year ended June 30, 2018. Charges for services accounted for 95% of total revenues. Operating grants and contributions accounted for 5% of total revenue for the year.

Total cost of all business-type activities programs and services was \$77,322. The District's expenses are related to the extended year summer program for \$62,164 (80%) and food services for \$15,158 (20%).

Total business-type activities expenses exceeded revenues, decreasing net position \$751 in comparison to the previous year.

ORADELL BOARD OF EDUCATION

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$3,415,869 an increase of \$234,242 from last year's fund balance.

Revenues for the District's governmental funds were \$14,281,648 while total expenses were \$14,047,406 for the fiscal year ended June 30, 2018.

GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from Pre-Kindergarten through Grade 6.

The following schedule presents a comparison of General Fund Revenues (GAAP Basis).

General Fund Revenues	Fiscal Year Ended 6/30/2018	Fiscal Year Ended 6/30/2017	Amount of Increase (Decrease)	Percent Change
Local Sources:				
Property Taxes	\$ 11,257,005	\$ 10,724,349	\$ 532,656	5%
Other	150,912	34,403	116,509	339%
State Sources	<u>1,963,766</u>	<u>1,715,439</u>	<u>248,327</u>	14%
 Total Revenues	 <u>\$ 13,371,683</u>	 <u>\$ 12,474,191</u>	 <u>\$ 897,492</u>	 7%

Total General Fund revenues increased \$897,492 or 7% over the previous year. Property taxes increased \$532,656 or 5% to support operating expenditures. State aid increased \$248,327 or 14% mainly attributable to on-behalf state aid for teachers' TPAF pension contributions. Increases in energy rebates and prior year reimbursements received during the year were the main reasons other local revenues increased \$116,509 or 339% from the previous year.

The following schedule presents a comparison of General Fund expenditures (GAAP Basis).

General Fund Expenditures	Fiscal Year Ended 6/30/2018	Fiscal Year Ended 6/30/2017	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 8,081,864	\$ 7,595,377	\$ 486,487	6%
Support Services	4,382,596	4,397,908	(15,312)	0%
Debt Service	187,334	150,846	36,488	24%
Capital Outlay	<u>174,100</u>	<u>136,271</u>	<u>37,829</u>	28%
 Total Expenditures	 <u>\$ 12,825,894</u>	 <u>\$ 12,280,402</u>	 <u>\$ 545,492</u>	 4%

ORADELL BOARD OF EDUCATION

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

GENERAL FUND (Continued)

Total General Fund expenditures increased \$545,492 or 4% from the previous year. The majority of this increase can be attributed to increases in contractual salary requirements and related employee benefit costs as well as increases in tuition expenditures. Debt service expenditures increased as a result of additional principal and interest payments made in the current year on the ESIP project capital lease-purchase agreement.

In fiscal year 2018 General Fund revenues exceeded expenditure by \$545,789. Therefore, total fund balance increased to \$3,352,443 at June 30, 2018. After deducting restricted and assigned fund balances, the unassigned fund balance decreased \$2,337 from \$189,422 at June 30, 2017 to \$187,085 at June 30, 2018. Balances in the assigned fund balances (i.e. year-end encumbrances and designated for subsequent year's budget) increased \$102,825 from the previous year. In addition, the balances in the restricted fund balances (i.e., capital reserve, maintenance reserve and reserved excess surplus) increased \$445,301 from the previous year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories:

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reinstating prior year purchase orders being carried over from the previous year's budget.
- Increases in budget appropriations for significant unbudgeted costs funded by unassigned fund balance and additional revenue sources.

Revisions in the budget were also made through budget transfer to prevent over expenditures in specific line item accounts.

General Fund budgetary revenues exceeded budgetary expenditure increasing budgetary fund balance \$550,729 from the previous year. After deducting restricted and assigned fund balances, the unassigned budgetary fund balance increased \$2,603 from \$308,900 at June 30, 2017 to \$311,503 at June 30, 2018. In addition, the District approved transfer to the capital reserve and maintenance reserve of \$500,000 and \$45,043, respectively, in June 2018.

ORADELL BOARD OF EDUCATION

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

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of fiscal year 2018, the District had \$13,432,844 invested in land, buildings, furniture, equipment and vehicles for governmental activities. Depreciation charges for fiscal year 2017-2018 amounted to \$596,735, for governmental activities. The following is a comparison of the June 30, 2018 and 2017 balances.

**Capital Assets
as of June 30, 2018 and 2017**

	Governmental Activities	
	<u>2018</u>	<u>2017</u>
Land	\$ 5,592	\$ 5,592
Construction in Progress	2,355,341	2,053,209
Land Improvements	52,200	52,200
Building and Building Improvements	20,557,207	20,391,607
Machinery and Equipment	<u>961,142</u>	<u>941,101</u>
 Total	 23,931,482	 23,443,709
 Less: Accumulated Depreciation	 <u>(10,498,638)</u>	 <u>(9,901,903)</u>
 Total	 <u>\$ 13,432,844</u>	 <u>\$ 13,541,806</u>

LONG TERM LIABILITIES

At June 30, 2018 the District had \$7,706,914 of long term liabilities. Of this amount \$3,127,290 is for serial bonds; \$1,717,387 is for capital leases; \$73,842 is for compensated absences; and \$2,788,755 is for the District's net pension liability. For fiscal year 2018 total outstanding long-term liabilities decreased by \$1,460,389. The following is a comparison of the June 30, 2018 and 2017 balances.

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

	<u>2018</u>	<u>2017</u>
Bond Payable (including premium)	\$ 3,127,290	\$ 3,574,131
Capital Leases Payable	1,717,387	1,859,858
Compensated Absences Payable	73,482	105,357
Net Pension Liability	<u>2,788,755</u>	<u>3,627,957</u>
 Total	 <u>\$ 7,706,914</u>	 <u>\$ 9,167,303</u>

ORADELL BOARD OF EDUCATION

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

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

These factors were considered by the District's administration during the process of developing the fiscal year 2018-2019 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2018-2019. Budgeted expenditures in the General Fund increased 6 percent to \$12,966,789 for fiscal year 2018-2019. Increases in special education instructional costs, tuition costs and capital outlay construction services were the main areas of increases for 2018-2019.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Oradell Board of Education, 350 Prospect Avenue, Oradell, NJ 07649.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,678,551	\$ 116,498	\$ 3,795,049
Receivables, net	107,547	1,442	108,989
Capital Assets, Not Being Depreciated	2,360,933		2,360,933
Capital Assets, Being Depreciated, Net	<u>11,071,911</u>	<u>3,884</u>	<u>11,075,795</u>
Total Assets	<u>17,218,942</u>	<u>121,824</u>	<u>17,340,766</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	113,275		113,275
Deferred Amounts on Net Pension Liability	<u>670,809</u>	<u>-</u>	<u>670,809</u>
Total Deferred Outflows of Resources	<u>784,084</u>	<u>-</u>	<u>784,084</u>
Total Assets and Deferred Outflows of Resources	<u>18,003,026</u>	<u>121,824</u>	<u>18,124,850</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	258,714		258,714
Payable to Other Governments	93,439		93,439
Accrued Interest Payable	50,881		50,881
Unearned Revenue	18,076	65,205	83,281
Noncurrent Liabilities			
Due Within One Year	489,653		489,653
Due Beyond One Year	<u>7,217,261</u>	<u>-</u>	<u>7,217,261</u>
Total Liabilities	<u>8,128,024</u>	<u>65,205</u>	<u>8,193,229</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>739,661</u>	<u>-</u>	<u>739,661</u>
Total Deferred Inflows of Resources	<u>739,661</u>	<u>-</u>	<u>739,661</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,867,685</u>	<u>65,205</u>	<u>8,932,890</u>
NET POSITION			
Net Investment in Capital Assets	8,701,442	3,884	8,705,326
Restricted for			
Capital Projects	1,482,896		1,482,896
Plant Maintenance	643,157		643,157
Unrestricted	<u>(1,692,154)</u>	<u>52,735</u>	<u>(1,639,419)</u>
Total Net Position	<u>\$ 9,135,341</u>	<u>\$ 56,619</u>	<u>\$ 9,191,960</u>

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

**ORADELL 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
Governmental Activities							
Instruction							
Regular	\$ 6,770,203		\$ 2,392,286	\$ 2,126	\$ (4,375,791)		\$ (4,375,791)
Special Education	2,464,103		1,096,666		(1,367,437)		(1,367,437)
Other Instruction	949,075		344,973		(604,102)		(604,102)
School Sponsored Activities and Athletics	43,588		3,542		(40,046)		(40,046)
Support Services							
Student and Instruction Related Services	1,975,724		432,060		(1,543,664)		(1,543,664)
General Administrative Services	584,582		34,809		(549,773)		(549,773)
School Administrative Services	901,436		295,736		(605,700)		(605,700)
Central and Other Support Services	419,806		100,121		(319,685)		(319,685)
Plant Operations and Maintenance	1,645,958		83,967		(1,561,991)		(1,561,991)
Pupil Transportation	146,610		10,957		(135,653)		(135,653)
Interest on Debt	149,139	-	-	-	(149,139)	-	(149,139)
Total Governmental Activities	16,050,224	-	4,795,117	2,126	(11,252,981)	-	(11,252,981)
Business-Type Activities							
Summer Program	62,164	64,360				\$ 2,196	2,196
Food Service	15,158	8,511	3,700	-	-	(2,947)	(2,947)
Total Business-Type Activities	77,322	72,871	3,700	-	-	(751)	(751)
Total Primary Government	\$ 16,127,546	\$ 72,871	\$ 4,798,817	\$ 2,126	(11,252,981)	(751)	(11,253,732)
General Revenues							
Taxes:							
Property Taxes, Levied for General Purposes, Net					11,257,005		11,257,005
Property Taxes, Levied for Debt Service, Net					525,150		525,150
Unrestricted State Aid					7,775		7,775
Investment Earnings					19,670		19,670
Miscellaneous Income					131,242		131,242
Total General Revenues					11,940,842	-	11,940,842
Change in Net Position					687,861	(751)	687,110
Net Position, Beginning of Year					8,447,480	57,370	8,504,850
Net Position, End of Year					\$ 9,135,341	\$ 56,619	\$ 9,191,960

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

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 3,489,830	\$ 57,774	\$ 130,947		\$ 3,678,551
Intergovernmental Receivables	22,984	66,185	3,456		92,625
Other Accounts Receivable	14,210				14,210
Due from Other Funds	<u>712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>712</u>
Total Assets	<u>\$ 3,527,736</u>	<u>\$ 123,959</u>	<u>\$ 134,403</u>	<u>\$ -</u>	<u>\$ 3,786,098</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 118,474	\$ 15,990	\$ 67,521		\$ 201,985
Accrued Salaries and Wages	25,612				25,612
Payable to Other Governments	90	93,349			93,439
Due to Other Funds	31,117				31,117
Unearned Revenue	<u>-</u>	<u>14,620</u>	<u>3,456</u>	<u>-</u>	<u>18,076</u>
Total Liabilities	<u>175,293</u>	<u>123,959</u>	<u>70,977</u>	<u>-</u>	<u>370,229</u>
Fund Balances					
Restricted:					
Capital Reserve	789,470				789,470
Capital Reserve - Designated for Subsequent Year's Expenditures	630,000				630,000
Maintenance Reserve	643,157				643,157
Emergency Reserve	250,000				250,000
Reserved Excess Surplus	313,258				313,258
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures	217,720				217,720
Capital Projects			63,426		63,426
Assigned:					
Year End Encumbrances	161,705				161,705
Designated for Subsequent Year's Expenditures	160,048				160,048
Unassigned	<u>187,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,085</u>
Total Fund Balances	<u>3,352,443</u>	<u>-</u>	<u>63,426</u>	<u>-</u>	<u>3,415,869</u>
Total Liabilities and Fund Balances	<u>\$ 3,527,736</u>	<u>\$ 123,959</u>	<u>\$ 134,403</u>	<u>\$ -</u>	<u>\$ 3,786,098</u>

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

Total Fund Balances - Governmental Funds (Exhibit B-1) **\$ 3,415,869**

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 \$23,931,482 and the accumulated depreciation is \$10,498,638. 13,432,844

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. 113,275

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

	\$	670,809	
Deferred Outflows of Resources		670,809	
Deferred Inflows of Resources		<u>(739,661)</u>	(68,852)

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (50,881)

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 the following:

		(3,127,290)	
Bonds Payable		(3,127,290)	
Capital Leases Payable		(1,717,387)	
Compensated Absences		(73,482)	
Net Pension Liability		<u>(2,788,755)</u>	<u>(7,706,914)</u>

Total Net Position of Governmental Activities (Exhibit A-1) **\$ 9,135,341**

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 11,257,005			\$ 525,150	\$ 11,782,155
Interest	19,670				19,670
Miscellaneous	<u>131,242</u>	<u>\$ 48,945</u>	-	-	<u>180,187</u>
Total - Local Sources	11,407,917	48,945	-	525,150	11,982,012
Intergovernmental					
State Sources	1,963,766	90,021			2,053,787
Federal Sources	-	<u>245,849</u>	-	-	<u>245,849</u>
Total Revenues	<u>13,371,683</u>	<u>384,815</u>	-	<u>525,150</u>	<u>14,281,648</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	5,322,979	92,992			5,415,971
Special Education Instruction	1,974,757	154,799			2,129,556
Other Instruction	744,556				744,556
School-Sponsored Activities and Athletics	39,572				39,572
Support Services					
Student and Instruction Related Services	1,626,780	134,898			1,761,678
General Administrative Services	543,361				543,361
School Administrative Services	720,891				720,891
Central and Other Support Services	354,587				354,587
Plant Operations and Maintenance	990,367				990,367
Pupil Transportation	146,610				146,610
Debt Service					
Principal	142,471			410,000	552,471
Interest and Other Charges	44,863			115,150	160,013
Capital Outlay	<u>174,100</u>	<u>2,126</u>	<u>\$ 311,547</u>	-	<u>487,773</u>
Total Expenditures	<u>12,825,894</u>	<u>384,815</u>	<u>311,547</u>	<u>525,150</u>	<u>14,047,406</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	545,789	-	(311,547)	-	234,242
Fund Balance, Beginning of Year					
	<u>2,806,654</u>	-	<u>374,973</u>	-	<u>3,181,627</u>
Fund Balance, End of Year	<u>\$ 3,352,443</u>	<u>\$ -</u>	<u>\$ 63,426</u>	<u>\$ -</u>	<u>\$ 3,415,869</u>

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

**ORADELL 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) \$ 234,242

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 depreciation expenses exceeds capital outlay in the current period.

Capital Outlay	\$ 487,773	
Depreciation Expense	<u>(596,735)</u>	(108,962)

In the statement of activities, certain operating expenses - compensated absences and pension expenses are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Decrease in Compensated Absences	31,875	
Increase in Pension Expenses	<u>(32,639)</u>	(764)

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

Principal Payments		
Bond Principal	410,000	
Capital Lease Principal	<u>142,471</u>	552,471

Governmental funds report the effect of 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 Bond Premium	36,841	
Amortization of Deferred Amounts on Refunding	<u>(31,545)</u>	5,296

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>5,578</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 687,861**

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

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

	<u>Business-Type Activities Enterprise Funds</u>			<u>Governmental Activities -</u>
	<u>Extended Year Summer Program</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>	<u>Internal Service Fund - Bi-Borough Curriculum Services</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 115,668	\$ 830	\$ 116,498	
Intergovernmental Receivable	-	1,442	1,442	-
Total Current Assets	<u>115,668</u>	<u>2,272</u>	<u>117,940</u>	<u>-</u>
Noncurrent Assets				
Capital Assets				
Equipment		12,949	12,949	
Accumulated Depreciation	-	(9,065)	(9,065)	-
Total Noncurrent Assets	<u>-</u>	<u>3,884</u>	<u>3,884</u>	<u>-</u>
Total Assets	<u>115,668</u>	<u>6,156</u>	<u>121,824</u>	<u>-</u>
LIABILITIES				
Current Liabilities				
Unearned Revenue	65,205	-	65,205	-
Total Liabilities	<u>65,205</u>	<u>-</u>	<u>65,205</u>	<u>-</u>
NET POSITION				
Investment in Capital Assets		3,884	3,884	
Unrestricted	50,463	2,272	52,735	-
Total Net Position	<u>\$ 50,463</u>	<u>\$ 6,156</u>	<u>\$ 56,619</u>	<u>\$ -</u>

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

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Fund - Bi-Borough Curriculum Services
	<u>Extended Year Summer Program</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for Services				
Daily Sales-Special Milk Program		\$ 8,511	\$ 8,511	
Program Fees	\$ 64,360		64,360	
Service Fees	-	-	-	-
Total Operating Revenues	<u>64,360</u>	<u>8,511</u>	<u>72,871</u>	<u>-</u>
OPERATING EXPENSES				
Salaries and Benefits	47,211	5,600	52,811	
Cost of Sales - Reimbursable Programs		6,969	6,969	
Administration Fee	8,000		8,000	
Purchased Services			-	
Supplies and Materials	4,980		4,980	
Miscellaneous	1,973		1,973	
Depreciation Expense	-	2,589	2,589	-
Total Operating Expenses	<u>62,164</u>	<u>15,158</u>	<u>77,322</u>	<u>-</u>
Operating Income (Loss)	<u>2,196</u>	<u>(6,647)</u>	<u>(4,451)</u>	<u>-</u>
NONOPERATING REVENUES				
Federal Sources				
Special Milk Program	-	3,700	3,700	-
Total Nonoperating Revenues	<u>-</u>	<u>3,700</u>	<u>3,700</u>	<u>-</u>
Change in Net Position	2,196	(2,947)	(751)	-
Net Position, Beginning of Year	<u>48,267</u>	<u>9,103</u>	<u>57,370</u>	<u>-</u>
Net Position, End of Year	<u>\$ 50,463</u>	<u>\$ 6,156</u>	<u>\$ 56,619</u>	<u>\$ -</u>

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

	Business-Type Activities Enterprise Funds			Governmental Activities -
	<u>Extended Year Summer Program</u>	<u>Non-Major Food Service Fund</u>	<u>Total</u>	<u>Internal Service Fund - Bi-Borough Curriculum Services</u>
Cash Flows from Operating Activities				
Cash Received from Customers	\$ 65,390	\$ 8,511	\$ 73,901	
Cash Payments for Employees Salaries and Benefits	(47,211)	(5,600)	(52,811)	
Cash Payments to Suppliers for Goods and Services	(14,953)	(6,969)	(21,922)	-
Net Cash Provided by (Used for) Operating Activities	<u>3,226</u>	<u>(4,058)</u>	<u>(832)</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities				
Cash Received from Federal Subsidy Reimbursements	-	2,929	2,929	-
Cash Paid to General Fund	-	-	-	\$ (90)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>2,929</u>	<u>2,929</u>	<u>(90)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,226	(1,129)	2,097	(90)
Cash and Cash Equivalents, Beginning of Year	<u>112,442</u>	<u>1,959</u>	<u>114,401</u>	<u>\$ 90</u>
Cash and Cash Equivalents, End of Year	<u>\$ 115,668</u>	<u>\$ 830</u>	<u>\$ 116,498</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Operating Income (Loss)	\$ 2,196	\$ (6,647)	\$ (4,451)	-
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Depreciation		2,589	2,589	
Change in Assets and Liabilities Increase/(Decrease) in Unearned Revenue	1,030	-	1,030	-
Total Adjustments	<u>1,030</u>	<u>2,589</u>	<u>3,619</u>	<u>-</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 3,226</u>	<u>\$ (4,058)</u>	<u>\$ (832)</u>	<u>\$ -</u>

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

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 526	\$ 179,421
Cash with Fiscal Agent		4,231
Due From Other Funds	<u>42,040</u>	<u>-</u>
Total Assets	<u>42,566</u>	<u>\$ 183,652</u>
LIABILITIES		
Intergovernmental Payables - State	\$ 10,529	
Payroll Deductions and Withholdings		\$ 21,957
Employee Deposits Payable		126,741
Flexible Spending Deposits		4,231
Due to Student Groups		19,088
Due to Other Funds	<u>-</u>	<u>11,635</u>
Total Liabilities	<u>10,529</u>	<u>\$ 183,652</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 32,037</u>	

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

	<u>Unemployment</u>
ADDITIONS	
Contributions	
Board Contribution	\$ 34,889
Employees	11,594
	46,483
Total Additions	46,483
DEDUCTIONS	
Unemployment Claims and Contributions	42,888
	42,888
Total Deductions	42,888
Change in Net Position	3,595
Net Position, Beginning of Year	28,442
	28,442
Net Position, End of Year	\$ 32,037
	32,037

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

B. New Accounting Standards

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

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

C. Basis of Presentation - Financial Statements

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

**ORADELL 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 extended year summer program enterprise fund to be major funds.

The District reports the following major governmental funds:

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

The *extended year summer program fund* accounts for the activities of the District's summer program which provides students with various instructional and non-instructional programs during the summer recess.

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

The *food service fund* accounts for the activities of the school cafeteria, which provides milk to students.

Additionally, the government reports the following fund types:

The *internal service fund* accounts for the Bi-Borough coordinated curriculum services provided to other departments or agencies of the District, or to other Boards of Education, on a cost reimbursement basis. The operation of this Fund was discontinued effective September 1, 2017.

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.

**ORADELL 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

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

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

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, 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.

**ORADELL 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.

4. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	50
Building Improvements	10-40
Machinery and Equipment	5-15
Vehicles	10
Computer Equipment	5

5. Deferred Outflows/Inflows of Resources

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one item 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 are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. Compensated Absences

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

7. Pensions

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

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

8. Long-Term Obligations

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

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

ORADELL 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.

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

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

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

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

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.

ORADELL 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)

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

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

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

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

10. *Fund Balance Policies*

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition 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 extended year summer program enterprise fund and the food service enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$293,570. The increase was funded by additional state aid and 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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

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

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

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

Balance, July 1, 2017		\$ 1,072,470
Deposits:		
Approved by Board Resolution	\$ 500,000	
Unexpended Budget Appropriation Balance Funded by Capital Reserve	<u>17,000</u>	
		<u>517,000</u>
		1,589,470
Withdrawals:		
Approved in District Budget		<u>170,000</u>
Balance, June 30, 2018		<u>\$ 1,419,470</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$630,000 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

C. Maintenance Reserve

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

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

Balance, July 1, 2017	\$ 598,114
Deposits:	
Approved by Board Resolution	<u>45,043</u>
Balance, June 30, 2018	<u>\$ 643,157</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$643,157.

D. Emergency Reserve

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

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

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

Balance, July 1, 2017	<u>\$ 250,000</u>
Balance, June 30, 2018	<u>\$ 250,000</u>

E. Transfers to Capital Outlay

During the 2017/2018 school year, the district transferred \$43,600 to the non-equipment capital outlay accounts. The transfer was approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$530,978. Of this amount, \$217,720 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$313,258 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 \$3,979,227 and bank and brokerage firm balances of the Board's deposits amounted to \$4,354,901. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 4,350,670
Uninsured and Uncollateralized	<u>4,231</u>
	<u>\$ 4,354,901</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 \$4,231 of the Board's bank balance was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Uncollateralized	
Cash with Fiscal Agent	<u>\$ 4,231</u>

**ORADELL 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)

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.

B. Receivables

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Nonmajor Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental					
State	\$ 22,984		\$ 3,456		\$ 26,440
Federal		\$ 66,185		\$ 1,442	67,627
Accounts	<u>14,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,210</u>
Gross Receivables	37,194	66,185	3,456	1,442	108,277
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 37,194</u>	<u>\$ 66,185</u>	<u>\$ 3,456</u>	<u>\$ 1,442</u>	<u>\$ 108,277</u>

**ORADELL 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:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 14,620
Capital Projects Fund	
Unrealized School Facilities Grant	<u>3,456</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 18,076</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>Decreases</u>	<u>Balance, June 30, 2018</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 5,592			\$ 5,592
Construction in Progress	2,053,209	\$ 314,732	\$ (12,600)	2,355,341
Total Capital Assets, Not Being Depreciated	<u>2,058,801</u>	<u>314,732</u>	<u>(12,600)</u>	<u>2,360,933</u>
Capital Assets, Being Depreciated:				
Land Improvements	52,200			52,200
Building and Building Improvements	20,391,607	165,600		20,557,207
Machinery and Equipment	941,101	20,041	-	961,142
Total Capital Assets Being Depreciated	<u>21,384,908</u>	<u>185,641</u>	<u>-</u>	<u>21,570,549</u>
Less Accumulated Depreciation for:				
Land Improvements	(49,513)	(1,075)		(50,588)
Building and Building Improvements	(9,410,868)	(571,724)		(9,982,592)
Machinery and Equipment	(441,522)	(23,936)	-	(465,458)
Total Accumulated Depreciation	<u>(9,901,903)</u>	<u>(596,735)</u>	<u>-</u>	<u>(10,498,638)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,483,005</u>	<u>(411,094)</u>	<u>-</u>	<u>11,071,911</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,541,806</u>	<u>\$ (96,362)</u>	<u>\$ (12,600)</u>	<u>\$ 13,432,844</u>

**ORADELL 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)

	<u>Balance, July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2018</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and equipment	\$ 12,949	-	-	\$ 12,949
Total capital assets being depreciated	<u>12,949</u>	<u>-</u>	<u>-</u>	<u>12,949</u>
Less Accumulated Depreciation for:				
Machinery and equipment	(6,476)	\$ (2,589)	-	(9,065)
Total accumulated depreciation	<u>(6,476)</u>	<u>(2,589)</u>	<u>-</u>	<u>(9,065)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,473</u>	<u>(2,589)</u>	<u>-</u>	<u>3,884</u>
Business-Type Activities Capital Assets, Net	<u>\$ 6,473</u>	<u>\$ (2,589)</u>	<u>\$ -</u>	<u>\$ 3,884</u>

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

Governmental Activities:

Instruction		
Regular		\$ 17,439
Special Education		<u>276</u>
Total Instruction		<u>17,715</u>
Support Services		
General Administrative Services		1,243
Central and Other Support Services		2,769
Plant Operations and Maintenance		<u>575,008</u>
Total Support Services		<u>579,020</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 596,735</u>

Business-Type Activities:

Food Service Fund		<u>\$ 2,589</u>
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**ORADELL BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

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

<u>Project</u>	<u>Remaining Commitment</u>
Energy Savings Incentive Program Project	<u>\$ 55,404</u>

E. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	\$ 712
Unemployment Compensation Trust Fund	General Fund	31,117
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>10,923</u>
		<u>\$ 42,752</u>

The above balances are the result of revenues earned in one fund which are due to another fund or 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 copiers totaling \$36,794 under a capital lease for a term of 5 years. In addition the District entered into a capital lease-purchase agreement totaling \$1,946,368 for energy savings incentive project improvements for a term of 16 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Construction in Progress	\$ 1,946,368
Machinery and Equipment	<u>36,794</u>
	<u>\$ 1,983,162</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases (Continued)

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</u> <u>Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2019	\$ 106,477
2020	106,651
2021	107,024
2022	102,563
2023	105,337
2024-2028	571,041
2029-2033	651,442
2034-2036	<u>412,955</u>
Total minimum lease payments	2,163,490
Less: amount representing interest	<u>446,103</u>
Present value of minimum lease payments	<u>\$ 1,717,387</u>

G. Long-Term Debt

General Obligation Bonds

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

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

\$4,620,000, 2012 Refunding Bonds, due in annual installments of \$415,000 to \$435,000 through February 15, 2025, interest at 3.00% to 4.00%	<u>\$2,995,000</u>
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**ORADELL BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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,	Serial Bonds		Total
	Principal	Interest	
2019	\$ 425,000	\$ 102,850	\$ 527,850
2020	435,000	90,100	525,100
2021	435,000	72,700	507,700
2022	430,000	55,300	485,300
2023	430,000	38,100	468,100
2024-2025	840,000	37,650	877,650
Total	<u>\$ 2,995,000</u>	<u>\$ 396,700</u>	<u>\$ 3,391,700</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:

2.5% of Equalized Valuation Basis (Municipal)	\$ 43,897,399
Less: Net Debt	<u>2,995,000</u>
Remaining Borrowing Power	<u>\$ 40,902,399</u>

**ORADELL 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 July 1, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2018</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 3,405,000		\$ 410,000	\$ 2,995,000	\$ 425,000
Deferred Amounts:					
Add: Original Issue Premium	<u>169,131</u>	<u>-</u>	<u>36,841</u>	<u>132,290</u>	<u>-</u>
Total Bonds Payable	3,574,131	-	446,841	3,127,290	425,000
Capital Leases Payable	1,859,858		142,471	1,717,387	64,653
Compensated Absences	105,357		31,875	73,482	
Net Pension Liability	<u>3,627,957</u>	<u>-</u>	<u>839,202</u>	<u>2,788,755</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 9,167,303</u>	<u>\$ -</u>	<u>\$ 1,460,389</u>	<u>\$ 7,706,914</u>	<u>\$ 489,653</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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 property, liability, student activity, worker's compensation claims and surety bond claims.

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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 Group are on file with the School's Business Administrator.

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

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

Fiscal Year Ended <u>June 30</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2018	\$ 34,889	\$ 11,594	\$ 42,888	\$ 32,037
2017	15,000	11,014	14,113	28,442
2016	5,588	11,355	18,336	16,541

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.

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

NOTE 4 OTHER INFORMATION (Continued)

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.

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:

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 1/55th 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 1/60th 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.

**ORADELL 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) – 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.

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 1/55th 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 1/60th 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.

**ORADELL 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)

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.

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.

**ORADELL 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)

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.

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.

**ORADELL 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)

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.

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	\$ 110,982	\$ 676,318	\$ 14,294
2017	108,823	513,500	12,589
2016	103,671	366,307	11,020

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$2,181 and \$622, respectively for PERS and the State contributed \$894 and \$471, 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 \$382,611 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.

**ORADELL 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)

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

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

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$2,788,755 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 .01198 percent, which was a decrease of .00027 percent from its proportionate share measured as of June 30, 2016 of .01225 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$143,621 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 65,666	
Changes of Assumptions	561,838	\$ 559,778
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	18,990	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>24,315</u>	<u>179,883</u>
Total	<u>\$ 670,809</u>	<u>\$ 739,661</u>

**ORADELL 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:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 9,021
2020	42,963
2021	32,400
2022	(88,393)
2023	<u>(64,843)</u>
	<u>\$ (68,852)</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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2040

Municipal Bond Rate * From July 1, 2040
and Thereafter

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

Sensitivity of Net Pension Liability

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

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 3,459,640</u>	<u>\$ 2,788,755</u>	<u>\$ 2,229,825</u>

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

Pension Plan Fiduciary Net Position

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,132,319 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$30,780,524. 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 .04565 percent, which was a decrease of .00010 percent from its proportionate share measured as of June 30, 2016 of .04575 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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

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

**ORADELL 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>\$ 36,568,228</u>	<u>\$ 30,780,524</u>	<u>\$ 26,012,588</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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

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

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	_____ -
 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.

**ORADELL 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 \$436,819, \$427,861 and \$436,170, 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.

**ORADELL 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 \$1,437,255. 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 \$22,210,490. 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 .04141 percent, which was an increase of .00001 percent from its proportionate share measured as of June 30, 2016 of .04140 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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

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

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

Long-Term Expected Rate of Return

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

Discount Rate

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

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

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

**ORADELL 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>23,942,829</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 1,041,253
Interest on the Total OPEB Liability	703,583
Changes of Assumptions	(2,934,327)
Gross Benefit Payments	(563,601)
Contributions from the Member	<u>20,753</u>
Net Changes	\$ (1,732,339)
Balance, June 30, 2017 Measurement Date	\$ <u>22,210,490</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>26,365,454</u>	\$ <u>22,210,490</u>	\$ <u>18,914,733</u>

**ORADELL 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)	\$ 18,265,981	\$ 22,210,490	\$ 27,448,752

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

NOTE 5 SUBSEQUENT EVENTS

Appropriation of Fund Balance

On December 12, 2018, the Board approved the appropriation of an additional \$30,951 from the maintenance reserve fund balance of the General Fund to the 2018/19 budget.

REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 11,257,005		\$ 11,257,005	\$ 11,257,005	
Interest on Capital Reserve	500		500		\$ (500)
Interest				19,670	19,670
Miscellaneous	31,400	-	31,400	131,242	99,842
Total Local Sources	11,288,905	-	11,288,905	11,407,917	119,012
State Sources					
Special Education Aid	310,279	\$ 23,815	334,094	334,094	
Security Aid	13,503		13,503	13,503	
PARCC Readiness Aid	7,780		7,780	7,780	
Per Pupil Growth Aid	7,780		7,780	7,780	
Transportation Aid	6,900		6,900	6,900	
Professional Learning Community Aid	7,490		7,490	7,490	
Extraordinary Aid	32,000		32,000	89,443	57,443
Nonpublic School Transportation Aid				4,060	4,060
Lead Testing for Schools Aid				1,014	1,014
On-behalf TPAF Contributions - (Non-Budget)					
Pension Contribution				660,294	660,294
Pension - NCGI Premium				16,024	16,024
Post Retirement Medical Benefits				436,819	436,819
Long-Term Disability Insurance Premium				894	894
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	382,611	382,611
Total State Sources	385,732	23,815	409,547	1,968,706	1,559,159
Total Revenues	11,674,637	23,815	11,698,452	13,376,623	1,678,171
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	390,830	78,519	469,349	426,422	42,927
Grades 1-5	2,524,253	(130,240)	2,394,013	2,234,746	159,267
Grades 6-8	652,119	(38,507)	613,612	513,935	99,677
Regular Program - Home Instruction					
Salaries of Teachers	2,550	(2,278)	272		272
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	5,200	(5,200)			-
Purchased Professional - Educational Services	34,000	(6,660)	27,340	27,339	1
Purchased Technical Services	66,000	54,573	120,573	90,973	29,600
Other Purchased Services	24,565	(11,535)	13,030	13,030	-
General Supplies	167,944	132,980	300,924	270,865	30,059
Total Regular Programs	3,867,461	71,652	3,939,113	3,577,310	361,803
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	120,837	(2,813)	118,024	117,263	761
Other Salaries for Instruction	119,938	45,328	165,266	165,266	-
Purchased Professional-Educational Services	40,000	-	40,000	40,000	-
General Supplies	4,000	325	4,325	1,559	2,766
Total Learning and/or Language Disabilities	284,775	42,840	327,615	324,088	3,527

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 425,212	\$ 44,486	\$ 469,698	\$ 462,917	\$ 6,781
Other Salaries for Instruction	-	136,714	136,714	128,244	8,470
General Supplies	3,160	-	3,160	2,509	651
Total Resource Room/Resource Center	428,372	181,200	609,572	593,670	15,902
Preschool Disabilities - Part-Time					
Salaries of Teachers	80,635	6,665	87,300	79,310	7,990
Other Salaries for Instruction	28,061	36,653	64,714	39,437	25,277
General Supplies	2,240	-	2,240	950	1,290
Total Preschool Disabilities - Part-Time	110,936	43,318	154,254	119,697	34,557
Total Special Education	824,083	267,358	1,091,441	1,037,455	53,986
Basic Skills/Remedial					
Salaries of Teachers	385,730	21,132	406,862	395,090	11,772
Other Salaries for Instruction	8,900	-	8,900	-	8,900
General Supplies	1,200	-	1,200	736	464
Total Basic Skills/Remedial	395,830	21,132	416,962	395,826	21,136
Bilingual Education					
Salaries of Teachers	88,654	22,336	110,990	84,467	26,523
General Supplies	300	-	300	-	300
Total Bilingual Education	88,954	22,336	111,290	84,467	26,823
School Sponsored Co/Extra-Curricular Activities					
Salaries	19,036	5,111	24,147	24,147	-
Purchased Services	4,000	(1,986)	2,014	2,014	-
Supplies and Materials	-	3,342	3,342	3,342	-
Total School Sponsored Co/Extra-Curricular Activities	23,036	6,467	29,503	29,503	-
Total Instruction	5,199,364	388,945	5,588,309	5,124,561	463,748
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	334,244	(92,192)	242,052	148,785	93,267
Tuition to CSSD & Reg. Day Schools	75,000	(75,000)	-	-	-
Tuition to Priv. Sch. for the Disabled Within the State	320,000	(13,175)	306,825	286,260	20,565
Total Undistributed Expenditures - Instruction	729,244	(180,367)	548,877	435,045	113,832

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work					
Salaries	-	\$ 40,103	\$ 40,103	\$ 39,662	\$ 441
Total Attendance and Social Work	-	40,103	40,103	39,662	441
Health Services					
Salaries	\$ 114,414	28,142	142,556	117,190	25,366
Purchased Professional and Technical Services	5,900	(4,444)	1,456	1,456	-
Supplies and Materials	6,737	(160)	6,577	4,099	2,478
Other Objects	300	-	300	115	185
Total Health Services	127,351	23,538	150,889	122,860	28,029
Speech, OT, PT & Related Services					
Salaries	157,820	(7,189)	150,631	150,631	-
Purchased Professional-Educational Services	149,385	59,337	208,722	202,428	6,294
Supplies and Materials	1,000	40	1,040	1,005	35
Total Speech, OT, PT & Related Services	308,205	52,188	360,393	354,064	6,329
Other Support Serv. Students - Extra. Svcs.					
Salaries	293,687	(293,687)	-	-	-
Purchased Professional-Educational Services	-	60,557	60,557	60,557	-
Total Other Support Serv. Students - Extra. Serv.	293,687	(233,130)	60,557	60,557	-
Guidance					
Salaries of Other Professional Staff	42,258	(5,192)	37,066	37,066	-
Total Guidance	42,258	(5,192)	37,066	37,066	-
Child Study Team					
Salaries of Other Professional Staff	274,800	(43,522)	231,278	202,343	28,935
Salaries of Secretarial and Clerical Assistants	67,835	(2,387)	65,448	64,821	627
Other Salaries	-	1,440	1,440	1,440	-
Purchased Professional-Educational Services	34,960	19,752	54,712	54,538	174
Other Purchased Professional & Technical Services	16,240	15,055	31,295	31,295	-
Other Purchased Services	3,997	(711)	3,286	3,286	-
Supplies and Materials	6,794	9,048	15,842	15,031	811
Other Objects	2,650	(2,650)	-	-	-
Total Child Study Team	407,276	(3,975)	403,301	372,754	30,547
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	-	100,588	100,588	98,413	2,175
Salaries of Other Professional Staff	-	11,775	11,775	11,775	-
Other Purchased Services	-	195	195	195	-
Total Improvement of Instructional Services	-	112,558	112,558	110,383	2,175
Educational Media Services/School Library					
Salaries	77,740	783	78,523	76,696	1,827
Other Purchased Services	-	63	63	63	-
Supplies and Materials	33,900	(63)	33,837	29,332	4,505
Total Educational Media Serv./School Library	111,640	783	112,423	106,091	6,332
Instructional Staff Training Services					
Other Salaries	12,000	3,534	15,534	5,673	9,861
Purchased Professional/Educational Services	83,000	(72,251)	10,749	10,749	-
Other Purchased Services	10,500	11,141	21,641	14,327	7,314
Supplies and Materials	200	17,118	17,318	16,711	607
Total Instructional Staff Training Services	105,700	(40,458)	65,242	47,460	17,782

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
General Administration					
Salaries	\$ 226,924	\$ 10,380	\$ 237,304	\$ 237,304	-
Legal Services	45,000	32,242	77,242	77,242	-
Audit Fees	49,276	2,644	51,920	25,430	\$ 26,490
Architectural/Engineering Services		7,800	7,800	-	7,800
Other Purchased Professional Services	47,110	(45,878)	1,232	1,232	-
Communications/Telephone	36,950	(17,333)	19,617	19,617	-
BOE Other Purchased Services	5,000	2,994	7,994	5,994	2,000
Miscellaneous Purchased Services	3,000	5,775	8,775	2,275	6,500
General Supplies	3,300	1,647	4,947	4,947	-
Miscellaneous Expenditures	9,318	(4,545)	4,773	4,773	-
BOE Membership Dues and Fees	6,100	(660)	5,440	5,440	-
Total General Administration	431,978	(4,934)	427,044	384,254	42,790
School Administration					
Salaries of Principal/Asst. Principals/Prog. Dir.	400,800	(1,586)	399,214	399,214	-
Salaries of Secretarial and Clerical Assistants	96,745	(37,209)	59,536	58,052	1,484
Other Salaries	500	-	500	294	206
Other Purchased Services	6,700	2,647	9,347	8,651	696
Supplies and Materials	3,500	3,922	7,422	5,728	1,694
Other Objects	5,700	929	6,629	6,629	-
Total School Administration	513,945	(31,297)	482,648	478,568	4,080
Central Services					
Salaries	228,094	(50,587)	177,507	175,032	2,475
Purchased Professional Services	3,200	(3,200)	-	-	-
Purchased Technical Services		37,692	37,692	37,692	-
Miscellaneous Purchased Services	3,200	22,595	25,795	25,795	-
Sale/Leaseback Payments	10,000	(4,127)	5,873	5,873	-
Supplies and Materials	9,000	(2,369)	6,631	4,901	1,730
Miscellaneous Expenditures	2,500	(791)	1,709	1,709	-
Total Central Services	255,994	(787)	255,207	251,002	4,205
Admin. Info. Tech.					
Purchased Technical Services	2,500	(18)	2,482	2,482	-
Other Purchased Services	3,300	207	3,507	3,468	39
Supplies and Materials	700	6,519	7,219	7,219	-
Total Admin. Info. Tech.	6,500	6,708	13,208	13,169	39
Required Maintenance for School Facilities					
Salaries	143,735	(1,312)	142,423	134,729	7,694
Cleaning, Repair and Maintenance	40,000	1,726	41,726	36,396	5,330
General Supplies	42,000	(33,462)	8,538	3,297	5,241
Other Objects	4,600	(1,738)	2,862	1,383	1,479
Total Required Maintenance for School Fac.	230,335	(34,786)	195,549	175,805	19,744

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

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 274,396	\$ 646	\$ 275,042	\$ 269,533	\$ 5,509
Salaries of Non-Instructional Aides	69,500	5,353	74,853	69,253	5,600
Purchased Prof. And Technical Serv.	3,000	1,980	4,980	4,980	-
Cleaning, Repair and Maint. Serv.	12,800	(3,572)	9,228	9,011	217
Lease Purchase Payment-Energy Savings Impr Prog	180,000	(653)	179,347	179,347	-
Other Purchased Property Services	8,700	1,563	10,263	10,263	-
Insurance	83,000	1,406	84,406	84,406	-
Miscellaneous Purchased Services	1,800	4,548	6,348	6,348	-
General Supplies	23,000	7,080	30,080	30,080	-
Energy (Natural Gas)	60,000	(5,897)	54,103	51,166	2,937
Energy (Electricity)	130,500	(37,672)	92,828	78,119	14,709
Energy (Gasoline)	1,298	1,298	1,298	536	762
Other Objects	1,100	(373)	727	619	108
Total Custodial Services	847,796	(24,293)	823,503	793,661	29,842
Care and Upkeep of Grounds					
Cleaning, Repair and Maint. Serv.	14,800	-	14,800	2,180	12,620
Total Care and Upkeep of Grounds	14,800	-	14,800	2,180	12,620
Security					
Cleaning, Repair and Maint. Serv.	-	15,212	15,212	-	15,212
General Supplies	-	611	611	611	-
Total Security	-	15,823	15,823	611	15,212
Student Transportation Services					
Contracted Serv.-Aid in Lieu of Payments-Non-Public	19,000	-	19,000	15,000	4,000
Contracted Services					
(Other than Between Home and School) - Vendors	23,000	(9,914)	13,086	5,550	7,536
Contracted Services (Spl. Ed. Students)-Vendors	120,000	9,914	129,914	126,060	3,854
Total Student Transportation Services	162,000	-	162,000	146,610	15,390
Unallocated Benefits - Employee Benefits					
Social Security Contributions	145,000	5,004	150,004	136,896	13,108
Other Retirement Contributions-PERS	119,500	(3,503)	115,997	113,163	2,834
Other Retirement Contributions-Regular	15,582	(1,288)	14,294	14,294	-
Unemployment Compensation	15,900	18,989	34,889	34,889	-
Workmen's Compensation	80,000	(20,263)	59,737	38,182	21,555
Health Benefits	1,762,380	(21,149)	1,741,231	1,605,367	135,864
Tuition Reimbursement	15,000	1,521	16,521	13,388	3,133
Other Employee Benefits	75,000	7,647	82,647	82,460	187
Total Unallocated Benefits - Employee Benefits	2,228,362	(13,042)	2,215,320	2,038,639	176,681
On-behalf TPAF Contributions - (Non-Budget):					
Pension Contribution	-	-	-	660,294	(660,294)
Pension - NCGI Premium	-	-	-	16,024	(16,024)
Post Retirement Medical Benefits	-	-	-	436,819	(436,819)
Long Term Disability Insurance Premium	-	-	-	894	(894)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	382,611	(382,611)
Total On-Behalf Payments	-	-	-	1,496,642	(1,496,642)
Total Undistributed Expenditures	6,817,071	(320,560)	6,496,511	7,467,083	(970,572)
Total Expenditures - Current Expenditures	12,016,435	68,385	12,084,820	12,591,644	(506,824)

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

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures - Instruction	-	\$ 17,915	\$ 17,915	\$ 17,915	-
Total Equipment	-	17,915	17,915	17,915	-
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		46,785	46,785	35,475	\$ 11,310
Construction Services	\$ 170,000	-	170,000	153,000	17,000
Assessment for Debt Service on SDA Funding	27,860	-	27,860	27,860	-
Total Facilities Acquisition and Construction Services	197,860	46,785	244,645	216,335	28,310
Interest Deposit to Capital Reserve	500	(500)	-	-	-
Total Capital Outlay	198,360	64,200	262,560	234,250	28,310
Total Expenditures	12,214,795	132,585	12,347,380	12,825,894	(478,514)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(540,158)	(108,770)	(648,928)	550,729	1,199,657
Fund Balance, Beginning of Year	2,926,132	-	2,926,132	2,926,132	-
Fund Balance, End of Year	\$ 2,385,974	\$ (108,770)	\$ 2,277,204	\$ 3,476,861	\$ 1,199,657
Restricted Fund Balance:					
Capital Reserve				\$ 789,470	
Capital Reserve - Designated for Subsequent Year's Expenditures				630,000	
Maintenance Reserve				643,157	
Emergency Reserve				250,000	
Reserved Excess Surplus				313,258	
Reserved Excess Surplus - Designated for Subsequent Year's Expenditures				217,720	
Assigned Fund Balance:					
Year End Encumbrances				161,705	
Designated for Subsequent Year's Expenditures				160,048	
Unassigned Fund Balance				<u>311,503</u>	
Reconciliation to Governmental Funds Statements (GAAP):				3,476,861	
Less: State Aid Revenue Not Recognized on GAAP Basis				<u>(124,418)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 3,352,443</u>	

**ORADELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Modified Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 86,494	\$ 96,876	\$ 183,370	\$ 90,021	\$ (93,349)
Federal	241,582	45,074	286,656	245,849	(40,807)
Other	34,200	19,035	53,235	48,945	(4,290)
Total Revenues	<u>362,276</u>	<u>160,985</u>	<u>523,261</u>	<u>384,815</u>	<u>(138,446)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	32,763	8,698	41,461	29,423	12,038
Tuition	163,332	(8,829)	154,503	154,503	-
General Supplies	45,827	17,567	63,394	55,633	7,761
Textbooks	5,439	39	5,478	5,477	1
Total Instruction	<u>247,361</u>	<u>17,475</u>	<u>264,836</u>	<u>245,036</u>	<u>19,800</u>
Support Services					
Salaries		1,710	1,710	900	810
Employee Benefits	1,178	3,610	4,788	1,855	2,933
Purchased Professional and Technical Services		28,217	28,217	1,250	26,967
Purchased Professional/Educational Services	35,136	10,047	45,183	28,157	17,026
Other Purchased Services	43,537	46,920	90,457	63,811	26,646
Miscellaneous Purchased Services	30,346	47,098	77,444	34,145	43,299
Supplies and Materials	4,718	3,382	8,100	7,500	600
Other Objects	-	400	400	35	365
Total Support Services	<u>114,915</u>	<u>141,384</u>	<u>256,299</u>	<u>137,653</u>	<u>118,646</u>
Capital Outlay					
Instructional Equipment	-	2,126	2,126	2,126	-
Total Capital Outlay	<u>-</u>	<u>2,126</u>	<u>2,126</u>	<u>2,126</u>	<u>-</u>
Total Expenditures	<u>362,276</u>	<u>160,985</u>	<u>523,261</u>	<u>384,815</u>	<u>138,446</u>
Excess (Deficiency) of Revenues Over/(Under) 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

**ORADELL BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 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.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 13,376,623	\$ 384,815
Difference - Budget to GAAP:		
State Aid payment recognized for GAAP purposes, not recognized for Budgetary statements (2016/2017 State Aid)	119,478	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2017/2018 State Aid)	<u>(124,418)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 13,371,683</u>	<u>\$ 384,815</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	<u>\$ 12,825,894</u>	<u>\$ 384,815</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 12,825,894</u>	<u>\$ 384,815</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND OTHER POST-EMPLOYMENT BENEFIT INFORMATION

**ORADELL 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)	0.01198	%	0.01225	%	0.01206	%	0.01217	%	0.01385	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,788,755		\$ 3,627,957		\$ 2,706,898		\$ 2,278,086		\$ 2,647,114	
District's Covered-Employee Payroll	\$ 803,494		\$ 833,228		\$ 811,528		\$ 823,261		\$ 863,005	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	347.08	%	435.41	%	333.56	%	276.71	%	306.73	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10	%	40.14	%	47.93	%	52.08	%	48.72	%

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

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

**ORADELL 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	\$ 110,982	\$ 108,823	\$ 103,671	\$ 100,307	\$ 104,361
Contributions in Relation to the Contractually Required Contribution	<u>110,982</u>	<u>108,823</u>	<u>103,671</u>	<u>100,307</u>	<u>104,361</u>
Contribution Deficiently (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
∞ District's Covered-Employee Payroll	\$ 803,494	\$ 833,228	\$ 811,528	\$ 823,261	\$ 863,005
Contributions as a Percentage of Covered-Employee Payroll	13.81 %	13.06 %	12.77 %	12.18 %	12.09 %

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.

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

Teachers Pension and Annuity Fund

Last Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>30,780,524</u>	<u>35,991,367</u>	<u>30,794,856</u>	<u>24,295,013</u>	<u>23,172,447</u>
Total	<u>\$ 30,780,524</u>	<u>\$ 35,991,367</u>	<u>\$ 30,794,856</u>	<u>\$ 24,295,013</u>	<u>\$ 23,172,447</u>
 District's Covered-Employee Payroll	\$ 4,895,026	\$ 4,708,379	\$ 4,652,286	\$ 4,571,132	\$ 4,610,548
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	25.41 %	22.33 %	28.71 %	33.64 %	33.76 %

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

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

**ORADELL 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.

**ORADELL 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*

	2018
Total OPEB Liability	
Service Cost	\$ 1,041,253
Interest on Total OPEB Liability	703,583
Changes of Assumptions	(2,934,327)
Gross Benefit Payments	(563,601)
Contribution from the Member	<u>20,753</u>
Net Change in Total OPEB Liability	(1,732,339)
Total OPEB Liability - Beginning	<u>23,942,829</u>
Total OPEB Liability - Ending	<u>\$ 22,210,490</u>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	<u>22,210,490</u>
Total OPEB Liability - Ending	<u>\$ 22,210,490</u>
District's Covered-Employee Payroll	<u>\$ 5,698,520</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.

**ORADELL 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

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

	Local Donations	Nonpublic Chapter 192		Nonpublic Chapter 193			Nonpublic Textbooks	Nonpublic Security	To Exhibit E-1A
		Compensatory Education	ESL	Corrective Speech	Exam. & Classification	Supplemental Instruction			
REVENUES									
Intergovernmental									
State		\$ 34,111	\$ 813	\$ 20,858	\$ 3,065	\$ 5,148	\$ 5,477	\$ 7,500	\$ 76,972
Federal									
Other	\$ 48,945	-	-	-	-	-	-	-	48,945
Total Revenues	\$ 48,945	\$ 34,111	\$ 813	\$ 20,858	\$ 3,065	\$ 5,148	\$ 5,477	\$ 7,500	\$ 125,917
EXPENDITURES									
Instruction									
Salaries of Teachers									
Tuition									
General Supplies	\$ 46,819								\$ 46,819
Textbooks	-	-	-	-	-	-	\$ 5,477	-	5,477
Total Instruction	46,819	-	-	-	-	-	5,477	-	52,296
Support Services									
Purchased Professional/Educational Services									
Other Purchased Services		\$ 34,111				\$ 5,148			39,259
Miscellaneous Purchased Services			\$ 813	\$ 20,858	\$ 3,065				24,736
Supplies and Materials	-	-	-	-	-	-	-	\$ 7,500	7,500
Total Support Services	-	34,111	813	20,858	3,065	5,148	-	7,500	71,495
Capital Outlay									
Instructional Equipment	2,126	-	-	-	-	-	-	-	2,126
Total Capital Outlay	2,126	-	-	-	-	-	-	-	2,126
Total Expenditures	\$ 48,945	\$ 34,111	\$ 813	\$ 20,858	\$ 3,065	\$ 5,148	\$ 5,477	\$ 7,500	\$ 125,917

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

	<u>Exhibit E-1 Subtotal</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Technology</u>	<u>ESEA Title I A</u>	<u>ESEA Title II A</u>	<u>ESEA Title III</u>	<u>ESEA Title IV</u>	<u>I.D.E.A. Basic</u>	<u>I.D.E.A. Preschool</u>	<u>Grand Total</u>
REVENUES										
Intergovernmental										
State	\$ 76,972	\$ 9,409	\$ 3,640							\$ 90,021
Federal				\$ 24,187	\$ 9,946	\$ 18,271	\$ 218	\$ 178,656	\$ 14,571	245,849
Other	48,945	-	-	-	-	-	-	-	-	48,945
Total Revenues	<u>\$ 125,917</u>	<u>\$ 9,409</u>	<u>\$ 3,640</u>	<u>\$ 24,187</u>	<u>\$ 9,946</u>	<u>\$ 18,271</u>	<u>\$ 218</u>	<u>\$ 178,656</u>	<u>\$ 14,571</u>	<u>\$ 384,815</u>
EXPENDITURES										
Instruction										
Salaries of Teachers				\$ 23,535		\$ 5,888				\$ 29,423
Tuition								\$ 154,503		154,503
General Supplies	\$ 46,819			652		7,648	\$ 218	296		55,633
Textbooks	5,477	-	-	-	-	-	-	-	-	5,477
Total Instruction	<u>52,296</u>	<u>-</u>	<u>-</u>	<u>24,187</u>	<u>-</u>	<u>13,536</u>	<u>218</u>	<u>154,799</u>	<u>-</u>	<u>245,036</u>
Support Services										
Salaries						900				900
Employee Benefits						1,855				1,855
Purchased Professional and Technical Services						1,250				1,250
Purchased Professional/Educational Services			\$ 3,640		\$ 9,946				\$ 14,571	28,157
Other Purchased Services	39,259					695		23,857		63,811
Miscellaneous Purchased Services	24,736	\$ 9,409								34,145
Supplies and Materials	7,500									7,500
Other Objects	-	-	-	-	-	35	-	-	-	35
Total Support Services	<u>71,495</u>	<u>9,409</u>	<u>3,640</u>	<u>-</u>	<u>9,946</u>	<u>4,735</u>	<u>-</u>	<u>23,857</u>	<u>14,571</u>	<u>137,653</u>
Capital Outlay										
Instructional Equipment	2,126	-	-	-	-	-	-	-	-	2,126
Total Capital Outlay	<u>2,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,126</u>
Total Support Services	<u>71,495</u>	<u>9,409</u>	<u>3,640</u>	<u>-</u>	<u>9,946</u>	<u>4,735</u>	<u>-</u>	<u>23,857</u>	<u>14,571</u>	<u>137,653</u>
Total Expenditures	<u>\$ 125,917</u>	<u>\$ 9,409</u>	<u>\$ 3,640</u>	<u>\$ 24,187</u>	<u>\$ 9,946</u>	<u>\$ 18,271</u>	<u>\$ 218</u>	<u>\$ 178,656</u>	<u>\$ 14,571</u>	<u>\$ 384,815</u>

**ORADELL BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGET VS. ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

CAPITAL PROJECTS FUND

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

<u>Project</u>	<u>Modified Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2018</u>
		<u>Prior Year</u>	<u>Current Year</u>	
Security Improvements to School Entrance Lobby	\$ 107,400	\$ 98,400		\$ 9,000
Energy Savings Incentive Program	<u>2,413,223</u>	<u>2,043,794</u>	\$ 311,547	<u>57,882</u>
	<u>\$ 2,520,623</u>	<u>\$ 2,142,194</u>	<u>\$ 311,547</u>	<u>\$ 66,882</u>

Reconciliation to GAAP Basis

Project Balance - June 30, 2018	\$ 66,882
Less: Unrealized Grant Awards	<u>(3,456)</u>
Fund Balance - GAAP, June 30, 2018	<u>\$ 63,426</u>

Recapitulation of Fund Balance

Restricted for Capital Projects:	
Year-End Encumbrances	\$ 55,404
Available for Capital Projects	<u>8,022</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 63,426</u>

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

Revenues and Other Financing Sources	
Revenues	
Interest	
Other Financing Sources	
Transfer from Capital Reserve	-
	<hr/>
Total Revenues and Other Financing Sources	-
	<hr/>
Expenditures and Other Financing Uses	
Capital Outlays	
Other Purchased Professional and Technical Services	\$ 33,375
Construction Services	278,172
	<hr/>
Total Expenditures and Other Financing Uses	311,547
	<hr/>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(311,547)
Fund Balance- Beginning of Year - Budgetary Basis	378,429
	<hr/>
Fund Balance- End of Year - Budgetary Basis	\$ 66,882
	<hr/>
<u>Reconciliation to GAAP</u>	
Fund Balance - End of Year - Budgetary Basis	\$ 66,882
Less: Unearned Grant Revenue	(3,456)
	<hr/>
Fund Balance, June 30, 2018 - GAAP	\$ 63,426
	<hr/>

**ORADELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SECURITY IMPROVEMENTS TO SCHOOL ENTRANCE LOBBY
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 42,960		\$ 42,960	
Transfer from Capital Reserve Local Contribution	<u>64,440</u>	<u>-</u>	<u>64,440</u>	<u>-</u>
 Total Revenues and Other Financing Sources	 <u>107,400</u>	 <u>-</u>	 <u>107,400</u>	 <u>-</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Service	8,400		8,400	
Construction Services	<u>90,000</u>	<u>-</u>	<u>90,000</u>	<u>-</u>
 Total Expenditures and Other Financing Uses	 <u>98,400</u>	 <u>-</u>	 <u>98,400</u>	 <u>-</u>
 Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 9,000</u>	 <u>\$ -</u>	 <u>\$ 9,000</u>	 <u>\$ -</u>

Additional project information:

SDA Project Number	SP#3870-050-14-G1FK
Grant Number	GS-4894
Grant Date	June 30, 2014
Original Authorized Cost	\$ 107,400
Revised Authorized Cost	\$ 107,400

Percentage Completion	100.00%
Original Target Completion Date	January 2015
Revised Target Completion Date	N/A

**ORADELL BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
ENERGY SAVINGS INCENTIVE PROGRAM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Interest	\$ 255		\$ 255	\$ 255
Lease Purchase Proceeds	1,946,368		1,946,368	1,946,368
Transfer from Capital Reserve Local Contribution	466,600	-	466,600	466,600
	<u>2,413,223</u>	<u>-</u>	<u>2,413,223</u>	<u>2,413,223</u>
Expenditures and Other Financing Uses				
Legal Services	20,000		20,000	\$ 22,223
Architectural/Engineering	82,071		82,071	82,071
Other Purchased Professional and Technical Services	317,821	\$ 33,375	351,196	358,857
Construction Services	1,623,902	278,172	1,902,074	1,950,072
	<u>2,043,794</u>	<u>311,547</u>	<u>2,355,341</u>	<u>2,413,223</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 369,429</u>	<u>\$ (311,547)</u>	<u>\$ 57,882</u>	<u>\$ -</u>
Additional project information:				
SDA Project Number	N/A			
Grant Number	N/A			
Grant Date	N/A			
Original Authorized Cost	\$ 2,396,368			
Additional Authorized Cost	\$ 16,855			
Revised Authorized Cost	\$ 2,413,223			
Percentage Completion	97.60%			
Original Target Completion Date	March 2017			
Revised Target Completion Date	September 2018			

ENTERPRISE FUND

EXHIBIT G-1

**ORADELL BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**

Financial Statements are Presented on Exhibit B-5

EXHIBIT G-3

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

Financial Statements are Presented on Exhibit B-6

FIDUCIARY FUNDS

AGENCY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 19,088	\$ 160,333	\$ 179,421
Cash with Fiscal Agent	<u>-</u>	<u>4,231</u>	<u>4,231</u>
Total Assets	<u>\$ 19,088</u>	<u>\$ 164,564</u>	<u>\$ 183,652</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 21,957	\$ 21,957
Employee Deposits Payable		126,741	126,741
Flexible Spending Deposits		4,231	4,231
Due to Student Groups	\$ 19,088		19,088
Due to Other Funds	<u>-</u>	<u>11,635</u>	<u>11,635</u>
Total Liabilities	<u>\$ 19,088</u>	<u>\$ 164,564</u>	<u>\$ 183,652</u>

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

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

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2018</u>
ASSETS				
Cash	\$ 26,015	\$ 98,324	\$ 105,251	\$ 19,088
Total Assets	<u>\$ 26,015</u>	<u>\$ 98,324</u>	<u>\$ 105,251</u>	<u>\$ 19,088</u>
LIABILITIES				
Due to Student Groups:				
Student Activity Fund - Elementary	\$ 23,188	\$ 98,324	\$ 102,424	\$ 19,088
6th Grade Commencement	<u>2,827</u>	<u>-</u>	<u>2,827</u>	<u>-</u>
Total Due to Student Groups	<u>\$ 26,015</u>	<u>\$ 98,324</u>	<u>\$ 105,251</u>	<u>\$ 19,088</u>

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

	Balance, July 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2018</u>
ASSETS				
Cash	\$ 205,999	\$ 8,078,513	\$ 8,124,179	\$ 160,333
Cash with Fiscal Agent	<u>3,741</u>	<u>29,750</u>	<u>29,260</u>	<u>4,231</u>
Total Assets	<u>\$ 209,740</u>	<u>\$ 8,108,263</u>	<u>\$ 8,153,439</u>	<u>\$ 164,564</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 50,883	\$ 3,751,781	\$ 3,780,707	\$ 21,957
Accrued Salaries and Wages	1,396	4,188,374	4,189,770	-
Employee Deposits Payable	148,671	126,764	148,694	126,741
Flexible Spending Deposits	3,741	29,750	29,260	4,231
Due to Other Funds	<u>5,049</u>	<u>11,594</u>	<u>5,008</u>	<u>11,635</u>
Total Liabilities	<u>\$ 209,740</u>	<u>\$ 8,108,263</u>	<u>\$ 8,153,439</u>	<u>\$ 164,564</u>

LONG-TERM DEBT

**ORADELL BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
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>Matured</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
Refunding School Bonds	5/10/2012	\$ 4,620,000	2/15/2019	\$ 425,000	3.00%				
			2/15/2020	435,000	4.00%				
			2/15/2021	435,000	4.00%				
			2/15/2022	430,000	4.00%				
			2/15/2023	430,000	3.00%				
			2/15/2024	425,000	3.00%				
			2/15/2025	415,000	3.00%				
						\$ 3,405,000	\$ -	\$ 410,000	\$ 2,995,000
						\$ 3,405,000	\$ -	\$ 410,000	\$ 2,995,000
							Paid by Budget Appropriation	\$ 410,000	

**ORADELL BOARD OF EDUCATION
LONG-TERM DEBT
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 525,150	-	\$ 525,150	\$ 525,150	-
Total Revenues	<u>525,150</u>	<u>-</u>	<u>525,150</u>	<u>525,150</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Interest on Bonds	115,150	-	115,150	115,150	
Redemption of Bond Principal	410,000	-	410,000	410,000	-
Total Expenditures	<u>525,150</u>	<u>-</u>	<u>525,150</u>	<u>525,150</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ORADELL BOARD OF EDUCATION
SCHEDULE OF CAPITAL LEASES AND LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2017</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2018</u>
Capital Leases:						
Copiers -2014	\$ 36,794	1.88%	\$ 8,490		\$ 7,826	\$ 664
Lease Purchase Agreement:						
ESIP Project	1,946,368	2.46%	<u>1,851,368</u>	<u>-</u>	<u>134,645</u>	<u>1,716,723</u>
			<u>\$ 1,859,858</u>	<u>\$ -</u>	<u>\$ 142,471</u>	<u>\$ 1,717,387</u>
				Paid by Budget Appropriation	<u>\$ 142,471</u>	

STATISTICAL SECTION

This part of the Oradell 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.

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net Investment in capital assets	\$ 8,341,191	\$ 8,598,561	\$ 8,627,897	\$ 8,336,538	\$ 8,210,888	\$ 8,219,528	\$ 8,192,648	\$ 8,105,230	\$ 8,252,637	\$ 8,701,442
Restricted	33,709	200,555	96,759	163,275	357,679	854,739	1,448,639	1,830,774	2,045,557	2,126,053
Unrestricted	48,856	254,361	476,468	578,511	636,163	(1,963,838)	(1,829,044)	(1,512,335)	(1,850,714)	(1,692,154)
Total governmental activities net position	<u>\$ 8,423,756</u>	<u>\$ 9,053,477</u>	<u>\$ 9,201,124</u>	<u>\$ 9,078,324</u>	<u>\$ 9,204,730</u>	<u>\$ 7,110,429</u>	<u>\$ 7,812,243</u>	<u>\$ 8,423,669</u>	<u>\$ 8,447,480</u>	<u>\$ 9,135,341</u>
Business-type activities										
Net Investment in capital assets						\$ 6,480	\$ 5,184	\$ 9,063	\$ 6,473	\$ 3,884
Restricted										
Unrestricted	\$ 6,688	\$ 9,698	\$ 5,320	\$ 24,442	\$ 41,640	37,600	36,245	44,130	50,897	52,735
Total business-type activities net position	<u>\$ 6,688</u>	<u>\$ 9,698</u>	<u>\$ 5,320</u>	<u>\$ 24,442</u>	<u>\$ 41,640</u>	<u>\$ 44,080</u>	<u>\$ 41,429</u>	<u>\$ 53,193</u>	<u>\$ 57,370</u>	<u>\$ 56,619</u>
District-wide										
Net Investment in capital assets	\$ 8,341,191	\$ 8,598,561	\$ 8,627,897	\$ 8,336,538	\$ 8,210,888	\$ 8,226,008	\$ 8,197,832	\$ 8,114,293	\$ 8,259,110	\$ 8,705,326
Restricted	33,709	200,555	96,759	163,275	357,679	854,739	1,448,639	1,830,774	2,045,557	2,126,053
Unrestricted	55,544	264,059	481,788	602,953	677,803	(1,926,238)	(1,792,799)	(1,468,205)	(1,799,817)	(1,639,419)
Total district net position	<u>\$ 8,430,444</u>	<u>\$ 9,063,175</u>	<u>\$ 9,206,444</u>	<u>\$ 9,102,766</u>	<u>\$ 9,246,370</u>	<u>\$ 7,154,509</u>	<u>\$ 7,853,672</u>	<u>\$ 8,476,862</u>	<u>\$ 8,504,850</u>	<u>\$ 9,191,960</u>

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

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

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,518,582	\$ 4,666,175	\$ 4,752,019	\$ 4,949,084	\$ 5,303,666	\$ 4,699,308	\$ 5,572,721	\$ 5,996,527	\$ 6,952,407	\$ 6,770,203
Special education	1,205,103	1,317,169	1,566,078	1,535,110	1,523,479	1,673,792	1,766,934	1,862,442	2,062,668	2,464,103
Other instruction	291,203	289,864	331,567	472,303	502,686	538,289	654,929	676,687	643,808	949,075
School Sponsored Activities and Athletics	13,525	16,714	10,046	15,539	22,012	24,073	32,672	43,938	55,062	43,588
Support Services:										
Student & instruction related services	1,798,338	1,848,616	1,517,744	1,718,687	1,653,852	1,800,615	1,831,207	1,999,876	2,061,498	1,975,724
General administrative services	443,166	427,481	452,224	532,384	484,917	400,855	398,210	450,012	450,402	584,582
School administrative services	455,758	444,138	462,343	494,753	641,922	585,470	722,483	828,704	952,768	901,436
Central and other support services	386,714	400,064	406,208	427,165	371,353	399,492	386,686	369,219	422,606	419,806
Plant operations and maintenance	1,610,572	1,576,341	1,467,668	1,510,225	1,461,758	1,457,602	1,575,083	1,622,744	1,705,808	1,645,958
Pupil transportation	110,634	124,098	107,961	134,795	94,559	90,365	89,796	128,518	119,180	146,610
Interest on long-term debt	300,670	253,354	235,140	174,266	150,163	148,673	137,089	142,254	164,216	149,139
Total governmental activities expenses	<u>11,134,265</u>	<u>11,364,014</u>	<u>11,308,998</u>	<u>11,964,311</u>	<u>12,210,367</u>	<u>11,818,534</u>	<u>13,167,810</u>	<u>14,120,921</u>	<u>15,590,423</u>	<u>16,050,224</u>
Business-type activities:										
Food service	8,161	8,760	18,518	8,567	6,056	18,749	10,586	15,033	19,221	15,158
Summer Program	106,732	87,869	94,132	83,780	77,571	79,812	76,118	70,788	58,937	62,164
Total business-type activities expense	<u>114,893</u>	<u>96,629</u>	<u>112,650</u>	<u>92,347</u>	<u>83,627</u>	<u>98,561</u>	<u>86,704</u>	<u>85,821</u>	<u>78,158</u>	<u>77,322</u>
Total district expenses	<u>\$ 11,249,158</u>	<u>\$ 11,460,643</u>	<u>\$ 11,421,648</u>	<u>\$ 12,056,658</u>	<u>\$ 12,293,994</u>	<u>\$ 11,917,095</u>	<u>\$ 13,254,514</u>	<u>\$ 14,206,742</u>	<u>\$ 15,668,581</u>	<u>\$ 16,127,546</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)			\$ 50,820	\$ 98,468	\$ 121,578	\$ 195,350	\$ 122,670	\$ 78,250		
Support Services							68,736	\$ 75,562		
Operating grants and contributions	\$ 1,479,247	\$ 1,749,404	1,260,179	1,482,695	1,730,288	1,578,782	2,855,491	3,458,146	4,271,564	\$ 4,795,117
Capital grants and contributions		193,097	108,802	4,362	1,960	1,960	37,400	32,994	-	2,126
Total governmental activities program revenues	<u>1,479,247</u>	<u>1,942,501</u>	<u>1,419,801</u>	<u>1,585,525</u>	<u>1,851,866</u>	<u>1,776,092</u>	<u>3,015,561</u>	<u>3,638,126</u>	<u>4,347,126</u>	<u>4,797,243</u>
Business-type activities:										
Charges for services:										
Food service	\$ 4,671	\$ 6,979	\$ 11,038	\$ 8,731	\$ 6,796	\$ 9,792	\$ 10,097	\$ 10,796	\$ 9,218	\$ 8,511
Summer Program	88,517	89,760	93,294	98,665	91,395	80,285	69,625	82,680	69,635	64,360
Operating grants and contributions	1,605	2,900	3,940	4,073	2,634	4,444	4,331	4,109	3,482	3,700
Total business type activities program revenues	<u>94,793</u>	<u>99,639</u>	<u>108,272</u>	<u>111,469</u>	<u>100,825</u>	<u>94,521</u>	<u>84,053</u>	<u>97,585</u>	<u>82,335</u>	<u>76,571</u>
Total district program revenues	<u>\$ 1,574,040</u>	<u>\$ 2,042,140</u>	<u>\$ 1,528,073</u>	<u>\$ 1,696,994</u>	<u>\$ 1,952,691</u>	<u>\$ 1,870,613</u>	<u>\$ 3,099,614</u>	<u>\$ 3,735,711</u>	<u>\$ 4,429,461</u>	<u>\$ 4,873,814</u>
Net (Expense)/Revenue										
Governmental activities	(9,655,018)	(9,421,513)	(9,889,197)	(10,378,786)	(10,358,501)	(10,042,442)	(10,152,249)	(10,482,795)	(11,243,297)	(11,252,981)
Business-type activities	(20,100)	3,010	(4,378)	19,122	17,198	(4,040)	(2,651)	11,764	4,177	(751)
Total district-wide net expense	<u>\$ (9,675,118)</u>	<u>\$ (9,418,503)</u>	<u>\$ (9,893,575)</u>	<u>\$ (10,359,664)</u>	<u>\$ (10,341,303)</u>	<u>\$ (10,046,482)</u>	<u>\$ (10,154,900)</u>	<u>\$ (10,471,031)</u>	<u>\$ (11,239,120)</u>	<u>\$ (11,253,732)</u>

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 8,686,141	\$ 9,453,471	\$ 9,463,926	\$ 9,653,205	\$ 9,846,269	\$ 10,043,194	\$ 10,294,274	\$ 10,514,068	\$ 10,724,349	\$ 11,257,005
Property taxes levied for debt service, net	1,333,211	555,564	547,720	570,501	567,127	504,138	521,200	523,700	500,360	525,150
Unrestricted grants and contributions	1,657						14,467	7,611	7,779	7,775
Gain on disposal of capital assets										
Investment earnings	15,918	10,332	11,314	2,553	734	2,076	700	3,273	11,962	19,670
Miscellaneous income	6,456	31,867	43,884	29,727	70,777	45,847	23,422	40,569	22,658	131,242
Transfers										
Total governmental activities	10,043,383	10,051,234	10,066,844	10,255,986	10,484,907	10,595,255	10,854,063	11,094,221	11,267,108	11,940,842
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 10,043,383	\$ 10,051,234	\$ 10,066,844	\$ 10,255,986	\$ 10,484,907	\$ 10,595,255	\$ 10,854,063	\$ 11,094,221	\$ 11,267,108	\$ 11,940,842
Change in Net Position										
Governmental activities	\$ 388,365	\$ 629,721	\$ 177,647	\$ (122,800)	\$ 126,406	\$ 552,813	\$ 701,814	\$ 611,426	\$ 23,811	\$ 687,861
Business-type activities	(20,100)	3,010	(4,378)	19,122	17,198	(4,040)	(2,651)	11,764	4,177	(751)
Total district	\$ 368,265	\$ 632,731	\$ 173,269	\$ (103,678)	\$ 143,604	\$ 548,773	\$ 699,163	\$ 623,190	\$ 27,988	\$ 687,110

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

	2009	2010	2011	2012	Fiscal Year Ending June 30,		2015	2016	2017	2018
					2013	2014				
General Fund										
Reserved	\$ 92,181	\$ 385,149								
Unreserved	248,827	281,571								
Restricted			\$ 457,982	\$ 609,511	\$ 786,205	\$ 1,338,802	\$ 2,085,833	\$ 2,565,471	\$ 2,398,304	\$ 2,843,605
Committed			19,464		145,000	-				
Assigned			52,637	17,166	55,574	86,839	76,185	323,648	218,928	321,753
Unassigned			221,132	206,368	199,066	198,927	182,100	190,346	189,422	187,085
Total general fund	<u>\$ 341,008</u>	<u>\$ 666,720</u>	<u>\$ 751,215</u>	<u>\$ 833,045</u>	<u>\$ 1,185,845</u>	<u>\$ 1,624,568</u>	<u>\$ 2,344,118</u>	<u>\$ 3,079,465</u>	<u>\$ 2,806,654</u>	<u>\$ 3,352,443</u>
All Other Governmental Funds										
Reserved	\$ 384,375									
Unreserved	33,594	\$ 23,594								
Restricted	-	-	\$ 9,543	\$ 3,000	\$ 26,790	\$ 88,290	\$ 32,190	\$ 1,241,053	\$ 374,973	\$ 63,426
Total all other governmental funds	<u>\$ 417,969</u>	<u>\$ 23,594</u>	<u>\$ 9,543</u>	<u>\$ 3,000</u>	<u>\$ 26,790</u>	<u>\$ 88,290</u>	<u>\$ 32,190</u>	<u>\$ 1,241,053</u>	<u>\$ 374,973</u>	<u>\$ 63,426</u>

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

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property Tax levy	\$ 10,019,352	\$ 10,009,035	\$ 10,011,646	\$ 10,223,706	\$ 10,413,396	\$ 10,547,332	\$ 10,815,474	\$ 11,037,768	\$ 11,224,709	\$ 11,782,155
Tuition charges			50,820	98,468	121,578	195,350	122,670	78,250		
Interest earnings	15,918	10,332	11,314	2,553	734	2,076	700	8,273	11,962	19,670
Miscellaneous	6,458	40,991	62,245	58,951	82,012	72,119	51,875	65,691	71,936	180,187
State sources	1,281,566	1,605,781	1,077,186	1,236,468	1,524,693	1,339,576	1,613,767	1,709,550	1,807,475	2,053,787
Federal sources	199,336	327,596	273,434	221,365	194,360	214,894	221,250	217,233	231,840	245,849
Total revenue	11,522,630	11,993,735	11,486,645	11,841,511	12,336,773	12,371,347	12,825,736	13,116,765	13,347,922	14,281,648
Expenditures										
Instruction										
Regular Instruction	4,534,085	4,651,855	4,743,336	4,946,407	5,252,297	4,721,068	4,827,298	4,980,626	5,422,164	5,415,971
Special education instruction	1,231,477	1,318,396	1,563,623	1,539,610	1,518,463	1,668,651	1,629,069	1,636,361	1,750,893	2,129,556
Other instruction	291,203	289,864	331,567	472,303	502,686	538,289	640,639	636,436	588,609	744,556
School sponsored activities and athletics	13,460	16,714	10,046	15,539	22,012	24,073	32,672	43,660	51,857	39,572
Support Services:										
Student & inst. related services	1,798,062	1,853,723	1,517,251	1,718,687	1,653,852	1,791,206	1,777,519	1,832,974	1,798,599	1,761,678
General administrative services	432,141	417,731	445,112	458,172	484,817	399,883	430,151	446,886	433,751	543,361
School administrative services	455,650	441,447	462,235	497,229	639,371	587,838	643,352	705,244	756,996	720,891
Central and other support services	386,714	400,064	406,208	427,165	371,353	398,254	361,407	329,906	355,207	354,587
Plant operations and maintenance	1,135,933	1,088,543	965,203	949,116	937,429	968,487	1,017,702	1,061,038	1,089,183	990,367
Pupil transportation	107,591	121,055	105,171	131,498	91,516	87,321	89,796	128,518	119,180	146,610
Capital outlay	30,750	487,136	272,004	28,989	5,240	180,996	153,101	818,437	1,442,378	487,773
Debt service:										
Principal	1,040,123	713,655	353,085	354,967	440,300	380,619	411,970	392,331	502,574	552,471
Interest and other charges	311,711	262,415	241,360	226,542	130,337	161,233	147,610	139,356	175,422	160,013
Cost of Issuance				72,481						
Advanced Refunding Escrow				354,315						
Total expenditures	11,768,900	12,062,398	11,416,201	12,193,020	12,049,673	11,907,918	12,162,286	13,151,773	14,486,813	14,047,406
Excess (Deficiency) of revenues over (under) expenditures	(246,270)	(68,663)	70,444	(351,509)	287,100	463,429	663,450	(35,008)	(1,138,891)	234,242
Other Financing sources (uses)										
Proceeds from Bonds/Lease - Purchase	71,830			4,620,000	89,490	36,794		1,946,368		
Premium on Bonds				413,796						
Payment to Refunded Bond Escrow Agent				(4,607,000)						
Insurance Recoveries								32,850		
Transfers in	7,228	876,682	169,768	6,951	3,000	64,440			466,600	
Transfers out	(7,228)	(876,682)	(169,768)	(6,951)	(3,000)	(64,440)			(466,600)	
Total other financing sources (uses)	71,830	-	-	426,796	89,490	36,794	-	1,979,218	-	-
Net change in fund balances	\$ (174,440)	\$ (68,663)	\$ 70,444	\$ 75,287	\$ 376,590	\$ 500,223	\$ 663,450	\$ 1,944,210	\$ (1,138,891)	\$ 234,242
Debt service as a percentage of noncapital expenditures	11.52%	8.43%	5.33%	4.78%	4.74%	4.62%	4.66%	4.31%	5.20%	5.25%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Interest Earned</u>	<u>Refunds/ Reimbursements</u>	<u>E-Rate</u>	<u>Rents</u>	<u>Clean Energy Rebates</u>	<u>Prior Year Cancelled Payables</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	\$ 1,323	\$ 13,003		\$ 200				\$ 4,933	\$ 19,459
2010		10,313	\$ 8,954	3,121				19,792	42,180
2011	50,820	11,291	24,154	1,709				18,021	105,995
2012	98,468	2,543	24,221	2,303				3,203	130,738
2013	121,578	734	36,627		\$ 12,750			21,400	193,089
2014	195,350	2,076	9,035		14,398			22,414	243,273
2015	122,670	700	8,000		13,005			2,417	146,792
2016	78,250	8,235	17,082		14,065			9,422	127,054
2017		11,745			13,836			8,822	34,403
2018		19,670	22,030	1,916	24,092	\$ 33,000	\$ 42,704	7,500	150,912

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009 (A)	\$ 4,151,900	\$ 1,400,052,700	\$ 205,794,900		\$ 8,253,800	\$ 1,618,612,300	\$ 838,401	\$ 1,619,450,701	\$ 1,818,510,684	\$ 0.618
2010	4,769,900	1,400,255,300	205,949,300		8,253,800	1,619,228,300	1,782,462	1,621,010,762	1,806,117,582	0.618
2011	3,901,100	1,408,484,200	201,008,500		8,137,800	1,621,531,600	1,736,535	1,623,268,135	1,761,002,376	0.630
2012	3,637,800	1,401,620,300	208,127,400		8,137,800	1,621,523,300	1,724,316	1,623,247,616	1,732,579,488	0.642
2013	3,565,500	1,242,733,700	193,823,300		7,298,700	1,447,421,200	1,728,300	1,449,149,500	1,571,313,680	0.728
2014	3,565,500	1,246,404,200	189,737,100		7,298,700	1,447,005,500	1,337,625	1,448,343,125	1,630,493,967	0.747
2015	3,565,500	1,248,969,400	187,018,800		7,325,200	1,446,878,900	1,356,001	1,448,234,901	1,645,169,703	0.762
2016	3,622,100	1,250,345,100	186,327,100		7,325,200	1,447,619,500	1,344,599	1,448,964,099	1,717,435,009	0.775
2017 (B)	3,229,300	1,414,167,200	210,872,100		8,484,500	1,636,753,100	1,640,262	1,638,393,362	1,686,217,246	0.720
2018	2,515,600	1,439,519,000	211,847,800		9,238,100	1,663,120,500	1,607,928	1,664,728,428	1,750,681,475	0.720

(A) Borough undertook a revaluation of real property.

(B) Borough performed a reassessment of real property.

Source: County Abstract of Ratables

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

Overlapping Rates

Calendar Year	Total Direct School Tax Rate	River Dell Regional High School District	Municipality of Oradell	Municipal Library	County of Bergen	Total Direct and Overlapping Tax Rate
2009	\$ 0.618	\$ 0.758	\$ 0.549		\$ 0.217	\$ 2.142
2010	0.618	0.832	0.570		0.218	2.238
2011	0.630	0.811	0.617		0.226	2.284
2012	0.642	0.818	0.652		0.235	2.347
2013	0.728	0.976	0.732	\$ 0.038	0.249	2.723
2014	0.747	0.993	0.744	0.037	0.263	2.784
2015	0.762	1.066	0.774	0.038	0.271	2.911
2016	0.775	1.074	0.797	0.039	0.288	2.973
2017 (A)	0.720	0.958	0.731	0.035	0.258	2.702
2018	0.720	0.987	0.744	0.037	0.257	2.745

(A) Borough performed a reassessment of real property.

Source: County Abstract of Ratables

**ORADELL 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
Hajjar Med Off Bldg	\$ 20,262,300	1.22%		
601 Kinderkamack Road LLC	19,806,400	1.19%	\$ 16,784,200	1.04%
Cranston Associates	18,759,500	1.13%	18,423,900	1.14%
SFIII Kinderkamack LLC	12,484,500	0.75%		
Kamack Realty Corp	9,437,900	0.57%	9,657,400	0.60%
White Beeches Golf Club	7,400,900	0.44%	7,417,000	0.46%
Holy Name Real Estate Corp	6,520,300	0.39%	5,788,000	0.36%
Emet Realty	6,202,600	0.37%		
HMOB of Oradell Owner LLC	5,830,800	0.35%		
Huntington Properties LLC	5,562,700	0.33%		
Rio Vista Property			10,367,800	0.64%
Rio Vista Property			10,214,800	0.63%
PSE&G			7,038,000	0.43%
Emerson Real Estate LLC			10,214,600	0.63%
Oradell Office Plaza			7,428,800	0.46%
	<u>\$ 112,267,900</u>	<u>6.74%</u>	<u>\$ 103,334,500</u>	<u>6.39%</u>

Source: Municipal Tax Assessor

**ORADELL 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	\$ 10,019,352	\$ 10,019,352	100.00%	
2010	10,009,035	10,009,035	100.00%	
2011	10,011,646	10,011,646	100.00%	
2012	10,223,706	10,223,706	100.00%	
2013	10,413,396	10,413,396	100.00%	
2014	10,547,332	10,547,332	100.00%	
2015	10,815,474	10,815,474	100.00%	
2016	11,037,768	11,037,768	100.00%	
2017	11,224,709	11,224,709	100.00%	
2018	11,782,155	11,782,155	100.00%	

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases and Lease Purchases	Grant Anticipation Note			
2009	\$ 6,297,000	\$ 375,000	\$ 56,707		\$ 6,728,707	7,787	\$ 864
2010	5,982,000		33,052		6,015,052	7,992	753
2011	5,652,000		9,967		5,661,967	8,053	703
2012	5,320,000				5,320,000	8,095	657
2013	4,910,000		59,190		4,969,190	8,146	610
2014	4,565,000		60,365		4,625,365	8,175	566
2015	4,190,000		23,395		4,213,395	8,215	513
2016	3,805,000		1,962,432		5,767,432	8,246	699
2017	3,405,000		1,859,858		5,264,858	8,314	633
2018	2,995,000		1,717,387		4,712,387	8,314 (E)	567

(E) - Estimate

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2009	\$ 6,297,000		\$ 6,297,000	0.39%	\$ 809
2010	5,982,000		5,982,000	0.37%	748
2011	5,652,000		5,652,000	0.35%	702
2012	5,320,000		5,320,000	0.33%	657
2013	4,910,000	\$ 26,790	4,883,210	0.34%	599
2014	4,565,000	26,790	4,538,210	0.31%	555
2015	4,190,000	26,790	4,163,210	0.29%	507
2016	3,805,000	26,790	3,778,210	0.26%	458
2017	3,405,000		3,405,000	0.21%	410
2018	2,995,000		2,995,000	0.18%	360

Source: District records

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

	<u>Total Debt</u>
Municipal Debt:	
Oradell Board of Education (as of June 30, 2018)	\$ 2,995,000
Regional High School - Oradell's Share	4,322,480
Borough of Oradell	<u>20,843,548</u>
 Total Direct Debt	 <u>28,161,028</u>
 Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	13,727,159
Bergen County Utilities Authority - Wastewater (B)	<u>1,883,304</u>
 Total Overlapping Debt	 <u>15,610,463</u>
 Total Direct and Overlapping Debt	 <u>\$ 43,771,491</u>

Source:

Borough of Oradell's 2017 Annual Debt Statement
County of Bergen's 2017 Annual Debt Statement
Bergen County Utilities Authority's 2017 Annual Audit

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

(B) The debt was computed based upon usage

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

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis	
	2017	\$ 1,830,205,859
	2016	1,724,793,876
	2015	<u>1,712,688,092</u>
		<u>\$ 5,267,687,827</u>
Average equalized valuation of taxable property	\$	1,755,895,942
Debt limit (2.5 % of average equalization value)		43,897,399
Total Net Debt Applicable to Limit		<u>2,995,000</u>
Legal debt margin		<u>\$ 40,902,399</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 45,558,251	\$ 45,644,111	\$ 44,689,519	\$ 44,013,328	\$ 43,075,178	\$ 42,020,986	\$ 41,300,565	\$ 41,508,962	\$ 43,323,518	\$ 43,897,399
Total net debt applicable to limit	<u>6,197,000</u>	<u>5,907,000</u>	<u>5,602,000</u>	<u>5,295,000</u>	<u>4,910,000</u>	<u>4,565,000</u>	<u>4,190,000</u>	<u>3,805,000</u>	<u>3,405,000</u>	<u>2,995,000</u>
Legal debt margin	<u>\$ 39,361,251</u>	<u>\$ 39,737,111</u>	<u>\$ 39,087,519</u>	<u>\$ 38,718,328</u>	<u>\$ 38,165,178</u>	<u>\$ 37,455,986</u>	<u>\$ 37,110,565</u>	<u>\$ 37,703,962</u>	<u>\$ 39,918,518</u>	<u>\$ 40,902,399</u>
Total net debt applicable to the limit as a percentage of debt limit	13.60%	12.94%	12.54%	12.03%	11.40%	10.86%	10.15%	9.17%	7.86%	6.82%

Source: Annual Debt Statements

EXHIBIT J-14**ORADELL BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	7,787	\$ 65,097	5.90%
2010	7,992	66,080	6.10%
2011	8,053	69,044	6.00%
2012	8,095	71,953	6.10%
2013	8,146	71,449	4.70%
2014	8,175	73,293	4.20%
2015	8,215	76,388	3.50%
2016	8,246	77,187	3.10%
2017	8,314	N/A	3.30%
2018	8,314 (E)	N/A	N/A

Source: New Jersey State Department of Education

N/A - Not Available

(E) Estimate

ORADELL 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

**ORADELL 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	48.6	48.6	48.6	51.7	51.7	51.7	48.5	51.0	53.0	60.0
Special Education	9.5	9.5	9.5	9.5	9.5	9.5	21.0	12.0	22.0	11.1
Support Services:										
Student & instruction related services	10.6	10.6	10.6	9.0	9.0	9.0	19.5	23.0	21.0	27.0
General administration	2.0	2.0	2.0	2.0	2.0	2.0	2.2	2.0	2.0	2.0
School administrative services	4.0	4.0	4.0	4.0	4.0	4.0	5.6	5.6	5.6	4.0
Central services	3.6	3.6	3.4	3.4	3.4	3.4	3.0	3.0	3.0	3.0
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0				
Plant operations and maintenance	7.0	7.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Total	<u>86.3</u>	<u>86.3</u>	<u>85.1</u>	<u>86.6</u>	<u>86.6</u>	<u>86.6</u>	<u>105.8</u>	<u>102.6</u>	<u>112.6</u>	<u>113.1</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2009	790	\$ 10,386,316	\$ 13,147	0.25%	63	1:11	790	759	1.04%	96.08%
2010	782	10,599,192	13,554	3.09%	63	1:11	782	759	1.03%	97.06%
2011	805	10,549,752	13,105	-3.31%	63	1:11	804	773	2.81%	96.14%
2012	801	11,155,726	13,927	6.27%	63	1:11	788	759	-1.99%	96.32%
2013	817	11,473,796	14,044	0.84%	63	1:11	784	751	-0.51%	95.79%
2014	805	11,185,070	13,894	-1.06%	63	1:11	782	751	-0.26%	96.04%
2015	775	11,449,605	14,774	6.33%	63	1:11	739	709	-5.50%	95.94%
2016	763	11,801,649	15,467	4.70%	65	1:11	757	726	2.44%	95.90%
2017	769	12,366,439	16,081	3.97%	65	1:11	767	735	1.32%	95.83%
2018	750	12,847,149	17,130	6.52%	65	1:11	739	707	-3.65%	95.67%

Sources: District records

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	113,440	113,440	113,440	113,440	113,440	113,440	113,440	113,440	113,440	113,440
Capacity (students)	853	853	853	853	853	853	853	853	853	853
Enrollment	790	782	805	801	801	801	801	763	769	750

Number of Schools at June 30, 2018
 Elementary = 1

Source: District Records

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

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

<u>School Facilities</u>	<u>Project No.</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>
Oradell Elementary School	N/A	\$ 105,627	\$ 92,313	\$ 163,490	\$ 158,256	\$ 162,089	\$ 189,611	\$ 222,290	\$ 257,205	\$ 304,754	\$ 175,805

Source: District Records

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

	<u>Coverage (A)</u>	<u>Deductible (A)</u>
Northeast Bergen County School Board Group		
School Package Policy		
Property-Blanket Building & Contents (Oradell School Only)	\$ 27,892,546	\$ 5,000
Flood/Earthquake	5,000,000	50,000
General Liability Coverage	2,000,000	
Employee Benefit Liability	1,000,000	1,000
School Board Errors and Omission Coverage	1,000,000	
Automobile Coverage	1,000,000	1,000
Excess Liability Coverage - Auto	9,000,000	
Excess Liability Coverage - General	50,000,000	
Public Employee Dishonesty Crime Coverage		
Per Employee (Primary)	100,000	5,000
Per Loss (Excess)	500,000	100,000
Forgery or Alteration	100,000	1,000
Educators Legal Liability/Employment Legal Liability	1,000,000	
Employers Liability Coverage	1,000,000	10,000
Environmental Impairment	4,000,000	15,000
Public Employees' Faithful Performance Blanket		
Position Bonds		
School Business Administrator/Board Secretary	200,000	
Treasurer	236,000	

(A) Coverage represents total amount covered for all members of the Northeast Bergen County School Board Group unless otherwise noted.

Source: District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Oradell Board of Education
Oradell, 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 Oradell 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 Oradell Board of Education's basic financial statements and have issued our report thereon dated January 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Oradell 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 Oradell Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Oradell 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 Oradell 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 Oradell Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 21, 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 Oradell 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 Oradell Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
 Public School Accountant
 PSA Number CS00932

Fair Lawn, New Jersey
 January 21, 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
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ROBERT W. HAAG, CPA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Oradell Board of Education
Oradell, New Jersey

Report on Compliance for Each Major State Program

We have audited the Oradell 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 Oradell Board of Education's major state programs for the fiscal year ended June 30, 2018. The Oradell Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major State Program

In our opinion, the Oradell 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 Oradell 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 Oradell 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 Oradell 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 Oradell 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 21, 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 state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Leach, Vinci & Higgins, LLP
LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 21, 2019

**ORADELL 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 Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017			Carryover/ (Walkover)		Cash Received	Budgetary Expenditures	(A) Adjustments	Refund of Prior Years' Balances	Balance, June 30, 2018			(Memo) GAAP Receivable
						(Accounts Receivable)	Deferred Revenue	Due to Grantor	Amount Def. Rev.	Accounts Receivable					(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture																		
Passed-through State Department of Education																		
Special Milk Program	10.556	181N304N1099	N/A	7/1/17-6/30/18	\$ 3,700						\$ 2,258	\$ 3,700			\$ (1,442)			\$ (1,442)
Special Milk Program	10.556	171N304N1099	N/A	7/1/16-6/30/17	3,482	\$ (671)	-	-	-	-	671	-	-	-	-	-	-	-
Total U.S. Department of Agriculture						(671)	-	-	-	-	2,929	3,700	-	-	(1,442)	-	-	(1,442)
U.S. Department of Education																		
Passed-through State Department of Education																		
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	FT-3870-12	7/1/17-6/30/18	178,990				\$ 2,780	\$ (2,780)	166,108	178,656			(15,662)	\$ 3,114		(12,548)
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	FT-3870-12	7/1/16-6/30/17	181,415	(9,491)	\$ 2,780		(2,780)	2,780	6,711							
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	FT-3870-12	7/1/15-6/30/16	184,186			\$ 1,083						\$ 1,083				
I.D.E.A. Preschool	84.173	H173A170114	PS-3870-09	7/1/17-6/30/18	13,191				1,380	(1,380)	13,191	14,571			(1,380)			(1,380)
I.D.E.A. Preschool	84.173	H173A160114	PS-3870-09	7/1/16-6/30/17	13,235	(1,391)	1,380		(1,380)	1,380	11	-						
Total Special Education Cluster (IDEA)												193,227						
Title IA	84.010A	S010A170030	ESSA153008	7/1/17-6/30/18	20,062				19,995	(19,995)	65	24,187			(39,992)	15,870		(24,122)
Title IA	84.010A	S010A160030	NCLB153008	7/1/16-6/30/17	19,995	(40,773)	28,343		(19,995)	19,995	6,435		\$ 5,995					
Title IIA	84.367A	S367A170029	ESSA153008	7/1/17-6/30/18	10,309				7,103	(7,103)		9,946			(17,412)	7,466		(9,946)
Title IIA	84.367A	S367A160029	NCLB153008	7/1/16-6/30/17	18,803	(7,749)	2,885		(7,103)	7,103	646			4,218				
Title III	84.365A	S365A170030	ESSA153004	7/1/17-6/30/18	10,928				11,918	(11,918)		18,271		300	(22,546)	4,575		(17,971)
Title III	84.365A	S365A160030	NCLB153004	7/1/16-6/30/17	12,828	(11,618)	13,641		(11,918)	11,918				(2,023)				
Title IV	84.424	S424A170031	ESSA153004	7/1/17-6/30/18	10,000	-	-		-	-	-	218		-	(10,000)	9,782		(218)
Total U.S. Department of Education						(71,022)	49,029	1,083	-	-	193,167	245,849	8,490	1,083	(106,992)	40,807	-	(66,185)
Total Federal Awards						\$ (71,693)	\$ 49,029	\$ 1,083	\$ -	\$ -	\$ 196,096	\$ 249,549	\$ 8,490	\$ 1,083	\$ (108,434)	\$ 40,807	\$ -	\$ (67,627)

Note: The federal programs were not subject to a Federal Single Audit in accordance with U.S. Uniform Guidance.

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

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

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2018			Memo		
									(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education														
General Fund:														
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 334,094			\$ 303,145	\$ 334,094		\$ (30,949)				\$ 334,094	
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	310,279	(28,578)		28,578								
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	13,503			12,252	13,503		(1,251)				13,503	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	13,503	(1,244)		1,244								
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	7,780			7,059	7,780		(721)				7,780	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	7,780	(716)		716								
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	7,780			7,059	7,780		(721)				7,780	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	7,780	(716)		716								
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	7,490			6,796	7,490		(694)				7,490	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	7,490	(690)		690								
Total State Aid-Public Cluster							<u>370,647</u>							
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	6,900			6,261	6,900		(639)				6,900	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	6,900	(630)		636								
Nonpublic School Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	4,060			4,060	4,060		(4,060)			\$ (4,060)	4,060	
Nonpublic School Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	4,060	(4,002)		4,002								
Total Transportation Aid Cluster							<u>10,960</u>							
Extraordinary Aid	18-495-034-5120-473	7/1/17-6/30/18	89,443			89,443			(89,443)				89,443	
Extraordinary Aid	17-495-034-5120-473	7/1/16-6/30/17	86,898	(86,898)		86,898								
Lead testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	1,014			1,014	1,014						1,014	
Reimbursed TPAF Social Security Contribution	18-495-034-5094-003	7/1/17-6/30/18	382,611			383,687	382,611		(18,924)				(18,924)	
Reimbursed TPAF Social Security Contribution	17-495-034-5094-003	7/1/16-6/30/17	349,523	(17,590)		17,590								
TPAF Pension Benefit Contributions	18-495-034-5094-002	7/1/17-6/30/18	660,294			660,294	660,294						660,294	
TPAF Pension - NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18	16,024			16,024	16,024						16,024	
TPAF - Post Retirement Medical	18-495-034-5094-001	7/1/17-6/30/18	436,819			436,819	436,819						436,819	
TPAF - Long-Term Disability Insurance Premium	18-495-034-5094-004	7/1/17-6/30/18	894			894	894						894	
Total General Fund							<u>1,962,374</u>	<u>1,968,706</u>		<u>(147,402)</u>			<u>(22,984)</u>	<u>1,968,706</u>
New Jersey Nonpublic Aid														
Auxiliary Services														
Compensatory Education	18-101-034-5120-067	7/1/17-6/30/18	62,895			62,895	34,111				\$ 28,784		34,111	
Compensatory Education	17-101-034-5120-067	7/1/16-6/30/17	34,219	1,881		34,219		\$ 1,881						
English as a Second Language	18-101-034-5120-067	7/1/17-6/30/18	4,516			4,516	813				3,703		813	
Total Nonpublic Auxiliary Services Aid (Chapter 192) Cluster							<u>34,924</u>							
Handicapped Services														
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	13,110			13,110	3,065				10,045		3,065	
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	12,245	5,040		12,245		5,040						
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	59,818			59,818	20,858				38,960		20,858	
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	27,477	707		27,477		707						
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	16,653			16,653	5,148				11,505		5,148	
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	7,455	942		7,455		942						
Total Nonpublic Handicapped Aid (Chapter 193) Cluster							<u>29,071</u>							
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	5,478			5,478	5,477				1		5,477	
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	6,598	628		6,598		628						
Technology Aid	18-100-034-5120-373	7/1/17-6/30/18	3,700			3,700	3,640				60		3,640	
Technology Aid	17-100-034-5120-373	7/1/16-6/30/17	2,885	50		2,885		50						
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	9,700			9,700	9,409				291		9,409	
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	9,990	300		9,990		300						
Security	18-100-034-5120-509	7/1/17-6/30/18	7,500			7,500	7,500						7,500	
Security	17-100-034-5120-509	7/1/16-6/30/17	5,550	5,550				5,550						
Total Special Revenue Fund							<u>15,098</u>	<u>189,370</u>	<u>90,021</u>			<u>93,349</u>		<u>90,021</u>
State of New Jersey Schools Development Authority:														
Capital Projects														
Entrance Lobby at Front of School Security	SP#3870-050-14-G1F#	N/A	42,960						(3,456)	\$ 3,456			(3,456)	39,504
Total SDA Cluster/Capital Projects Fund										<u>(3,456)</u>	<u>3,456</u>		<u>(3,456)</u>	<u>39,504</u>
Total State Financial Assistance Subject to Single Audit Determination				<u>(125,972)</u>			<u>2,145,744</u>	<u>2,058,727</u>	<u>15,098</u>	<u>(150,858)</u>	<u>3,456</u>	<u>93,349</u>	<u>(26,440)</u>	<u>2,098,231</u>
State Financial Assistance Not Subject to Major Program Determination														
General Fund														
TPAF Pension Benefit Contributions	18-495-034-5094-002	7/1/17-6/30/18	660,294			(660,294)	(660,294)						(660,294)	
TPAF Pension - NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18	16,024			(16,024)	(16,024)						(16,024)	
TPAF - Post Retirement Medical	18-495-034-5094-001	7/1/17-6/30/18	436,819			(436,819)	(436,819)						(436,819)	
TPAF - Long-Term Disability Insurance Premium	18-495-034-5094-004	7/1/17-6/30/18	894			(894)	(894)						(894)	
Total State Financial Assistance Subject to Major Program Determination				<u>\$ (125,972)</u>	<u>\$ -</u>	<u>\$ 1,031,713</u>	<u>\$ 944,696</u>	<u>\$ 15,098</u>	<u>\$ (150,858)</u>	<u>\$ 3,456</u>	<u>\$ 93,349</u>	<u>\$ (26,440)</u>	<u>\$ 984,200</u>	

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$4,940 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,963,766	\$ 1,963,766
Special Revenue Fund	\$ 245,849	90,021	335,870
Food Service Fund	3,700	-	3,700
	<hr/>	<hr/>	<hr/>
Total Awards Financial Assistance	<u>\$ 249,549</u>	<u>\$ 2,053,787</u>	<u>\$ 2,303,336</u>

**ORADELL 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 \$382,611 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 \$676,318, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$436,819 and TPAF Long-Term Disability Insurance in the amount of \$894 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.

ORADELL 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

- A) Type of auditor's report issued: Unmodified
- B) Internal control over financial reporting:
- 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
- C) Noncompliance material to the basic financial statements noted? yes X no

Federal Awards Section

NOT APPLICABLE

**ORADELL 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

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

K) Auditee qualified as low-risk auditee? X yes no

L) Type of auditors' report on compliance for major programs: Unmodified

M) 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

N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? yes X none

O) Identification of major programs:

GMIS Number(s)	Name of State Program
<u>18-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contributions</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>

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

Part 2 – Schedule of Financial Statement Findings

This section identifies the 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.

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

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major 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 are none.

**ORADELL BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
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.