

**PARAMUS BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Paramus, New Jersey**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Paramus Board of Education**

**Paramus, New Jersey**

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

**Prepared by**

**Paramus Board of Education  
Business Department**

**PARAMUS BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	1-6
Organizational Chart	7
Roster of Officials	8
Consultants and Advisors	9

**FINANCIAL SECTION**

Independent Auditor's Report	10-12
------------------------------	-------

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management's Discussion and Analysis	13-21
--------------------------------------	-------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1 Statement of Net Position	22
A-2 Statement of Activities	23-24

**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 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

<b>Notes to the Financial Statements</b>	<b>34-76</b>
--	--------------

**PARAMUS BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**C. Budgetary Comparison Schedules**

C-1	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund	77-84
C-2	Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP) and Actual	85

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

C-3	Required Supplementary Information - Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Notes to the Required Supplementary Information	86
-----	---	----

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

L-1	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	87
L-2	Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	88
L-3	Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	89
L-4	Notes to Required Supplementary Information – Net Pension Liability	90
L-5	Required Supplementary Information – Schedule of District’s Proportionate Share of Total OPEB Liability	91
L-6	Notes to Required Supplementary Information – Total OPEB Liability	92

**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	93-94
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis – Not Applicable	95

**F. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures	96
F-2	Summary Schedule of Project Expenditures and Changes in Fund Balance – Budgetary Basis	97
F-2a-		
F-2f	Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis	98-102

**PARAMUS BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**G. Proprietary Funds**

*Enterprise Fund – Not Applicable*

*Internal Service Fund – Not Applicable*

**H. Fiduciary Funds**

H-1	Combining Statement of Net Position	103
H-2	Combining Statement of Changes in Net Position – Not Applicable	103
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	104
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	105

**I. Long-Term Debt**

I-1	Schedule of Serial Bonds Payable	106
I-2	Schedule of Capital Leases Payable – Not Applicable	107
I-3	Debt Service Fund Budgetary Comparison Schedule	108

**J. STATISTICAL SECTION (Unaudited)**

**Introduction to the Statistical Section**

**Financial Trends**

J-1	Net Position by Component	109
J-2	Changes in Net Position	110
J-3	Fund Balances – Governmental Funds	111
J-4	Changes in Fund Balances – Governmental Funds	112
J-5	General Fund Other Local Revenue by Source	113

**Revenue Capacity**

J-6	Assessed Value and Actual Value of Taxable Property	114
J-7	Property Tax Rates - Direct and Overlapping Governments	115
J-8	Principal Property Taxpayers	116
J-9	Property Tax Levies and Collections	117

**Debt Capacity**

J-10	Ratios of Outstanding Debt by Type	118
J-11	Ratios of Net General Bonded Debt Outstanding	119
J-12	Computation of Direct and Overlapping Bonded Debt	120
J-13	Legal Debt Margin Information	121

**Demographic and Economic Information**

J-14	Demographic and Economic Statistics	122
J-15	Principal Employers	123

**Operating Information**

J-16	Full Time Equivalent District Employees by Function/Program	124
J-17	Operating Statistics	125
J-18	School Building Information	126
J-19	Schedule of Required Maintenance for School Facilities	127
J-20	Insurance Schedule	128

**PARAMUS BOARD OF EDUCATION  
TABLE OF CONTENTS**

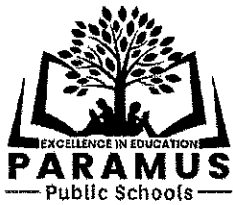
**Page**

**K.**

**SINGLE AUDIT SECTION**

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	129-130
K-2	Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	131-133
K-3	Schedule of Expenditures of Federal Awards	134
K-4	Schedule of Expenditures of State Financial Assistance	135-136
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	137-138
K-6	Schedule of Findings and Questioned Costs – Part I – Summary of Auditor’s Results	139-140
K-6	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	141
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	142
K-8	Summary Schedule of Prior Year Audit Findings	143

## INTRODUCTORY SECTION



# PARAMUS PUBLIC SCHOOLS

145 SPRING VALLEY ROAD, PARAMUS, NEW JERSEY 07652-5390  
PHONE: 201-261-7800    www.paramus.k12.nj.us    FAX: 201-576-9180

**Alfredo Aguilar**

Board Secretary/

Business Administrator

aguilar@paramus.k12.nj.us

---

January 23, 2019

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

Dear Board Members:

State Department of Education statutes require that all School District's prepare a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Paramus Board of Education for the fiscal year ended June 30, 2018.

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

The Paramus Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Paramus Board of Education for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Paramus Board of Education's



financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

The District provides a full range of educational services appropriate to grade levels pre-K through 12. These include regular, as well as special education for handicapped youngsters. The District's student enrollment of 3,776 students for the 2017-2018 fiscal year represents a reduction of 47 students from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-2018	3,776	(1.2%)
2016-2017	3,823	(1.8%)
2015-2016	3,894	(1.0%)
2014-2015	3,934	(0.2%)
2013-2014	3,941	(2.3%)
2012-2013	4,034	(1.5%)
2011-2012	4,095	(2.0%)
2010-2011	4,177	(1.6%)
2009-2010	4,245	(4.1%)
2008-2009	4,426	1.5%

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

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

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

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

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

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

**3. MAJOR INITIATIVES:** The Paramus School District has been recognized for educational excellence by several New Jersey Education Commissioners and by the United States Department of Education's Blue Ribbon Panel. Over the past several years, Paramus has been the recipient of eight Best Practice Awards, a Star School Award from the New Jersey Department of Education, a Service Learning Award from the United States Department of Education, and an award for Outstanding Middle School Technology Program in New Jersey. Paramus has been regularly considered a top community for arts education. For thirteen consecutive years, Paramus has been named as one of the 100 Best Communities for Music Education by The National Association of Music Merchants (NAMM). In addition, Paramus High School has been recognized as a "Model School for the Arts".

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

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

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

The 2017-2018 school year included many new and continuing instructional initiatives highlighted by the implementation new computers and bandwidth to conduct the new PARCC standardized test. This was a major undertaking requiring the coordination of departments throughout the District. Additionally there were various curriculum revisions, and the implementation of a one-to-one initiative in Paramus High School that issued Chromebooks to every student in grades 9-12. The administration fully implemented the required teacher and administrator evaluation systems.

In addition to routine maintenance, the District completed several significant construction projects including replacement of roofs, West Brook field renovation and playground addition, High School boys locker room renovation, gym A/C and chiller replacement, site improvements at the Board Offices, ECC, SPS courtyard, bathroom renovations at the two middle schools and Memorial kindergartens, flooring and parking lot repaving at Stony Lane, and installation of security vestibules at East Brook and Parkway. To address future infrastructure needs and ensure building systems are well maintained, the Board added to the Capital Reserve account and contributed to the maintenance reserve account.

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

During the year, the Board started negotiations with the custodial/maintenance associations, replaced all district copiers, conducted a surplus sale to dispose of obsolete equipment, purchased additional school buses, and replaced the District's phone system.

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

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

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

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

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

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

**6. ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting

Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements".

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

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

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

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

Respectfully submitted,

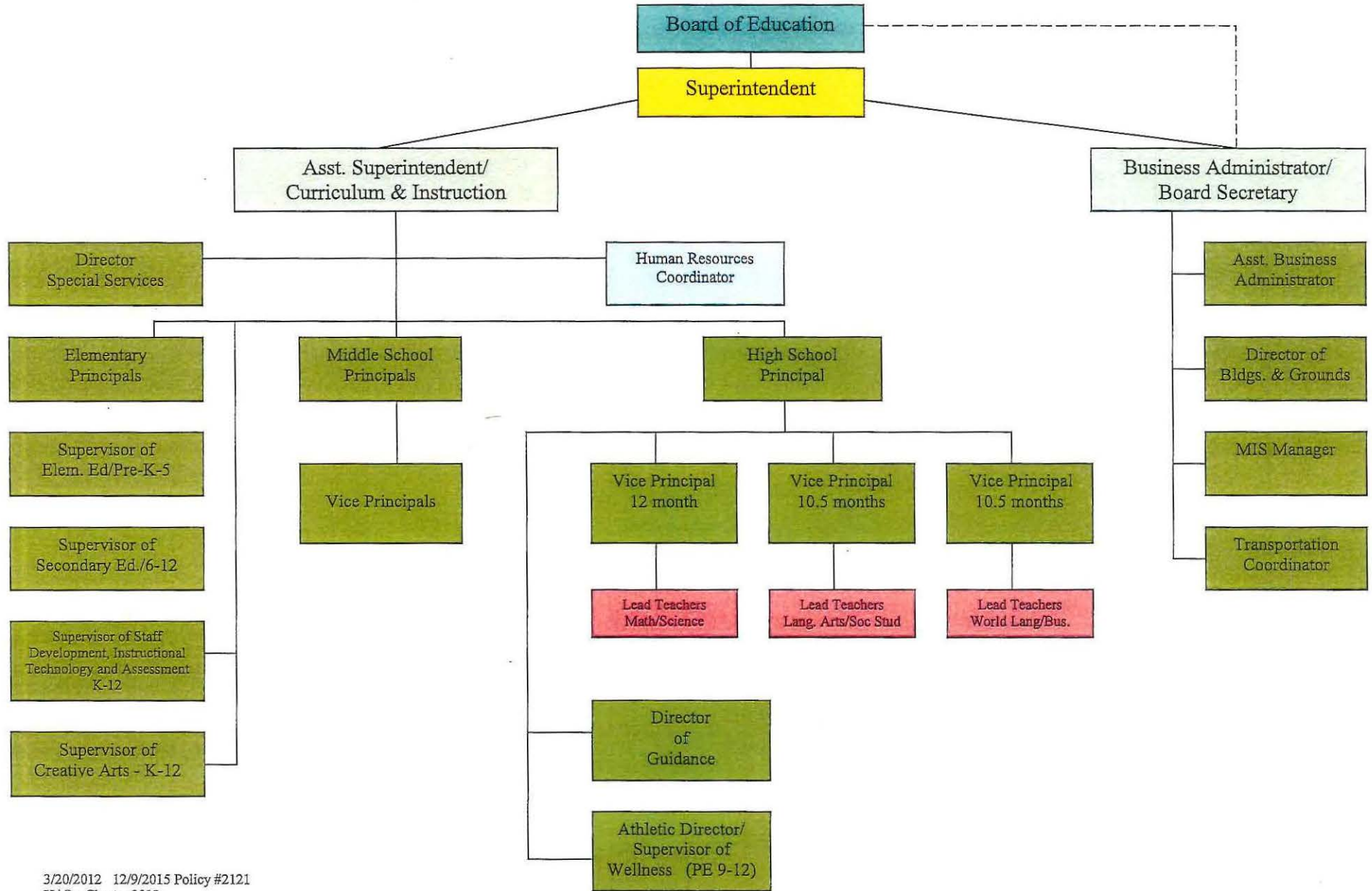


Dr. Michele Robinson  
Superintendent of Schools



Dr. Alfredo I. Aguilar  
Business Administrator/Board Secretary  
(Effective August 1, 2018)

# PARAMUS PUBLIC SCHOOLS ORGANIZATION CHART



7

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

**ROSTER OF OFFICIALS  
AS OF JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires January,</u>
William F. Holzmann, President	2021
Bernadette McCausland, Vice President	2019
Joanne Bergmann	2021
Melissa Caminiti	2021
Lisa Cassesa	2020
Alison Donoghue	2019
Anthony Feorenzo, Jr.	2019
Elisa Giblin	2020
Patricia Kim	2020

Other Officials

Dr. Michele Robinson, Superintendent of Schools

Sean Adams, Assistant Superintendent

Steven Cea, Business Administrator/Board Secretary

Mattea Field, Assistant Business Administrator

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

**CONSULTANTS AND ADVISORS  
AS OF JUNE 30, 2018**

Architect

Environetics  
180 Sylvan Avenue  
Englewood Cliffs, NJ 07632

Audit Firm

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

Attorneys

Board Attorney

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

Labor Negotiating Attorney

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

Bond Counsel

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

Official Depository

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



## **FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Paramus Board of Education, as of and for the fiscal year ended June 30, 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 Paramus 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 Paramus 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 Paramus Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Paramus Board of Education.

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 2019 on our consideration of the Paramus Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Paramus Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Paramus Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
January 23, 2019

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

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

**PARAMUS BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

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

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$44,787,198 (net position).
- General revenues accounted for \$79,015,180 or 69 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$35,487,567 or 31 percent of total revenues of \$114,502,747.
- Total net position of governmental activities amounted to \$44,494,641 as of June 30, 2018.
- The District had \$110,567,170 in expenses related to governmental activities; only \$34,246,280 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$79,015,180 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$91,976,856 in revenues and \$90,782,526 in expenditures and transfers. The General Fund's fund balance (GAAP Basis) increased \$1,194,330 over the fiscal year ended June 30, 2017.



**PARAMUS BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

**Using the Comprehensive Annual Financial Report (CAFR)**

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

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

**Reporting the District as a Whole**

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2018?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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



**PARAMUS BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

**Reporting the District as a Whole (Continued)**

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

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

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

**Governmental Funds**

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

**Enterprise Fund**

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

**Notes to the Financial Statements**

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

**PARAMUS BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

**The District as a Whole**

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

Table 1 provides a summary of the District's net position as of June 30, 2018 and 2017.

**Table 1**  
**Net Position**

	<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	\$ 25,777,515	\$ 24,990,255	\$ 140,381	\$ 132,899	\$ 25,917,896	\$ 25,123,154
Capital Assets	<u>58,714,723</u>	<u>57,206,436</u>	<u>169,056</u>	<u>168,991</u>	<u>58,883,779</u>	<u>57,375,427</u>
<b>Total Assets</b>	<u>84,492,238</u>	<u>82,196,691</u>	<u>309,437</u>	<u>301,890</u>	<u>84,801,675</u>	<u>82,498,581</u>
Deferred Amount on Refunding of Debt	833,616	969,690	-	-	833,616	969,690
Deferred Amount on Net Pension Liability	<u>7,166,189</u>	<u>8,701,313</u>	-	-	<u>7,166,189</u>	<u>8,701,313</u>
<b>Total Deferred Outflows of Resources</b>	<u>7,999,805</u>	<u>9,671,003</u>	-	-	<u>7,999,805</u>	<u>9,671,003</u>
Long-Term Liabilities	39,403,597	46,110,932			39,403,597	46,110,932
Other Liabilities	<u>1,503,772</u>	<u>1,401,411</u>	<u>16,880</u>	<u>13,728</u>	<u>1,520,652</u>	<u>1,415,139</u>
<b>Total Liabilities</b>	<u>40,907,369</u>	<u>47,512,343</u>	<u>16,880</u>	<u>13,728</u>	<u>40,924,249</u>	<u>47,526,071</u>
Deferred Amount on Net Pension Liability	7,090,033	2,555,000			7,090,033	2,555,000
USDA Commodities	<u>-</u>	<u>-</u>	<u>-</u>	<u>232</u>	<u>-</u>	<u>232</u>
<b>Total Deferred Inflows of Resources</b>	<u>7,090,033</u>	<u>2,555,000</u>	<u>-</u>	<u>232</u>	<u>7,090,033</u>	<u>2,555,232</u>
Net Position						
Net Investment in Capital Assets	46,480,657	43,973,893	169,056	168,991	46,649,713	44,142,884
Restricted	19,871,637	19,585,301			19,871,637	19,585,301
Unrestricted	<u>(21,857,653)</u>	<u>(21,758,843)</u>	<u>123,501</u>	<u>118,939</u>	<u>(21,734,152)</u>	<u>(21,639,904)</u>
<b>Total Net Position</b>	<u>\$ 44,494,641</u>	<u>\$ 41,800,351</u>	<u>\$ 292,557</u>	<u>\$ 287,930</u>	<u>\$ 44,787,198</u>	<u>\$ 42,088,281</u>

The District's combined net position was \$44,787,198 and \$42,088,281 at June 30, 2018 and 2017, respectively. This was an increase of \$2,698,917 or 6.41 percent from the prior year. This is primarily due to an increase in invested in capital assets as a result of the payment of debt and an increase in restricted assets for future capital projects.

**PARAMUS BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

Table 2 shows changes in net position for fiscal years ended June 30, 2018 and 2017.

**Table 2**  
**Changes in Net Position**

	<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>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 1,516,205	\$ 998,543	\$ 1,088,699	\$ 1,123,628	\$ 2,604,904	\$ 2,122,171
Operating Grants and Contributions	32,730,075	29,558,192	152,588	151,731	32,882,663	29,709,923
<b>General Revenues</b>						
Property Taxes	77,990,589	76,891,151			77,990,589	76,891,151
Federal and State Aid	114,530	358,143			114,530	358,143
Other	910,061	1,677,583	-	-	910,061	1,677,583
<b>Total Revenues</b>	<u>113,261,460</u>	<u>109,483,612</u>	<u>1,241,287</u>	<u>1,275,359</u>	<u>114,502,747</u>	<u>110,758,971</u>
<b>Expenses</b>						
<b>Instruction</b>						
Regular	43,695,052	41,188,789			43,695,052	41,188,789
Special Education	19,168,385	18,113,912			19,168,385	18,113,912
Other Instruction	2,976,844	3,530,919			2,976,844	3,530,919
School Sponsored Activities and Athletics	2,518,879	2,392,640			2,518,879	2,392,640
<b>Support Services</b>						
Student and Instruction Related Services	15,254,439	14,318,550			15,254,439	14,318,550
General Administration Services	1,168,841	1,149,132			1,168,841	1,149,132
School Administration Services	6,706,583	6,696,125			6,706,583	6,696,125
Plant Operations and Maintenance	12,058,625	12,263,703			12,058,625	12,263,703
Pupil Transportation	3,716,755	3,546,666			3,716,755	3,546,666
Central Services	2,778,712	2,427,720			2,778,712	2,427,720
Interest on Debt	524,055	563,082			524,055	563,082
Food Services	-	-	1,236,660	1,333,494	1,236,660	1,333,494
<b>Total Expenses</b>	<u>110,567,170</u>	<u>106,191,238</u>	<u>1,236,660</u>	<u>1,333,494</u>	<u>111,803,830</u>	<u>107,524,732</u>
<b>Change in Net Position</b>	2,694,290	3,292,374	4,627	(58,135)	2,698,917	3,234,239
<b>Net Position, Beginning of Year</b>	<u>41,800,351</u>	<u>38,507,977</u>	<u>287,930</u>	<u>346,065</u>	<u>42,088,281</u>	<u>38,854,042</u>
<b>Net Position, End of Year</b>	<u>\$ 44,494,641</u>	<u>\$ 41,800,351</u>	<u>\$ 292,557</u>	<u>\$ 287,930</u>	<u>\$ 44,787,198</u>	<u>\$ 42,088,281</u>

**PARAMUS BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

**Governmental Activities**

The District's total revenues were \$113,261,460 and \$109,483,612 for the years ended June 30, 2018 and 2017, respectively. Property taxes made up 69 and 70 percent of revenues for governmental activities for the Paramus School District for the fiscal years ended June 30, 2018 and 2017, respectively. Federal, state and local grants and aid accounted for another 29 and 27 percent of revenues for the years ended June 30, 2018 and 2017, respectively.

The total cost of all programs and services was \$110,567,170 and \$106,191,238 for the fiscal years ended June 30, 2018 and 2017, respectively. Instruction comprises 62 and 61 percent of governmental program expenses for the fiscal years ended June 30, 2018 and 2017, respectively. Support services expenses make up 37 and 38 percent of governmental expenses for the fiscal years ended June 30, 2018 and 2017, respectively. Interest on debt comprises 1 percent of governmental expenses for fiscal years ended June 30, 2018 and 2017. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Total and Net Cost of Services**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction				
Regular	\$ 43,695,052	\$ 41,188,789	\$ 29,432,429	\$ 27,923,946
Special Education	19,168,385	18,113,912	9,077,136	9,075,288
Other Instruction	2,976,844	3,530,919	2,269,893	2,666,497
School Sponsored Activities and Athletics	2,518,879	2,392,640	1,506,488	1,445,563
Support Services				
Student and Instruction Related Services	15,254,439	14,318,550	10,691,845	10,365,644
General Administration Services	1,168,841	1,149,132	1,022,748	1,043,543
School Administration Services	6,706,583	6,696,125	4,751,403	4,897,702
Plant Operations and Maintenance	12,058,625	12,263,703	11,315,723	12,195,968
Pupil Transportation	3,716,755	3,546,666	3,316,188	3,289,430
Central Services	2,778,712	2,427,720	2,412,982	2,311,055
Interest on Debt	524,055	563,082	524,055	419,867
<b>Total</b>	<b><u>\$ 110,567,170</u></b>	<b><u>\$ 106,191,238</u></b>	<b><u>\$ 76,320,890</u></b>	<b><u>\$ 75,634,503</u></b>

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

**PARAMUS BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

**Business-Type Activities**

The only business-type activity is the food service operation. The program had revenues of \$1,241,287 and \$1,275,359 and expenses of \$1,236,660 and \$1,333,494 in fiscal years ended June 30, 2018 and 2017, respectively. Of the revenues, \$1,088,699 and \$1,123,628 was charges for services paid by patrons for daily food service, \$152,588 and \$151,731 was from State and Federal reimbursements for the fiscal years ended June 30, 2018 and 2017, respectively.

**The School District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$97,448,750 and \$95,203,857 and expenditures were \$96,773,801 and \$92,671,914 for the fiscal years ended June 30, 2018 and 2017, respectively.

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

	<u>Year Ended June 30,</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2018</u>	<u>2017</u>		
Local Sources	\$ 80,540,866	\$ 79,670,526	\$ 870,340	1.09%
State Sources	15,059,320	13,498,297	1,561,023	11.56%
Federal Sources	<u>1,848,564</u>	<u>2,035,034</u>	<u>(186,470)</u>	-9.16%
<b>Total Revenues</b>	<b><u>\$ 97,448,750</u></b>	<b><u>\$ 95,203,857</u></b>	<b><u>\$ 2,244,893</u></b>	<b>2.36%</b>

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

	<u>Year Ended June 30,</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2018</u>	<u>2017</u>		
Current:				
Instruction	\$ 54,700,872	\$ 51,869,929	\$ 2,830,943	5.46%
Support Services	36,141,207	35,353,075	788,132	2.23%
Capital Outlay	4,399,240	3,871,428	527,812	13.63%
Debt Service:				
Principal	995,000	1,000,000	(5,000)	-0.50%
Interest on Other Charges	<u>537,482</u>	<u>577,482</u>	<u>(40,000)</u>	-6.93%
<b>Total Expenditures</b>	<b><u>\$ 96,773,801</u></b>	<b><u>\$ 92,671,914</u></b>	<b><u>\$ 4,101,887</u></b>	<b>4.43%</b>

**PARAMUS BOARD OF EDUCATION**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2018**

**General Fund Budgeting Highlights**

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

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

**Capital Assets**

At the end of fiscal years 2018 and 2017, the District had \$58,883,779 and \$57,375,427 invested in land, construction in progress, buildings, site improvements, furniture and equipment and vehicles net of depreciation. Overall capital assets net of accumulated depreciation increased by \$1,508,352 from fiscal year 2017 to fiscal year 2018 as a result of capital additions exceeding depreciation. Table 4 shows capital assets net of depreciation at June 30, 2018 and 2017.

**Table 4**  
**Capital Assets**

	<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>
Land	\$ 400,645	\$ 400,645			\$ 400,645	\$ 400,645
Construction in Progress	237,044	159,634			237,044	159,634
Buildings and Building Improvements	90,302,629	86,478,352	\$ 145,725	\$ 145,725	90,448,354	86,624,077
Machinery and Equipment	8,151,755	7,727,294	360,643	336,402	8,512,398	8,063,696
Site Improvements	3,583,694	3,510,602	-	-	3,583,694	3,510,602
	102,675,767	98,276,527	506,368	482,127	103,182,135	98,758,654
Less Accumulated Depreciation	43,961,044	41,070,091	337,312	313,136	44,298,356	41,383,227
Total	<u>\$ 58,714,723</u>	<u>\$ 57,206,436</u>	<u>\$ 169,056</u>	<u>\$ 168,991</u>	<u>\$ 58,883,779</u>	<u>\$ 57,375,427</u>

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

**Long-Term Liabilities**

At June 30, 2018 and 2017, the District had \$39,403,597 and \$46,110,932 of long-term liabilities, respectively. Of this amount, \$574,622 and \$598,947 is for compensated absences, \$13,067,682 and \$14,202,233 of bonds payable plus the unamortized premium for school construction, \$25,761,293 and \$31,309,752 net pension liability for the fiscal years ended June 30, 2018 and 2017, respectively.

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

***PARAMUS BOARD OF EDUCATION  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2018***

**For the Future**

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

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

**Contacting the District's Financial Management**

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

## **FINANCIAL STATEMENTS**



**DISTRICT-WIDE FINANCIAL STATEMENTS**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 23,512,130	\$ 119,621	\$ 23,631,751
Restricted Assets - Cash with Fiscal Agents	1,643,511		1,643,511
Receivables, net			
Receivables from Other Governments	621,874	7,085	628,959
Inventory		13,675	13,675
Capital Assets			
Not Being Depreciated	637,689		637,689
Being Depreciated, Net	<u>58,077,034</u>	<u>169,056</u>	<u>58,246,090</u>
Total Assets	<u>84,492,238</u>	<u>309,437</u>	<u>84,801,675</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding of Debt	833,616		833,616
Deferred Amount on Net Pension Liability	<u>7,166,189</u>	-	<u>7,166,189</u>
Total Deferred Outflows of Resources	<u>7,999,805</u>	-	<u>7,999,805</u>
<b>LIABILITIES</b>			
Accounts Payable	639,249	16,880	656,129
Payable to State Government	108,801		108,801
Accrued Interest Payable	124,420		124,420
Accrued Liability for Insurance Claims	521,828		521,828
Unearned Revenue	109,474		109,474
Noncurrent Liabilities			
Due within one year	1,147,462		1,147,462
Due beyond one year	<u>38,256,135</u>	-	<u>38,256,135</u>
Total Liabilities	<u>40,907,369</u>	<u>16,880</u>	<u>40,924,249</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>7,090,033</u>	-	<u>7,090,033</u>
Total Deferred Inflows of Resources	<u>7,090,033</u>	-	<u>7,090,033</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	46,480,657	169,056	46,649,713
Restricted for			
Capital Projects	17,671,637		17,671,637
Other Purposes	2,200,000		2,200,000
Unrestricted	<u>(21,857,653)</u>	<u>123,501</u>	<u>(21,734,152)</u>
Total Net Position	<u>\$ 44,494,641</u>	<u>\$ 292,557</u>	<u>\$ 44,787,198</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 43,695,052	\$ 440,494	\$ 13,822,129		\$ (29,432,429)		\$ (29,432,429)
Special Education	19,168,385	1,075,711	9,015,538		(9,077,136)		(9,077,136)
Other Instruction	2,976,844		706,951		(2,269,893)		(2,269,893)
School Sponsored Activities and Athletics	2,518,879		1,012,391		(1,506,488)		(1,506,488)
Support Services							
Student and Instruction Related Services	15,254,439		4,562,594		(10,691,845)		(10,691,845)
School Administration Services	6,706,583		1,955,180		(4,751,403)		(4,751,403)
General Administration Services	1,168,841		146,093		(1,022,748)		(1,022,748)
Plant Operations and Maintenance	12,058,625		742,902		(11,315,723)		(11,315,723)
Pupil Transportation	3,716,755		400,567		(3,316,188)		(3,316,188)
Central Services	2,778,712		365,730		(2,412,982)		(2,412,982)
Interest on Long-Term Debt	524,055	-	-	-	(524,055)	-	(524,055)
Total Governmental Activities	110,567,170	1,516,205	32,730,075	-	(76,320,890)	-	(76,320,890)
<b>Business-Type Activities</b>							
Food Service	1,236,660	1,088,699	152,588	-	-	\$ 4,627	4,627
Total Business-Type Activities	1,236,660	1,088,699	152,588	-	-	4,627	4,627
Total Primary Government	\$ 111,803,830	\$ 2,604,904	\$ 32,882,663	\$ -	(76,320,890)	4,627	(76,316,263)

23

Continued

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

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
<b>General Revenues</b>			
Property Taxes Levied for General Purposes	\$ 77,040,097		\$ 77,040,097
Property Taxes Levied for Debt Service	950,492		950,492
Federal and State Aid - Unrestricted	114,530		114,530
Miscellaneous Income	910,061	-	910,061
	79,015,180	-	79,015,180
Change in Net Position	2,694,290	\$ 4,627	2,698,917
Net Position, Beginning of Year	41,800,351	287,930	42,088,281
Net Position, End of Year	\$ 44,494,641	\$ 292,557	\$ 44,787,198

**FUND FINANCIAL STATEMENTS**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 23,412,965	\$ 25,121	\$ 74,044		\$ 23,512,130
Restricted Assets - Cash with Fiscal Agent	1,643,511				1,643,511
Due from Other Funds	50,000				50,000
Receivables from Other Governments	<u>218,697</u>	<u>403,177</u>	<u>-</u>	<u>-</u>	<u>621,874</u>
Total Assets	<u>\$ 25,325,173</u>	<u>\$ 428,298</u>	<u>\$ 74,044</u>	<u>\$ -</u>	<u>\$ 25,827,515</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 454,442	\$ 184,807			\$ 639,249
Due to Other Funds		50,000			50,000
Payable to State Government		108,801			108,801
Accrued Liability for Insurance Claims	521,828				521,828
Unearned Revenue	<u>24,784</u>	<u>84,690</u>	<u>-</u>	<u>-</u>	<u>109,474</u>
Total Liabilities	<u>1,001,054</u>	<u>428,298</u>	<u>-</u>	<u>-</u>	<u>1,429,352</u>
<b>Fund Balances</b>					
<b>Restricted</b>					
Excess Surplus	600,000				600,000
Excess Surplus - Designated for Subsequent Year's Expenditures	600,000				600,000
Capital Reserve	14,197,593				14,197,593
Capital Reserve - Designated for Subsequent Year's Expenditures	3,400,000				3,400,000
Maintenance Reserve	2,200,000				2,200,000
Emergency Reserve	855,750				855,750
Capital Projects			74,044		74,044
<b>Committed</b>					
Year End Encumbrances	536,676				536,676
<b>Assigned</b>					
Year End Encumbrances	404,826				404,826
Unassigned	<u>1,529,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,529,274</u>
Total Fund Balances	<u>24,324,119</u>	<u>-</u>	<u>74,044</u>	<u>-</u>	<u>24,398,163</u>
Total Liabilities and Fund Balances	<u>\$ 25,325,173</u>	<u>\$ 428,298</u>	<u>\$ 74,044</u>	<u>\$ -</u>	<u>\$ 25,827,515</u>



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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 77,040,097			\$ 950,492	\$ 77,990,589
Tuition	1,516,205				1,516,205
Interest Earned on Capital Reserve	79,800				79,800
Miscellaneous	830,261	\$ 124,011	-	-	954,272
Total - Local Sources	79,466,363	124,011	-	950,492	80,540,866
State Sources	12,455,035	2,604,285		-	15,059,320
Federal Sources	55,458	1,793,106	-	-	1,848,564
Total Revenues	91,976,856	4,521,402	-	950,492	97,448,750
<b>EXPENDITURES</b>					
Current					
Regular Instruction	32,709,820	810,208			33,520,028
Special Education Instruction	13,803,382	2,909,526			16,712,908
Other Instruction	2,552,759				2,552,759
School-Sponsored Activities and Athletics	1,915,177				1,915,177
Support Services					
Student and Instruction Related Services	12,042,604	685,051			12,727,655
School Administration Services	5,469,498				5,469,498
General Administration Services	1,061,911				1,061,911
Plant Operations and Maintenance	10,937,350				10,937,350
Pupil Transportation	3,533,245				3,533,245
Central Services	2,411,548				2,411,548
Debt Service					
Principal				995,000	995,000
Interest and Other Charges				537,482	537,482
Capital Outlay	3,575,090	116,617	\$ 707,533	-	4,399,240
Total Expenditures	90,012,384	4,521,402	707,533	1,532,482	96,773,801
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,964,472	-	(707,533)	(581,990)	674,949
Other Financing Sources (Uses)					
Transfers In			470,142	300,000	770,142
Transfers Out	(770,142)	-	-	-	(770,142)
Total Other Financing Sources (Uses)	(770,142)	-	470,142	300,000	-
Net Change in Fund Balances	1,194,330	-	(237,391)	(281,990)	674,949
Fund Balance, Beginning of Year	23,129,789	-	311,435	281,990	23,723,214
Fund Balance, End of Year	\$ 24,324,119	\$ -	\$ 74,044	\$ -	\$ 24,398,163

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



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

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ 674,949

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

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

Capital Outlay	\$ 4,399,240	
Depreciation Expense	<u>(2,890,953)</u>	1,508,287

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

Principal Repayments		
Bonds Payable		995,000

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

(483,946)

**Change in net position of governmental activities (Exhibit A-2)** **\$ 2,694,290**

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

**Business- Type  
 Activities  
 Enterprise Fund  
Food Service**

**ASSETS**

Current Assets	
Cash and Cash Equivalents	\$ 119,621
Intergovernmental Receivable	
State	366
Federal	6,719
Inventory	<u>13,675</u>
Total Current Assets	<u>140,381</u>
Capital Assets	
Equipment	506,368
Less: Accumulated Depreciation	<u>(337,312)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>169,056</u>
Total Assets	<u>309,437</u>

**LIABILITIES**

Current Liabilities	
Accounts Payable	<u>16,880</u>
Total Current Liabilities	<u>16,880</u>

**NET POSITION**

Investment in Capital Assets	169,056
Unrestricted	<u>123,501</u>
Total Net Position	<u>\$ 292,557</u>

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

	<b>Business- Type Activities Enterprise Fund <u>Food Service</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 250,068
Daily Sales - Non-Reimbursable Programs	824,988
Other Sales	<u>13,643</u>
 Total Operating Revenues	 <u>1,088,699</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales - Reimbursable Programs	232,931
Cost of Sales - Non-Reimbursable Programs	285,034
Salaries and Employee Benefits	513,614
Supplies and Materials	50,947
Management Fee	55,796
Other Purchased Services	39,885
Depreciation	24,176
Purchased Professional and Technical Services	33,449
Miscellaneous	<u>828</u>
 Total Operating Expenses	 <u>1,236,660</u>
 Operating Loss	 <u>(147,961)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
School Lunch Program	5,804
Federal Sources	
National School Lunch Program	91,086
Food Distribution Program	39,712
School Milk Program	<u>15,986</u>
 Total Nonoperating Revenues	 <u>152,588</u>
 Changes in Net Position	 4,627
 Total Net Position, Beginning of Year	 <u>287,930</u>
 Total Net Position, End of Year	 <u>\$ 292,557</u>

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

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

	<b>Business- Type Activities Enterprise Fund <u>Food Service</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 1,088,699
Cash Payments for Employees' Salaries and Benefits	(513,614)
Cash Payments to Suppliers for Goods and Services	<u>(659,164)</u>
Net Cash Used by Operating Activities	<u>(84,079)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	<u>112,586</u>
Net Cash Provided by Noncapital Financing Activities	<u>112,586</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of Capital Assets	<u>(24,241)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(24,241)</u>
Net Increase in Cash and Cash Equivalents	4,266
Cash and Cash Equivalents, Beginning of Year	<u>115,355</u>
Cash and Cash Equivalents, End of Year	<u>\$ 119,621</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities</b>	
Operating Loss	\$ (147,961)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	24,176
Non-Cash Federal Assistance	
Food Distribution Program- National School Lunch Program	39,712
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	3,152
(Increase)/Decrease in Inventory	<u>(3,158)</u>
Total Adjustments	<u>63,882</u>
Net Cash Used by Operating Activities	<u>\$ (84,079)</u>
Non-Cash Financing Activities	
National School Lunch (Food Distribution)	\$ 39,480

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

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

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 327,521	\$ 402,548
Total Assets	<u>327,521</u>	<u>\$ 402,548</u>
<b>LIABILITIES</b>		
Intergovernmental Payable	\$ 16,338	
Payroll Deductions and Withholdings		\$ 36,050
Due to Student Groups	<u>-</u>	<u>366,498</u>
Total Liabilities	<u>16,338</u>	<u>\$ 402,548</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims	<u>\$ 311,183</u>	

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

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

	<b>Unemployment Compensation <u>Trust Fund</u></b>
<b>ADDITIONS</b>	
Employee Contributions	\$ <u>127,304</u>
Total Additions	<u>127,304</u>
<b>DEDUCTIONS</b>	
Unemployment Claims and Contributions	<u>90,261</u>
Total Deductions	<u>90,261</u>
Change in Net Position	37,043
Net Position, Beginning of the Year	<u>274,140</u>
Net Position, End of the Year	<u>\$ 311,183</u>

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

## NOTES TO THE FINANCIAL STATEMENTS

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

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

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



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

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

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

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

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

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

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

**PARAMUS 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 enterprise funds to be major funds.

The District reports the following major governmental funds:

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

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

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

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

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

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

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

**Fund Financial Statements (Continued)**

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

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

Additionally, the government reports the following fund types:

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

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

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

**Reclassifications**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***2. Receivables***

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

***3. Inventories***

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

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

***4. Restricted Assets***

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

**PARAMUS 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. Capital Assets**

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

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

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

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type which arises only under the accrual basis of accounting that qualify for reporting in this category. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available. 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.

**PARAMUS 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)**

***7. Compensated Absences***

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

***8. Pensions***

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

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

***9. Long-Term Obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are 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

***10. Net Position/Fund Balance***

**District-Wide Statements**

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements

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

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

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

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

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

*Capital Reserve - Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 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 3).

*Emergency Reserve* – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 3).

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

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Year-End Encumbrances* – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

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

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

**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.

11. *Fund Balance Policies*

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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.



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

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

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

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

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

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

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

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

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



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

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$2,559,380. The increase was funded by additional grant and aid awards, the appropriation of capital reserve fund balance and the reappropriation of prior year general fund encumbrances.

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

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

**B. 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.

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

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

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

Balance, July 1, 2017		\$ 17,091,876
Increased by:		
Interest earnings	\$ 79,800	
Deposits Approved by Board Resolution	<u>4,325,917</u>	
Total Increases		<u>4,405,717</u>
		21,497,593
Withdrawals:		
Approved in District Budget - Debt Service Fund	300,000	
Approved in District Budget - Capital Projects	3,500,000	
Approved by Board Resolution	<u>100,000</u>	
Total Withdrawals		<u>3,900,000</u>
Balance, June 30, 2018		<u>\$ 17,597,593</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. The District has appropriated \$3,400,000 of the capital reserve as a withdrawal in the 2018/19 budget of that amount \$2,800,000 will be utilized for capital projects and \$600,000 will be transferred to the Debt Service Fund.

**C. Maintenance Reserve**

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

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

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

Balance, July 1, 2017		\$ 1,900,000
Increased by:		
Deposits Approved by Board Resolution	\$ <u>300,000</u>	
Total Increases		<u>300,000</u>
Balance, June 30, 2018		<u>\$ 2,200,000</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$4,349,202.

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

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**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		\$ 794,000
Increased by:		
Deposits Approved by Board Resolution	\$ 316,886	
Unexpended Balances from General Fund	<u>144,864</u>	
Total Increases		<u>461,750</u>
Withdrawals:		
Approved in District Budget	<u>400,000</u>	
Total Withdrawals		<u>400,000</u>
Balance, June 30, 2018		<u>\$ 855,750</u>

**E. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$1,200,000. Of this amount, \$600,000 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$600,000 will be appropriated in the 2019/2020 original budget certified for taxes.

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

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC 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 \$26,005,331 and bank and brokerage firm balances of the Board's deposits amounted to \$28,354,495. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured:	
Cash and Cash Equivalents	\$ 26,710,984
Uninsured and Collateralized	
Cash with Fiscal Agent/Trustee	<u>1,643,511</u>
	<u>\$ 28,354,495</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 the Board's bank balance of \$1,643,511 was exposed to custodial credit risk as follows:

**Depository Account**

Uninsured and Collateralized

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

\$ 1,643,511

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

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

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

**Investments**

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

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

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

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

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

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

**B. Receivables**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal	\$ 7,299	\$ 391,604	\$ 6,719	\$ 405,622
State	180,937	11,573	366	192,876
Other	30,461	-	-	30,461
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	218,697	403,177	7,085	628,959
Less: Allowance for Uncollectibles	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net Total Receivables	\$ 218,697	\$ 403,177	\$ 7,085	\$ 628,959

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

**NOTE 4 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:

General Fund		
Tuition Charges	\$	24,784
Special Revenue Fund		
Unencumbered Grant Draw Downs		51,501
Grant Draw Downs Reserved for Encumbrances		<u>33,189</u>
 Total Unearned Revenue for Governmental Funds	 \$	 <u>109,474</u>

**D. Capital Assets**

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

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance, <u>June 30, 2018</u>
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 400,645				\$ 400,645
Construction in Progress	<u>159,634</u>	\$ 237,044	-	\$ (159,634)	<u>237,044</u>
Total capital assets, not being depreciated	<u>560,279</u>	<u>237,044</u>	-	<u>(159,634)</u>	<u>637,689</u>
Capital assets, being depreciated:					
Buildings and Building Improvements	86,478,352	3,664,643		159,634	90,302,629
Site Improvements	3,510,602	73,092			3,583,694
Machinery and Equipment	<u>7,727,294</u>	<u>424,461</u>	\$ -	-	<u>8,151,755</u>
Total capital assets being depreciated	<u>97,716,248</u>	<u>4,162,196</u>	-	<u>159,634</u>	<u>102,038,078</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(33,646,539)	(2,363,417)			(36,009,956)
Site Improvements	(973,824)	(170,197)			(1,144,021)
Machinery and Equipment	<u>(6,449,728)</u>	<u>(357,339)</u>	-	-	<u>(6,807,067)</u>
Total accumulated depreciation	<u>(41,070,091)</u>	<u>(2,890,953)</u>	-	-	<u>(43,961,044)</u>
Total capital assets, being depreciated, net	<u>56,646,157</u>	<u>1,271,243</u>	-	<u>159,634</u>	<u>58,077,034</u>
Government activities capital assets, net	<u>\$ 57,206,436</u>	<u>\$ 1,508,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,714,723</u>



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

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
<b>Business-Type activities:</b>				
Capital assets, being depreciated:				
Buildings and Building Improvements	\$ 145,725			\$ 145,725
Machinery and Equipment	<u>336,402</u>	<u>\$ 24,241</u>	<u>-</u>	<u>360,643</u>
Total capital assets being depreciated	<u>482,127</u>	<u>24,241</u>	<u>-</u>	<u>506,368</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(35,830)	(6,463)		(42,293)
Machinery and Equipment	<u>(277,306)</u>	<u>(17,713)</u>	<u>-</u>	<u>(295,019)</u>
Total accumulated depreciation	<u>(313,136)</u>	<u>(24,176)</u>	<u>-</u>	<u>(337,312)</u>
Total capital assets, being depreciated, net	<u>168,991</u>	<u>65</u>	<u>-</u>	<u>169,056</u>
Business-type activities capital assets, net	<u>\$ 168,991</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 169,056</u>

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

<b>Governmental activities:</b>	
Instruction	
Regular	<u>\$ 2,516,252</u>
Total Instruction	<u>2,516,252</u>
Support Services	
Student Instruction	89,656
General Administration	2,417
School Administration	5,501
Operations and Maintenance of Plant	241,970
Student Transportation	<u>35,157</u>
Total Support Services	<u>374,701</u>
Total Government Funds	<u>\$ 2,890,953</u>
<b>Business-Type Activities:</b>	
Food Service Fund	<u>\$ 24,176</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 24,176</u>

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

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

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

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

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 50,000</u>

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

The District expects the interfund balance to be liquidated within one year.

**Interfund transfers**

	<u>Transfer In:</u>		<u>Total</u>
	<u>Capital</u>	<u>Debt</u>	
	<u>Projects Fund</u>	<u>Service</u>	
<u>Transfer Out:</u>			
General Fund	<u>\$ 470,142</u>	<u>\$ 300,000</u>	<u>\$ 770,142</u>
Total transfers out	<u>\$ 470,142</u>	<u>\$ 300,000</u>	<u>\$ 770,142</u>

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

**F. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2018 is comprised of the following issue:

\$16,460,000, 2012 Refunding Bonds, due in annual installments of \$1,065,000 to \$1,140,000 through April 1, 2029, interest at 2.75% to 5.00%	<u>\$12,185,000</u>
--	---------------------

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

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

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

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

**Governmental Activities:**

Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 1,090,000	\$ 497,681	\$ 1,587,681
2020	1,080,000	454,081	1,534,081
2021	1,105,000	400,081	1,505,081
2022	1,130,000	344,831	1,474,831
2023	1,135,000	288,331	1,423,331
2024-2028	5,580,000	734,305	6,314,305
2029	<u>1,065,000</u>	<u>33,281</u>	<u>1,098,281</u>
Total	<u>\$ 12,185,000</u>	<u>\$ 2,752,591</u>	<u>\$ 14,937,591</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:

4% of Equalized Valuation Basis (Municipal)	\$ 383,721,993
Less: Net Debt	<u>12,185,000</u>
Remaining Borrowing Power	<u>\$ 371,536,993</u>

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

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. 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, 2017	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2018	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable	\$ 13,180,000		\$ 995,000	\$ 12,185,000	\$ 1,090,000
Add:					
Unamortized Premium	<u>1,022,233</u>	<u>-</u>	<u>139,551</u>	<u>882,682</u>	<u>-</u>
	14,202,233	-	1,134,551	13,067,682	1,090,000
Net Pension Liability	31,309,752		5,548,459	25,761,293	
Compensated Absences	<u>598,947</u>	<u>-</u>	<u>24,325</u>	<u>574,622</u>	<u>57,462</u>
Government Activity Long-Term Liabilities	<u>\$ 46,110,932</u>	<u>\$ -</u>	<u>\$ 6,707,335</u>	<u>\$ 39,403,597</u>	<u>\$ 1,147,462</u>

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

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

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

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

Health Insurance

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

Changes in the balance of claims liabilities for the District's minimum premium health insurance plan for the fiscal years ended June 30, 2018 and 2017 are as follows:

<b>Governmental Activities:</b>	<u>Fiscal Year Ended</u>	
	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Unpaid Claims, Beginning of Year	\$ 702,823	\$ 1,460,442
Incurred Claims		3,549,065
Less: Claim Payments	<u>180,995</u>	<u>4,306,684</u>
Unpaid Claims, End of Year	<u>\$ 521,828</u>	<u>\$ 702,823</u>
 General Fund		
Accrued Liability for Insurance Claims	<u>\$ 521,828</u>	<u>\$ 702,823</u>

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

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 127,304	\$ 90,261	\$ 311,183
2017	129,812	141,205	274,140
2016	120,972	123,351	285,533

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

**NOTE 5 OTHER INFORMATION (Continued)**

**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 except for the following:

- *Evelich, Sofia by her g/a/l Marta Minervini-Evelich & Ronald John Evelich v. Paramus School District et al. , Docket BER-L-9236-18*

Sofia Evelich, a minor, was a student on a bus owned by the Paramus Board of Education and operated by its employee Hudy Muldrow. The school bus was transporting students from East Brook Middle School in Paramus to Waterloo Village in Byram, New Jersey, for a class trip. Hudy Muldrow merged onto Route 80 West and collided with a dump truck owned by Mendez Trucking. There were 38 students and six teachers/aides on bus. All students, teachers/aides received medical attention. The accident resulted in the death of one (1) student and one (1) teacher. The allegation in the complaint is Hudy Muldrow was negligent in the operation of the bus.

33 tort claim notices have been filed naming the Paramus School District and/or Paramus Board of Education. The first tort claim notice was filed on or about May 22, 2018. The last tort claim notice was filed August 14, 2018. The only suit filed as been on behalf of Evelich for the injuries she sustained in the accident; but it is expected that many others will file suit.

At this time, we are in the early stage of our investigation. We have yet to receive any medical information or reports addressing the nature, extent, and permanency of the injuries suffered by Evelich or any other person involved in the accident. The insurance carrier for the Paramus School District has assigned counsel to represent the Paramus School District, Borough of Paramus Board of Education, The Borough of Paramus, Hudy Muldrow, Sr., East Brook Middle School, Michele Robinson and William P. Holzmann.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

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

**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.

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

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

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

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

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

**Other Pension Funds**

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

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

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

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



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

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Plan Amendments**

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

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

**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.

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

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

**Annual Pension Costs (APC)**

or 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:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 1,025,203	\$ 4,454,565	\$ 119,822
2017	939,157	3,287,624	86,516
2016	962,546	2,379,611	66,158

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$8,723 and \$2,348, respectively for PERS and the State contributed \$4,178 and \$4,691, 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 \$2,300,714 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

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

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

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 \$25,761,293 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 0.11067 percent, which was an increase of 0.00495 percent from its proportionate share measured as of June 30, 2016 of 0.10572 percent.

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,546,901 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 606,590	
Changes of Assumptions	5,190,013	\$ 5,170,985
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	175,417	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>1,194,169</u>	<u>1,919,048</u>
Total	<u>\$ 7,166,189</u>	<u>\$ 7,090,033</u>

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

<u>Year Ending June 30,</u>	<u>Total</u>
2019	\$ 264,997
2020	611,556
2021	261,273
2022	(646,640)
2023	(415,030)
Thereafter	<u>-</u>
	<u>\$ 76,156</u>

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

*Actuarial Assumptions*

The District's total pension liability for the June 30, 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.

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate (Continued)***

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

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

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

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease (4.00%)</b>	<b>Current Discount Rate (5.00%)</b>	<b>1% Increase (6.00%)</b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 31,958,632</u>	<u>\$ 25,761,293</u>	<u>\$ 20,598,141</u>

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

***Pension Plan Fiduciary Net Position***

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

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 \$13,651,922 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$197,068,702. 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 0.29228 percent, which was a decrease of 0.00493 percent from its proportionate share measured as of June 30, 2016 of 0.29721 percent.



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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

**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><b>TPAF</b></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.

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

**Long-Term Expected Rate of Return**

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate***

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

<u>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:

	<b>1% Decrease <u>(3.25%)</u></b>	<b>Current Discount Rate <u>(4.25%)</u></b>	<b>1% Increase <u>(5.25%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 234,123,800</u>	<u>\$ 197,068,702</u>	<u>\$ 166,542,552</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.

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

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

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

**Plan Description and Benefits Provided**

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

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

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Plan Membership**

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

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

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

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

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

**NOTE 5 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 \$2,877,109, \$2,739,339 and \$2,833,461, 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.

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

**NOTE 5 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 \$9,492,462. 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 \$156,598,956. 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 .29195 percent, which was a decrease of .00031 percent from its proportionate share measured as of June 30, 2016 of .29226 percent.

**Actuarial Assumptions**

The OPEB 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.

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.

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Actuarial Assumptions (Continued)**

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

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

**Long-Term Expected Rate of Return**

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

**Discount Rate**

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

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

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



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

**NOTE 5 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>169,018,581</u>
Changes Recognized for the Fiscal Year:	
Service Cost	6,694,348
Interest on the Total OPEB Liability	4,966,771
Changes of Assumptions	(20,688,988)
Gross Benefit Payments	(3,521,424)
Contributions from the Member	<u>129,668</u>
<b>Net Changes</b>	<u>(12,419,625)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>156,598,956</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 (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>185,894,259</u>	\$ <u>156,598,956</u>	\$ <u>133,361,643</u>

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

**NOTE 5 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% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>128,787,503</u>	\$ <u>156,598,956</u>	\$ <u>193,532,239</u>

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

**F. Tax Abatements**

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

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

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

PARAMUS BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Local Tax Levy	\$ 77,040,097		\$ 77,040,097	\$ 77,040,097	
Tuition from Individuals	362,100		362,100	425,937	\$ 63,837
Tuition from Other LEAs Within State	478,000		478,000	1,076,892	598,892
Tuition from Summer School	40,000		40,000	13,376	(26,624)
Interest Earned on Capital Reserve	20,000		20,000	79,800	59,800
Rents and Royalties	120,000		120,000	187,463	67,463
Miscellaneous	454,000	-	454,000	642,798	188,798
<b>Total Local Sources</b>	<b>78,514,197</b>	<b>-</b>	<b>78,514,197</b>	<b>79,466,363</b>	<b>952,166</b>
<b>State Sources</b>					
Categorical Special Education Aid	1,801,797		1,801,797	1,801,797	
Categorical Security Aid	69,352		69,352	69,352	
Categorical Transportation Aid	219,658		219,658	219,658	
NonPublic Transportation Aid				68,708	68,708
Extraordinary Special Ed. Costs Aid				468,650	468,650
PARCC Readiness Aid	38,180		38,180	38,180	
Per Pupil Growth Aid	38,180		38,180	38,180	
Professional Learning Community Aid	37,800		37,800	37,800	
Lead Testing for Schools Aid				11,275	11,275
Reimbursed TPAF Social Security Contribution (Non Budgeted)				2,300,714	2,300,714
On Behalf TPAF Pension System Contribution- (Non Budgeted)				4,454,565	4,454,565
On Behalf TPAF Pension System Contribution Long Term Disability Insurance(Non Budgeted)				4,178	4,178
On Behalf TPAF Pension System Contribution Post Retirement Medical Contribution(Non Budgeted)	-	-	-	2,877,109	2,877,109
<b>Total State Sources</b>	<b>2,204,967</b>	<b>-</b>	<b>2,204,967</b>	<b>12,390,166</b>	<b>10,185,199</b>
<b>Federal Sources</b>					
Medicaid Reimbursement	55,836	-	55,836	55,458	(378)
<b>Total Federal Sources</b>	<b>55,836</b>	<b>-</b>	<b>55,836</b>	<b>55,458</b>	<b>(378)</b>
<b>Total Revenues</b>	<b>80,775,000</b>	<b>-</b>	<b>80,775,000</b>	<b>91,911,987</b>	<b>11,136,987</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Preschool	375,050	\$ 21,395	396,445	396,445	
Kindergarten	837,000	5,086	842,086	842,086	
Grades 1-5	6,318,347	(78,273)	6,240,074	6,156,528	83,546
Grades 6-8	5,319,280	(282,405)	5,036,875	5,036,069	806
Grades 9-12	6,989,092	(196,379)	6,792,713	6,694,755	97,958
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	15,000	21,787	36,787	36,787	
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	421,956	10,670	432,626	355,752	76,874
Purchased Professional-Educational Services	8,350	2,880	11,230	9,302	1,928
Purchased Technical Services	33,100	-	33,100	29,613	3,487
Other Purchased Services	3,500	-	3,500	655	2,845
General Supplies	1,447,499	869,337	2,316,836	2,254,943	61,893
Textbooks	320,715	(129,031)	191,684	187,469	4,215
Other Objects	2,000	258	2,258	2,258	-
<b>Total Regular Programs</b>	<b>22,090,889</b>	<b>245,325</b>	<b>22,336,214</b>	<b>22,002,662</b>	<b>333,552</b>
<b>Special Education</b>					
<b>Learning and/or Language Disabilities</b>					
Salaries of Teachers	516,400	(5,045)	511,355	397,716	113,639
Other Salaries for Instruction	236,795	5,045	241,840	241,840	
General Supplies	6,400	(1,225)	5,175	4,829	346
<b>Total Learning and/or Language Disabilities</b>	<b>759,595</b>	<b>(1,225)</b>	<b>758,370</b>	<b>644,385</b>	<b>113,985</b>

PARAMUS BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE</b>					
Special Education (Continued)					
Behavioral Disabilities					
Salaries of Teachers	\$ 224,950	\$ (3,151)	\$ 221,799	\$ 217,073	\$ 4,726
Other Salaries for Instruction	88,760	3,151	91,911	91,911	
General Supplies	2,500	-	2,500	2,318	182
<b>Total Behavioral Disabilities</b>	<b>316,210</b>	<b>-</b>	<b>316,210</b>	<b>311,302</b>	<b>4,908</b>
Multiple Disabilities					
Salaries of Teachers	318,490	30,508	348,998	348,998	
Other Salaries for Instruction	402,808	23,595	426,403	426,403	
General Supplies	8,000	7,548	15,548	15,441	107
<b>Total Multiple Disabilities</b>	<b>729,298</b>	<b>61,651</b>	<b>790,949</b>	<b>790,842</b>	<b>107</b>
Resource Room/Resource Center					
Salaries of Teachers	3,496,250	79,357	3,575,607	3,575,607	
Other Salaries for Instruction	622,405	107,177	729,582	729,582	
General Supplies	16,750	(2,900)	13,850	7,806	6,044
<b>Total Resource Room</b>	<b>4,135,405</b>	<b>183,634</b>	<b>4,319,039</b>	<b>4,312,995</b>	<b>6,044</b>
Autism					
Salaries of Teachers	254,800	10,258	265,058	265,058	
Other Salaries for Instruction	596,002	57,161	653,163	653,163	
General Supplies	7,900	(113)	7,787	7,696	91
Other Objects	2,500	(402)	2,098	714	1,384
<b>Total Autism</b>	<b>861,202</b>	<b>65,904</b>	<b>928,106</b>	<b>926,631</b>	<b>1,475</b>
Preschool Disabilities - Part - Time					
Salaries of Teachers	284,783	(268,283)	16,500	15,122	1,378
Other Salaries for Instruction	192,924	-	192,924	192,924	
General Supplies	1,500	-	1,500	1,500	-
<b>Total Preschool Disabilities - Part - Time</b>	<b>286,283</b>	<b>(75,359)</b>	<b>210,924</b>	<b>209,546</b>	<b>1,378</b>
Preschool Disabilities - Full - Time					
Salaries of Teachers	251,790	(16,500)	235,290	226,639	8,651
<b>Total Preschool Disabilities - Full - Time</b>	<b>251,790</b>	<b>(16,500)</b>	<b>235,290</b>	<b>226,639</b>	<b>8,651</b>
Home Instruction					
Salaries of Teachers	40,000	10,787	50,787	50,787	
Purchased Professional-Educational Services	19,000	(10,000)	9,000	1,908	7,092
<b>Total Home Instruction</b>	<b>59,000</b>	<b>787</b>	<b>59,787</b>	<b>52,695</b>	<b>7,092</b>
<b>Total Special Education</b>	<b>7,398,783</b>	<b>219,892</b>	<b>7,618,675</b>	<b>7,475,035</b>	<b>143,640</b>
Basic Skills/Remedial					
Salaries of Teachers	392,611	-	392,611	379,890	12,721
<b>Total Basic Skills/Remedial</b>	<b>392,611</b>	<b>-</b>	<b>392,611</b>	<b>379,890</b>	<b>12,721</b>
Bilingual Education					
Salaries of Teachers	604,200	2,872	607,072	607,072	
Other Salaries for Instruction	26,584	(1,954)	24,630	24,630	
Purchased Professional-Educational Services	3,000	-	3,000	2,905	95
General Supplies	3,225	(918)	2,307	277	2,030
<b>Total Bilingual Education</b>	<b>637,009</b>	<b>-</b>	<b>637,009</b>	<b>634,884</b>	<b>2,125</b>

PARAMUS BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE:</b>					
School Sponsored Co-Curricular Activities					
Salaries	\$ 275,000	\$ (800)	\$ 274,200	\$ 269,573	\$ 4,627
Purchased Services		1,900	1,900	1,900	
Supplies and Materials	40,178	(5,391)	34,787	31,669	3,118
Other Objects	4,000	500	4,500	4,363	137
<b>Total School Sponsored Co-Curricular Activities</b>	<b>319,178</b>	<b>(3,791)</b>	<b>315,387</b>	<b>307,505</b>	<b>7,882</b>
School Sponsored Athletics - Instruction					
Salaries	606,370	(721)	605,649	597,975	7,674
Purchased Services	93,600	27,591	121,191	117,450	3,741
Supplies and Materials	77,500	19,099	96,599	86,940	9,659
Other Objects	43,250	(10,679)	32,571	32,571	-
<b>Total School Sponsored Athletics - Instruction</b>	<b>820,720</b>	<b>35,290</b>	<b>856,010</b>	<b>834,936</b>	<b>21,074</b>
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Reading Specialists	647,100	18,075	665,175	665,175	
General Supplies	3,300	-	3,300	1,667	1,633
<b>Total Other Supplemental/At-Risk Programs - Instruction</b>	<b>650,400</b>	<b>18,075</b>	<b>668,475</b>	<b>666,842</b>	<b>1,633</b>
<b>Total - Instruction</b>	<b>32,309,590</b>	<b>514,791</b>	<b>32,824,381</b>	<b>32,301,754</b>	<b>522,627</b>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	58,175	(18,179)	39,996	22,670	17,326
Tuition to Other LEAs Within the State - Special	136,580	81,162	217,742	212,014	5,728
Tuition to County Voc. School Dist.-Regular	776,880	(3,000)	773,880	725,853	48,027
Tuition to County Voc. School Dist.-Special	141,444	(2,000)	139,444	68,721	70,723
Tuition to CSSD & Reg. Day Schools	1,178,520	(139,561)	1,038,959	685,330	353,629
Tuition to Private Schools - Disabled W/ State	1,779,635	74,899	1,854,534	1,716,177	138,357
Tuition - State Facilities	18,053	-	18,053	18,053	-
<b>Total Undistributed Expenditures - Instruction (Tuition)</b>	<b>4,089,287</b>	<b>(6,679)</b>	<b>4,082,608</b>	<b>3,448,818</b>	<b>633,790</b>
Attendance and Social Work Services					
Salaries	50,545	2,773	53,318	53,318	-
<b>Total Attendance and Social Work Services</b>	<b>50,545</b>	<b>2,773</b>	<b>53,318</b>	<b>53,318</b>	<b>-</b>
Health Services					
Salaries	780,480	10,884	791,364	791,364	
Purchased Professional and Technical Services	91,000	(8,500)	82,500	81,569	931
Supplies and Materials	32,120	1,844	33,964	32,258	1,706
Other Objects	-	731	731	731	-
<b>Total Health Services</b>	<b>903,600</b>	<b>4,959</b>	<b>908,559</b>	<b>905,922</b>	<b>2,637</b>
Speech, OT, PT and Related Services					
Salaries	1,830,200	(1,500)	1,828,700	1,611,825	216,875
Purchased Professional - Educational Services	800,000	448,613	1,248,613	1,157,628	90,985
Supplies and Materials	6,600	733	7,333	7,321	12
<b>Total Speech, OT, PT and Related Services</b>	<b>2,636,800</b>	<b>447,846</b>	<b>3,084,646</b>	<b>2,776,774</b>	<b>307,872</b>
Other Supp. Serv. Students - Extra Services					
Purchased Professional - Educational Services	300,000	2,000	302,000	271,868	30,132
<b>Total Other Supp. Serv. Students - Extra Services</b>	<b>300,000</b>	<b>2,000</b>	<b>302,000</b>	<b>271,868</b>	<b>30,132</b>

PARAMUS BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE (Continued)</b>					
Other Support Services - Students - Guidance					
Salaries of Other Professional Staff	\$ 1,052,900	\$ 18,349	\$ 1,071,249	\$ 1,071,249	
Salaries of Secretarial and Clerical Assistants	226,128	(7,792)	218,336	218,336	
Supplies and Materials	7,150	169	7,319	7,006	\$ 313
Other Objects	16,400	2,489	18,889	16,734	2,155
<b>Total Other Support Services - Students - Guidance</b>	<b>1,302,578</b>	<b>13,215</b>	<b>1,315,793</b>	<b>1,313,325</b>	<b>2,468</b>
Other Support Services - Students - Child Study Teams					
Salaries of Other Professional Staff	1,200,000	67,357	1,267,357	1,267,357	
Salaries of Secretarial and Clerical Assistants	178,120	(60)	178,060	178,060	
Purchased Professional/Educational Services		37,335	37,335	25,091	12,244
Supplies and Materials	8,000	4,500	12,500	12,499	1
<b>Total Other Support Services - Students - Child Study Teams</b>	<b>1,386,120</b>	<b>109,132</b>	<b>1,495,252</b>	<b>1,483,007</b>	<b>12,245</b>
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisors of Instruction	480,120	261,552	741,672	741,672	
Salaries of Secretarial and Clerical	208,000	(25,052)	182,948	176,695	6,253
Salaries of Facilitators, Math/Literacy Coaches and Masters	63,020	6,000	69,020	69,020	
Other Purchased Professional and Technical Services	13,750	40,499	54,249	39,592	14,657
Travel - All Other		1,000	1,000	931	69
Supplies and Materials	2,790	354	3,144	2,712	432
Other Objects	4,436	665	5,101	4,405	696
<b>Total Improvement of Instruction Services/ Other Support Services-Instructional Staff</b>	<b>772,116</b>	<b>285,018</b>	<b>1,057,134</b>	<b>1,035,027</b>	<b>22,107</b>
Educational Media Services/School Library					
Salaries	647,940	1,250	649,190	649,190	
Supplies and Materials	107,407	(5,754)	101,653	100,333	1,320
<b>Total Educational Media Services/School Library</b>	<b>755,347</b>	<b>(4,504)</b>	<b>750,843</b>	<b>749,523</b>	<b>1,320</b>
Instructional Staff Training Services					
Salaries of Other Professional Staff	6,700	(386)	6,314	5,132	1,182
Purchased Professional- Educational Services	48,500	(21,718)	26,782	26,362	420
Other Purchased Services	48,160	1,828	49,988	32,895	17,093
Supplies and Materials	12,500	22,000	34,500	25,804	8,696
<b>Total Instructional Staff Training Services</b>	<b>115,860</b>	<b>1,724</b>	<b>117,584</b>	<b>90,193</b>	<b>27,391</b>
Support Services General Administration					
Salaries	279,705	33,424	313,129	313,129	
Legal Services	62,850	9,600	72,450	72,027	423
Audit Fees	44,000	(2,285)	41,715	41,715	
Architectural/Engineering Services	17,000	14,738	31,738	15,938	15,800
Other Purchased Professional Services	35,900	17,934	53,834	51,724	2,110
Purchased Technical Services		400	400	268	132
Communications/Telephone	237,122	(21,387)	215,735	155,452	60,283
Travel - All Other		5,000	5,000	520	4,480
BOE Other Purchased Services	11,100	-	11,100	1,914	9,186
Miscellaneous Purchased Services	149,500	13,406	162,906	147,906	15,000
General Supplies	23,800	(5,000)	18,800	7,806	10,994
Judgements Against the School District	25,000	(20,750)	4,250	4,250	
Miscellaneous Expenditures	10,250	(80)	10,170	8,142	2,028
BOE Membership Dues and Fees	32,010	9,300	41,310	39,213	2,097
<b>Total Support Services General Administration</b>	<b>928,237</b>	<b>54,300</b>	<b>982,537</b>	<b>860,004</b>	<b>122,533</b>
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,888,120	24,872	1,912,992	1,886,892	26,100
Salaries of Other Professional Staff	1,061,499	(24,717)	1,036,782	901,165	135,617
Salaries of Secretarial and Clerical Assistants	831,634	10,000	841,634	815,126	26,508
Unused Vacation Payments to Terminated/Retired Staff		33,690	33,690	33,690	
Other Purchased Services	12,000	-	12,000	8,428	3,572
Supplies and Materials	45,105	22,941	68,046	61,982	6,064
<b>Total Support Services School Administration</b>	<b>3,838,358</b>	<b>66,786</b>	<b>3,905,144</b>	<b>3,707,283</b>	<b>197,861</b>



PARAMUS BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE (Continued)</b>					
Undistributed Expenditures - Central Services					
Salaries	\$ 1,020,863	\$ 29,466	\$ 1,050,329	\$ 1,050,329	
Unused Vacation Payments to Terminated/Retired Staff		2,149	2,149	2,149	
Purchased Technical Services	27,800	5,074	32,874	22,690	\$ 10,184
Misc. Purchased Services	34,810	-	34,810	5,267	29,543
Supplies and Materials	22,700	-	22,700	20,569	2,131
Miscellaneous Expenditures	4,950	-	4,950	2,480	2,470
Total Undistributed Expenditures - Central Services	<u>1,111,123</u>	<u>36,689</u>	<u>1,147,812</u>	<u>1,103,484</u>	<u>44,328</u>
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	465,560	37,000	502,560	496,130	6,430
Purchased Professional Services	52,500	15,492	67,992	18,417	49,575
Purchased Technical Services	53,300	52,360	105,660	97,772	7,888
Total Undistributed Expenditures - Admin. Info. Tech.	<u>571,360</u>	<u>104,852</u>	<u>676,212</u>	<u>612,319</u>	<u>63,893</u>
Required Maintenance For School Facilities					
Salaries	691,241	-	691,241	644,170	47,071
Cleaning, Repair, and Maintenance Services	946,910	87,842	1,034,752	837,144	197,608
General Supplies	330,000	291,576	621,576	318,803	302,773
Total Required Maintenance For School Facilities	<u>1,968,151</u>	<u>379,418</u>	<u>2,347,569</u>	<u>1,800,117</u>	<u>547,452</u>
Custodial Services					
Salaries	3,307,244	(53,600)	3,253,644	3,141,955	111,689
Salaries of Non-Instructional Aides	277,453	3,600	281,053	281,053	
Unused Vacation Payments to Terminated/Retired Staff		1,585	1,585	1,585	
Purchased Professional and Technical Services	21,600	22,000	43,600	36,241	7,359
Cleaning, Repair, and Maintenance Services	324,800	5,380	330,180	284,813	45,367
Other Purchased Property Services	130,000	-	130,000	99,133	30,867
Insurance	257,000	-	257,000	247,020	9,980
Miscellaneous Purchased Services	3,500	1,361	4,861	4,828	33
General Supplies	200,000	340	200,340	199,485	855
Energy (Natural Gas)	948,000	(284,000)	664,000	498,825	165,175
Energy (Electricity)	1,784,000	(56,500)	1,727,500	1,109,733	617,767
Energy (Gasoline)	55,000	-	55,000	53,529	1,471
Other Objects	2,500	(1,161)	1,339	545	794
Total Custodial Services	<u>7,311,097</u>	<u>(360,995)</u>	<u>6,950,102</u>	<u>5,958,745</u>	<u>991,357</u>
Care & Upkeep of Grounds					
Salaries	324,483	-	324,483	320,387	4,096
Cleaning, Repair, and Maintenance Services	35,000	-	35,000	31,902	3,098
General Supplies	60,000	752	60,752	57,580	3,172
Total Care & Upkeep of Grounds	<u>419,483</u>	<u>752</u>	<u>420,235</u>	<u>409,869</u>	<u>10,366</u>
Security					
Salaries	340,698	21,507	362,205	362,205	
Purchased Professional and Technical Services	45,000	22,997	67,997	67,997	
General Supplies	420,000	(33,906)	386,094	278,260	107,834
Total Security	<u>805,698</u>	<u>10,598</u>	<u>816,296</u>	<u>708,462</u>	<u>107,834</u>

PARAMUS BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE (Continued)</b>					
Student Transportation Services					
Salaries for Pupil Transportation					
(Non-Instructional Aides)	\$ 70,193	\$ 9,329	\$ 79,522	\$ 79,522	
(Between Home and School) - Regular	474,422	(14,199)	460,223	460,151	\$ 72
(Between Home and School) - Spec Ed	162,142	10,935	173,077	166,930	6,147
(Other than Between Home and School)	95,000	6,464	101,464	93,271	8,193
Management Fee - ESC & CTSA Trans Program	35,000	5,995	40,995	32,666	8,329
Other Purchased Professional and Technical Services	20,805	17,215	38,020	37,520	500
Cleaning, Repair and Maintenance Services	51,860	(32,855)	19,005	18,963	42
Lease Purchase Payments - School Buses	69,868	(69,868)			
Contracted Services - Aid in Lieu of Payments	185,640	54,884	240,524	240,024	500
Contracted Services (Between Home and School) - Vendors	723,410	(57,582)	665,828	661,935	3,893
Contracted Services (Other Than Between Home and School) - Vendors	37,000	(5,000)	32,000	27,093	4,907
Contracted Services (Between Home and School) - Joint Agreements	19,900	(9,900)	10,000	10,000	
Contracted Services (Special Ed Students)-Vendors	372,995	(28,506)	344,489	329,639	14,850
Contracted Services (Special Ed Students)-Joint Agreements		-			
Contracted Services (Regular Ed Students)-ESCs & CTSA	41,410	30,000	71,410	61,387	10,023
Contracted Services (Special Ed Students)-ESCs & CTSA	780,300	99,388	879,688	868,925	10,763
Miscellaneous Purchased Services - Transportation	3,500	(2,714)	786	786	
General Supplies	1,900	100	2,000	1,894	106
Transportation Supplies	129,500	(37,614)	91,886	91,865	21
Other Objects	1,750	(995)	755	755	-
<b>Total Student Transportation Services</b>	<u>3,276,595</u>	<u>(24,923)</u>	<u>3,251,672</u>	<u>3,183,326</u>	<u>68,346</u>
Unallocated Benefits					
Social Security Contributions	1,224,000	-	1,224,000	1,109,761	114,239
Other Retirement Contributions - PERS	1,070,000	(5,622)	1,064,378	1,033,926	30,452
Other Retirement Contributions - Regular	73,200	46,622	119,822	119,822	
Workmen's Compensation	495,000	-	495,000	421,355	73,645
Health Benefits	12,233,400	(955,592)	11,277,808	10,458,625	819,183
Tuition Reimbursement	82,000	-	82,000	67,524	14,476
Other Employee Benefits	363,650	-	363,650	276,849	86,801
Unused Sick Payment to Terminated/Retired Staff	200,000	(5,430)	194,570	115,867	78,703
<b>Total Employee Benefits</b>	<u>15,741,250</u>	<u>(920,022)</u>	<u>14,821,228</u>	<u>13,603,729</u>	<u>1,217,499</u>
On Behalf TPAF Pension System Contribution-					
(Non Budgeted)				4,454,565	(4,454,565)
On Behalf TPAF Pension System Contribution					
Post Retirement Medical Contribution(Non Budgeted)				2,877,109	(2,877,109)
On Behalf TPAF Pension System Contribution					
Long Term Disability Insurance(Non Budgeted)				4,178	(4,178)
Reimbursed TPAF Social Security Contribution					
(Non Budgeted)	-	-	-	2,300,714	(2,300,714)
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,636,566</u>	<u>(9,636,566)</u>
<b>Total Undistributed Expenditures</b>	<u>48,283,605</u>	<u>202,939</u>	<u>48,486,544</u>	<u>53,711,679</u>	<u>(5,225,135)</u>
<b>Total Expenditures - Current Expense</b>	<u>80,593,195</u>	<u>717,730</u>	<u>81,310,925</u>	<u>86,013,433</u>	<u>(4,702,508)</u>

PARAMUS BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
<b>CAPITAL OUTLAY</b>					
Equipment					
Regular Programs - Instruction					
Grades 9-12	\$ 9,500	\$ 72,871	\$ 82,371	\$ 81,596	\$ 775
Multiple Disabilities		4,452	4,452	4,452	
School Sponsored Athletics		12,966	12,966	12,966	
Undistributed Expenditures					
Instruction	203,000	23,636	226,636	55,736	170,900
Non-Instructional		8,702	8,702	2,205	6,497
Central Services	35,000	(29,886)	5,114	5,114	
Admin. Info. Tech.	42,000	(22,360)	19,640	11,615	8,025
Required Maint for School Facilities	100,000	37,332	137,332	135,135	2,197
Security		5,396	5,396	5,396	
School Buses - Regular	85,000	329,419	414,419		414,419
School Buses - Special	-	59,179	59,179	-	59,179
<b>Total Equipment</b>	<b>474,500</b>	<b>501,707</b>	<b>976,207</b>	<b>314,215</b>	<b>661,992</b>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	20,000	262,477	282,477	219,674	62,803
Construction Services	150,000	2,876,177	3,026,177	3,023,489	2,688
Assessment for Debt Service on SDA Funding	51,813	-	51,813	51,813	-
<b>Total Facilities Acquis. and Const. Services</b>	<b>221,813</b>	<b>3,138,654</b>	<b>3,360,467</b>	<b>3,294,976</b>	<b>65,491</b>
Interest Deposit to Capital Reserve	20,000	-	20,000	-	20,000
<b>Total Capital Outlay</b>	<b>716,313</b>	<b>3,640,361</b>	<b>4,356,674</b>	<b>3,609,191</b>	<b>747,483</b>
<b>SPECIAL SCHOOLS</b>					
Summer School - Instruction					
Salaries of Teachers	30,000	-	30,000	28,907	1,093
Other Purchased Services	22,900	(1)	22,899	4,415	18,484
General Supplies	7,700	(2,338)	5,362	5,031	331
<b>Total Summer School - Instruction</b>	<b>60,600</b>	<b>(2,339)</b>	<b>58,261</b>	<b>38,353</b>	<b>19,908</b>
Summer School - Support Services					
Salaries	20,000	-	20,000	12,460	7,540
<b>Total Summer School - Support Services</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>	<b>12,460</b>	<b>7,540</b>
<b>Total Summer School</b>	<b>80,600</b>	<b>(2,339)</b>	<b>78,261</b>	<b>50,813</b>	<b>27,448</b>
Adult Education -Local - Instruction					
Salaries of Teachers	33,092	-	33,092	6,667	26,425
Other Purchased Services	125,000	(13,661)	111,339	111,339	
General Supplies	34,000	16,000	50,000	49,989	11
<b>Total Adult Education -Local - Instruction</b>	<b>192,092</b>	<b>2,339</b>	<b>194,431</b>	<b>167,995</b>	<b>26,436</b>
Adult Education In-Local - Support Services					
Salaries	105,800	-	105,800	71,472	34,328
Other Purchased Services	85,000	-	85,000	79,623	5,377
Supplies and Materials	2,000	-	2,000	1,678	322
<b>Total Adult Education-In-Local - Support Services</b>	<b>192,800</b>	<b>-</b>	<b>192,800</b>	<b>152,773</b>	<b>40,027</b>
<b>Total Adult Education</b>	<b>384,892</b>	<b>2,339</b>	<b>387,231</b>	<b>320,768</b>	<b>66,463</b>
<b>Total Special Schools</b>	<b>465,492</b>	<b>-</b>	<b>465,492</b>	<b>371,581</b>	<b>93,911</b>
Transfer of Funds to Charter Schools	-	18,179	18,179	18,179	-
<b>Total Expenditures</b>	<b>81,775,000</b>	<b>4,376,270</b>	<b>86,151,270</b>	<b>90,012,384</b>	<b>(3,861,114)</b>

**PARAMUS BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (1,000,000)	\$ (4,376,270)	\$ (5,376,270)	\$ 1,899,603	\$ 7,275,873
Other Financing Sources/Uses					
Capital Reserve Transfer to Capital Projects	(3,500,000)	3,014,592	(485,408)	(470,142)	15,266
Capital Reserve Transfer to Debt Service	(300,000)	-	(300,000)	(300,000)	-
Total Other Financing Sources	(3,800,000)	3,014,592	(785,408)	(770,142)	15,266
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Sources	(4,800,000)	(1,361,678)	(6,161,678)	1,129,461	7,291,139
Fund Balances, Beginning of Year	23,819,661	-	23,819,661	23,819,661	-
Fund Balances, End of Year	\$ 19,019,661	\$ (1,361,678)	\$ 17,657,983	\$ 24,949,122	\$ 7,291,139
<b>Reconciliation of Governmental Fund Statements (GAAP):</b>					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 600,000	
Excess Surplus				600,000	
Capital Reserve				14,197,593	
Capital Reserve - Designated for Subsequent Year's Expenditures				3,400,000	
Maintenance Reserve				2,200,000	
Emergency Reserve				855,750	
Committed Fund Balance					
Year End Encumbrances				536,676	
Assigned Fund Balance					
Year End Encumbrances				404,826	
Unassigned Fund Balance				2,154,277	
Total				24,949,122	
<b>Reconciliation to Government Fund Statements(GAAP)</b>					
Less: State Aid Payments not Recognized on GAAP Basis				(625,003)	
Fund Balance per Governmental Funds(GAAP)				\$ 24,324,119	

**PARAMUS BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
<b>REVENUES</b>					
Intergovernmental					
State	\$ 2,216,000	\$ 519,658	\$ 2,735,658	\$ 2,625,857	\$ (109,801)
Federal	1,546,200	568,620	2,114,820	1,797,529	(317,291)
Local Sources					
Miscellaneous	75,318	109,424	184,742	125,064	(59,678)
Total Revenues	<u>3,837,518</u>	<u>1,197,702</u>	<u>5,035,220</u>	<u>4,548,450</u>	<u>(486,770)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	245,000	(26,046)	218,954	180,291	38,663
Purchased Prof. and Technical Services	480,000	259,782	739,782	578,028	161,754
Tuition	670,200	30,057	700,257	700,250	7
Other Purchased Services		3,036	3,036	2,365	671
General Supplies	231,318	32,852	264,170	180,252	83,918
Textbooks	186,000	29,286	215,286	213,756	1,530
Total Instruction	<u>1,812,518</u>	<u>328,967</u>	<u>2,141,485</u>	<u>1,854,942</u>	<u>286,543</u>
Support Services					
Salaries of Teachers		34,471	34,471	31,043	3,428
Personal Services-Employee Benefits		83,792	83,792	83,792	-
Purchased Professional and Technical Services	1,774,500	555,343	2,329,843	2,174,775	155,068
Other Purchased Services	37,000	6,382	43,382	29,528	13,854
General Supplies	208,500	68,822	277,322	249,553	27,769
Other Objects	5,000	3,200	8,200	8,200	-
Total Support Services	<u>2,025,000</u>	<u>752,010</u>	<u>2,777,010</u>	<u>2,576,891</u>	<u>200,119</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	116,725	116,725	116,617	108
Total Facilities Acq. & Construction	<u>-</u>	<u>116,725</u>	<u>116,725</u>	<u>116,617</u>	<u>108</u>
Total Expenditures	<u>3,837,518</u>	<u>1,197,702</u>	<u>5,035,220</u>	<u>4,548,450</u>	<u>486,770</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**

**PARAMUS BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 Fund from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<b>General Fund</b>	<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 91,911,987	\$ 4,548,450
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2018 Encumbrances		(33,189)
June 30, 2017 Encumbrances, Net		6,141
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2016-2017)	689,872	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2017-2018)	<u>(625,003)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 91,976,856</u>	<u>\$ 4,521,402</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 90,012,384	\$ 4,548,450
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2018 Encumbrances		(33,189)
June 30, 2017 Encumbrances, Net	<u>-</u>	<u>6,141</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 90,012,384</u>	<u>\$ 4,521,402</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**  
**PENSION AND OTHER-POST EMPLOYMENT BENEFITS INFORMATION**



**PARAMUS 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)	0.11067%	0.10572%	0.11196%	0.12424%	0.11994%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 25,761,293</u>	<u>\$ 31,309,752</u>	<u>\$ 25,132,522</u>	<u>\$ 23,261,089</u>	<u>\$ 22,921,968</u>
District's Covered-Employee Payroll	<u>\$ 7,327,343</u>	<u>\$ 7,497,718</u>	<u>\$ 7,318,066</u>	<u>\$ 7,692,702</u>	<u>\$ 8,238,802</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	352%	418%	343%	302%	278%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.92%	52.08%	48.72%

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

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

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,025,203	\$ 939,157	\$ 962,546	\$ 1,024,215	\$ 903,686
Contributions in Relation to the Contractually Required Contributions	<u>1,025,203</u>	<u>939,157</u>	<u>962,546</u>	<u>1,024,215</u>	<u>903,686</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 7,327,343</u>	<u>\$ 7,497,718</u>	<u>\$ 7,318,066</u>	<u>\$ 7,692,702</u>	<u>\$ 8,238,802</u>
Contributions as a Percentage of Covered-Employee Payroll	13.99%	12.53%	13.15%	13.31%	10.97%

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

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

**TEACHERS PENSION AND ANNUITY FUND  
Last 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>197,068,702</u>	<u>233,807,483</u>	<u>183,628,826</u>	<u>158,957,607</u>	<u>146,804,041</u>
<b>Total</b>	<b>\$ <u>197,068,702</u></b>	<b>\$ <u>233,807,483</u></b>	<b>\$ <u>183,628,826</u></b>	<b>\$ <u>158,957,607</u></b>	<b>\$ <u>146,804,041</u></b>
District's Covered-Employee Payroll	<u>\$ 31,539,543</u>	<u>\$ 30,515,234</u>	<u>\$ 29,997,401</u>	<u>\$ 29,582,096</u>	<u>\$ 28,604,775</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

PARAMUS BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 5.

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

**POSTEMPLOYMENT HEALTH BENEFIT PLAN**

**Last Fiscal Year\***

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 6,694,348
Interest on the Total OPEB Liability	4,966,771
Changes of Assumptions	(20,688,988)
Gross Benefit Payments	(3,521,424)
Contribution from the Member	<u>129,668</u>
<b>Net Change in Total OPEB Liability</b>	<b>(12,419,625)</b>
<b>Total OPEB Liability - Beginning</b>	<u><b>169,018,581</b></u>
<b>Total OPEB Liability - Ending</b>	<u><b>\$ 156,598,956</b></u>
District's Proportionate Share	\$ -
State's Proportionate Share	<u>156,598,956</u>
<b>Total OPEB Liability - Ending</b>	<u><b>\$ 156,598,956</b></u>
<b>Covered-Employee Payroll</b>	<b>\$ 38,866,886</b>
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll:</b>	<b>402.91%</b>

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.

**PARAMUS 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 5E.

**SCHOOL LEVEL SCHEDULES**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**



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

	Nonpublic Textbooks	Nonpublic Nursing Services	Nonpublic Technology	Nonpublic Security	Nonpublic Compensatory Education	Nonpublic ESL	Nonpublic Suppl. Inst.	Nonpublic Exam. and Class.	Nonpublic Home Instruction	Nonpublic Corrective Speech	Other Local Grants	Total Exhibit E-1A	Total 2018
<b>REVENUES</b>													
Intergovernmental													
State	\$ 213,756	\$ 408,120	\$ 140,080	\$ 321,446	\$ 416,788	\$ 23,577	\$ 368,885	\$ 487,451	\$ 11,573	\$ 234,181			\$ 2,625,857
Federal												\$ 1,797,529	1,797,529
Other	-	-	-	-	-	-	-	-	-	-	\$ 125,064	-	125,064
Total Revenues	<u>\$ 213,756</u>	<u>\$ 408,120</u>	<u>\$ 140,080</u>	<u>\$ 321,446</u>	<u>\$ 416,788</u>	<u>\$ 23,577</u>	<u>\$ 368,885</u>	<u>\$ 487,451</u>	<u>\$ 11,573</u>	<u>234,181</u>	<u>\$ 125,064</u>	<u>\$ 1,797,529</u>	<u>\$ 4,548,450</u>
<b>EXPENDITURES</b>													
Instruction													
Salaries of Teachers												\$ 180,291	\$ 180,291
Purchased Prof. and Tech. Services											\$ 3,529	574,499	578,028
Tuition												700,250	700,250
Other Purchased Services											2,365	-	2,365
General Supplies			\$ 96,406								64,681	19,165	180,252
Textbooks	\$ 213,756	-	-	-	-	-	-	-	-	-	-	-	213,756
Total Instruction	<u>213,756</u>	<u>-</u>	<u>96,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,575</u>	<u>1,474,205</u>	<u>1,854,942</u>
Support Services													
Salaries of Teachers												31,043	31,043
Personal Services Employee-Benefits												83,792	83,792
Purchased Prof. & Tech. Services		\$ 408,120		\$ 58,290	\$ 416,788	\$ 23,577	\$ 368,885	\$ 487,451	\$ 11,573	\$ 234,181	489	165,421	2,174,775
Other Purchased Services												29,528	29,528
General Supplies				240,213							4,000	5,340	249,553
Other Objects												8,200	8,200
Total Support Services	<u>-</u>	<u>408,120</u>	<u>-</u>	<u>298,503</u>	<u>416,788</u>	<u>23,577</u>	<u>368,885</u>	<u>487,451</u>	<u>11,573</u>	<u>234,181</u>	<u>4,489</u>	<u>323,324</u>	<u>2,576,891</u>
Facilities Acquisition & Construction													
Instructional Equipment			43,674	22,943							50,000		116,617
Total Facilities Acquisition & Construction	<u>-</u>	<u>-</u>	<u>43,674</u>	<u>22,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>116,617</u>
Total Expenditures	<u>\$ 213,756</u>	<u>\$ 408,120</u>	<u>\$ 140,080</u>	<u>\$ 321,446</u>	<u>\$ 416,788</u>	<u>\$ 23,577</u>	<u>\$ 368,885</u>	<u>\$ 487,451</u>	<u>\$ 11,573</u>	<u>\$ 234,181</u>	<u>\$ 125,064</u>	<u>\$ 1,797,529</u>	<u>\$ 4,548,450</u>

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

	ESEA					IDEA Basic	IDEA Preschool	Total Exhibit E-1A
	Title I	Title II Part - A	Title III	Title III Immigrant	Title IV			
<b>REVENUES</b>								
Intergovernmental								
Federal	\$ 259,166	\$ 109,137	\$ 39,362	\$ 7,500	\$ 4,149	\$ 1,356,014	\$ 22,201	\$ 1,797,529
Total Revenues	<u>\$ 259,166</u>	<u>\$ 109,137</u>	<u>\$ 39,362</u>	<u>\$ 7,500</u>	<u>\$ 4,149</u>	<u>\$ 1,356,014</u>	<u>\$ 22,201</u>	<u>\$ 1,797,529</u>
<b>EXPENDITURES</b>								
<b>Instruction</b>								
Salaries of Teachers	\$ 164,795	\$ 5,158		\$ 7,052	\$ 3,286			\$ 180,291
Purchased Prof. & Tech. Services						\$ 570,580	\$ 3,919	574,499
Other Purchased Services								-
Tuition						700,250		700,250
General Supplies	-	-	-	448	351	17,237	1,129	19,165
Total Instruction	<u>164,795</u>	<u>5,158</u>	<u>-</u>	<u>7,500</u>	<u>3,637</u>	<u>1,288,067</u>	<u>5,048</u>	<u>1,474,205</u>
<b>Support Services</b>								
Salaries of Teachers			\$ 31,043					31,043
Personal Services-Employee Benefits	83,792							83,792
General Supplies	404	3,907	819			183	27	5,340
Purchased Prof. & Tech. Services	1,975	70,743	7,500		512	67,565	17,126	165,421
Other Purchased Services		29,329				199		29,528
Other Objects	8,200	-	-	-	-	-	-	8,200
Total Support Services	<u>94,371</u>	<u>103,979</u>	<u>39,362</u>	<u>-</u>	<u>512</u>	<u>67,947</u>	<u>17,153</u>	<u>323,324</u>
<b>Facilities Acquisition &amp; Construction</b>								
<b>Buildings</b>								
Instructional Equipment	-	-	-	-	-	-	-	-
Total Facilities Acquisition & Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>\$ 259,166</u>	<u>\$ 109,137</u>	<u>\$ 39,362</u>	<u>\$ 7,500</u>	<u>\$ 4,149</u>	<u>\$ 1,356,014</u>	<u>\$ 22,201</u>	<u>\$ 1,797,529</u>

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

**NOT APPLICABLE**

**CAPITAL PROJECTS FUND**

PARAMUS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Year</u>	<u>Project</u>	<u>Appropriation</u>	<u>Appropriation Modifications</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2018</u>
					<u>Prior Year</u>	<u>Current Year</u>	
2016	High School HVAC (900 Wing)	\$ 27,739	\$ (452)	\$ 27,287	\$ 27,287		
2016	West Brook Roof Replacement	354,278	(345)	353,933	353,933		
2016	High School Bathroom Renovation (700 Wing)	18,612	(707)	17,905	17,905		
2016	High School Boys Locker Room Renovation	343,282	397,602	740,884	33,351	\$ 707,533	
2017	East Brook Field Bathroom Renovations	-	74,044	74,044	-	-	\$ 74,044
		<u>\$ 743,911</u>	<u>\$ 470,142</u>	<u>\$ 1,214,053</u>	<u>\$ 432,476</u>	<u>\$ 707,533</u>	<u>\$ 74,044</u>

**SCHEDULE F-2**

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

**Revenues and Other Financing Sources**

Transfer from Capital Reserve \$ 470,142

Total Revenues and Other Financing Sources 470,142

**Expenditures and Other Financing Uses**

Purchased Professional and Technical Services 3,162

Construction Services 704,371

Total Expenditures and Other Financing Uses 707,533

Excess of Revenues Over Expenditures (237,391)

Fund Balance, July 1, 2017 311,435

Fund Balance, June 30, 2018 \$ 74,044

**PARAMUS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
HIGH SCHOOL HVAC UNIT REPLACEMENT (900 WING)  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Other Projects	\$ 27,739	-	\$ 27,739	\$ 27,739
Total Revenues and Other Financing Sources	<u>27,739</u>	<u>-</u>	<u>27,739</u>	<u>27,739</u>
 <b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	27,287		27,287	27,739
Transfers to Other Projects	<u>-</u>	\$ 452	<u>452</u>	<u>-</u>
Total Expenditures and Other Financing Sources	<u>27,287</u>	<u>452</u>	<u>27,739</u>	<u>27,739</u>
Excess (Deficit) of Revenue Over Expenditures	<u>\$ 452</u>	<u>\$ (452)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	
Grant Date	3930-050-16-4000
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 312,500
Authorized Cost Adjustments	\$ (284,761)
Revised Authorized Cost	\$ 27,739
Percentage Increase Over Original Authorized Cost	-91.12%
Percentage Completion	100.00%
Original Target Completion Date	September 1, 2016
Revised Target Completion Date	September 30, 2016

**PARAMUS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
WEST BROOK ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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



**PARAMUS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
HIGH SCHOOL BATHROOM RENOVATION (700 WING)  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Other Projects	\$ 18,612	-	\$ 18,612	\$ 18,612
<b>Total Revenues and Other Financing Sources</b>	<u>18,612</u>	<u>-</u>	<u>18,612</u>	<u>18,612</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	17,905		17,905	18,612
Transfers to Other Projects	<u>-</u>	\$ 707	<u>707</u>	<u>-</u>
<b>Total Expenditures and Other Financing Sources</b>	<u>17,905</u>	<u>707</u>	<u>18,612</u>	<u>18,612</u>
<b>Excess (Deficit) of Revenue Over Expenditures</b>	<u>\$ 707</u>	<u>\$ (707)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	3930-050-16-1000
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 312,500
Authorized Cost Adjustments	\$ (293,888)
Revised Authorized Cost	\$ 18,612

Percentage Increase Over Original

Authorized Cost	-94.04%
Percentage Completion	100.00%
Original Target Completion Date	September 1, 2016
Revised Target Completion Date	September 15, 2016

**PARAMUS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
HIGH SCHOOL BOYS LOCKER ROOM RENOVATION  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	\$ 310,000	\$ 404,000	\$ 714,000	\$ 714,000
Transfer from Other Projects	<u>35,282</u>	<u>-</u>	<u>35,282</u>	<u>35,282</u>
 Total Revenues and Other Financing Sources	 <u>345,282</u>	 <u>404,000</u>	 <u>749,282</u>	 <u>749,282</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	33,351	3,162	36,513	37,000
Construction Services		704,371	704,371	712,282
Transfers to Other Projects	<u>2,000</u>	<u>6,398</u>	<u>8,398</u>	<u>-</u>
 Total Expenditures and Other Financing Sources	 <u>35,351</u>	 <u>713,931</u>	 <u>749,282</u>	 <u>749,282</u>
 Excess (Deficit) of Revenue Over Expenditures	 <u>\$ 309,931</u>	 <u>\$ (309,931)</u>	 <u>\$ -</u>	 <u>\$ -</u>
<b>Additional Project Information:</b>				
Project Number	3930-050-16-2000			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 908,875			
Authorized Cost Adjustments	\$ (159,593)			
Revised Authorized Cost	\$ 749,282			
 Percentage Increase Over Original Authorized Cost	 -17.56%			
Percentage Completion	100.00%			
Original Target Completion Date	November 1, 2017			
Revised Target Completion Date	December 1, 2017			

**PARAMUS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
EAST BROOK FIELD BATHROOM RENOVATIONS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	\$ -	\$ 66,142	\$ 66,142	\$ 205,000
Transfer from Other Projects	-	7,902	7,902	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues and Other Financing Sources	-	74,044	74,044	205,000
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	-	-	-	-
Construction Services	-	-	-	205,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures and Other Financing Sources	-	-	-	205,000
Excess (Deficit) of Revenue Over Expenditures	<u>\$ -</u>	<u>\$ 74,044</u>	<u>\$ 74,044</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 205,000
Authorized Cost Adjustments	\$ -
Revised Authorized Cost	\$ 205,000
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	0.00%
Original Target Completion Date	September 30, 2018
Revised Target Completion Date	May 31, 2019

**ENTERPRISE FUNDS**

**NOT APPLICABLE**

**FIDUCIARY FUNDS**

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 366,498	\$ 36,050	\$ 402,548
Total Assets	<u>\$ 366,498</u>	<u>\$ 36,050</u>	<u>\$ 402,548</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings Due to Student Groups		\$ 36,050	\$ 36,050
	\$ 366,498	-	366,498
Total Liabilities	<u>\$ 366,498</u>	<u>\$ 36,050</u>	<u>\$ 402,548</u>

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

NOT APPLICABLE

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

	<b>Balance, July 1, <u>2017</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2018</u></b>
<b>ELEMENTARY &amp; MIDDLE SCHOOL</b>				
Eastbrook	\$ 40,112	\$ 26,262	\$ 25,209	\$ 41,165
Westbrook	35,379	40,021	49,166	26,234
Elementary	34,826	37,058	34,293	37,591
<b>HIGH SCHOOLS</b>				
High School Activity	255,343	355,884	349,719	261,508
High School Athletic	<u>-</u>	<u>83,104</u>	<u>83,104</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 365,660</u></b>	<b><u>\$ 542,329</u></b>	<b><u>\$ 541,491</u></b>	<b><u>\$ 366,498</u></b>

**PARAMUS BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
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>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 29,609	\$ 52,195,436	\$ 52,188,995	\$ 36,050
Total Assets	<u>\$ 29,609</u>	<u>\$ 52,195,436</u>	<u>\$ 52,188,995</u>	<u>\$ 36,050</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 29,609	\$ 23,419,752	\$ 23,413,311	\$ 36,050
Accrued Salaries and Wages	<u>-</u>	<u>28,775,684</u>	<u>28,775,684</u>	<u>-</u>
Total Liabilities	<u>\$ 29,609</u>	<u>\$ 52,195,436</u>	<u>\$ 52,188,995</u>	<u>\$ 36,050</u>



## **LONG-TERM DEBT**

**PARAMUS BOARD OF EDUCATION  
SCHEDULE OF SERIAL BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>				
Refunding Bonds	2/14/2012	\$ 16,460,000	4/1/2019	\$ 1,090,000	4.00%	\$ 13,180,000	\$ 995,000	\$ 12,185,000
			4/1/2020	1,080,000	5.00%			
			4/1/2021	1,105,000	5.00%			
			4/1/2022	1,130,000	5.00%			
			4/1/2023	1,135,000	5.00%			
			4/1/2024	1,140,000	4.00%			
			4/1/2025	1,130,000	4.00%			
			4/1/2026	1,120,000	2.75%			
			4/1/2027	1,100,000	4.00%			
			4/1/2028	1,090,000	3.00%			
			4/1/2029	1,065,000	3.125%			
					\$ 13,180,000	\$ 995,000	\$ 12,185,000	

**PARAMUS BOARD OF EDUCATION  
SCHEDULE OF CAPITAL LEASES PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Not Applicable**

**PARAMUS BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	2018				Variance Favorable (Unfavorable)
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Modified Budget</u>	<u>Actual</u>	
REVENUES					
Local Sources					
Local Tax Levy	\$ 950,492	\$ -	\$ 950,492	\$ 950,492	-
Total Revenues	<u>950,492</u>	<u>-</u>	<u>950,492</u>	<u>950,492</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Interest on Bonds	537,482		537,482	537,482	
Redemption of Principal	995,000	-	995,000	995,000	-
Total Expenditures	<u>1,532,482</u>	<u>-</u>	<u>1,532,482</u>	<u>1,532,482</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(581,990)</u>	<u>-</u>	<u>(581,990)</u>	<u>(581,990)</u>	<u>-</u>
Other Financing Sources (Uses)					
Operating Transfers In-Capital Reserve	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total Other Financing Sources	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures and Other Financing Sources	<u>(281,990)</u>	<u>-</u>	<u>(281,990)</u>	<u>(281,990)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>281,990</u>	<u>-</u>	<u>281,990</u>	<u>281,990</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

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

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

	June 30									
	2009	2010	2011 (Restated)	2012	2013	2014 (Restated)	2015	2016	2017	2018
Governmental activities										
Net Investment in Capital Assets	\$ 24,274,128	\$ 25,187,220	\$ 27,826,536	\$ 29,450,260	\$ 31,802,380	\$ 35,209,488	\$ 39,957,382	\$ 41,735,254	\$ 43,973,893	\$ 46,480,657
Restricted	2,258,123	3,720,473	5,130,462	7,447,327	9,371,004	12,674,591	14,660,403	17,097,317	19,585,301	19,871,637
Unrestricted	2,183,662	1,498,811	1,466,597	2,080,303	2,487,970	(20,932,272)	(20,314,957)	(20,324,594)	(21,758,843)	(21,857,653)
Total governmental activities net position	<u>\$ 28,715,913</u>	<u>\$ 30,406,504</u>	<u>\$ 34,423,595</u>	<u>\$ 38,977,890</u>	<u>\$ 43,661,354</u>	<u>\$ 26,951,807</u>	<u>\$ 34,302,828</u>	<u>\$ 38,507,977</u>	<u>\$ 41,800,351</u>	<u>\$ 44,494,641</u>
Business-type activities										
Net Investment in Capital Assets	\$ 193,417	\$ 180,679	\$ 169,887	\$ 160,104	\$ 167,670	\$ 164,909	\$ 172,989	\$ 170,386	\$ 168,991	\$ 169,056
Restricted										
Unrestricted	94,890	124,890	183,061	220,440	258,441	270,522	230,000	175,679	118,939	123,501
Total business-type activities net position	<u>\$ 288,307</u>	<u>\$ 305,569</u>	<u>\$ 352,948</u>	<u>\$ 380,544</u>	<u>\$ 426,111</u>	<u>\$ 435,431</u>	<u>\$ 402,989</u>	<u>\$ 346,065</u>	<u>\$ 287,930</u>	<u>\$ 292,557</u>
District-wide										
Net Investment in Capital Assets	\$ 24,467,545	25,367,899	27,996,423	29,610,364	31,970,050	\$ 35,374,397	\$ 40,130,371	\$ 41,905,640	\$ 44,142,884	\$ 46,649,713
Restricted	2,258,123	3,720,473	5,130,462	7,447,327	9,371,004	12,674,591	14,660,403	17,097,317	19,585,301	19,871,637
Unrestricted	2,278,552	1,623,701	1,649,658	2,309,743	2,746,411	(20,661,750)	(20,084,957)	(20,148,915)	(21,639,904)	(21,734,152)
Total district net position	<u>\$ 29,004,220</u>	<u>\$ 30,712,073</u>	<u>\$ 34,776,543</u>	<u>\$ 39,358,434</u>	<u>\$ 44,087,465</u>	<u>\$ 27,387,238</u>	<u>\$ 34,705,817</u>	<u>\$ 38,854,042</u>	<u>\$ 42,088,281</u>	<u>\$ 44,787,198</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".

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

	June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 29,293,503	\$ 30,961,268	\$ 30,444,916	\$ 30,489,032	\$ 31,674,424	\$ 30,870,406	\$ 35,405,836	\$ 37,580,253	\$ 41,188,789	\$ 43,695,052
Special education	11,516,883	13,159,168	12,504,000	12,847,226	13,941,263	14,342,356	15,896,202	17,011,501	18,113,912	19,168,385
Community services	17,021	16,134	16,208	-	-	-	-	-	-	-
Other instruction	1,667,956	1,491,638	1,275,720	1,977,422	2,235,557	2,401,823	2,853,123	3,026,442	3,530,919	2,976,844
School Sponsored Activities and Athletics	1,366,944	1,436,961	1,358,950	1,571,726	1,671,482	1,769,801	1,991,962	2,175,830	2,392,640	2,518,879
<b>Support Services:</b>										
Student and instruction related services	9,663,427	8,702,798	8,481,946	9,469,204	10,236,801	10,488,907	12,091,605	12,918,305	14,318,550	15,254,439
School Administration services	4,084,367	4,867,499	4,640,667	4,838,674	4,835,004	4,977,054	5,947,989	6,073,147	6,696,125	6,706,583
General administration services	1,186,849	1,243,442	1,270,638	1,053,352	961,047	975,612	1,055,628	919,677	1,149,132	1,168,841
Plant operations and maintenance	9,372,675	10,655,154	10,284,822	10,646,753	10,819,771	10,992,476	11,066,092	11,631,973	12,263,703	12,058,625
Pupil transportation	3,508,598	3,327,788	3,208,504	3,272,653	3,193,615	3,203,080	3,250,926	3,426,661	3,546,666	3,716,755
Central services	2,584,293	2,393,804	2,110,412	2,081,627	2,058,385	1,893,852	2,071,816	2,195,762	2,427,720	2,778,712
Interest on long-term debt	1,351,094	1,262,633	1,178,779	979,384	852,919	721,476	765,720	599,248	563,082	524,055
<b>Total governmental activities expenses</b>	<b>75,613,610</b>	<b>79,518,287</b>	<b>76,775,562</b>	<b>79,247,053</b>	<b>82,480,268</b>	<b>82,636,843</b>	<b>92,396,899</b>	<b>97,558,799</b>	<b>106,191,238</b>	<b>110,567,170</b>
<b>Business-type activities:</b>										
Food service	982,326	1,025,171	978,676	1,043,141	1,028,038	1,090,992	1,247,618	1,317,291	1,333,494	1,236,660
<b>Total business-type activities expense</b>	<b>982,326</b>	<b>1,025,171</b>	<b>978,676</b>	<b>1,043,141</b>	<b>1,028,038</b>	<b>1,090,992</b>	<b>1,247,618</b>	<b>1,317,291</b>	<b>1,333,494</b>	<b>1,236,660</b>
<b>Total district expenses</b>	<b>\$ 76,595,936</b>	<b>\$ 80,543,458</b>	<b>\$ 77,754,238</b>	<b>\$ 80,290,194</b>	<b>\$ 83,508,306</b>	<b>\$ 83,727,835</b>	<b>\$ 93,644,517</b>	<b>\$ 98,876,090</b>	<b>\$ 107,524,732</b>	<b>\$ 111,803,830</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
Regular Instruction			\$ 345,756	\$ 338,171	\$ 362,514	\$ 529,896	\$ 516,473	\$ 355,685	\$ 251,265	\$ 440,494
Special education	\$ 250,252	\$ 332,987	186,480	324,305	344,032	336,063	818,739	673,683	747,278	1,075,711
Transportation					19,135	-	-	-	-	-
<b>Operating grants and contributions</b>	<b>10,235,531</b>	<b>10,927,088</b>	<b>8,497,955</b>	<b>9,990,465</b>	<b>11,991,443</b>	<b>11,755,186</b>	<b>19,985,595</b>	<b>22,884,855</b>	<b>29,558,192</b>	<b>32,730,075</b>
<b>Capital grants and contributions</b>	<b>618,048</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>408,915</b>	<b>601,080</b>	<b>286,180</b>	<b>4,080</b>	<b>-</b>	<b>-</b>
<b>Total governmental activities program revenues</b>	<b>11,103,831</b>	<b>11,260,075</b>	<b>9,030,191</b>	<b>10,652,941</b>	<b>13,126,039</b>	<b>13,222,225</b>	<b>21,606,987</b>	<b>23,918,303</b>	<b>30,556,735</b>	<b>34,246,280</b>
<b>Business-type activities:</b>										
Food service										
<b>Charges for services</b>	<b>\$ 872,584</b>	<b>\$ 898,306</b>	<b>\$ 885,767</b>	<b>\$ 919,503</b>	<b>\$ 933,070</b>	<b>\$ 958,036</b>	<b>\$ 1,069,902</b>	<b>\$ 1,101,865</b>	<b>\$ 1,123,628</b>	<b>\$ 1,088,699</b>
<b>Operating grants and contributions</b>	<b>120,225</b>	<b>144,127</b>	<b>140,278</b>	<b>151,234</b>	<b>139,002</b>	<b>140,492</b>	<b>145,014</b>	<b>158,502</b>	<b>151,731</b>	<b>152,588</b>
<b>Total business-type activities program revenues</b>	<b>992,809</b>	<b>1,042,433</b>	<b>1,026,045</b>	<b>1,070,737</b>	<b>1,072,072</b>	<b>1,098,528</b>	<b>1,214,916</b>	<b>1,260,367</b>	<b>1,275,359</b>	<b>1,241,287</b>
<b>Total district program revenues</b>	<b>\$ 12,096,640</b>	<b>\$ 12,302,508</b>	<b>\$ 10,056,236</b>	<b>\$ 11,723,678</b>	<b>\$ 14,198,111</b>	<b>\$ 14,320,753</b>	<b>\$ 22,821,903</b>	<b>\$ 25,178,670</b>	<b>\$ 31,832,094</b>	<b>\$ 35,487,567</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental activities</b>	\$ (64,509,779)	\$ (68,258,212)	\$ (67,745,371)	\$ (68,594,112)	\$ (69,354,229)	\$ (69,414,618)	\$ (70,789,912)	\$ (73,640,496)	\$ (75,634,503)	\$ (76,320,890)
<b>Business-type activities</b>	10,483	17,262	47,369	27,596	44,034	7,536	(32,702)	(56,924)	(58,135)	4,627
<b>Total district-wide net expense</b>	<b>\$ (64,499,296)</b>	<b>\$ (68,240,950)</b>	<b>\$ (67,698,002)</b>	<b>\$ (68,566,516)</b>	<b>\$ (69,310,195)</b>	<b>\$ (69,407,082)</b>	<b>\$ (70,822,614)</b>	<b>\$ (73,697,420)</b>	<b>\$ (75,692,638)</b>	<b>\$ (76,316,263)</b>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes	\$ 62,402,870	\$ 64,898,985	\$ 67,494,944	\$ 68,651,094	\$ 69,958,474	\$ 71,357,641	\$ 72,774,791	\$ 74,230,284	\$ 75,704,884	\$ 77,040,097
Property taxes levied for debt service	2,584,677	2,819,899	2,910,323	2,608,906	2,124,307	2,269,316	2,240,359	1,664,672	1,186,267	950,492
Unrestricted grants and contributions	94,224	-	123,479	-	-	-	71,146	77,127	110,143	114,530
Restricted state aid	-	-	-	-	-	-	-	-	-	-
Debt service Type II aid	707,226	619,471	511,348	397,827	394,963	248,324	238,735	234,467	248,000	-
Investment earnings	66,625	263	630	29,900	72,212	75,013	56,015	62,181	-	-
Miscellaneous income	2,938,900	1,504,709	1,170,718	1,337,201	1,487,737	1,676,745	2,759,837	1,576,914	1,677,583	910,061
Other items	52,925	105,476	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>68,847,447</b>	<b>69,948,803</b>	<b>72,087,963</b>	<b>73,148,407</b>	<b>74,037,693</b>	<b>75,627,039</b>	<b>78,140,933</b>	<b>77,845,645</b>	<b>78,926,877</b>	<b>79,015,180</b>
<b>Business-type activities:</b>										
Investment earnings	1,167	10	10	-	1,533	1,784	260	-	-	-
<b>Total business-type activities</b>	<b>1,167</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>1,533</b>	<b>1,784</b>	<b>260</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total district-wide</b>	<b>\$ 68,848,614</b>	<b>\$ 69,948,813</b>	<b>\$ 72,087,973</b>	<b>\$ 73,148,407</b>	<b>\$ 74,039,226</b>	<b>\$ 75,628,823</b>	<b>\$ 78,141,193</b>	<b>\$ 77,845,645</b>	<b>\$ 78,926,877</b>	<b>\$ 79,015,180</b>
<b>Change in Net Assets</b>										
<b>Governmental activities</b>	\$ 4,337,668	\$ 1,690,591	\$ 4,342,592	\$ 4,554,295	\$ 4,683,464	\$ 6,212,421	\$ 7,351,021	\$ 4,205,149	\$ 3,292,374	\$ 2,694,290
<b>Business-type activities</b>	11,650	17,272	47,379	27,596	45,567	9,320	(32,442)	(56,924)	(58,135)	4,627
<b>Total district</b>	<b>\$ 4,349,318</b>	<b>\$ 1,707,863</b>	<b>\$ 4,389,971</b>	<b>\$ 4,581,891</b>	<b>\$ 4,729,031</b>	<b>\$ 6,221,741</b>	<b>\$ 7,318,579</b>	<b>\$ 4,148,225</b>	<b>\$ 3,234,239</b>	<b>\$ 2,698,917</b>

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

	June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 3,855,794	\$ 5,204,812								
Unreserved	1,566,664	1,048,677								
Restricted			\$ 5,830,339	\$ 8,437,790	\$ 10,342,765	\$ 11,362,486	\$ 15,658,856	\$ 18,866,176	\$ 20,985,876	\$ 21,853,343
Committed										536,676
Assigned			338,200	205,305	752,553	764,796	423,089	450,098	681,114	404,826
Unassigned			1,398,254	1,350,633	1,352,937	1,411,670	1,375,542	1,449,856	1,462,799	1,529,274
Total general fund	<u>\$ 5,422,458</u>	<u>\$ 6,253,489</u>	<u>\$ 7,566,793</u>	<u>\$ 9,993,728</u>	<u>\$ 12,448,255</u>	<u>\$ 13,538,952</u>	<u>\$ 17,457,487</u>	<u>\$ 20,766,130</u>	<u>\$ 23,129,789</u>	<u>\$ 24,324,119</u>
All Other Governmental Funds										
Reserved	\$ 696,120	\$ 227,668								
Unreserved	(1,669,006)	(1,418,193)								
Restricted			\$ (403,730)	\$ 319,537	\$ 338,239	\$ 1,912,105	\$ 895,547	\$ 425,141	\$ 593,425	\$ 74,044
Total all other governmental funds	<u>\$ (972,886)</u>	<u>\$ (1,190,525)</u>	<u>\$ (403,730)</u>	<u>\$ 319,537</u>	<u>\$ 338,239</u>	<u>\$ 1,912,105</u>	<u>\$ 895,547</u>	<u>\$ 425,141</u>	<u>\$ 593,425</u>	<u>\$ 74,044</u>

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



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

June 30

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax levy	\$ 64,987,547	\$ 67,718,884	\$ 70,405,267	\$ 71,260,000	\$ 72,082,781	\$ 73,626,957	\$ 75,015,150	\$ 75,894,956	\$ 76,891,151	\$ 77,990,589
Tuition charges	250,252	332,987	532,236	662,476	706,546	865,959	1,335,212	1,029,368	998,543	1,516,205
Transportation Fees from Other LEAs					19,135					
Interest earnings	66,625	263	630	29,900	72,212	75,013	56,015	62,181	41,027	79,800
Miscellaneous	2,994,251	1,565,510	1,269,384	1,409,877	1,564,184	1,727,512	2,850,999	1,644,345	1,739,805	954,272
State sources	10,112,058	9,034,170	6,350,337	8,276,469	10,868,673	10,831,079	11,569,634	12,367,663	13,498,297	15,059,320
Federal sources	1,487,620	2,451,588	2,560,300	2,162,626	1,850,201	1,722,744	1,938,222	1,932,853	2,035,034	1,848,564
<b>Total revenue</b>	<b>79,898,353</b>	<b>81,103,402</b>	<b>81,118,154</b>	<b>83,801,348</b>	<b>87,163,732</b>	<b>88,849,264</b>	<b>92,765,232</b>	<b>92,931,366</b>	<b>95,203,857</b>	<b>97,448,750</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	27,788,868	29,325,548	28,858,613	28,910,884	29,937,817	29,069,631	29,668,702	30,729,149	31,369,479	33,520,028
Special education instruction	11,542,002	13,149,343	12,505,227	12,847,226	13,955,301	14,372,065	14,812,182	15,625,057	15,728,815	16,712,908
Other instruction	1,673,677	1,489,949	1,275,898	1,998,943	2,235,557	2,401,823	2,603,483	2,710,245	2,979,333	2,552,759
School sponsored activities and athletics	1,371,469	1,435,348	1,359,151	1,576,358	1,671,482	1,769,801	1,695,789	1,804,093	1,792,302	1,915,177
Community services	17,077	16,116	16,210							
<b>Support Services:</b>										
Student and inst. related services	9,648,061	8,624,440	8,418,190	9,411,413	10,164,191	10,417,119	10,954,311	11,471,646	11,936,892	12,727,655
General administration	1,167,280	1,226,520	1,258,429	1,035,224	985,899	963,246	1,028,507	872,675	1,062,754	1,061,911
School administration services	4,053,653	4,830,253	4,642,844	4,788,494	4,833,814	4,945,173	5,284,232	5,320,345	5,435,025	5,469,498
Plant operations and maintenance	9,240,737	10,488,342	10,109,803	10,443,307	10,612,696	10,800,079	10,735,054	11,250,614	11,341,176	10,937,350
Pupil transportation	3,387,072	3,212,718	3,019,662	3,062,989	2,983,951	2,993,422	3,155,756	3,312,186	3,394,786	3,533,245
Central services	2,581,645	2,392,080	2,121,600	2,070,166	2,070,404	1,899,277	2,001,690	2,095,043	2,182,442	2,411,548
Capital outlay	3,064,375	1,910,475	2,295,213	1,737,207	2,615,869	3,931,168	2,591,737	3,284,295	3,871,428	4,399,240
<b>Debt service:</b>										
Principal	2,093,984	1,911,107	1,976,762	1,870,904	1,701,874	1,770,051	4,540,180	1,010,000	1,000,000	995,000
Advance Refunding Escrow				1,801,947						
Bond Issuance Costs				174,059						
Interest and other charges	1,317,605	1,237,542	1,160,453	806,471	921,648	851,846	791,632	607,781	577,482	537,482
<b>Total expenditures</b>	<b>78,947,505</b>	<b>81,249,781</b>	<b>79,018,055</b>	<b>82,535,592</b>	<b>84,690,503</b>	<b>86,184,701</b>	<b>89,863,255</b>	<b>90,093,129</b>	<b>92,671,914</b>	<b>96,773,801</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>950,848</b>	<b>(146,379)</b>	<b>2,100,099</b>	<b>1,265,756</b>	<b>2,473,229</b>	<b>2,664,563</b>	<b>2,901,977</b>	<b>2,838,237</b>	<b>2,531,943</b>	<b>674,949</b>
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing										
Capital Leases		759,771								
Original issue premium	52,925			1,908,006						
Accrued interest on bonds issued										
Refund of Escrow for Refunding Bonds										
Refunding bonds issued				16,460,000						
Payment to refunded bond escrow agent				(16,392,000)						
Transfers in	481,360	396,732	2,455,460	1,761,046	1,930,368	4,257,176	3,132,696	2,000,000	387,998	770,142
Transfers out	(481,360)	(396,732)	(2,455,460)	(1,761,046)	(1,930,368)	(4,257,176)	(3,132,696)	(2,000,000)	(387,998)	(770,142)
<b>Total other financing sources (uses)</b>	<b>52,925</b>	<b>759,771</b>	<b>-</b>	<b>1,976,006</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 1,003,773</b>	<b>\$ 613,392</b>	<b>\$ 2,100,099</b>	<b>\$ 3,241,762</b>	<b>\$ 2,473,229</b>	<b>\$ 2,664,563</b>	<b>\$ 2,901,977</b>	<b>\$ 2,838,237</b>	<b>\$ 2,531,943</b>	<b>\$ 674,949</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.50%</b>	<b>3.97%</b>	<b>4.09%</b>	<b>3.31%</b>	<b>3.20%</b>	<b>3.19%</b>	<b>6.11%</b>	<b>1.86%</b>	<b>1.78%</b>	<b>1.66%</b>

\* Noncapital expenditures are total expenditures less capital outlay.

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

	<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>
Tuition	\$ 250,252	\$ 332,987	\$ 532,236	\$ 662,476	\$ 706,546	\$ 865,959	\$ 1,335,212	\$ 1,029,368	\$ 998,543	\$ 1,516,205
Transportation Fees					19,135					
Interest Income	34,790	131	386	27,774	69,701	72,837	54,231	62,181	85,057	145,580
Bldg. Rental	189,112	167,501	142,167	124,737	134,703	81,853	43,482	37,553	152,471	187,463
E-Rate		65,759	57,028							
Refunds Prior Year	161,263	215,373	64,320				1,637,975	1,428	11,242	13,443
Prior Year Outstanding Checks		52,858	15,743							
Miscellaneous				267,458	340,081	573,571	125,355	170,287	310,960	195,411
Special Schools Fees	888,525	886,515	879,125	838,837	1,012,705	1,021,321	953,075	1,031,179	1,117,853	368,164
Cancellation of Prior Year Accounts Payable				103,570	248			25,528		
Insurance Claims Refund		87,502								
Insurance Premium Refund		21,881								
Health Claim Reimbursements	1,700,000	-	-	-	-	-	-	310,939	-	-
	<u>\$ 3,223,942</u>	<u>\$ 1,830,507</u>	<u>\$ 1,691,005</u>	<u>\$ 2,024,852</u>	<u>\$ 2,283,119</u>	<u>\$ 2,615,541</u>	<u>\$ 4,149,330</u>	<u>\$ 2,668,463</u>	<u>\$ 2,676,126</u>	<u>\$ 2,426,266</u>

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2009	\$ 150,553,900	\$ 4,085,384,000	\$ 1,479,800	\$ 22,400	\$ 3,628,077,100	\$ 123,055,000	\$ 18,642,800	\$ 8,007,215,000	\$ 6,375,948	\$ 8,013,590,948	\$ 9,287,253,375	\$ 0.828
2010	144,177,500	4,348,882,600	1,502,200		3,378,135,900	116,580,000	18,642,800	8,007,921,000	7,054,399	8,014,975,399	9,232,778,941	0.862
2011	144,326,700	4,142,885,600	1,479,800	22,400	3,567,285,600	115,428,700	18,642,800	7,990,071,600	6,411,753	7,976,041,303	8,672,226,280	0.888
2012	144,326,700	4,146,398,000	1,479,800	22,400	3,567,000,300	115,428,700	18,642,800	7,993,298,700	6,411,753	7,999,710,453	8,558,395,272	0.896
2013	143,045,700	4,154,425,400	1,479,800	22,400	3,462,384,900	113,136,400	18,642,800	7,893,137,400	6,222,785	7,899,360,185	8,545,391,805	0.922
2014	142,215,000	4,171,077,547	1,479,800	22,400	3,542,561,600	111,783,600	18,642,800	7,987,782,747	4,987,188	7,992,769,935	8,834,630,995	0.930
2015	137,950,900	4,203,955,147	1,479,800	22,400	3,532,924,100	109,198,200	16,964,600	8,002,495,147	5,235,279	8,007,730,426	8,758,087,401	0.944
2016	137,301,800	4,225,646,147	1,479,800	22,400	3,513,162,400	108,289,700	16,964,600	8,002,866,847	5,153,630	8,008,020,477	8,810,817,359	0.954
2017	137,252,400	4,265,444,247	1,479,800	22,400	3,500,165,000	101,312,100	16,964,600	8,022,640,547	4,687,668	8,027,328,215	9,669,326,922	0.965
2018	142,303,300	4,274,723,247	1,479,800	22,400	3,492,492,700	99,013,200	16,964,600	8,026,999,247	4,357,977	8,031,357,224	10,511,862,247	0.980

Source: County Abstract of Ratables

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

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

<u>Year Ended December 31,</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
2009	\$ 1.545	\$ 0.828	\$ 0.494	\$ 0.223
2010	1.637	0.862	0.548	0.227
2011	1.665	0.888	0.551	0.226
2012	1.677	0.896	0.548	0.233
2013	1.726	0.922	0.555	0.249
2014	1.719	0.930	0.535	0.254
2015	1.734	0.944	0.530	0.260
2016	1.752	0.954	0.529	0.269
2017	1.801	0.965	0.533	0.303
2018	1.833	0.980	0.534	0.319

Source: Tax Duplicates, Borough of Paramus

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

Taxpayer	2018		Taxpayer	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Westland GSP L.P.	\$ 739,346,600	9.21%	Westland GSP L.P.	\$ 560,426,600	6.99%
Vornado, Bergen Mall LLC	247,730,300	3.08%	ALX of Paramus LLC	170,000,000	2.12%
ALX of Paramus LLC	142,000,000	1.77%	Vornado, Bergen Mall LLC	160,000,000	2.00%
Westland GSP L.P.	97,069,400	1.21%	Paramus Park Shopping Center	113,780,000	1.42%
Paramus Park - General Growth	91,188,000	1.14%	Westland GSP L.P.	97,069,400	1.21%
Faber Bros Inc NJ	71,150,500	0.89%	Faber Bros Inc NJ	86,313,600	1.08%
Paramus Park C/O Macy's	49,362,500	0.61%	RREEF America REIT III Corp	64,955,000	0.81%
William Farber (Trustees/Etal)	48,956,500	0.61%	Paramus Park - Macy's Inc.	63,229,700	0.79%
Gabriel, J & Etal & Temple Ridge	42,414,800	0.53%	Mack Paramus Affiliates	58,100,000	0.73%
Mack Paramus Affiliates	41,928,000	0.52%	Farber, William A	48,956,500	0.61%
	<u>\$ 1,571,146,600</u>	<u>19.56%</u>		<u>\$ 1,422,830,800</u>	<u>17.76%</u>

Source: Municipal Tax Assessor

N/A Not Available

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

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 64,987,547	\$ 64,987,547	100.00%	N/A
2010	67,718,884	67,718,884	100.00%	N/A
2011	70,405,267	70,405,267	100.00%	N/A
2012	71,260,000	71,260,000	100.00%	N/A
2013	72,082,781	72,082,781	100.00%	N/A
2014	73,626,957	73,626,957	100.00%	N/A
2015	75,015,150	75,015,150	100.00%	N/A
2016	75,894,956	75,894,956	100.00%	N/A
2017	76,891,151	76,891,151	100.00%	N/A
2018	77,990,589	77,990,589	100.00%	N/A

N/A = Not Applicable

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Temporary Notes			
2009	\$ 28,042,000		\$ 311,653	\$ 12,217,110	\$ 40,570,763	26,015	\$ 1,560
2010	26,222,000		759,771	11,820,510	38,802,281	26,137	1,485
2011	24,347,000		658,009	11,423,910	36,428,919	26,378	1,381
2012	22,625,000		577,105	9,736,000	32,938,105	26,546	1,241
2013	21,005,000		495,231		21,500,231	26,679	806
2014	19,320,000		410,180		19,730,180	26,789	737
2015	15,190,000				15,190,000	26,868	565
2016	14,180,000				14,180,000	26,971	526
2017	13,180,000				13,180,000	26,975	489
2018	12,185,000				12,185,000	27,032	451

Source: District records

**PARAMUS 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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2009	\$ 28,042,000		\$ 28,042,000	0.35%	\$ 1,078
2010	26,222,000		26,222,000	0.33%	1,003
2011	24,347,000		24,347,000	0.31%	923
2012	22,625,000		22,625,000	0.28%	852
2013	21,005,000		21,005,000	0.27%	787
2014	19,320,000		19,320,000	0.24%	721
2015	15,190,000		15,190,000	0.19%	565
2016	14,180,000		14,180,000	0.18%	526
2017	13,180,000		13,180,000	0.16%	489
2018	12,185,000		12,185,000	0.15%	451

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.



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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
<b>MUNICIPAL DEBT:</b>			
Borough of Paramus (1)	\$ 44,580,899	\$ 9,239,393	\$ 35,341,506
Paramus School District	<u>13,180,000</u>	<u>13,180,000</u>	<u>-</u>
	<u>\$ 57,760,899</u>	<u>\$ 22,419,393</u>	<u>35,341,506</u>
 <b>OVERLAPPING DEBT APPORTIONED TO THE MUNICIPALITY</b>			
Bergen County:			
County of Bergen(A)			71,648,195
Bergen County Utilities Authority - Water Pollution Control (B)			<u>7,830,385</u>
			<u>79,478,580</u>
 Total Direct and Overlapping Outstanding Debt			 <u>\$ 114,820,086</u>

**SOURCE:**

(1) Borough of Paramus 2017 Annual Debt Statement

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis
	2017 \$ 10,419,013,697
	2016 9,645,494,573
	2015 8,714,641,234
	<u>\$ 28,779,149,504</u>
Average equalized valuation of taxable property	<u>\$ 9,593,049,835</u>
Debt limit (4 % of average equalization value)	383,721,993 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>12,185,000</u>
Legal debt margin	<u>\$ 371,536,993</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 362,202,482	\$ 367,696,850	\$ 359,887,470	\$ 350,541,846	\$ 343,226,211	\$ 343,601,966	\$ 346,591,299	\$ 347,117,624	\$ 360,415,977	\$ 383,721,993
Total net debt applicable to limit	<u>29,233,301</u>	<u>27,016,701</u>	<u>24,745,101</u>	<u>22,626,501</u>	<u>21,005,000</u>	<u>19,320,000</u>	<u>15,190,000</u>	<u>14,180,000</u>	<u>13,180,000</u>	<u>12,185,000</u>
Legal debt margin	<u>\$ 332,969,181</u>	<u>\$ 340,680,149</u>	<u>\$ 335,142,369</u>	<u>\$ 327,915,345</u>	<u>\$ 322,221,211</u>	<u>\$ 324,281,966</u>	<u>\$ 331,401,299</u>	<u>\$ 332,937,624</u>	<u>\$ 347,235,977</u>	<u>\$ 371,536,993</u>
Total net debt applicable to the limit as a percentage of debt limit	8.07%	7.35%	6.88%	6.45%	6.12%	5.62%	4.38%	4.09%	3.66%	3.18%

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

<sup>a</sup> Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

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

Year	Population	County Per Capita Personal Income	Unemployment Rate
2009	26,015	\$ 65,097	7.40%
2010	26,137	66,080	7.80%
2011	26,378	69,044	8.50%
2012	26,546	71,953	7.50%
2013	26,679	71,449	6.50%
2014	26,789	73,293	5.40%
2015	26,868	76,388	4.50%
2016	26,971	77,187	4.00%
2017	26,975	N/A	4.00%
2018	27,032	N/A	N/A

Source: New Jersey State Department of Education

N/A - Not Available

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

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

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction								
Regular	304	258	262	259	245	258	263	263
Special education	124	168	186	191	195	193	193	191
Support Services:								
Student & instruction related services	83	89	88	91	89	91	90	90
General administration	3	2	2	2	2	2	2	2
School administrative services	31	36	37	41	39	38	36	36
Other administrative services	4							
Central services	16	15	15	15	15	14	14	14
Administrative Information Technology	6	6	6	6	7	7	7	8
Plant operations and maintenance	121	120	109	105	105	87	92	92
Pupil transportation	24	23	20	21	20	21	20	20
Other support services								
Special Schools	3	51	48	33	36	22	16	1
Total	<u>719</u>	<u>768</u>	<u>773</u>	<u>764</u>	<u>753</u>	<u>733</u>	<u>733</u>	<u>717</u>

Source: District Personnel Records

Note:

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

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2009	4,426	\$ 72,471,541	\$ 16,374	-5.19%	410	1:09.05	1:11.22	1:11.16	4,247	4,127	-2.61%	97.17%
2010	4,245	76,190,657	17,948	9.61%	419	1:10:32	1:09.80	1:09.47	4,243	4,087	-0.09%	96.32%
2011	4,177	73,585,627	17,617	-1.85%	391	1:09.84	1:09.62	1:08.56	4,156	3,940	-2.05%	94.80%
2012	4,095	76,145,004	18,595	5.55%	382	1:09.76	1:08.94	1:08.98	4,073	3,938	-2.00%	96.69%
2013	4,034	79,451,112	19,695	5.92%	385	1:33.39	01:27.0	1:25.40	4,031	3,884	-1.03%	96.35%
2014	3,941	79,631,636	20,206	2.59%	387	1:09.98	1:09.72	1:10.85	3,940	3,798	-2.26%	96.40%
2015	3,933	81,939,706	20,834	3.11%	398	1:10.40	1:09.66	1:10.41	3,934	3,787	-0.15%	96.26%
2016	3,894	85,191,053	21,878	5.01%	418	1:09.20	1:09.22	1:10.11	3,894	3,742	-1.02%	96.10%
2017	3,823	87,223,004	22,815	4.29%	420	1:09.20	1:08.94	1:10.41	3,823	3,663	-1.82%	95.81%
2018	3,776	90,842,079	24,058	5.45%	422	1:08.83	1:09.23	1:10.24	3,776	3,624	-1.23%	95.97%

Sources: District records

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>District Building</b>										
<b>Elementary</b>										
<b>Memorial</b>										
Square Feet	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250
Capacity (students)	365	365	365	365	365	365	365	365	365	365
Enrollment	336	334	344	318	317	319	340	307	295	307
<b>Midland</b>										
Square Feet	38,750	38,750	38,750	38,750	38,750	38,750	38,750	38,750	38,750	38,750
Capacity (students)	321	321	321	321	321	321	321	321	321	321
Enrollment *	271	244	261	231	231	237	236	229	236	212
<b>Stony Lane</b>										
Square Feet	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700
Capacity (students)	270	270	270	270	270	270	270	270	270	270
Enrollment	247	219	218	201	201	206	196	201	192	184
<b>Ridge Ranch</b>										
Square Feet	46,430	46,430	46,430	46,430	46,430	46,430	46,430	46,430	46,430	46,430
Capacity (students)	476	476	476	476	476	476	476	476	476	476
Enrollment	380	382	365	347	350	315	297	327	330	344
<b>Parkway</b>										
Square Feet	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Capacity (students)	476	476	476	476	476	476	476	476	476	476
Enrollment	351	274	245	273	255	251	267	289	288	291
<b>Middle School</b>										
<b>East Brook</b>										
Square Feet	115,971	115,971	115,971	115,971	115,971	115,971	115,971	115,971	115,971	115,971
Capacity (students)	876	876	876	876	876	876	876	876	876	876
Enrollment	634	649	641	627	629	608	652	618	619	608
<b>West Brook</b>										
Square Feet	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Capacity (students)	876	876	876	876	876	876	876	876	876	876
Enrollment	718	738	704	671	674	627	624	620	585	509
<b>High School</b>										
Square Feet	297,950	297,950	297,950	297,950	297,950	297,950	297,950	297,950	297,950	297,950
Capacity (students)	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944
Enrollment	1,427	1,332	1,318	1,288	1,288	1,272	1,322	1,303	1,278	1,240

Number of Schools at June 30, 2018

Elementary = 5

Middle School = 2

Senior High School = 1

Source: District Records

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

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

<u>School Facilities</u>	<u>Project Nos.</u>	<u>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>
Memorial School	N/A	\$ 31,592	\$ 53,384	\$ 55,074	\$ 85,422	\$ 112,602	\$ 121,064	\$ 117,535	\$ 132,273	\$ 130,594	\$ 107,136
Midland School	N/A	22,768	42,354	43,695	77,537	37,519	40,339	39,163	44,074	43,515	35,699
Parkway School	N/A	36,463	39,284	40,528	98,642	25,832	27,773	26,963	30,344	29,959	24,578
Ridge Ranch School	N/A	43,033	59,486	61,370	67,525	82,690	88,904	86,313	97,136	95,903	78,677
Stony Lane School	N/A	33,195	48,106	49,629	53,207	33,753	36,289	35,231	39,648	39,145	32,114
Paramus High School	N/A	1,030,870	1,240,865	1,280,155	827,419	1,344,475	1,445,512	1,403,379	1,579,351	1,559,307	1,279,223
East Brook Middle School	N/A	89,619	94,357	97,345	179,886	92,996	99,985	97,071	109,243	107,856	88,483
West Brook Middle School	N/A	141,018	147,418	152,086	346,612	162,072	174,252	169,173	190,386	187,970	154,207
Total School Facilities		<u>\$ 1,428,558</u>	<u>\$ 1,725,254</u>	<u>\$ 1,779,882</u>	<u>\$ 1,736,250</u>	<u>\$ 1,891,939</u>	<u>\$ 2,034,118</u>	<u>\$ 1,974,828</u>	<u>\$ 2,222,455</u>	<u>\$ 2,194,249</u>	<u>\$ 1,800,117</u>

Source: District Records



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

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

Source: District's records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Paramus Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Paramus Board of Education's basic financial statements and have issued our report thereon dated January 23, 2019.

**Internal Control Over Financial Reporting**

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

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

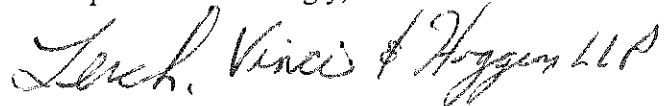
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

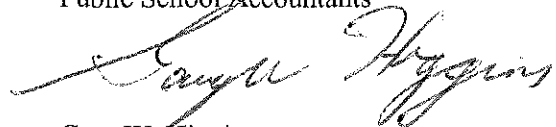
As part of obtaining reasonable assurance about whether the Paramus Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Paramus Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Paramus Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
January 23, 2019



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

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

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

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

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

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

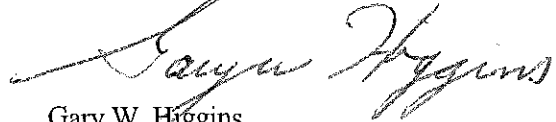
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Paramus Board of Education, as of and for the fiscal year ended June 30, 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 23, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
January 23, 2019

PARAMUS 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	Federal EAIN Number	Grant or State Project Number	Award Amount	Grant Period	June 30, 2017					June 30, 2018			MEMO GAAP Receivable		
						Accounts Receivable	Unearned Revenue	Accounts Receivable Carryover	Unearned Revenue Carryover	Cash Received	Budgetary Expenditures	Accounts Receivable Adjustments	Unearned Revenue Adjustments		Accounts Receivable	Unearned Revenue
U.S. Department of Education Passed-through State Department of Education General Fund																
Medicaid Reimbursement	93.778	1805NJ5MAP	N/A	\$ 55,458	7/1/17-6/30/18					\$ 48,159	\$ 55,458			\$ (7,299)		\$ (7,299)
Medicaid Reimbursement	93.778	1705NJ5MAP	N/A	46,105	7/1/16-6/30/17	\$ (5,928)	-	-	-	5,928	-	-	-	-	-	-
Total General Fund						(5,928)	-	-	-	54,087	55,458	-	-	(7,299)	-	(7,299)
U.S. Department of Education Passed-through State Department of Education Special Revenue Fund																
I.D.E.A. Part B																
Basic Regular	84.027	H027A170100	FT393018	1,404,968	7/1/17-6/30/18			\$ (245,775)	\$ 112,327	1,160,564	1,356,014			(490,179)	\$ 161,281	(328,898)
Basic Regular, Carryover	84.027	H027A160100	FT393017	1,437,735	7/1/16-6/30/17	(245,775)	112,327	245,775	(112,327)							
Preschool	84.173	H173A170114	PS393018	33,604	7/1/17-6/30/18			(4,370)	3,947	10,365	22,201			(27,609)	15,350	(12,259)
Preschool, Carryover	84.173	H173A160114	PS393017	34,151	7/1/16-6/30/17	(4,370)	3,947	4,370	(3,947)							
Total Special Education Cluster (IDEA)											1,378,215					
ESEA																
Title I	84.010	S010A170030	NCLB393018	312,444	7/1/17-6/30/18			(82,999)	1,791	352,601	257,477	\$ 39,283	\$ (53,199)	(3,559)	3,559	-
Title I c/o	84.010	S010A160030	NCLB393017	309,802	7/1/16-6/30/17	(82,999)	3,480	82,999	(1,791)		1,689					
Title II Part A	84.367	S367A170029	NCLB393018	72,097	7/1/17-6/30/18			(91,439)	81,321	64,525	109,137	13,700		(85,311)	44,281	(41,030)
Title II Part A c/o	84.367	S367A160029	NCLB393017	102,312	7/1/16-6/30/17	(91,439)	81,321	91,439	(81,321)							
Title III	84.365	S365A170030	NCLB393018	31,927	7/1/17-6/30/18			(50,949)	34,058	31,978	23,611	22,870	(17,659)	(28,028)	24,715	(3,313)
Title III c/o	84.365	S365A160030	NCLB393017	34,058	7/1/16-6/30/17	(50,949)	49,809	50,949	(34,058)		15,751					
Title III - Immigrant c/o	84.365	S365A150030	NCLB393017	14,650	7/1/16-6/30/17	(46,347)	44,993			4,433	7,500	36,386	(37,493)	(5,528)	-	(5,528)
Title IV	84.424	S424A170031	NCLB393018	10,000	7/1/17-6/30/18	-	-	-	-	5,311	4,149	-	(1,738)	(4,689)	4,113	(576)
Total Special Revenue Fund						(521,879)	295,877	-	-	1,629,777	1,797,529	112,239	(110,089)	(644,903)	253,299	(391,604)
U.S. Department of Education Passed-through State Department of Education Enterprise Fund																
National School Lunch Program																
Non-Cash Assistance (Food Distribution)	10.555	181NJ04N1099	N/A	39,480	7/1/17-6/30/18					39,480	39,480					
Non-Cash Assistance (Food Distribution)		171NJ04N1099		42,726	7/1/16-6/30/17		232				232					
Cash Assistance		181NJ04N1099		91,086	7/1/17-6/30/18					85,735	91,086			(5,351)		(5,351)
Cash Assistance		171NJ04N1099		86,985	7/1/16-6/30/17	(4,981)				4,981						
Special Milk Program	10.556	181NJ04N1099	N/A	15,986	7/1/17-6/30/18					14,618	15,986			(1,368)		(1,368)
Special Milk Program	10.556	171NJ04N1099	N/A	16,369	7/1/16-6/30/17	(1,512)	-	-	-	1,512	-	-	-	-	-	-
Total Child Nutrition Cluster						(6,493)	232	-	-	146,326	146,784	-	-	(6,719)	-	(6,719)
Total Federal Financial Awards						\$ (534,300)	\$ 296,109	\$ -	\$ -	\$ 1,830,190	\$ 1,999,771	\$ 112,239	\$ (110,089)	\$ (658,921)	\$ 253,299	\$ (405,622)

134

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



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

State Grantor/Program Title	Project Number	Amount	Period	Balance July 1, 2017	Carryover Amount	Cash Received	Cash Expenditures	Adjustments	Refund of Prior Balance	Deferred Revenue June 30, 2018	(Accounts Receivable)	Due to Grantor June 30, 2018	Memo		
													GAAP Receivable	Cumulative Total Expenditures	
<b>General Fund</b>															
State Department of Education															
Special Education Categorical Aid	18-495-034-5120-089	\$ 1,801,797	7/1/17-6/30/18			\$ 1,674,032	\$ 1,801,797				\$ (127,765)			\$	1,801,797
Special Education Categorical Aid	17-495-034-5120-089	1,645,291	7/1/16-6/30/17	\$ (121,987)		121,987									
Security Aid	18-495-034-5120-084	69,352	7/1/17-6/30/18			64,434	69,352				(4,918)				69,352
Security Aid	17-495-034-5120-084	69,352	7/1/16-6/30/17	(5,142)		5,142									
PARCC Readiness	18-495-034-5120-098	38,180	7/1/17-6/30/18			35,473	38,180				(2,707)				38,180
PARCC Readiness	17-495-034-5120-098	38,180	7/1/16-6/30/17	(2,831)		2,831									
Professional Learning Community Aid	18-495-034-5120-101	37,800	7/1/17-6/30/18			35,120	37,800				(2,680)				37,800
Professional Learning Community Aid	17-495-034-5120-101	37,800	7/1/16-6/30/17	(2,802)		2,802									
Per Pupil Growth Aid	18-495-034-5120-097	38,180	7/1/17-6/30/18			35,473	38,180				(2,707)				38,180
Per Pupil Growth Aid	17-495-034-5120-097	38,180	7/1/16-6/30/17	(2,831)		2,831									
Total State Aid Public Cluster							1,985,309								
Transportation Aid	18-495-034-5120-014	219,658	7/1/17-6/30/18			204,082	219,658				(15,576)				219,658
Transportation Aid	17-495-034-5120-014	219,658	7/1/16-6/30/17	(16,286)		16,286									
NonPublic Transportation Aid	18-495-034-5120-014	68,708	7/1/17-6/30/18			68,708					(68,708)		\$	(68,708)	68,708
NonPublic Transportation Aid	17-495-034-5120-014	42,571	7/1/16-6/30/17	(42,571)		42,571									
Total Transportation Aid Cluster							288,566								
Lead Testing for Schools Aid	18-495-034-5120-104	11,275	7/1/17-6/30/18			11,275									11,275
Extraordinary Special Ed. Costs Aid	18-100-034-5120-044	468,650	7/1/17-6/30/18			468,650					(468,650)				468,650
Extraordinary Special Ed. Costs Aid	17-100-034-5120-044	537,993	7/1/16-6/30/17	(537,993)		537,993									
On-Behalf TPAF Pension and Annuity Aid-															
Normal Cost & Accrued Liability	18-495-034-5094-002	4,349,025	7/1/17-6/30/18			4,349,025	4,349,025								4,349,025
NCCI	18-495-034-5094-004	105,540	7/1/17-6/30/18			105,540	105,540								105,540
Long Term Disability Insurance	18-495-034-5094-004	4,178	7/1/17-6/30/18			4,178	4,178								4,178
Post Retirement Medical Contributions	18-495-034-5094-001	2,877,109	7/1/17-6/30/18			2,877,109	2,877,109								2,877,109
TPAF Social Security Contributions	18-495-034-5094-003	2,300,714	7/1/17-6/30/18			2,188,485	2,300,714				(112,229)			(112,229)	2,300,714
TPAF Social Security Contributions	17-495-034-5094-003	2,215,951	7/1/16-6/30/17	(110,623)		110,623									
Total General Fund				(843,066)		12,427,292	12,390,166				(805,940)			(180,937)	12,390,166
<b>Special Revenue Fund</b>															
<b>NI Nonpublic Aid</b>															
Textbook	18-100-034-5120-064	215,286	7/1/17-6/30/18			215,286	215,756					\$ 1,530			215,756
Textbook	17-100-034-5120-064	233,269	7/1/16-6/30/17	10,215					10,215						
Nursing	18-100-034-5120-070	423,211	7/1/17-6/30/18			423,211	408,120					15,091			408,120
Nursing	17-100-034-5120-070	399,510	7/1/16-6/30/17	3,085					3,085						
Security	18-100-034-5120-509	327,225	7/1/17-6/30/18			327,225	321,446					5,779			321,446
Security	17-100-034-5120-509	221,950	7/1/16-6/30/17	942					942						
Technology	18-100-034-5120-373	147,630	7/1/17-6/30/18			147,630	140,080					7,550			140,080
Technology	17-100-034-5120-373	105,222	7/1/16-6/30/17	11,279					11,279						
Auxiliary															
Compensatory Education	18-100-034-5120-067	418,206	7/1/17-6/30/18			418,206	416,788					1,418			416,788
Compensatory Education	17-100-034-5120-067	397,824	7/1/16-6/30/17	2,687					2,687						
ESL	18-100-034-5120-067	25,294	7/1/17-6/30/18			25,294	23,577					1,717			23,577
ESL	17-100-034-5120-067	37,454	7/1/16-6/30/17	16,443					16,443						
Home Instruction	18-100-034-5120-067	11,573	7/1/17-6/30/18			11,573					(11,573)			(11,573)	11,573
Home Instruction	17-100-034-5120-067	5,192	7/1/16-6/30/17	(5,192)		5,192									
Transportation	17-100-034-5120-068	15,300	7/1/16-6/30/17	15,300					15,300						
Total Auxiliary Cluster							451,938								
Handicapped															
Supplementary Instruction	18-100-034-5120-066	393,228	7/1/17-6/30/18			393,228	368,885					24,343			368,885
Supplementary Instruction	17-100-034-5120-066	314,901	7/1/16-6/30/17	2,355					2,355						
Examination and Classification	18-100-034-5120-066	508,558	7/1/17-6/30/18			508,558	487,451					21,107			487,451
Examination and Classification	17-100-034-5120-066	427,045	7/1/16-6/30/17	16,379					16,379						
Corrective Speech	18-100-034-5120-066	264,447	7/1/17-6/30/18			264,447	234,181					30,266			234,181
Corrective Speech	17-100-034-5120-066	241,196	7/1/16-6/30/17	10,956					10,956						
Total Handicapped Cluster							1,090,517								
Total Special Revenue Fund				84,449		2,728,277	2,625,857		89,641		(11,573)	108,801		(11,573)	2,625,857

135

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

State Grantor/Program Title	Project Number	Amount	Period	Balance July 1, 2017	Carryover Amount	Cash Received	Cash Expenditures	Adjustments	Refund of Prior Balance	Deferred Revenue June 30, 2018	(Accounts Receivable)	Due to Grantor June 30, 2018	Memo	
													GAAP Receivable	Cumulative Total Expenditures
State Department of Education														
State Department of Agriculture														
<b>Enterprise Fund</b>														
State School Lunch Program	18-100-010-3350-023	\$ 5,804	7/1/17-6/30/18			\$ 5,438	\$ 5,804				\$ (366)		\$ (366)	\$ 5,804
State School Lunch Program	17-100-010-3350-023	5,145	7/1/16-6/30/17	\$ (302)	-	302	-	-	-	-	-	-	-	-
<b>Total Enterprise Fund</b>				<b>(302)</b>	<b>-</b>	<b>5,740</b>	<b>5,804</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(366)</b>	<b>-</b>	<b>(366)</b>	<b>5,804</b>
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<b>\$ (758,919)</b>	<b>-</b>	<b>\$ 15,161,309</b>	<b>\$ 15,021,827</b>	<b>-</b>	<b>\$ 89,641</b>	<b>-</b>	<b>\$ (817,879)</b>	<b>\$ 108,801</b>	<b>\$ (192,876)</b>	<b>\$ 15,021,827</b>
<b>Less On-Behalf TPAF Pension and Annuity Aid</b>														
Normal Cost & Accrued Liability	18-495-034-5094-002	4,349,025	7/1/17-6/30/18			4,349,025	4,349,025							4,349,025
NCGI	18-495-034-5094-004	105,540	7/1/17-6/30/18			105,540	105,540							105,540
Long Term Disability Insurance	18-495-034-5094-004	4,178	7/1/17-6/30/18			4,178	4,178							4,178
Post Retirement Medical Contributions	18-495-034-5094-001	2,877,109	7/1/17-6/30/18			2,877,109	2,877,109							2,877,109
<b>Total for State Financial Assistance Subject to Major Program Determination</b>				<b>\$ (758,919)</b>	<b>\$ -</b>	<b>\$ 7,825,457</b>	<b>\$ 7,685,975</b>	<b>\$ -</b>	<b>\$ 89,641</b>	<b>\$ -</b>	<b>\$ (817,879)</b>	<b>\$ 108,801</b>	<b>\$ (192,876)</b>	<b>\$ 7,685,975</b>

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$64,869 for the general fund and a decrease of \$27,048 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 55,458	\$ 12,455,035	\$ 12,510,493
Special Revenue Fund	1,793,106	2,604,285	4,397,391
Food Service Fund	<u>146,784</u>	<u>5,804</u>	<u>152,588</u>
Total Awards Financial Assistance	<u>\$ 1,995,348</u>	<u>\$ 15,065,124</u>	<u>\$ 17,060,472</u>

**PARAMUS BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 \$2,300,714 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 \$4,454,565, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,877,109 and TPAF Long-Term Disability Insurance in the amount of \$4,178 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.

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

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

2) Significant deficiencies identified that are not considered to be material weaknesses?            yes       X       none reported

Noncompliance material to the basic financial statements noted?            yes       X       no

**Federal Awards Section**

Internal Control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses?            yes       X       none reported

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance            yes       X       no

Identification of major federal programs:

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

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

Auditee qualified as low-risk auditee?       X       yes            no

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

Part I – Summary of Auditor’s Results

State Awards Section

Internal control over major programs:

1) Material weakness(es) identified: \_\_\_\_\_ yes  no

2) Significant deficiencies identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes  none reported

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

Unmodified

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

\_\_\_\_\_ yes  no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program or Cluster</u>
<u>18-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>
<u>18-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>18-495-034-5120-084</u>	<u>Security Aid</u>
<u>18-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>18-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>18-100-034-5120-066</u>	<u>Nonpublic Handicapped Aid</u>
_____	_____
_____	_____

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

\$ 750,000

Auditee qualified as low-risk auditee?

yes \_\_\_\_\_ no

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

*Part 2 – Schedule of Financial Statement Findings*

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

There are none.

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

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

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

**CURRENT YEAR FEDERAL AWARDS**

THERE ARE NONE.

**CURRENT YEAR STATE AWARDS**

THERE ARE NONE.



**PARAMUS BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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.