



**TENAFLY BOARD OF  
EDUCATION  
TENAFLY, NJ 07670**



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**For the Fiscal Year Ending  
June 30, 2018**

**Prepared by the Business Office**

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

**Prepared by  
Business Office**

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## **INTRODUCTORY SECTION**



Office of Business Administrator/  
Board Secretary

500 Tenafly Road, Tenafly, NJ 07670  
Tel: 201-816-4505 – Fax: 201-569-3711

January 22, 2019

President Ms. Eileen D. Pleva  
Vice President Ms. Janet I. Horan

Members of the Board of Education:

Mr. Mark Aronson  
Ms. Natalie Barbanel  
Mr. Sam A. Bruno  
Ms. Patricia Flynn  
Ms. Jane Juhng  
Mr. Edward J. Salaski  
Ms. Jöcelyn Schwarz

Tenafly Board of Education  
500 Tenafly Road  
Tenafly, New Jersey 07670

Dear Board Members:

State Department of Education statutes require that all local governments publish within five months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (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 Tenafly Board of Education for the fiscal year ended June 30, 2018.



Annual Financial Report  
Tenaflly Board of Education  
Fiscal Year Ended June 30, 2018

This report consists of management's representations concerning the finances of the Tenaflly 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 Tenaflly 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 Tenaflly Board of Education's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Tenaflly 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 Tenaflly 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 Tenaflly 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 concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Tenaflly 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 Tenaflly 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 Tenaflly Board of Education's CAFR. GAAP requires that management provide a narrative introduction, overview, and

Annual Financial Report  
 Tenafly Board of Education  
 Fiscal Year Ended June 30, 2018

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 MD&A and should be read in conjunction with it. The Tenafly Board of Education's MD&A can be found immediately following the report of the independent auditor.

**1) REPORTING ENTITY AND ITS SERVICES:** Tenafly School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Tenafly Board of Education and all its schools constitute the District's reporting entity.

The District provides both regular and special education programs appropriate to grades K through 12. The District's average daily enrollment for the 2017-2018 school year increased by 52 students from the previous year. The following details the changes in average daily enrollment for the District over the last ten years.

**TABLE 1 - AVERAGE DAILY ENROLLMENT**

Fiscal Year	Student Enrollment	Percent Change
2008-2009	3,504	0.98
2009-2010	3,557	1.51
2010-2011	3,594	1.04
2011-2012	3,619	0.70
2012-2013	3,612	(0.19)
2013-2014	3,592	(0.55)
2014-2015	3,610	0.50
2015-2016	3,607	(0.01)
2016-2017	3,633	0.72
2017-2018	3,685	1.43

2) **ECONOMIC CONDITION AND OUTLOOK:** District Factor Grouping is no longer used. The economy has stabilized over the past few years. Economic conditions have been trending upwards.

3) **MAJOR INITIATIVES:**

**DISTRICT GOALS FOR 2017-2018**

**GOAL 1**

**Sustain a dynamic learning environment that prepares each and every student to succeed in the 21<sup>st</sup> century**

**GOAL 2**

**Monitor and revise curriculum and instruction to ensure its rigor and relevance**

**GOAL 3**

**Continue to improve communication among the Board of Education, administration, teachers, students, parents and community**

**GOAL 4**

**Ensure fiscal responsibility including cost saving and revenue generating opportunities**

**GOAL 5**

**Foster a culture and environment that respects and values staff and nurtures their professional growth**

**GOAL 6**

**Support each student in finding their optimal balance among their intellectual, social and emotional self**

**GOAL 7**

**Inspire and support instructional innovation among staff**

**GOAL 8**

**Infuse a respect of diverse people in our culture**

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

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

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

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

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

**6) DEBT ADMINISTRATION:** At June 30, 2018, the District's outstanding debt issues were \$30,990,000 of general obligation bonds and refund school bonds to fund the referendum projects approved by the voters on January 25, 2000 and September 27, 2005. These bonds will mature in serial installments through April 2031.

**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 requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA") GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law required governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

**9) PROPERTY TAX LEVY HISTORY:**

Over the past 10 years, school's tax levy increases have ranged from a high of 7.80% in support of the 2008-2009 budget to a low of 1.25% in support of the 2011-2012 budget. The school portion of the property tax increases have been significantly influenced by the rapid increase in student enrollment, rising healthcare costs, increases in special education related services and offset in part, by the district's use of unreserved end of the year funds to reduce the property tax increases required to support the proposed school budgets.

The 2017-2018 budget reflects a 2.00% general fund school tax levy increase from the previous school year budget.

**10) OTHER INFORMATION:**

**A) Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, Higgins, LLP CPA's, 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 Single Audit Act as Amended and the related U.S. Uniform Guidance and state Treasury Circular Letter 15-08 OMB. The auditor's report on the basic financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

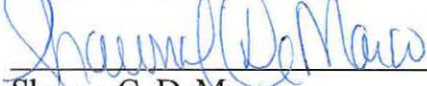
**11) ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the Tenafly Board of

Annual Financial Report  
Tenafly Board of Education  
Fiscal Year Ended June 30, 2018

Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



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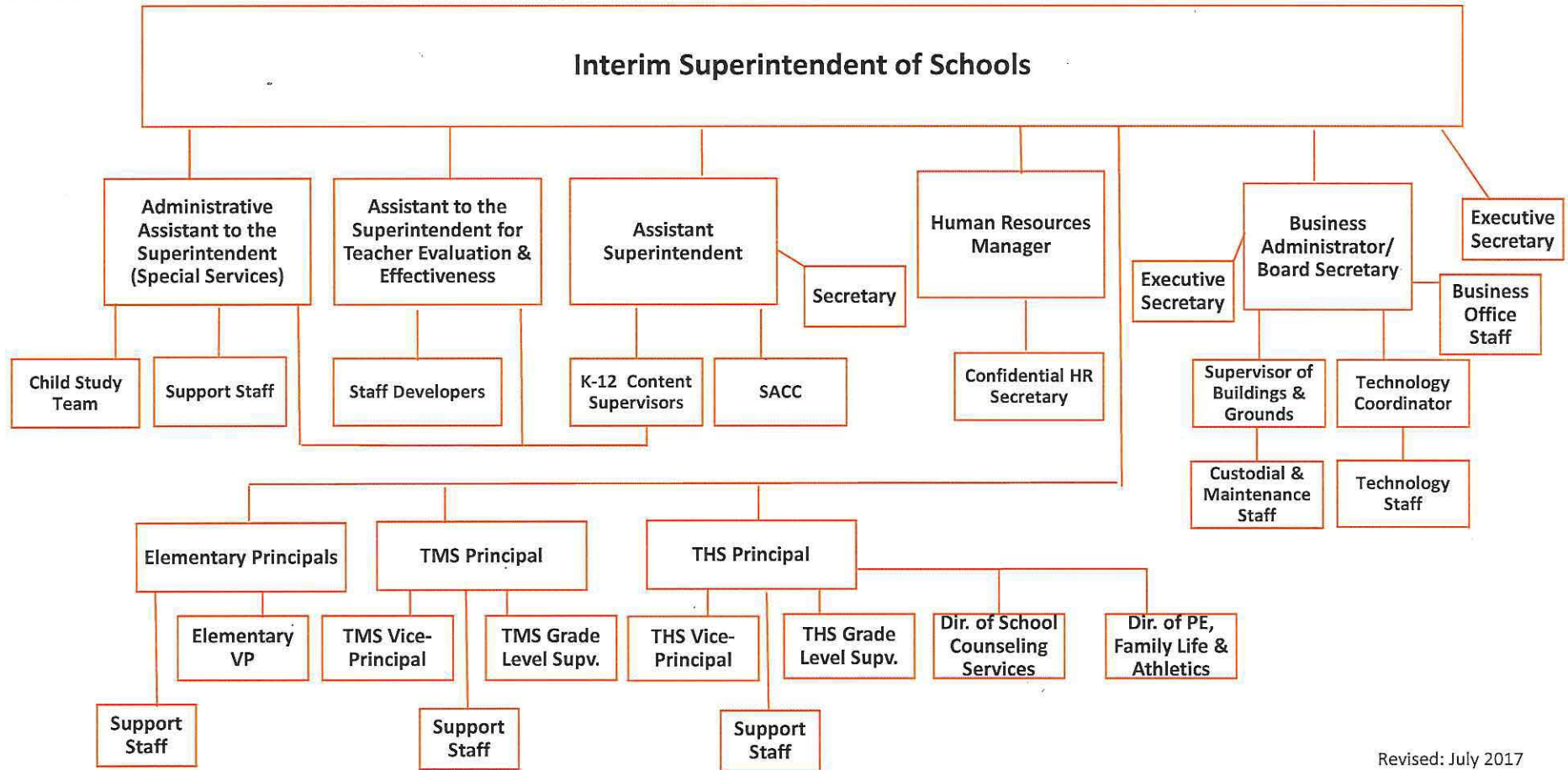
Shauna C. DeMarco  
Superintendent of Schools



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Yas Usami  
Business Administrator/Board Secretary

**TENAFLY BOARD OF EDUCATION**  
**ORGANIZATIONAL CHART**  
 (Policy 1110)



Revised: July 2017  
 Board Approved: TBD

**TENAFLY BOARD OF EDUCATION  
TENAFLY, NEW JERSEY 07670**

**ROSTER OF OFFICIALS  
JULY 1, 2017 to JUNE 30, 2018**

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Eileen D. Pleva, President	Dec. 2018
Janet I. Horan, Vice President	Dec. 2020
Mark Aronson	Dec. 2019
Natalie Barbanel	Dec. 2021
Sam A. Bruno	Dec. 2019
Patricia Flynn	Dec. 2020
Jane Juhng	Dec. 2021
Sherri Rothstein (resigned 11/1/17)	
Edward J. Salaski	Dec. 2020
Jocelyn Schwarz	Dec. 2019

OTHER OFFICIALS

Barbara Laudicina, Acting Superintendent (2/5/18 – 6/30/18)  
 Geoffrey Gordon, Interim Superintendent (8/1/17 – 2/4/18)  
 Lynn Trager, Superintendent (retired 7/31/17)

Yas Usami, Business Administrator/Board Secretary  
 Fogarty & Hara, Esqs.



**TENAFLY BOARD OF EDUCATION**  
**CONSULTANTS AND ADVISORS**  
2017-18

ARCHITECTS

Di Cara / Rubino Architects  
30 Galesi Drive, West Wing  
Wayne, NJ 07470

AUDIT FIRM

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

ATTORNEY

Fogarty & Hara, Esqs.  
21-00 Route 208 South  
Fair Lawn, NJ 07410

OFFICIAL DEPOSITORY

Investors Bank  
108 Engle Street  
Englewood, NJ 07631

**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  
DONNAL. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

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

## INDEPENDENT AUDITOR'S REPORT

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

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated January 22, 2019 on our consideration of the Tenafly 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 Tenafly 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 Tenafly Board of Education's internal control over financial reporting and compliance.

*LERCH, VINCI & HIGGINS, LLP*

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Donna L. Japhet

Public School Accountant

PSA Number CS002314

Fair Lawn, New Jersey  
January 22, 2019

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

# **Tenaflly Board of Education**

## **Management's Discussion and Analysis**

This section of the Tenaflly Board of Education's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2017-2018 fiscal year are as follows:

- The assets and deferred outflows of resources of the Tenaflly Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3,187,964 (net position).
- General revenues of \$65,321,484 accounted for 69 percent of all revenues. Program revenues of \$29,441,059 accounted for 31 percent of total revenues of \$94,762,543.
- The school district had \$93,850,945 in expenses for governmental activities; only \$28,297,226 of these expenses were offset by program specific charges, grants or contributions. General revenues net of transfers (predominantly property taxes) of \$65,320,803 were adequate to provide for these programs.
- Among major funds, the General Fund had \$75,931,094 in revenues and other financing sources and \$75,609,871 in expenditures and other financing uses. The General Fund's fund balance increased by \$321,223.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$9,347,970.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Tenaflly Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Tenaflly Board of Education, reporting the Tenaflly Board of Education's operation in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the Tenaflly Board of Education operates like businesses.

# Tenafly Board of Education

## Management's Discussion and Analysis (continued)

### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below summarizes the major features of the Tenafly Board of Education's financial statements, including the portion of the Tenafly Board of Education's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

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



# Tenafly Board of Education

## Management's Discussion and Analysis (continued)

### District-wide Statements

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

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

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

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

- *Governmental activities*- Most of the district's basic services are included here, such as regular and special education, transportation, administration and community education. Property taxes and state aids finance most of these activities. In addition, fees charged for the Voice Internet Protocol Shared Service Program are reflected here.
- *Business-type activities*- The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund, the School Age Child Care Program Fund and Tiger Tots Program Fund are included here.

### Fund Financial Statements

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

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

# Tenafly Board of Education

## Management's Discussion and Analysis (continued)

The district has three kinds of funds:

- *Governmental funds*- Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds*- Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.
- *Fiduciary funds*- The District is the trustee, or fiduciary, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's district-wide financial statements because the District cannot use these assets to finance its operations.

### FINANCIAL ANALYSIS OF THE TENAFLY BOARD OF EDUCATION AS A WHOLE

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

The table on the next page provides a summary of the school district's net position for 2018 and 2017.

**Net position.** The district's combined net position were \$3,187,964 and net position of \$3,481,088 (restated) on June 30, 2018 and June 30, 2017, respectively. The deficit in unrestricted net position in the Governmental activities is attributable to the unfunded long-term liabilities such as net pension liability, compensated absences and lease purchase agreements for supplies that are reported in the government-wide statements but not on the fund financial statements. This deficit is not an indication that the District is facing financial difficulties as there is currently no mechanism available to fund these liabilities in advance and they are being funded on a pay-as-you go basis.

# Tenafly Board of Education

## Management's Discussion and Analysis (continued)

### Statement of Net Position As of June 30, 2018 and 2017

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (Restated)	2018	2017 (Restated)	2018	2017 (Restated)
<b>Assets</b>						
Current and Other Assets	\$ 9,974,712	\$ 9,575,114	\$ 315,286	\$ 392,500	\$ 10,289,998	\$ 9,967,614
Capital Assets	<u>45,753,255</u>	<u>47,842,772</u>	<u>93,190</u>	<u>55,670</u>	<u>45,846,445</u>	<u>47,898,442</u>
<b>Total Assets</b>	<u>55,727,967</u>	<u>57,417,886</u>	<u>408,476</u>	<u>448,170</u>	<u>56,136,443</u>	<u>57,866,056</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts of Refunding of Debt	2,255,636	2,505,023	-	-	2,255,636	2,505,023
Deferred Amount of Net Pension Liability	<u>4,989,750</u>	<u>6,687,115</u>	<u>-</u>	<u>-</u>	<u>4,989,750</u>	<u>6,687,115</u>
<b>Total Deferred Outflows of Resources</b>	<u>7,245,386</u>	<u>9,192,138</u>	<u>-</u>	<u>-</u>	<u>7,245,386</u>	<u>9,192,138</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>62,973,353</u>	<u>66,610,024</u>	<u>408,476</u>	<u>448,170</u>	<u>63,381,829</u>	<u>67,058,194</u>
<b>Liabilities</b>						
Long-Term Liabilities	54,724,493	61,982,346			54,724,493	61,982,346
Other Liabilities	<u>1,059,438</u>	<u>974,223</u>	<u>30,104</u>	<u>41,028</u>	<u>1,089,542</u>	<u>1,015,251</u>
<b>Total Liabilities</b>	<u>55,783,931</u>	<u>62,956,569</u>	<u>30,104</u>	<u>41,028</u>	<u>55,814,035</u>	<u>62,997,597</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amount of Net Pension Liability	<u>4,379,830</u>	<u>579,509</u>	<u>-</u>	<u>-</u>	<u>4,379,830</u>	<u>579,509</u>
<b>Total Deferred Inflows of Resources</b>	<u>4,379,830</u>	<u>579,509</u>	<u>-</u>	<u>-</u>	<u>4,379,830</u>	<u>579,509</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>60,163,761</u>	<u>63,536,078</u>	<u>30,104</u>	<u>41,028</u>	<u>60,193,865</u>	<u>63,577,106</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	15,349,943	15,807,868	93,190	55,670	15,443,133	15,863,538
Restricted	4,771,369	4,102,698			4,771,369	4,102,698
Unrestricted	<u>(17,311,720)</u>	<u>(16,836,620)</u>	<u>285,182</u>	<u>351,472</u>	<u>(17,026,538)</u>	<u>(16,485,148)</u>
<b>Total Net Position</b>	<u>\$ 2,809,592</u>	<u>\$ 3,073,946</u>	<u>\$ 378,372</u>	<u>\$ 407,142</u>	<u>\$ 3,187,964</u>	<u>\$ 3,481,088</u>

The table on the on the following page shows changes in net position for fiscal years 2018 and 2017.

# Tenafly Board of Education

## Management's Discussion and Analysis (continued)

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 1,202,529	\$ 1,154,999	\$ 1,143,833	\$ 1,187,925	\$ 2,346,362	\$ 2,342,924
Operating Grants and Contributions	26,847,935	25,455,999			26,847,935	25,455,999
Capital Grants and Contributions	246,762	1,155,461			246,762	1,155,461
General Revenues						
Property Taxes	64,871,921	63,737,435			64,871,921	63,737,435
Investment Earnings	165,454	33,079	681	285	166,135	33,364
Other	283,428	332,224	-	-	283,428	332,224
<b>Total Revenues</b>	<u>93,618,029</u>	<u>91,869,197</u>	<u>1,144,514</u>	<u>1,188,210</u>	<u>94,762,543</u>	<u>93,057,407</u>
<b>Expenses</b>						
Instruction						
Regular	42,091,248	41,889,707			42,091,248	41,889,707
Special Education	12,590,425	12,141,526			12,590,425	12,141,526
Other Instruction	3,321,720	3,083,645			3,321,720	3,083,645
School Sponsored Activities and Athletics	2,087,955	2,015,311			2,087,955	2,015,311
Other Instructional Programs	43,806	48,487			43,806	48,487
Support Services						
Student and Instruction Related Services	14,088,044	12,910,400			14,088,044	12,910,400
General Administrative Services	1,097,035	979,519			1,097,035	979,519
School Administrative Services	6,069,970	5,792,404			6,069,970	5,792,404
Plant Operations and Maintenance	7,723,842	7,035,256			7,723,842	7,035,256
Pupil Transportation	1,379,792	1,304,784			1,379,792	1,304,784
Business and Other Support Services	2,182,543	2,341,269			2,182,543	2,341,269
Food Services Program			630,638	700,170	630,638	700,170
Child Care Program			433,708	438,450	433,708	438,450
Tiger Tots Program			140,376	134,258	140,376	134,258
Interest and Other Charges on Long-Term Debt	1,174,565	1,231,175	-	-	1,174,565	1,231,175
<b>Total Expenses</b>	<u>93,850,945</u>	<u>90,773,483</u>	<u>1,204,722</u>	<u>1,272,878</u>	<u>95,055,667</u>	<u>92,046,361</u>
Increase/(Decrease) in Net Position						
Before Transfers	(232,916)	1,095,714	(60,208)	(84,668)	(293,124)	1,011,046
<b>Transfers</b>	<u>(31,438)</u>	<u>(40,092)</u>	<u>31,438</u>	<u>40,092</u>	<u>-</u>	<u>-</u>
Change in Net Position	(264,354)	1,055,622	(28,770)	(44,576)	(293,124)	1,011,046
Net Position, Beginning of Year	3,073,946	(359,204)	407,142	439,078	3,481,088	79,874
Prior Period Adjustment- Capital Assets	-	2,377,528	-	12,640	-	2,390,168
<b>Net Position, End of Year</b>	<u>\$ 2,809,592</u>	<u>\$ 3,073,946</u>	<u>\$ 378,372</u>	<u>\$ 407,142</u>	<u>\$ 3,187,964</u>	<u>\$ 3,481,088</u>

# Tenafly Board of Education

## Management's Discussion and Analysis (continued)

**Governmental Activities.** The district's total revenues were \$93,618,029. The local share of the revenues, that included property taxes, interest, and miscellaneous revenue, amounted to \$65,320,803 or 70% of total revenues. Funding from state, federal and local sources and capital contributions amounted to \$27,094,697 or 29%. The remaining revenues of \$1,202,529 (1%) were from charges for services (tuition and program fees for Voice IP Shared Service Program with the Borough).

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$60,135,154 (64%) and student and other support services totaled \$32,541,226 (35%) of total expenditures. In addition, interest and other charges on long-term debt totaled \$1,174,565 (1%) of total expenditures.

### Total and Net Cost of Governmental Activities For the Fiscal Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Cost of Services</u>	<u>Net Cost/(Revenue) of Services</u>
Governmental Activities		
Instruction		
Regular	\$ 42,091,248	\$ 26,641,919
Special Education	12,590,425	6,723,576
Other Instruction	3,321,720	1,966,091
School Sponsored Activities and Athletics	2,087,955	1,453,890
Other Instructional Program	43,806	(23,999)
Support Services		
Student and Instruction Related Svcs.	14,088,044	11,392,805
General Administrative Services	1,097,035	1,062,037
School Administrative Services	6,069,970	4,909,815
Plant Operations and Maintenance	7,723,842	7,176,828
Pupil Transportation	1,379,792	1,263,967
Business and Other Support Services	2,182,543	2,033,687
Interest on Long-Term Debt	<u>1,174,565</u>	<u>953,103</u>
 Total Governmental Activities	 <u>\$ 93,850,945</u>	 <u>\$ 65,553,719</u>

# Tenafly Board of Education

## Management's Discussion and Analysis (continued)

### Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$1,204,722. These costs were funded by charges for services, transfers from general fund and investment earnings.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

### Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year ended June 30, 2018, its governmental funds reported a combined fund balance of \$9,347,970. At June 30, 2017, the fund balance was \$9,050,909.

Revenues and other financing sources for the District's governmental funds were \$80,786,835, while total expenditures and other financing uses were \$80,489,774 for the fiscal year ended June 30, 2018, thereby resulting in an increase in fund balance of \$297,061.

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

The following schedule presents a summary of General Fund revenues.

	<b>Fiscal Year Ended June 30, <u>2018</u></b>	<b>Fiscal Year Ended June 30, <u>2017</u></b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Change</b>
Local Sources:				
Property Taxes	\$ 62,514,216	\$ 61,288,447	\$ 1,225,769	2.0%
Tuition	979,918	994,660	(14,742)	-1.5%
Interest Earnings	165,454	33,079	132,375	400.2%
Miscellaneous	501,888	489,349	12,539	2.6%
Intergovernmental				
State Sources	11,666,922	10,355,812	1,311,110	12.7%
Federal Sources	<u>22,707</u>	<u>-</u>	<u>22,707</u>	100.0%
 Total Revenues	 <u>\$ 75,851,105</u>	 <u>\$ 73,161,347</u>	 <u>\$ 2,689,758</u>	 3.7%

# Tenaflly Board of Education

## Management's Discussion and Analysis (continued)

Total General Fund Revenues increased by \$2,689,758 or 3.7% over the previous year. Local property taxes increased 2% over the previous year. Miscellaneous revenues increased by 2.6%, as a result of higher summer school fees realized compared to the prior year. Interest earning increased by \$132,375 due to higher available balances and increases in interest rates. Tuition revenues decreased by 1.5% due to lower enrollments in high school students received from Alpine. State aid revenues increased by \$1,311,110 largely due to an increase in the On-Behalf TPAF Pension costs contributed by the State for the district.

### General Fund Expenditures

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Amount of Increase (Decrease)	Percent Change
Instruction	\$ 47,590,359	\$ 45,515,421	\$ 2,074,938	4.6%
Support Services	26,855,484	25,315,579	1,539,905	6.1%
Capital Outlay	36,369	226,765	(190,396)	-84.0%
Debt Service	550,946	550,947	(1)	0.0%
Total Expenditures	<u>\$ 75,033,158</u>	<u>\$ 71,608,712</u>	<u>\$ 3,424,446</u>	4.8%

Total General Fund expenditures increased by \$3,424,446 or 4.8% compared to the previous year. The District realized significant increases in instruction and support services. The decrease in Capital Outlay was largely the result of a decline in equipment purchases compared to the prior year.

### General Fund Budgetary Highlights

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

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

Over the course of the year, the District revised the annual operating budget several times. These budget amendments were for:

- Implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over and appropriating prior year extraordinary aid.
- Funding capital projects by capital reserve funds.

# Tenafly Board of Education

## Management's Discussion and Analysis (continued)

**Capital Assets.** At the end of the fiscal years 2018 and 2017, the school district had invested in land, buildings, land improvements, furniture, machinery and equipment as follows:

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u> (Restated)	<u>2018</u>	<u>2017</u> (Restated)	<u>2018</u>	<u>2017</u> (Restated)
Land	\$ 222,500	\$ 222,500			\$ 222,500	\$ 222,500
Buildings	56,239,179	56,210,179			56,239,179	56,210,179
Improvements Other Than Buildings	2,565,830	2,284,555			2,565,830	2,284,555
Machinery and Equipment	<u>8,237,517</u>	<u>8,175,848</u>	\$ 300,471	\$ 260,326	<u>8,537,988</u>	<u>8,436,174</u>
 Total	 67,265,026	 66,893,082	 300,471	 260,326	 67,565,497	 67,153,408
 Less: Accumulated Depreciation	 <u>(21,511,771)</u>	 <u>(19,050,310)</u>	 <u>(207,281)</u>	 <u>(204,656)</u>	 <u>(21,719,052)</u>	 <u>(19,254,966)</u>
 Total Capital Assets, Net	 <u>\$ 45,753,255</u>	 <u>\$ 47,842,772</u>	 <u>\$ 93,190</u>	 <u>\$ 55,670</u>	 <u>\$ 45,846,445</u>	 <u>\$ 47,898,442</u>

Additional information about the district's capital assets can be found in Note 4 of this report.

**Debt Administration.** As of June 30, 2018 and 2017 the school district had long-term debt and outstanding long-term liabilities in the amount of \$54,724,493 and \$61,982,346, respectively.

### Outstanding Long-Term Liabilities

	<u>2018</u>	<u>2017</u>
Serial Bonds Payable (Including Unamortized Premium)	\$ 32,658,948	\$ 34,543,359
Lease Purchase Agreements Payable	1,092,048	1,633,228
Compensated Absences Payable	1,390,297	1,352,696
Net Pension Liability	<u>19,583,200</u>	<u>24,453,063</u>
 Total	 <u>\$ 54,724,493</u>	 <u>\$ 61,982,346</u>

Additional information about the district's long-term liabilities can be found in Note 4 of this report.



# Tenafly Board of Education

## Management's Discussion and Analysis (continued)

### UNRESTRICTED – UNASSIGNED FUND BALANCE AS A PERCENTAGE OF EXPENDITURES

Beginning with June 30, 2008, the District's fund balance was \$1,382,989 or 2.68% of the operating budget. Since then, the district has maintained a fund balance within the state recommended guidelines. A review of the below Table indicates that as of June 30, 2018, the district unassigned fund balance was \$2,363,224 on a budgetary basis or 3.37%.

### ANALYSIS OF FUND BALANCE – GENERAL FUND FROM 2008 – 2018

	BALANCE, JUNE 30,									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2017</u>	<u>2018</u>
UNRESTRICTED										
UNASSIGNED YEAR END (GAAP)	\$ 950,629	\$ (651,919)	\$ 477,859	\$ 607,687	\$ 577,090	\$ 1,087,841	\$ 1,126,026	\$ 1,144,340	\$ 1,181,815	\$ 1,221,046
USED TO OFFSET TAX SUBSEQUENT YEAR	445,854	843,213	855,135	1,596,577	1,601,564	2,719,506	2,450,000	2,450,000	2,392,774	2,292,774
UNRESTRICTED										
UNASSIGNED YEAR END(BUDGETARY)	1,382,989	869,831	1,821,101	1,946,268	1,747,610	2,120,613	2,099,414	2,327,813	2,208,492	2,363,224
MODIFIED BUDGET										
APPROPRIATIONS	51,550,665	55,578,455	56,835,033	57,081,610	60,394,695	61,065,088	63,517,853	65,298,508	68,037,794	70,113,229
PERCENT OF MODIFIED APPROPRIATIONS TO BUDGETARY UNRESERVED,										
UNRESTRICTED, UNASSIGNED FUND BALANCE	<u>2.68%</u>	<u>1.57%</u>	<u>3.20%</u>	<u>3.41%</u>	<u>2.89%</u>	<u>3.47%</u>	<u>3.31%</u>	<u>3.56%</u>	<u>3.25%</u>	<u>3.37%</u>

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Currently, the District is in good financial condition. Everyone associated with Tenafly School District is grateful for the community support.

Many factors were considered by the District's administration during the process of developing the fiscal year 2017-2018 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and benefit costs. Another factor was in technology. The District added SMART Boards, Chromebooks, Chromebook carts, and upgraded its network and infrastructure. Some of the expenditures were for the continued preparation for the Partnership for Assessment of Readiness for College and Careers (PARCC). This assessment replaced the state tests used previously to meet the requirements of the federal Elementary and Secondary Education Act (ESEA). Expenditures for Chromebooks and Chromebook carts were made to expand the second stage of the 1:1 Chromebook initiative for the District's Virtual Desktop Infrastructure (VDI) platform.

# **Tenaflly Board of Education**

## **Management's Discussion and Analysis (continued)**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (Continued)**

These indicators were considered when adopting the budget for fiscal year 2018-2019. Budgeted expenditures in the General Fund increased 2.28 percent to \$71,471,165 in fiscal year 2018-2019. Capital projects funded with Capital Reserve accounted for a total of \$1,316,975. The projects included boiler replacement at the high school, fire alarm system upgrade at Mackay Elementary School, ABA room renovation and Kindergarten room sub-division, person trap at high school and roof replacement at athletic fieldhouse. Deb service obligations had increased due to the May 2015 and January 2016 bond refundings. An additional \$4,377 was subtracted from the debt service obligation in 2018-2019 due to residual savings and interest earned related to the refundings.

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

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School Business Administrator, Tenaflly Board of Education, 500 Tenaflly Road, Tenaflly, New Jersey 07670.

Telephone: 201-816-4504  
Fax: 201-569-3678

## **BASIC FINANCIAL STATEMENTS**

**TENAFLY 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	\$ 9,741,579	\$ 299,286	\$ 10,040,865
Receivables, net	233,133	11,275	244,408
Inventory		4,725	4,725
Capital Assets			
Not Being Depreciated	222,500		222,500
Being Depreciated, Net	45,530,755	93,190	45,623,945
Total Assets	<u>55,727,967</u>	<u>408,476</u>	<u>56,136,443</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	2,255,636		2,255,636
Deferred Amount of Net Pension Liability	4,989,750		4,989,750
Total Deferred Outflows of Resources	<u>7,245,386</u>		<u>7,245,386</u>
Total Assets and Deferred Outflows of Resources	<u>62,973,353</u>	<u>408,476</u>	<u>63,381,829</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	242,885	835	243,720
Payable to State Government	77,220		77,220
Unearned Revenue	306,637	29,269	335,906
Accrued Interest Payable	432,696		432,696
Noncurrent Liabilities			
Due Within One Year	2,639,396		2,639,396
Due Beyond One Year	52,085,097		52,085,097
Total Liabilities	<u>55,783,931</u>	<u>30,104</u>	<u>55,814,035</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount of Net Pension Liability	4,379,830		4,379,830
Total Deferred Inflows of Resources	<u>4,379,830</u>	<u>-</u>	<u>4,379,830</u>
Total Liabilities and Deferred Inflows of Resources	<u>60,163,761</u>	<u>30,104</u>	<u>60,193,865</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	15,349,943	93,190	15,443,133
Restricted for:			
Debt Service	4,457		4,457
Capital Projects	3,615,162		3,615,162
Other Purposes	300,000		300,000
Maintenance	851,750		851,750
Unrestricted	(17,311,720)	285,182	(17,026,538)
Total Net Position	<u>\$ 2,809,592</u>	<u>\$ 378,372</u>	<u>\$ 3,187,964</u>

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

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

Functions/Programs:	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 42,091,248	\$ 1,159,899	\$ 14,264,130	\$ 25,300	\$ (26,641,919)		\$ (26,641,919)
Special Education	12,590,425		5,866,849		(6,723,576)		(6,723,576)
Other Instruction	3,321,720		1,355,629		(1,966,091)		(1,966,091)
School Sponsored Activities and Athletics							
	2,087,955		634,065		(1,453,890)		(1,453,890)
Other Instructional Programs	43,806		67,805		23,999		23,999
Support Services							
Student and Instruction Related Svcs.	14,088,044		2,695,239		(11,392,805)		(11,392,805)
General Administrative Services	1,097,035		34,998		(1,062,037)		(1,062,037)
School Administrative Services	6,069,970		1,160,155		(4,909,815)		(4,909,815)
Plant Operations and Maintenance	7,723,842	42,630	504,384		(7,176,828)		(7,176,828)
Pupil Transportation	1,379,792		115,825		(1,263,967)		(1,263,967)
Business Services	2,182,543		148,856		(2,033,687)		(2,033,687)
Interest and Other Charges on Long-Term Debt	1,174,565			221,462	(953,103)	-	(953,103)
<b>Total Governmental Activities</b>	<b>93,850,945</b>	<b>1,202,529</b>	<b>26,847,935</b>	<b>246,762</b>	<b>(65,553,719)</b>	<b>-</b>	<b>(65,553,719)</b>
<b>Business-Type Activities</b>							
Food Service	630,638	584,056				\$ (46,582)	(46,582)
Child Care	433,708	416,002				(17,706)	(17,706)
Tiger Tots	140,376	143,775				3,399	3,399
<b>Total Business-Type Activities</b>	<b>1,204,722</b>	<b>1,143,833</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(60,889)</b>	<b>(60,889)</b>
<b>Total Primary Government</b>	<b>\$ 95,055,667</b>	<b>\$ 2,346,362</b>	<b>\$ 26,847,935</b>	<b>\$ 246,762</b>	<b>(65,553,719)</b>	<b>(60,889)</b>	<b>(65,614,608)</b>
<b>General Revenues:</b>							
Property Taxes, Levied for General Purposes					62,514,216		62,514,216
Property Taxes, Levied for Debt Service					2,357,705		2,357,705
Investment Earnings					165,454	681	166,135
Miscellaneous Income					283,428		283,428
<b>Transfers</b>					<b>(31,438)</b>	<b>31,438</b>	<b>-</b>
<b>Total General Revenues and Transfers</b>					<b>65,289,365</b>	<b>32,119</b>	<b>65,321,484</b>
<b>Change in Net Position</b>					<b>(264,354)</b>	<b>(28,770)</b>	<b>(293,124)</b>
<b>Net Position, Beginning of Year (Restated)</b>					<b>3,073,946</b>	<b>407,142</b>	<b>3,481,088</b>
<b>Net Position, End of Year</b>					<b>\$ 2,809,592</b>	<b>\$ 378,372</b>	<b>\$ 3,187,964</b>

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

**FUND FINANCIAL STATEMENTS**

**TENAFLY 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	\$ 9,456,797	\$ 62,083	\$ 218,242	\$ 4,457	\$ 9,741,579
Due From Other Funds	336				336
Receivables, Net					
Receivables From Other Governments	33,689	132,634			166,323
Accounts Receivable	<u>66,474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,474</u>
Total Assets	<u>\$ 9,557,296</u>	<u>\$ 194,717</u>	<u>\$ 218,242</u>	<u>\$ 4,457</u>	<u>\$ 9,974,712</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 131,857				\$ 131,857
Compensated Absences Payable	111,028				111,028
Payable to State Government		\$ 77,220			77,220
Unearned Revenue	<u>189,140</u>	<u>117,497</u>	<u>-</u>	<u>-</u>	<u>306,637</u>
Total Liabilities	<u>432,025</u>	<u>194,717</u>	<u>-</u>	<u>-</u>	<u>626,742</u>
<b>Fund Balances</b>					
<b>Restricted Fund Balance</b>					
Excess Surplus - Designated for					
Subsequent Year's Expenditures (2018/19 Budget)	1,289,274				1,289,274
Excess Surplus	898,846				898,846
Capital Reserve	2,079,945				2,079,945
Capital Reserve- Designated for Subsequent					
Year's Expenditures (2018/19 Budget)	1,316,975				1,316,975
Maintenance Reserve	501,750				501,750
Maintenance Reserve- Designated for					
Subsequent Year's Expenditures (2018/19 Budget)	350,000				350,000
Emergency Reserve	300,000				300,000
Capital Projects			\$ 218,242		218,242
Debt Service				\$ 4,457	4,457
<b>Assigned Fund Balance</b>					
Designated for Subsequent Year's Expenditures (2018/19 Budget)	1,003,500				1,003,500
Year End Encumbrances	163,935				163,935
Unassigned Fund Balance	<u>1,221,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,221,046</u>
Total Fund Balances	<u>9,125,271</u>	<u>-</u>	<u>218,242</u>	<u>4,457</u>	<u>9,347,970</u>
Total Liabilities and Fund Balances	<u>\$ 9,557,296</u>	<u>\$ 194,717</u>	<u>\$ 218,242</u>	<u>\$ 4,457</u>	<u>\$ 9,974,712</u>

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

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

Total Fund Balance (Exhibit B-1)	\$	9,347,970
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**Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$67,265,026 and the accumulated depreciation is \$21,511,771:		45,753,255
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Long-term liabilities, including bonds payable, lease purchases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 2A)		(54,724,493)
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The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:		(432,696)
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Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.		2,255,636
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Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 4,989,750	
Deferred Inflows of Resources	<u>(4,379,830)</u>	
		<u>609,920</u>

<b>Net Position of Governmental Activities (Exhibit A-1)</b>	<b>\$</b>	<b><u>2,809,592</u></b>
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The accompanying Notes to the Financial Statements are an Integral Part of this Statement.



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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 62,514,216			\$ 2,357,705	\$ 64,871,921
Tuition Charges	979,918				979,918
Interest	165,454				165,454
Miscellaneous	501,888	\$ 13,466			515,354
Total - Local Sources	64,161,476	13,466	-	2,357,705	66,532,647
State Sources	11,666,922	351,749		369,103	12,387,774
Federal Sources	22,707	1,214,066			1,236,773
Total Revenues	75,851,105	1,579,281	-	2,726,808	80,157,194
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	33,278,602	96,129			33,374,731
Special Education Instruction	10,168,179	674,402			10,842,581
Other Instruction	2,437,148	257,785			2,694,933
School Sponsored Activities and Athletics	1,701,336				1,701,336
Other Instructional Programs	5,094				5,094
Support Services					
Student and Instruction Related Services	11,744,395	550,965			12,295,360
General Administrative Services	1,020,626				1,020,626
School Administrative Services	5,176,149				5,176,149
Plant Operations and Maintenance	5,603,777		\$ 88,836		5,692,613
Pupil Transportation	1,352,437				1,352,437
Business Services	1,958,100				1,958,100
Debt Service					
Principal	541,180			1,715,000	2,256,180
Interest	9,766			1,102,858	1,112,624
Capital Outlay	36,369		310,275		346,644
Total Expenditures	75,033,158	1,579,281	399,111	2,817,858	79,829,408
Excess (Deficiency) of Revenues Over/(Under) Expenditures	817,947	-	(399,111)	(91,050)	327,786
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	79,989		545,275	4,377	629,641
Transfers Out	(576,713)		(83,653)		(660,366)
Total Other Financing Sources and Uses	(496,724)	-	461,622	4,377	(30,725)
Net Change in Fund Balance	321,223	-	62,511	(86,673)	297,061
Fund Balance, Beginning of Year	8,804,048	-	155,731	91,130	9,050,909
Fund Balance, End of Year	\$ 9,125,271	\$ -	\$ 218,242	\$ 4,457	\$ 9,347,970

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

**TENAFLY 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)** \$ 297,061

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

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

Capital Outlay	\$	346,644	
Depreciation Expense		(2,461,461)	
Donated Assets		<u>25,300</u>	
			(2,089,517)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources. Neither transaction, however, has any effect on net position.  
(See Note 2B). 2,256,180

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Governmental funds report the effect of 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. (See Note 2B) (79,976)

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

Net Increase in Compensated Absences		(37,601)	
Net Increase in Pension Expense		(627,823)	

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

Decrease in Accrued Interest		18,035	
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Internal Service Funds are used by the District's management to charge the costs of program/services to other governmental entities. The net revenue of the Internal Service Fund is reported with governmental activities

(713)

**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ (264,354)**

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

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

	Business-Type Activities - Enterprise Funds			Totals	Governmental Internal Service Fund
	Food Service	School Age Child Care	Non-Major Tiger Tots		Voice IP-Shared Service Program
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	\$ 17,235	\$ 272,510	\$ 9,541	\$ 299,286	
Other Receivables		11,275		11,275	
Inventory	4,725			4,725	
Total Current Assets	<u>21,960</u>	<u>283,785</u>	<u>9,541</u>	<u>315,286</u>	<u>-</u>
Noncurrent Assets					
Furniture, Machinery and Equipment	300,471			300,471	-
Less Accumulated Depreciation	<u>(207,281)</u>			<u>(207,281)</u>	<u>-</u>
Total Capital Assets, Net	<u>93,190</u>	<u>-</u>	<u>-</u>	<u>93,190</u>	<u>-</u>
Total Assets	<u>115,150</u>	<u>283,785</u>	<u>9,541</u>	<u>408,476</u>	<u>-</u>
<b>LIABILITIES</b>					
Accounts Payable		735	100	835	-
Unearned Revenue	<u>23,900</u>	<u>2,969</u>	<u>2,400</u>	<u>29,269</u>	<u>-</u>
Total Liabilities	<u>23,900</u>	<u>3,704</u>	<u>2,500</u>	<u>30,104</u>	<u>-</u>
<b>NET POSITION</b>					
Investment in Capital Assets	93,190			93,190	-
Unrestricted	<u>(1,940)</u>	<u>280,081</u>	<u>7,041</u>	<u>285,182</u>	<u>-</u>
Total Net Position	<u>\$ 91,250</u>	<u>\$ 280,081</u>	<u>\$ 7,041</u>	<u>\$ 378,372</u>	<u>\$ -</u>

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

	Business-Type Activities - Enterprise Fund			Governmental Internal Service Fund	
	Food Service	School Age Child Care	Non-Major Tiger Tots	Totals	Voice IP - Shared Service Program
<b>OPERATING REVENUES</b>					
Charges for Services					
Daily Sales	\$ 578,461			\$ 578,461	
Special Functions	5,595			5,595	
Program Fees		\$ 416,002	\$ 143,775	559,777	\$ 4,151
Total Operating Revenues	<u>584,056</u>	<u>416,002</u>	<u>143,775</u>	<u>1,143,833</u>	<u>4,151</u>
<b>OPERATING EXPENSES</b>					
Cost of Sales	255,281			255,281	
Salaries and Benefits	271,835	415,387	135,810	823,032	
Management Fee	31,310			31,310	
Other Purchased Services	4,291	3,864		8,155	4,151
Other Expenses	5,992	6,000		11,992	
Repairs	8,752			8,752	
Supplies and Materials	43,543	6,385	3,166	53,094	
Miscellaneous Expenditures		2,072	1,400	3,472	
Depreciation	9,634	-		9,634	-
Total Operating Expenses	<u>630,638</u>	<u>433,708</u>	<u>140,376</u>	<u>1,204,722</u>	<u>4,151</u>
Operating Income/(Loss)	<u>(46,582)</u>	<u>(17,706)</u>	<u>3,399</u>	<u>(60,889)</u>	<u>-</u>
<b>NONOPERATING REVENUES</b>					
Interest Revenue	681			681	-
Total Nonoperating Revenues	<u>681</u>	<u>-</u>		<u>681</u>	
Net Income/(Loss) Before Transfers	(45,901)	(17,706)	3,399	(60,208)	-
Transfers	31,438			31,438	(713)
Change in Net Position	(14,463)	(17,706)	3,399	(28,770)	(713)
Net Position, Beginning of Year (Restated)	105,713	297,787	3,642	407,142	713
Net Position, End of Year	<u>\$ 91,250</u>	<u>\$ 280,081</u>	<u>\$ 7,041</u>	<u>\$ 378,372</u>	<u>\$ -</u>

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

	Business-Type Activities - Enterprise Funds			Total	Governmental Internal Service Fund
	Food Service	School Age Child Care	Non-Major Tiger Totis		Voice IP - Shared Service Program
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers (Net of Refunds)	\$ 585,716	\$ 402,686	\$ 143,375	\$ 1,131,777	\$ 16,405
Payments for Employees Salaries and Benefits	(271,835)	(415,293)	(135,710)	(822,838)	
Payments to Suppliers	(349,320)	(18,321)	(4,566)	(372,207)	(4,151)
Net Cash Provided/(Used) by Operating Activities	(35,439)	(30,928)	3,099	(63,268)	12,254
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Payments from General Fund	31,438			31,438	
Payments to General Fund					(12,254)
Net Cash Provided (Used) by Noncapital Financing Activities	31,438				(12,254)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchase of Capital Assets	(47,154)			(47,154)	-
Net Cash Used By Capital and Related Financing Activities	(47,154)	-	-	(47,154)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest	681	-	-	681	-
Net Cash Provided By Investing Activities	681	-	-	681	
Net Increase/(Decrease) in Cash and Cash Equivalents	(50,474)	(30,928)	3,099	(78,303)	
Cash and Cash Equivalents, Beginning of Year	67,709	303,438	6,442	377,589	
Cash and Cash Equivalents, End of Year	\$ 17,235	\$ 272,510	\$ 9,541	\$ 299,286	\$ -
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided/ (Used) by Operating Activities:</b>					
Operating Income/(Loss)	\$ (46,582)	\$ (17,706)	\$ 3,399	\$ (60,889)	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided/(Used) by Operating Activities					
Depreciation	9,634			9,634	
Changes in Assets and Liabilities					
(Increase) Decrease in Accounts Receivable		(938)		(938)	12,254
(Increase) Decrease in Inventories	(151)			(151)	
Increase (Decrease) in Accounts Payable		94	100	194	
Increase (Decrease) in Unearned Revenue	1,660	(12,378)	(400)	(11,118)	
Total Adjustments	11,143	(13,222)	(300)	(2,379)	12,254
Net Cash Provided/(Used) by Operating Activities	\$ (35,439)	\$ (30,928)	\$ 3,099	\$ (63,268)	\$ 12,254

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

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

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 118,773	\$ 495,935	\$ 345,229
Due From Other Funds		-	11,297
	<u>118,773</u>	<u>495,935</u>	<u>\$ 356,526</u>
<b>LIABILITIES</b>			
Due To Other Funds		\$ 11,297	\$ 336
Intergovernmental Payable		1,278	
Payable To Student Groups			292,819
Payroll Deductions and Withholdings			40,381
Accrued Salaries and Wages			2,766
Flexible Spending (Sect. 125) Plan	-	-	20,224
	<u>-</u>	<u>12,575</u>	<u>\$ 356,526</u>
<b>NET POSITION</b>			
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 118,773</u>	<u>\$ 483,360</u>	

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

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

	<u>Private Purpose Trust Funds</u>	<u>Unemployment Compensation Trust</u>
<b>ADDITIONS</b>		
Investment Earnings		
Interest	\$ 1,736	\$ 7,282
Payroll Deductions		44,367
Donations	22,934	-
	<u>24,670</u>	<u>51,649</u>
Total Additions		
<b>DEDUCTIONS</b>		
Scholarship Payments	9,250	
Local Contributions	20,505	
Unemployment Claims and Contributions		52,654
	<u>29,755</u>	<u>52,654</u>
Total Deductions		
Change in Net Position	(5,085)	(1,005)
Net Position, Beginning of Year	<u>123,858</u>	<u>484,365</u>
Net Position, End of Year	<u>\$ 118,773</u>	<u>\$ 483,360</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**



**TENAFLY 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 Tenafly 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 Tenafly Board of Education this includes general operations, food service, before and after school child care, shared service voice IP program and student related activities of the District.

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

**B. New Accounting Standards**

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

**Fund Financial Statements (Continued)**

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

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

The *School Age Childcare (SACC) fund* accounts for the activities of the District's before and after school childcare program.

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

The *Tiger Tots fund* accounts for the activities of the District's preschool program which provides services to the residents of the Borough of Tenafly and non-residents.

Additionally, the government reports the following fund types:

The *internal service fund* accounts for voice internet protocol ("IP") program services provided to the Borough of Tenafly through a shared service agreement, on a cost reimbursement basis.

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. 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.

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

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

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

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

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

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

Property taxes, tuition 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.

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

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

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

**3. Inventories**

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

Food Service Fund inventories 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.

**4. Capital Assets**

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	20
Heavy Equipment	10
Office Equipment and Furniture	10
Computer Equipment	5

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to 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.

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

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

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

***5. Deferred Outflows/Inflows of Resources (Continued)***

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

***6. Compensated Absences***

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

***7. Pensions***

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

*Excess Surplus – 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.

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

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

*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 3D).

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



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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

*Debt Service* – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

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

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

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

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

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

10. *Fund Balance Policies*

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

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

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.

TENAFLY 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, 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, of the School Age Childcare enterprise fund, of the Tiger Tots enterprise fund and of the government's Voice IP Shared Service program internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

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

**NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, lease purchases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(54,724,493) difference are as follows:

Bonds Payable	\$ (30,990,000)
Add:	
Issuance Premium (to be amortized over life of debt)	(1,668,948)
Lease Purchase Agreement Payable	(1,092,048)
Compensated Absences	(1,390,297)
Net Pension Liability	<u>(19,583,200)</u>
Net Adjustment to Reduce Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities	<u>\$ (54,724,493)</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the district-wide statement of activities. One element of that reconciliation explains that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources. Neither transaction, however, has any effect on net position”. The details of this \$2,256,180 difference are as follows:

Principal Repayments:	
General Obligation Bonds	1,715,000
Lease Purchase Agreement	<u>541,180</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ 2,256,180</u>

Another element of that reconciliation states that “Governmental funds report the effect or premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities”. The details of this \$(79,976) difference are as follows:

Amortization of Deferred Charge on Refunding	\$ (249,387)
Amortization of Bond Premiums	<u>169,411</u>
Net Adjustment to Decrease Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ (79,976)</u>

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

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 25, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District’s board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original general fund budget by \$1,218,714. The increase in the general fund was funded by the reappropriation of prior year general fund encumbrances, the appropriation of the prior year extraordinary aid and the appropriation of capital reserve withdrawals. During the fiscal year the Board authorized and approved appropriations of \$235,000 from the capital reserve approved on March 12, 2018 and \$902,798 of prior year extraordinary aid approved on November 21, 2017. The Board increased the special revenue fund budget by \$573,411. The increase was funded by additional grant awards.

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.

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

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

**B. Deficit Fund Equity**

The Food Service Enterprise Fund has a deficit in unrestricted net position of \$1,940 as of June 30, 2018. The District expects to eliminate this deficit through normal operations in the 2018/2019 fiscal year.

**C. Capital Reserve**

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

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

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

Balance, July 1, 2017		\$ 2,858,919
Increased by:		
Interest Earnings	\$ 4,000	
Return of Unexpended Capital Reserve Funds	79,276	
Deposit Approved by Board Resolution	<u>1,000,000</u>	
		<u>1,083,276</u>
		3,942,195
Withdrawals		
Approved by Adopted Budget	(310,275)	
Approved by Board Resolution	<u>(235,000)</u>	
		<u>(545,275)</u>
Balance, June 30, 2018		<u>\$ 3,396,920</u>
Designated for Subsequent Year's Expenditures (2018/19 Budget)		\$ 1,316,975
Available Capital Reserve		<u>2,079,945</u>
		<u>\$ 3,396,920</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. \$1,316,975 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

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

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

**D. Maintenance Reserve**

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

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

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

Balance, July 1, 2017		\$ 700,350
Increased by:		
Interest Earnings	\$ 1,400	
Deposit Approved by Board Resolution	<u>500,000</u>	
		<u>501,400</u>
		1,201,750
Withdrawals		
Approved by District Budget		<u>(350,000)</u>
Balance, June 30, 2018		<u>\$ 851,750</u>
Designated for Subsequent Year's Expenditures (2018/19 Budget)	\$ 350,000	
Available Maintenance Reserve		<u>501,750</u>
		<u>\$ 851,750</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$3,483,205. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. \$350,000 of the maintenance reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

**E. Emergency Reserve**

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

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

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

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

**E. Emergency Reserve (Continued)**

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

Balance, June 30, 2017	<u>\$ 300,000</u>
Balance, June 30, 2018	<u>\$ 300,000</u>

**F. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$2,188,120. Of this amount, \$1,289,274 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$898,846 will be appropriated in the 2019/2020 original budget certified for taxes.

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC 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 \$11,000,802 and bank and brokerage firm balances of the Board's deposits amounted to \$12,304,671. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	<u>\$ 12,304,671</u>

**TENAFLY 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)**

**Cash Deposits (Continued)**

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 none of the Board’s bank balances were exposed to custodial credit risk.

**Investments**

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

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

**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>School Age Child Care</u>	<u>Total</u>
Receivables:				
Accounts			\$ 11,275	\$ 11,275
Intergovernmental				
Federal		\$ 132,634		132,634
State	\$ 33,689			33,689
Local	66,474	-	-	66,474
Gross Receivables	100,163	132,634	11,275	244,072
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 100,163</u>	<u>\$ 132,634</u>	<u>\$ 11,275</u>	<u>\$ 244,072</u>



**TENAFLY 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		
Summer School Program Fees	\$	189,140
Special Revenue Fund		
Unencumbered Grant Draw Downs		<u>117,497</u>
 Total Unearned Revenue for Governmental Funds	\$	<u>306,637</u>

**D. Capital Assets**

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

	Balance, July 1, 2017 (Restated)	Increases	Decreases	Balance, June 30, 2018
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 222,500	-	-	\$ 222,500
Total Capital Assets, Not Being Depreciated	<u>222,500</u>	<u>-</u>	<u>-</u>	<u>222,500</u>
Capital Assets, Being Depreciated:				
Buildings	56,210,179	\$ 29,000		56,239,179
Improvements Other Than Buildings	2,284,555	281,275		2,565,830
Machinery and Equipment	8,175,848	61,669	-	8,237,517
Total Capital Assets Being Depreciated	<u>66,670,582</u>	<u>371,944</u>	<u>-</u>	<u>67,042,526</u>
Less Accumulated Depreciation For:				
Buildings	(13,040,885)	(152,108)		(13,192,993)
Improvements Other Than Buildings	(711,565)	(1,788,843)		(2,500,408)
Machinery and Equipment	(5,297,860)	(520,510)	-	(5,818,370)
Total Accumulated Depreciation	<u>(19,050,310)</u>	<u>(2,461,461)</u>	<u>-</u>	<u>(21,511,771)</u>
Total Capital Assets, Being Depreciated, net	<u>47,620,272</u>	<u>(2,089,517)</u>	<u>-</u>	<u>45,530,755</u>
Governmental Activities Capital Assets, net	<u>\$ 47,842,772</u>	<u>\$ (2,089,517)</u>	<u>\$ -</u>	<u>\$ 45,753,255</u>

**TENAFLY 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, July 1, 2017 (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, 2018
<b>Business-Type Activities</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 260,326	\$ 47,154	\$ (7,009)	\$ 300,471
Total Capital Assets Being Depreciated	<u>260,326</u>	<u>47,154</u>	<u>(7,009)</u>	<u>300,471</u>
Less Accumulated Depreciation For:				
Machinery and Equipment	(204,656)	(9,634)	7,009	(207,281)
Total Accumulated Depreciation	<u>(204,656)</u>	<u>(9,634)</u>	<u>7,009</u>	<u>(207,281)</u>
Total Capital Assets, Being Depreciated, net	<u>55,670</u>	<u>37,520</u>	<u>-</u>	<u>93,190</u>
Business-Type Activities Capital Assets, net	<u>\$ 55,670</u>	<u>\$ 37,520</u>	<u>\$ -</u>	<u>\$ 93,190</u>

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

**Governmental Activities**

Instruction

Regular	\$ 689,207
Special Education	73,844
School-Sponsored Activities and Athletics	<u>24,615</u>
Total Instruction	<u>787,666</u>

Support Services

Student and Instruction Related Services	24,615
General Administrative Services	24,615
Plant Operations and Maintenance	1,599,950
Pupil Transportation	<u>24,615</u>
Total Support Services	<u>1,673,795</u>

Total Depreciation Expense - Governmental Activities \$ 2,461,461

Business-Type Activities:

Food Service Fund	\$ 9,634
Total Depreciation Expense-Business-Type Activities	<u>\$ 9,634</u>

**TENAFLY 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	Agency Fund - Payroll	\$ 336
Payroll Agency Fund	Unemployment Compensation Trust Fund	<u>11,297</u>
Total		<u>\$ 11,633</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund.

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

**Interfund transfers**

	<u>General Fund</u>	<u>Transfer In:</u>			<u>Total</u>
		<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Food Service Enterprise Fund</u>	
Transfer Out:					
General Fund		\$ 545,275		\$ 31,438	\$ 576,713
Capital Projects Fund	\$ 79,276	-	\$ 4,377	-	83,653
Voice IP Shared Service Program	713	-	-	-	713
Total Transfers Out	<u>\$ 79,989</u>	<u>\$ 545,275</u>	<u>\$ 4,377</u>	<u>\$ 31,438</u>	<u>\$ 661,079</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. Leases**

**Capital Leases**

The District is leasing digital desktop software and hardware totaling \$3,091,500 under lease purchase agreements. The leases are for terms of 5 years.

TENAFLY 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. Leases (Continued)

Capital Leases (Continued)

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

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2019	\$ 550,946
2020	550,946
Total minimum lease payments	1,101,892
Less: amount representing interest	(9,844)
Present value of minimum lease payments	<u>\$ 1,092,048</u>

G. Long-Term Debt

General Obligation Bonds

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

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

\$21,690,000, 2012 Refunding Bonds, due in annual installments of \$200,000 to \$2,430,000 through July 15, 2030, interest at 2.50% to 5.00%	\$20,095,000
\$5,715,000, 2015 Refunding Bonds, due in annual installments of \$225,000 to \$690,000 through April 1, 2031, interest at 3.00% to 4.00%	5,420,000
\$7,090,000, 2016 Refunding Bonds, due in annual installments of \$610,000 to \$755,000 through April 1, 2026, interest at 1.790%	<u>5,475,000</u>
Total	<u>\$30,990,000</u>

TENAFLY 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. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2019	\$ 1,775,000	\$ 1,052,665	\$ 2,827,665
2020	1,840,000	998,551	2,838,551
2021	1,910,000	939,594	2,849,594
2022	1,990,000	871,531	2,861,531
2023	2,070,000	796,091	2,866,091
2024-2028	12,335,000	2,703,159	15,038,159
2029-2031	<u>9,070,000</u>	<u>463,931</u>	<u>9,533,931</u>
Total	<u>\$ 30,990,000</u>	<u>\$ 7,825,522</u>	<u>\$ 38,815,522</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)	\$ 178,946,581
Less: Net Debt	<u>30,990,000</u>
Remaining Borrowing Power	<u>\$ 147,956,581</u>

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

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

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

	Balance			Balance,	Due
	<u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2018</u>	<u>Within</u>
					<u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 32,705,000		\$ 1,715,000	\$ 30,990,000	\$ 1,775,000
Unamortized Premium	1,838,359	-	169,411	1,668,948	-
Total Bonds Payable	34,543,359	-	1,884,411	32,658,948	1,775,000
Compensated Absences	1,352,696	\$ 189,829	152,228	1,390,297	320,000
Lease Purchase Agreements	1,633,228		541,180	1,092,048	544,396
Net Pension Liability	24,453,063	-	4,869,863	19,583,200	-
Governmental Activities Long-Term Liabilities	<u>\$ 61,982,346</u>	<u>\$ 189,829</u>	<u>\$ 7,447,682</u>	<u>\$ 54,724,493</u>	<u>\$ 2,639,396</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. Also, for the governmental activities, the liabilities for compensated absences, lease purchase agreements and net pension liability are generally liquidated by the general fund.

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims and various other types of insurance coverage including property, general liability, crime, student accident and surety bond coverage.

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

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

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

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 employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

Fiscal Year Ended <u>June 30,</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2018	\$ 44,367	\$ 52,654	\$ 483,360
2017	94,358	131,265	484,365
2016	59,699	40,125	519,382

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

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

**C. Federal Arbitrage Regulations**

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

**TENAFLY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

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

**Plan Descriptions and Benefits Provided**

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

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

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the 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.



**TENAFLY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

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

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

The following represent the membership tiers for TPAF:

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

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

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

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

**Other Pension Funds**

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

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

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

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

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

**TENAFLY 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**

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

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

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

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

**Annual Pension Costs (APC)**

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

**TENAFLY 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)**

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

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 779,338	\$ 4,238,433	\$ 78,041
2017	733,486	3,105,704	74,032
2016	737,650	2,240,825	59,609

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$8,240 and \$2,536, respectively for PERS and the State contributed \$5,309 and \$4,882, 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 \$2,160,904 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.

**TENAFLY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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)**

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 \$19,583,200 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 .08413 percent, which was an increase of .00157 percent from its proportionate share measured as of June 30, 2016 of .08256 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,407,161 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	\$ 461,117	
Changes of Assumptions	3,945,340	\$ 3,930,875
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	133,348	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>449,945</u>	<u>448,955</u>
Total	<u>\$ 4,989,750</u>	<u>\$ 4,379,830</u>

**TENAFLY 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)**

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

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 452,020
2020	686,128
2021	401,889
2022	(560,255)
2023	(369,862)
Thereafter	<u>-</u>
	<u>\$ 609,920</u>

***Actuarial Assumptions***

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

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

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

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

TENAFLY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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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%

TENAFLY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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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:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ 24,294,289	\$ 19,583,200	\$ 15,658,279

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).



**TENAFLY BOARD OF EDUCATION  
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**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 \$12,896,496 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 \$186,163,953. 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 .27611 percent, which was a decrease of .00377 percent from its proportionate share measured as of June 30, 2016 of .27988 percent.

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

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

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

**TENAFLY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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%

TENAFLY 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:

	<u>1% Decrease (3.25%)</u>	<u>Current Discount Rate (4.25%)</u>	<u>1% Increase (5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 221,168,616</u>	<u>\$ 186,163,953</u>	<u>\$ 157,326,960</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.

TENAFLY 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).

**TENAFLY 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.

**TENAFLY 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 \$2,737,514, \$2,587,758 and \$2,668,204, 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.

**TENAFLY 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 \$7,510,835. 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 \$115,319,558. 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 .21499 percent, which was an increase of .00060 percent from its proportionate share measured as of June 30, 2016 of .21439 percent.

**Actuarial Assumptions**

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

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

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



**TENAFLY 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:

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

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

TENAFLY 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>123,984,057</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 5,464,446
Interest on the Total OPEB Liability	3,643,389
Changes of Assumptions	(15,235,382)
Gross Benefit Payments	(2,633,940)
Contributions from the Member	<u>96,988</u>
<b>Net Changes</b>	<b>\$ <u>(8,664,499)</u></b>
Balance, June 30, 2017 Measurement Date	\$ <u>115,319,558</u>

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

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

**Sensitivity of OPEB Liability**

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

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>136,892,635</u>	\$ <u>115,319,558</u>	\$ <u>98,207,588</u>

**TENAFLY 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)	\$ 94,839,189	\$ 115,319,558	\$ 142,517,248

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

**NOTE 6 SUBSEQUENT EVENTS**

On August 27, 2018 the Board approved the withdrawals of \$740,915 and \$362,764 from the Capital Reserve for the purchase of an IP camera system upgrade and lockdown emergency notification system, respectively.

**NOTE 7 RESTATEMENT**

The District conducted an update and appraisal of its capital assets inventory during the 2017/18 fiscal year. The District has restated its July 1, 2017 capital asset values as well as the accumulated depreciation amount to reflect the amounts reported in the updated inventory. The net effect of this restatement was an increase to governmental activities net position \$2,377,528 and an increase to business-type activities net position of \$12,640.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

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

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 62,514,216		\$ 62,514,216	\$ 62,514,216	
<b>Other Local Sources</b>					
Tuition - Other LEA's	1,135,200		1,135,200	979,918	\$ (155,282)
Interest Earned on Capital Reserve Funds	4,000		4,000	4,000	-
Interest Earned on Maintenance Reserve	1,400		1,400	1,400	
Interest		\$ 33,000	33,000	160,054	127,054
Summer School Fees		135,000	135,000	175,830	40,830
Miscellaneous	457,232	(168,000)	289,232	326,058	36,826
<b>Total Local Sources</b>	<b>64,112,048</b>	<b>-</b>	<b>64,112,048</b>	<b>64,161,476</b>	<b>49,428</b>
<b>State Sources</b>					
Special Education Aid	1,192,029	159,718	1,351,747	1,351,747	
Security Aid	63,352		63,352	63,352	
Transportation Aid	80,474		80,474	80,474	
PARCC Readiness Aid	36,070		36,070	36,070	
Per Pupil Growth Aid	36,070		36,070	36,070	
Professional Learning Community Aid	35,850		35,850	35,850	
Host District Aid	85		85	85	
Lead Testing for Schools Aid				2,116	2,116
Non Public Transportation Reimbursement				33,689	33,689
Extraordinary Aid				1,000,810	1,000,810
TPAF Pension Contribution - Normal					
Costs and Acerued Liability (Non-Budget)				4,138,014	4,138,014
TPAF Pension Contribution- NCGI (Non-Budget)				100,419	100,419
TPAF Pension Contribution- Long Term Disability Insurance (Non-Budget)				5,309	5,309
TPAF Pension Contribution - Post Retirement (Non-Budget)				2,737,514	2,737,514
TPAF Social Security Reimbursements (Non-Budget)	-	-	-	2,160,904	2,160,904
<b>Total State Sources</b>	<b>1,443,930</b>	<b>159,718</b>	<b>1,603,648</b>	<b>11,782,423</b>	<b>10,178,775</b>
<b>Federal Sources</b>					
Medicaid Reimbursement	19,763	-	19,763	22,707	2,944
<b>Total Federal Sources</b>	<b>19,763</b>	<b>-</b>	<b>19,763</b>	<b>22,707</b>	<b>2,944</b>
<b>Total Revenues</b>	<b>65,575,741</b>	<b>159,718</b>	<b>65,735,459</b>	<b>75,966,606</b>	<b>10,231,147</b>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Kindergarten	932,193	(9,795)	922,398	922,348	50
Grades 1-5	6,222,215	42,635	6,264,850	6,263,711	1,139
Grades 6-8	4,895,107	(1,049)	4,894,058	4,890,317	3,741
Grades 9-12	7,514,544	33,250	7,547,794	7,540,507	7,287
Other Salaries for Instruction		4,136	4,136	4,136	-
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	6,000	-	6,000	5,175	825
Purchased Professional/Educational Services	7,000	20,000	27,000	24,860	2,140
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	1,119,828	(182,059)	937,769	926,801	10,968
Purchased Professional/Educational Services	4,000	235	4,235	350	3,885
Other Purchased Services	1,135,081	(7,362)	1,127,719	1,050,553	77,166
General Supplies	1,376,991	(80,865)	1,296,126	959,709	336,417
Textbooks	178,370	(9,176)	169,194	114,655	54,539
Other Objects	38,000	4,132	42,132	38,095	4,037
<b>Total Regular Programs</b>	<b>23,429,329</b>	<b>(185,918)</b>	<b>23,243,411</b>	<b>22,741,217</b>	<b>502,194</b>
<b>Learning and / or Language Disabled</b>					
Salaries of Teachers	129,048	2,200	131,248	131,248	-
Other Salaries for Instruction	138,264	(2,200)	136,064	122,501	13,563
General Supplies	6,500	89	6,589	4,721	1,868
Textbooks	5,500	58	5,558	3,018	2,540
<b>Total Learning and/or Language Disabled</b>	<b>279,312</b>	<b>147</b>	<b>279,459</b>	<b>261,488</b>	<b>17,971</b>

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

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
<b>Multiple Disabled</b>					
Salaries of Teachers	\$ 75,724	\$ (4,968)	\$ 70,756	\$ 70,756	
Other Salaries for Instruction	213,704	(124,237)	89,467	84,025	\$ 5,442
General Supplies	2,500	-	2,500	2,246	254
<b>Total Multiple Disabled</b>	<b>291,928</b>	<b>(129,205)</b>	<b>162,723</b>	<b>157,027</b>	<b>5,696</b>
<b>Resource Room/Resource Center</b>					
Salaries of Teachers	3,034,280	7,002	3,041,282	3,027,701	13,581
Other Salaries for Instruction	13,500	168,716	182,216	176,835	5,381
General Supplies	36,200	496	36,696	26,370	10,326
Textbooks	10,780	(1,250)	9,530	2,325	7,205
<b>Total Resource Room/Resource Center</b>	<b>3,094,760</b>	<b>174,964</b>	<b>3,269,724</b>	<b>3,233,231</b>	<b>36,493</b>
<b>Autism</b>					
Salaries of Teachers	65,618	1,552	67,170	59,681	7,489
Other Salaries for Instruction	90,764	98,652	189,416	164,413	25,003
General Supplies	3,000	500	3,500	3,177	323
<b>Total Autism</b>	<b>159,382</b>	<b>100,704</b>	<b>260,086</b>	<b>227,271</b>	<b>32,815</b>
<b>Preschool Disabilities - Part-Time</b>					
Salaries of Teachers	117,008	15,944	132,952	108,509	24,443
Other Salaries for Instruction	64,534	(1,362)	63,172	58,850	4,322
General Supplies	1,000	244	1,244	1,233	11
<b>Total Preschool Disabilities - Part-Time</b>	<b>182,542</b>	<b>14,826</b>	<b>197,368</b>	<b>168,592</b>	<b>28,776</b>
<b>Preschool Disabilities - Full-Time</b>					
Salaries of Teachers	81,774	2,205	83,979	83,979	-
Other Salaries for Instruction	238,542	(38,230)	200,312	183,671	16,641
Supplies and Materials	3,000	(500)	2,500	2,055	445
<b>Total Preschool Disabilities - Full-Time</b>	<b>323,316</b>	<b>(36,525)</b>	<b>286,791</b>	<b>269,705</b>	<b>17,086</b>
<b>Home Instruction</b>					
Salaries of Teachers	16,000	(1,913)	14,087	13,913	174
Purchased Professional-Educational Services	24,000	-	24,000	18,069	5,931
<b>Total Home Instruction</b>	<b>40,000</b>	<b>(1,913)</b>	<b>38,087</b>	<b>31,982</b>	<b>6,105</b>
<b>Total Special Education</b>	<b>4,371,240</b>	<b>122,998</b>	<b>4,494,238</b>	<b>4,349,296</b>	<b>144,942</b>
<b>Basic Skills/Remedial</b>					
Salaries of Teachers	549,244	-	549,244	531,571	17,673
General Supplies	3,250	-	3,250	1,518	1,732
Textbooks	500	-	500	-	500
<b>Total Basic Skills/Remedial</b>	<b>552,994</b>	<b>-</b>	<b>552,994</b>	<b>533,089</b>	<b>19,905</b>
<b>Bilingual Education</b>					
Salaries of Teachers	1,043,582	38,087	1,081,669	1,073,243	8,426
Purchased Professional-Educational Services	100	-	100	-	100
Other Purchased Services	100	-	100	-	100
General Supplies	6,080	-	6,080	2,622	3,458
Textbooks	6,670	-	6,670	3,074	3,596
Other Objects	400	-	400	-	400
<b>Total Bilingual Education</b>	<b>1,056,932</b>	<b>38,087</b>	<b>1,095,019</b>	<b>1,078,939</b>	<b>16,080</b>

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

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
CURRENT (Continued)					
School Sponsored Co/Extra Curricular Activities					
Salaries	\$ 365,828	\$ 1,950	\$ 367,778	\$ 360,102	\$ 7,676
Purchased Services	32,298	(2,512)	29,786	28,627	1,159
Supplies and Materials	1,000	-	1,000	774	226
Other Objects	6,740	972	7,712	6,518	1,194
Total School Sponsored Co/Extra Curricular Activities	<u>405,866</u>	<u>410</u>	<u>406,276</u>	<u>396,021</u>	<u>10,255</u>
School Sponsored Athletics					
Salaries	578,150	(3,000)	575,150	566,765	8,385
Purchased Services	216,551	(11,186)	205,365	182,484	22,881
Supplies and Materials	61,040	(14,151)	46,889	36,426	10,463
Other Objects	45,000	-	45,000	43,089	1,911
Total School Sponsored Athletics	<u>900,741</u>	<u>(28,337)</u>	<u>872,404</u>	<u>828,764</u>	<u>43,640</u>
Other Instructional Programs - Instruction					
Purchased Services	13,700	(2,584)	11,116	2,325	8,791
Supplies and Materials	4,750	-	4,750	1,803	2,947
Other Objects	-	75	75	75	-
Total Other Instructional Programs	<u>18,450</u>	<u>(2,509)</u>	<u>15,941</u>	<u>4,203</u>	<u>11,738</u>
Before/After School Programs					
Supplies and Materials	900	-	900	891	9
Total Before/After School Programs	<u>900</u>	<u>-</u>	<u>900</u>	<u>891</u>	<u>9</u>
Total Instruction	<u>30,736,452</u>	<u>(55,269)</u>	<u>30,681,183</u>	<u>29,932,420</u>	<u>748,763</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/i State - Special	1,448,585	(181,021)	1,267,564	941,566	325,998
Tuition to County Voc. School District-Regular	328,536	6,720	335,256	335,152	104
Tuition to CSSD and Regional Day Schools	380,070	-	380,070	237,859	142,211
Tuition to Priv. Sch. for the Disabled - w/i state	1,475,117	622,869	2,097,986	1,831,712	266,274
Tuition to Priv. Sch. Disabled & Other LEAs					
Spl, O/S State	364,982	64,676	429,658	381,925	47,733
Tuition - Other	388,647	(17,795)	370,852	222,119	148,733
Total Undistributed Expenditures - Instruction	<u>4,385,937</u>	<u>495,449</u>	<u>4,881,386</u>	<u>3,950,333</u>	<u>931,053</u>
Attendance and Social Work					
Salaries	123,010	(5,352)	117,658	117,510	148
Total Attendance and Social Work	<u>123,010</u>	<u>(5,352)</u>	<u>117,658</u>	<u>117,510</u>	<u>148</u>
Health Services					
Salaries	574,912	11,049	585,961	585,876	85
Purchased Professional and Technical Services	10,000	(1,081)	8,919	8,919	-
Other Purchased Services	840	(690)	150	-	150
Supplies and Materials	17,350	(150)	17,200	16,993	207
Total Health Services	<u>603,102</u>	<u>9,128</u>	<u>612,230</u>	<u>611,788</u>	<u>442</u>
Speech, OT, PT & Related Services					
Salaries	612,883	(26,106)	586,777	582,048	4,729
Purchased Professional-Educational Services	617,320	52,450	669,770	647,733	22,037
Supplies and Materials	650	607	1,257	678	579
Total Speech, OT, PT & Related Services	<u>1,230,853</u>	<u>26,951</u>	<u>1,257,804</u>	<u>1,230,459</u>	<u>27,345</u>



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

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Other Support Services - Students - Extra Services					
Salaries	\$ 585,752	\$ 26,106	\$ 611,858	\$ 586,475	\$ 25,383
Purchased Professional- Educational Services	1,231,041	292,494	1,523,535	1,460,068	63,467
Supplies and Materials	5,000	8,310	13,310	8,403	4,907
Other Objects	1,750	(1,345)	405	405	-
<b>Total Other Supp.Serv. Student - Extra Services</b>	<b>1,823,543</b>	<b>325,565</b>	<b>2,149,108</b>	<b>2,055,351</b>	<b>93,757</b>
Guidance					
Salaries of Other Professional Staff	1,147,897	(19,436)	1,128,461	1,062,403	66,058
Salaries of Secretarial & Clerical Assistants	190,565	-	190,565	190,565	-
Other Purchased Professional and Technical Svc	65,000	1,724	66,724	66,724	-
Other Purchased Services	8,250	(3,467)	4,783	-	4,783
Supplies and Materials	12,525	1,876	14,401	11,440	2,961
Other Objects	-	30	30	30	-
<b>Total Guidance</b>	<b>1,424,237</b>	<b>(19,273)</b>	<b>1,404,964</b>	<b>1,331,162</b>	<b>73,802</b>
Child Study Teams					
Salaries of Other Professional Staff	1,273,750	30,411	1,304,161	1,259,213	44,948
Salaries of Secretarial & Clerical Assistants	193,040	(12,284)	180,756	180,322	434
Purchased Professional- Educational Services	65,500	(1,600)	63,900	59,752	4,148
Other Purchased Services	200	1,600	1,800	-	1,800
Supplies and Materials	63,645	(1,002)	62,643	59,135	3,508
Other Objects	2,500	-	2,500	2,305	195
<b>Total Child Study Teams</b>	<b>1,598,635</b>	<b>17,125</b>	<b>1,615,760</b>	<b>1,560,727</b>	<b>55,033</b>
Other Support Services - Improvement of Instructional Services					
Salaries of Supervisor of Instruction	589,780	8,922	598,702	593,268	5,434
Salaries of Secretarial & Clerical Assistants	39,214	-	39,214	39,214	-
Unused Vacation Payment to Terminated/Retired Staff	4,228	(2,527)	1,701	-	1,701
Salaries of Facilitators, Math & Literacy Coaches	206,528	-	206,528	206,528	-
Supplies and Materials	33,000	(5,311)	27,689	-	27,689
Other Objects	2,400	34	2,434	2,294	140
<b>Total Other Support Services - Improvement of Inst. Svcs.</b>	<b>875,150</b>	<b>1,118</b>	<b>876,268</b>	<b>841,304</b>	<b>34,964</b>
Educational Media/School Library					
Salaries	766,692	(45,419)	721,273	711,371	9,902
Other Purchased Services	2,000	-	2,000	1,013	987
Supplies and Materials	83,025	(1,426)	81,599	73,082	8,517
<b>Total Educational Media/School Library</b>	<b>851,717</b>	<b>(46,845)</b>	<b>804,872</b>	<b>785,466</b>	<b>19,406</b>
Instructional Staff Training Services					
Other Salaries	111,270	-	111,270	81,012	30,258
Purchased Professional/Educational Services	61,885	6,990	68,875	35,157	33,718
Other Purchased Services	43,005	(6,386)	36,619	26,166	10,453
Supplies and Materials	2,600	(585)	2,015	-	2,015
<b>Total Instructional Staff Training Services</b>	<b>218,760</b>	<b>19</b>	<b>218,779</b>	<b>142,335</b>	<b>76,444</b>

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

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 391,070	\$ (27,200)	\$ 363,870	\$ 315,636	\$ 48,234
Unused Vacation Payment to Terminated/Retired Staff	26,463	13,103	39,566	39,566	-
Legal Services	135,000	36,000	171,000	156,618	14,382
Audit Fees	47,000	-	47,000	41,829	5,171
Other Purchased Professional Service	3,000	4,250	7,250	7,250	-
Architectural/Engineering Services	6,000	21,000	27,000		27,000
Communications/Telephone	130,000	(15,128)	114,872	102,775	12,097
Miscellaneous Purchased Services	121,800	5,796	127,596	111,639	15,957
BOE Other Purchased Services	8,400	(100)	8,300	1,317	6,983
General Supplies	5,300	-	5,300	2,333	2,967
Judgements Against the School District		81,075	81,075	56,075	25,000
Miscellaneous Expenditures	15,700	(1,285)	14,415	9,208	5,207
BOE Membership Dues and Fees	28,000	-	28,000	24,786	3,214
	<u>917,733</u>	<u>117,511</u>	<u>1,035,244</u>	<u>869,032</u>	<u>166,212</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals/Program Directors	1,327,447	(3,775)	1,323,672	1,323,671	1
Salaries of Other Professional Staff	1,471,832	7,489	1,479,321	1,472,487	6,834
Salaries of Secretarial and Clerical Assistants	826,104	(1,376)	824,728	824,025	703
Unused Vacation Payment to Terminated/Retired Staff	11,188	35,983	47,171	47,171	-
Supplies and Materials	4,225	(2,313)	1,912	243	1,669
Other Objects	17,500	(832)	16,668	16,639	29
	<u>3,658,296</u>	<u>35,176</u>	<u>3,693,472</u>	<u>3,684,236</u>	<u>9,236</u>
Central Services					
Salaries	736,692	(9,198)	727,494	709,425	18,069
Purchased Professional Services	5,500	7,448	12,948	12,647	301
Purchased Technical Services	53,700	-	53,700	46,348	7,352
Misc. Purchased Services	11,050	(1,980)	9,070	5,109	3,961
Supplies and Materials	8,450	20	8,470	7,180	1,290
Miscellaneous Expenditures	12,900	(295)	12,605	1,880	10,725
	<u>828,292</u>	<u>(4,005)</u>	<u>824,287</u>	<u>782,589</u>	<u>41,698</u>
Admin. Info. Technology					
Salaries	634,500	575	635,075	633,060	2,015
Unused Vacation Payment to Terminated/Retired Staff		1,750	1,750	1,750	-
Purchased Technical Services	65,300	40,000	105,300	62,457	42,843
Other Purchased Services	2,200	(575)	1,625	1,313	312
Supplies and Materials	1,350	-	1,350	1,199	151
Other Objects	1,650	-	1,650	1,440	210
	<u>705,000</u>	<u>41,750</u>	<u>746,750</u>	<u>701,219</u>	<u>45,531</u>
Required Maintenance for School Facilities					
Salaries	454,115	(2,962)	451,153	451,121	32
Cleaning, Repair and Maintenance	250,000	30,832	280,832	279,189	1,643
Lead Testing for Drinking Water	9,000	(9,000)			
General Supplies	132,550	1,603	134,153	132,381	1,772
Other Objects	1,400	635	2,035	2,035	-
	<u>847,065</u>	<u>21,108</u>	<u>868,173</u>	<u>864,726</u>	<u>3,447</u>

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

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
<b>Undistributed Expenditures (Continued)</b>					
<b>Custodial Services</b>					
Salaries	\$ 1,730,766	\$ 3,031	\$ 1,733,797	\$ 1,708,983	\$ 24,814
Salaries of Non-Instructional Aides	220,833	24,758	245,591	220,083	25,508
Unused Vacation Payment to Terminated/Retired Staff	4,766	991	5,757	5,757	-
Purchased Professional and Technical Services	2,500	(543)	1,957	1,300	657
Cleaning, Repair and Maintenance	14,000	(5,663)	8,337	7,352	985
Rental of Land & Bldg. Oth. Than Lease Pur Agrmt	15,000	-	15,000	1	14,999
Other Purchased Property Services	330,100	3,161	333,261	331,385	1,876
Insurance	325,500	(36,447)	289,053	289,053	-
Miscellaneous Purchased Services	600	403	1,003	1,003	-
General Supplies	127,500	19,241	146,741	129,889	16,852
Energy (Natural Gas)	535,000	(29,145)	505,855	257,677	248,178
Energy (Electricity)	585,000	-	585,000	471,802	113,198
<b>Total Custodial Services</b>	<u>3,891,565</u>	<u>(20,213)</u>	<u>3,871,352</u>	<u>3,424,285</u>	<u>447,067</u>
<b>Care &amp; Upkeep of Grounds</b>					
Salaries	274,490	(26,409)	248,081	248,080	1
Purchased Professional and Technical Services	500	(500)	-	-	-
Cleaning, Repair and Maintenance	41,000	34,647	75,647	67,632	8,015
General Supplies	50,000	(13,501)	36,499	27,284	9,215
<b>Total Care &amp; Upkeep of Grounds</b>	<u>365,990</u>	<u>(5,763)</u>	<u>360,227</u>	<u>342,996</u>	<u>17,231</u>
<b>Security</b>					
Purchased Professional and Technical Services	120	86	206	86	120
Cleaning, Repair and Maintenance	51,000	3,091	54,091	36,666	17,425
General Supplies	8,500	(33)	8,467	6,467	2,000
<b>Total Security</b>	<u>59,620</u>	<u>3,144</u>	<u>62,764</u>	<u>43,219</u>	<u>19,545</u>
<b>Student Transportation Services</b>					
Sal. For Pupil Trans (Other than Bet. Home & School)	10,000	7,896	17,896	10,196	7,700
Sal. For Pupil Trans (Bet. Home & School)- NonPub Sch	7,435	-	7,435	6,500	935
Cleaning, Repair and Maintenance Services	3,000	-	3,000	260	2,740
Contracted Services (Between Home and School) - Vendors	135,000	(4,236)	130,764	130,514	250
Contracted Services (Other Than Between Home and School) - Vendors	135,968	(6,649)	129,319	119,275	10,044
Contracted Services (Special Ed. Students) - Joint Agreements	930,085	48,735	978,820	973,021	5,799
Contracted Services-Aid In Lieu of Payments- Non-Public Schools	106,080	-	106,080	105,720	360
Transportation Supplies	2,000	-	2,000	1,052	948
<b>Total Student Transportation Services</b>	<u>1,329,568</u>	<u>45,746</u>	<u>1,375,314</u>	<u>1,346,538</u>	<u>28,776</u>
<b>Unallocated Benefits- Employee Benefits</b>					
Social Security Contributions	850,000	37,419	887,419	862,012	25,407
Other Retirement Contributions - PERS	835,000	(19,400)	815,600	771,279	44,321
Other Retirement Contributions - Regular	62,000	18,485	80,485	78,041	2,444
Workmen's Compensation	347,000	(68,857)	278,143	225,610	52,533
Health Benefits	9,103,191	(30,563)	9,072,628	8,841,835	230,793
Unused Sick Payment to Terminated/Retired Staff	260,275	(64,983)	195,292	97,550	97,742
Other Employee Benefits	204,000	6,478	210,478	185,690	24,788
<b>Total Unallocated Benefits</b>	<u>11,661,466</u>	<u>(121,421)</u>	<u>11,540,045</u>	<u>11,062,017</u>	<u>478,028</u>

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

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
TPAF Pension Contribution - Normal Costs and Accrued Liability (Non-Budget)				\$ 4,138,014	\$ (4,138,014)
TPAF Pension Contribution - NCGI (Non-Budgeted)				100,419	(100,419)
TPAF Pension Contribution - Long Term Disability Insurance (Non-Budgeted)				5,309	(5,309)
TPAF Pension Contribution - Post Retirement (Non-Budgeted)				2,737,514	(2,737,514)
TPAF Social Security Reimbursements (Non-Budgeted)	-	-	-	2,160,904	(2,160,904)
<b>Total On-Behalf TPAF Contributions and Reimbursements</b>	-	-	-	9,142,160	(9,142,160)
<b>Total Undistributed Expenditures</b>	\$ 37,399,539	\$ 916,918	\$ 38,316,457	44,889,452	(6,572,995)
Interest Earned on Maintenance Reserve	1,400	-	1,400	-	1,400
<b>Total Current Expenditures</b>	68,137,391	861,649	68,999,040	74,821,872	(5,822,832)
<b>CAPITAL OUTLAY</b>					
Equipment					
Instruction					
Grades 1-5		33,825	33,825	25,244	8,581
Grades 6-8		47,953	47,953	13,629	34,324
Undistributed Expenditures					
Health Services	-	2,829	2,829	2,629	200
<b>Total Equipment</b>	-	84,607	84,607	41,502	43,105
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	40,082	-	40,082	40,082	-
<b>Total Facilities Acquisition and Construction Services</b>	40,082	-	40,082	40,082	-
Interest Deposit on Capital Reserve	4,000	-	4,000	-	4,000
<b>Total Capital Outlay</b>	44,082	84,607	128,689	81,584	47,105
<b>SPECIAL SCHOOLS</b>					
Summer School - Instruction					
Salaries of Teachers	112,000	(1,744)	110,256	99,116	11,140
Purchased Professional and Technical Services	1,000	-	1,000	-	1,000
Other Purchased Services	1,000	-	1,000	-	1,000
General Supplies	8,000	1,394	9,394	9,394	-
Other Objects	3,000	350	3,350	3,130	220
<b>Total Summer School</b>	125,000	-	125,000	111,640	13,360
<b>Total Special Schools</b>	125,000	-	125,000	111,640	13,360
<b>CHARTER SCHOOLS</b>					
Transfers of Funds to Charter Schools	12,042	6,020	18,062	18,062	-
<b>Total Charter Schools</b>	12,042	6,020	18,062	18,062	-
<b>Total General Fund Expenditures</b>	68,318,515	952,276	69,270,791	75,033,158	(5,762,367)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(2,742,774)	(792,558)	(3,535,332)	933,448	4,468,780

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

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Other Financing Sources (Uses)					
Transfers In- Capital Projects				\$ 79,276	\$ 79,276
Transfers In- Internal Service Fund				713	713
Transfers Out - Capital Reserve Transfer to Capital Projects	\$ (576,000)	\$ (235,000)	\$ (811,000)	(545,275)	265,725
Transfers Out- Transfer to Food Service Enterprise Fund	-	(31,438)	(31,438)	(31,438)	-
Total Other Financing Sources (Uses)	<u>(576,000)</u>	<u>(266,438)</u>	<u>(842,438)</u>	<u>(496,724)</u>	<u>345,714</u>
Excess /(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(3,318,774)	(1,058,996)	(4,377,770)	436,724	4,814,494
Fund Balance, Beginning of Year	<u>9,830,725</u>	<u>-</u>	<u>9,830,725</u>	<u>9,830,725</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,511,951</u>	<u>\$ (1,058,996)</u>	<u>\$ 5,452,955</u>	<u>\$ 10,267,449</u>	<u>\$ 4,814,494</u>
<b>Recapitulation of Fund Balance</b>					
Restricted Fund Balance					
Capital Reserve				\$ 2,079,945	
Maintenance Reserve				501,750	
Emergency Reserve				300,000	
Excess Surplus				898,846	
Excess Surplus Designated for Subsequent Year's Expenditures Designated for Subsequent Year's Expenditures				1,289,274	
Capital Reserve				1,316,975	
Maintenance Reserve				350,000	
Assigned Fund Balance					
Year End Encumbrances				163,935	
Designated for Subsequent Year's Expenditures				1,003,500	
Unassigned Fund Balance				<u>2,363,224</u>	
Fund Balance - Budgetary Basis				10,267,449	
<b>Reconciliation to Governmental Fund Statements (GAAP)</b>					
2017/18 Extraordinary Aid Not Recognized on a GAAP Basis				(1,000,810)	
2017/18 State Aid Payments Not Recognized on a GAAP Basis				<u>(141,368)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 9,125,271</u>	

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

**EXHIBIT C-2**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
State Sources	\$ 274,899	\$ 154,071	\$ 428,970	\$ 351,749	\$ (77,221)
Federal Sources	886,971	411,339	1,298,310	1,209,510	(88,800)
Local Sources	<u>76,240</u>	<u>8,001</u>	<u>84,241</u>	<u>13,348</u>	<u>(70,893)</u>
Total Revenues	<u>1,238,110</u>	<u>573,411</u>	<u>1,811,521</u>	<u>1,574,607</u>	<u>(236,914)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	131,740	34,531	166,271	158,423	7,848
Tuition	641,113	32,201	673,314	673,314	-
Purchased Prof. and Tech. Svcs.		22,543	22,543	16,402	6,141
Purchased Property Services		17,475	17,475	17,475	
Other Purchased Services		5,000	5,000	1,335	3,665
Supplies and Materials	115,635	40,463	156,098	68,095	88,003
Textbooks	<u>24,570</u>	<u>4,822</u>	<u>29,392</u>	<u>28,843</u>	<u>549</u>
Total Instruction	<u>913,058</u>	<u>157,035</u>	<u>1,070,093</u>	<u>963,887</u>	<u>106,206</u>
Support Services					
Salaries of Other Professional Staff		9,092	9,092	8,092	1,000
Personnel Services - Employee Benefits	17,922	44,125	62,047	59,873	2,174
Purchased Professional and Tech. Svc.		124,592	124,592	84,537	40,055
Purchased Prof./Educ. Svcs.	239,370	156,453	395,823	331,561	64,262
Purchased Technical Services		11,925	11,925	11,925	-
Cleaning, Repairs and Maintenance	2,500		2,500		2,500
Other Purchased Services	3,750	75,047	78,797	69,397	9,400
Supplies and Materials	48,031	2,702	50,733	45,335	5,398
Other Objects	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total Support Services	<u>311,573</u>	<u>426,436</u>	<u>738,009</u>	<u>610,720</u>	<u>127,289</u>
Facilities Acquisition and Construction					
Buildings	10,060	(10,060)			
Equipment	1,051	(1,051)			
Instructional Equipment	<u>2,368</u>	<u>1,051</u>	<u>3,419</u>	<u>-</u>	<u>3,419</u>
Total Facilities Acquisition and Construction	<u>13,479</u>	<u>(10,060)</u>	<u>3,419</u>	<u>-</u>	<u>3,419</u>
Total Expenditures	<u>1,238,110</u>	<u>573,411</u>	<u>1,811,521</u>	<u>1,574,607</u>	<u>236,914</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

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

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

		<b>General Fund</b>		<b>Special Revenue Fund</b>
<b>Sources/Inflows of Resources</b>				
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule	(C-1) \$	75,966,606	(C-2) \$	1,574,607
<b>Difference - Budget to GAAP</b>				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized				4,674
Encumbrances, June 30, 2017				4,674
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. (2016/2017)		123,879		
Extraordinary aid payment not recognized for budgetary purposes recognized for GAAP statements. (2016/2017)		902,798		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. (2017/2018)		(141,368)		
Extraordinary aid payment recognized for budgetary purposes not recognized for GAAP statements. (2017/2018)		<u>(1,000,810)</u>		<u>-</u>
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	(B-2) \$	<u>75,851,105</u>		<u>\$ 1,579,281</u>
<b>Uses/Outflows of Resources</b>				
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	(C-1) \$	75,033,158	(C-2) \$	1,574,607
<b>Difference - Budget to GAAP</b>				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.				4,674
Encumbrances, June 30, 2017		<u>-</u>		<u>4,674</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$	<u>75,033,158</u>	(B-2) \$	<u>1,579,281</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

**AND**

**POST-EMPLOYMENT BENEFITS INFORMATION**

**TENAFLY 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)	0.08413 %	0.08256 %	0.08580 %	0.08392 %	0.08443 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 19,583,200	\$ 24,453,063	\$ 19,260,384	\$ 15,713,292	\$ 16,137,574
District's Covered-Employee Payroll	\$ 5,778,509	\$ 5,690,672	\$ 5,797,000	\$ 5,739,226	\$ 5,752,976
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	339%	430%	332%	274%	281%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

**Public Employees Retirement System**

**Last Five Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 779,338	\$ 733,486	\$ 737,650	\$ 691,876	\$ 651,311
Contributions in Relation to the Contractually Required Contribution	<u>779,338</u>	<u>733,486</u>	<u>737,650</u>	<u>691,876</u>	<u>651,311</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 5,778,509	\$ 5,690,672	\$ 5,797,000	\$ 5,739,226	\$ 5,752,976
Contributions as a Percentage of Covered-Employee Payroll	13%	13%	13%	12%	11%

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.

**TENAFLY 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>\$ 186,163,953</u>	<u>\$ 220,171,116</u>	<u>\$ 176,706,054</u>	<u>\$ 147,562,376</u>	<u>\$ 141,851,208</u>
<b>Total</b>	<u>\$ 186,163,953</u>	<u>\$ 220,171,116</u>	<u>\$ 176,706,054</u>	<u>\$ 147,562,376</u>	<u>\$ 141,851,208</u>
District's Covered-Employee Payroll	\$ 30,259,373	\$ 28,550,820	\$ 28,386,187	\$ 28,042,968	\$ 27,157,331
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.

**TENAFLY 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.

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

**Postemployment Health Benefit Plan**

**Last One Fiscal Year\***

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 5,464,446
Interest on Total OPEB Liability	3,643,389
Changes of Assumptions	(15,235,382.0)
Gross Benefit Payments	(2,633,940)
Contribution from the Member	96,988
<b>Net Change in Total OPEB Liability</b>	(8,664,499)
<b>Total OPEB Liability - Beginning</b>	123,984,057
<b>Total OPEB Liability - Ending</b>	<b>\$ 115,319,558</b>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	115,319,558
<b>Total OPEB Liability - Ending</b>	<b>\$ 115,319,558</b>
District's Covered-Employee Payroll	<b>\$ 36,037,882</b>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

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

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

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

**TENAFLY 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 5.

**SCHOOL LEVEL SCHEDULES**

**NOT APPLICABLE**



**SPECIAL REVENUE FUND**

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

REVENUES	<u>SAMSHA</u>	<u>IDEA Pre- School</u>	<u>IDEA Part B- Basic</u>	<u>Title IV</u>	<u>Title II</u>	<u>Title III</u>	<u>Title III- Immigrant</u>	<u>Title I</u>	<u>Other Local Projects</u>	<u>Subtotal Page 2</u>	<u>Total</u>
Intergovernmental											
State										\$ 351,749	\$ 351,749
Federal	\$ 101,694	\$ 37,188	\$ 704,611	\$ 5,739	\$ 89,457	\$ 46,516	\$ 17,509	\$ 206,796		-	1,209,510
Local	-	-	-	-	-	-	-	-	13,348	-	13,348
<b>Total Revenues</b>	<b>\$ 101,694</b>	<b>\$ 37,188</b>	<b>\$ 704,611</b>	<b>\$ 5,739</b>	<b>\$ 89,457</b>	<b>\$ 46,516</b>	<b>\$ 17,509</b>	<b>\$ 206,796</b>	<b>\$ 13,348</b>	<b>\$ 351,749</b>	<b>\$ 1,574,607</b>
<b>EXPENDITURES</b>											
Instruction											
Salaries of Teachers	\$ 11,500							\$ 146,923		-	\$ 158,423
Purchased Prof. & Tech. Svcs.				\$ 2,000		\$ 500	\$ 13,902			-	16,402
Tuition		\$ 37,188	\$ 636,126								673,314
Other Purchased Services	835								500		1,335
Purchased Property Services										\$ 17,475	17,475
Supplies and Materials	6,881		1,088	3,739		28,424	3,607		9,848	14,508	68,095
Textbooks	-	-	-	-	-	-	-	-	-	28,843	28,843
<b>Total Instruction</b>	<b>19,216</b>	<b>37,188</b>	<b>637,214</b>	<b>5,739</b>	<b>-</b>	<b>28,924</b>	<b>17,509</b>	<b>146,923</b>	<b>10,348</b>	<b>60,826</b>	<b>963,887</b>
Support Services											
Salaries						8,092				-	8,092
Personnel Services - Employee Benefits								59,873		-	59,873
Purchased Prof. & Tech. Svcs.	77,037						7,500			-	84,537
Purchased Prof.- Educ. Svcs.	5,441				\$ 47,620					278,500	331,561
Purchased Technical Services										11,925	11,925
Other Purchased Services			67,397				2,000			-	69,397
Supplies and Materials	-	-	-	-	41,837	-	-	-	3,000	498	45,335
<b>Total Support Services</b>	<b>82,478</b>	<b>-</b>	<b>67,397</b>	<b>-</b>	<b>89,457</b>	<b>17,592</b>	<b>-</b>	<b>59,873</b>	<b>3,000</b>	<b>290,923</b>	<b>610,720</b>
Facilities Acquisition and Construction											
Instructional Equipment	-	-	-	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 101,694</b>	<b>\$ 37,188</b>	<b>\$ 704,611</b>	<b>\$ 5,739</b>	<b>\$ 89,457</b>	<b>\$ 46,516</b>	<b>\$ 17,509</b>	<b>\$ 206,796</b>	<b>\$ 13,348</b>	<b>\$ 351,749</b>	<b>\$ 1,574,607</b>

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

REVENUES	Non Public Aid								Subtotal Page 2	
	Comp. Education	Exam. and Class.	Corrective Speech	Supp. Instruction	Security	Textbooks	Nursing	Technology		
Intergovernmental										
State	\$ 85,926	\$ 68,971	\$ 39,908	\$ 36,159	\$ 29,898	\$ 28,843	\$ 47,536	\$ 14,508	\$ 351,749	-
Federal										
Local										
<b>Total Revenues</b>	<b>\$ 85,926</b>	<b>\$ 68,971</b>	<b>\$ 39,908</b>	<b>\$ 36,159</b>	<b>\$ 29,898</b>	<b>\$ 28,843</b>	<b>\$ 47,536</b>	<b>\$ 14,508</b>	<b>\$ 351,749</b>	
<b>EXPENDITURES</b>										
Instruction										
Other Purchased Services					\$ 17,475				\$ 17,475	
Purchased Property Services								\$ 14,508		14,508
Supplies and Materials										
Textbooks						\$ 28,843				28,843
<b>Total Instruction</b>					<b>17,475</b>	<b>28,843</b>		<b>14,508</b>		<b>60,826</b>
Support Services										
Salaries of Other Professional Staff										
Personnel Services - Employee Benefits										
Employee Benefits										
Purchased Prof. & Tech. Svcs.										
Purchased Prof. & Educ. Svcs.	\$ 85,926	\$ 68,971	\$ 39,908	\$ 36,159			\$ 47,536		278,500	
Purchased Technical Services					11,925				11,925	
Purchased Property Services										
Other Purchased Services										
Supplies and Materials					498				498	
<b>Total Support Services</b>	<b>85,926</b>	<b>68,971</b>	<b>39,908</b>	<b>36,159</b>	<b>12,423</b>		<b>47,536</b>		<b>290,923</b>	
Facilities Acquisition and Construction										
Instructional Equipment										
<b>Total Facilities Acquisition</b>										
<b>Total Expenditures</b>	<b>\$ 85,926</b>	<b>\$ 68,971</b>	<b>\$ 39,908</b>	<b>\$ 36,159</b>	<b>\$ 29,898</b>	<b>\$ 28,843</b>	<b>\$ 47,536</b>	<b>\$ 14,508</b>	<b>\$ 351,749</b>	

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

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

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

<u>Project Description</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance June 30, 2018</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Construct additions and alterations to the High School to provide additional educational space and core facilities, reconfigure/upgrade the facility and undertake site improvements; Construct additions and alterations to the Middle School to provide additional educational space and a new gym, reconfigure/upgrade the facility and undertake site improvements	\$ 33,400,000	\$ 33,396,568		\$ 3,432	
Roof Replacement- Smith Elementary School	961,105	925,982		35,123	
Roof Replacement- Tenafly Middle School	1,889,825	1,889,638		187	
Phone System- District-Wide	695,837	680,859			\$ 14,978
Parking Lot- Tenafly Middle School	270,089	224,505		43,705	1,879
Cooling Tower	322,469	322,382		87	-
Gym Door Replacement-Elementary Schools	68,602	68,428		174	-
Exterior Doors Replacement - Maugham Elementary	41,000	8,401	\$ 30,647		1,952
High School Tennis Courts	356,275	49,813	289,320		17,142
Slab Floor Repair - Smith Elementary School	59,000	32,565	4,378		22,057
High School Boiler Replacement	182,000		46,754		135,246
Fire System Upgrades at Mackay Elementary School	32,000		16,967		15,033
A.B.A.Room Renovation and Kindergarten Sub-Division at Smith Elementary School	21,000	-	11,045	-	9,955
	<u>\$ 41,390,702</u>	<u>\$ 40,690,641</u>	<u>\$ 399,111</u>	<u>\$ 82,708</u>	<u>\$ 218,242</u>
		Debt Service Fund		\$ 3,432	
		General Fund - Capital Reserve		79,276	
				<u>\$ 82,708</u>	
Project Balances, June 30, 2018					<u>\$ 218,242</u>

**Recapitulation of Fund Balance:**

Restricted for Capital Projects:	
Designated for Capital Projects	\$ 177,809
Year End Encumbrances	40,433
Total Restricted for Capital Projects	<u>218,242</u>

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

<b>Revenues and Other Financing Sources</b>	
Transfer from General Fund - Capital Reserve	\$ <u>545,275</u>
Total Revenues and Other Financing sources	<u>545,275</u>
<b>Expenditures and Other Financing Uses</b>	
Architectural / Engineering Services	73,630
Construction Services	310,275
Legal Services	1,256
Purchased Professional and Technical Services	13,950
Transfer to Debt Service Fund - Unexpended Balances	3,432
Transfer to Debt Service Fund - Reserve for Debt Service	945
Transfer to General Fund - Return Unexpended Capital Reserve	<u>79,276</u>
Total Expenditures and Other Financing Uses	<u>482,764</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	62,511
Fund Balance, Beginning of Year	<u>155,731</u>
Fund Balance, End of Year	<u>\$ 218,242</u>

**TENAFLY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
ADDITIONS AND ALTERATIONS TO TENAFLY HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Bond Proceeds and Transfers	\$ 17,334,492	-	\$ 17,334,492	\$ 17,334,492
Total Revenues and Other Financing Sources	<u>17,334,492</u>	<u>-</u>	<u>17,334,492</u>	<u>17,334,492</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Salaries	127,577		127,577	127,577
Purchased Professional and Technical Services	1,574,106		1,574,106	1,574,106
Construction Services	14,283,904		14,283,904	14,283,904
Supplies and Materials	713,504		713,504	713,504
Other	583,462		583,462	583,462
Transfer to Reserve for Debt Service	48,507	\$ 3,432	51,939	51,939
Total Expenditures and Other Financing Uses	<u>17,331,060</u>	<u>3,432</u>	<u>17,334,492</u>	<u>17,334,492</u>
Excess (Deficiency) of Revenues over (under) Expenditures and Other Financing Uses	<u>\$ 3,432</u>	<u>\$ (3,432)</u>	<u>\$ -</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	SP# 5160-050-05-1000
Bond Authorization Date	12/15/2005
Bonds Authorized	\$ 14,504,300
Bonds Issued	14,504,300
Original Authorized Cost	14,504,300
Additional Authorized Cost	2,830,192
Revised Authorized Cost	17,334,492

## Percentage Increase over Original Authorized

Cost	20%
Percentage Completion	100%
Original Target Completion Date	May-08
Revised Target Completion Date	2011/12



**TENAFLY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
BUDGETARY BASIS  
ROOF REPLACEMENT AT SMITH ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources- SDA	\$ 320,545		\$ 320,545	\$ 320,545
Transfer from General Fund- Capital Outlay	193,736		193,736	193,736
Transfer from General Fund- Capital Reserve	<u>312,456</u>	<u>\$ (35,123)</u>	<u>277,333</u>	<u>277,333</u>
Total Revenues and Other Financing Sources	<u>826,737</u>	<u>(35,123)</u>	<u>791,614</u>	<u>791,614</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Purchased Professional and Technical Services	52,614		52,614	52,614
Construction Services	<u>739,000</u>	<u>-</u>	<u>739,000</u>	<u>739,000</u>
Total Expenditures and Other Financing Uses	<u>791,614</u>	<u>-</u>	<u>791,614</u>	<u>791,614</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 35,123</u>	<u>\$ (35,123)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 961,105			
Revised Authorized Cost	\$ 791,614			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	2015/2016			
Revised Target Completion Date	2015/2016			

**TENAFLY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
ROOF REPLACEMENT- TENAFLY MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources- SDA Grants	\$ 755,930		\$ 755,930	\$ 755,930
Transfer from General Fund- Capital Reserve	<u>1,133,895</u>	<u>\$ (187)</u>	<u>1,133,708</u>	<u>1,133,708</u>
Total Revenues and Other Financing Sources	<u>1,889,825</u>	<u>(187)</u>	<u>1,889,638</u>	<u>1,889,638</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Purchased Professional and Technical Services	1,751		1,751	1,751
Architectural/Engineering Services	193,887		193,887	193,887
Construction Services	<u>1,694,000</u>	<u>-</u>	<u>1,694,000</u>	<u>1,694,000</u>
Total Expenditures and Other Financing Uses	<u>1,889,638</u>	<u>-</u>	<u>1,889,638</u>	<u>1,889,638</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 187</u>	<u>\$ (187)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	<u>Original Authorized Cost</u>	<u>Final State Authorized Cost</u>
Area "A" 5160-095-14-1002-G04	\$ 246,291	\$ 189,665
Area "B" 5160-095-14-1003-G04	446,477	339,719
Area "C" 5160-095-14-1004-G04	<u>326,560</u>	<u>226,546</u>
	<u>\$ 1,019,328</u>	<u>\$ 755,930</u>
Grant Date	1/6/2014	
Bond Authorization Date	N/A	
Bonds Authorized	N/A	
Original Authorized Cost	\$ 2,548,320	
Revised Authorized Cost	\$ 1,889,638	
Percentage Completion	100%	
Original Target Completion Date	2016/17	
Revised Target Completion Date	2016/17	

**TENAFLY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
PHONE SYSTEM- DISTRICT WIDE  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
State Sources- SDA Grants	\$ 258,634		\$ 258,634	\$ 258,634
Transfer from General Fund- Capital Outlay	167,327		167,327	167,327
Transfer from General Fund- Capital Reserve	269,876	-	269,876	269,876
	<u>695,837</u>	<u>-</u>	<u>695,837</u>	<u>695,837</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Purchased Professional and Technical Services	4,968		4,968	4,968
Architectural/Engineering Services	52,886		52,886	52,886
Construction Services	622,089		622,089	637,067
Supplies and Materials	916	-	916	916
	<u>680,859</u>	<u>-</u>	<u>680,859</u>	<u>695,837</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 14,978</u>	<u>\$ -</u>	<u>\$ 14,978</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	Original	Final
	Authorized Cost	State Cost
Malcolm Mackay Elementary School	\$ 29,040	\$ 22,695
Ralph Maugham Elementary School	29,040	24,303
J. Spencer Smith Elementary School	29,040	22,545
Walter Stillman Elementary School	29,040	29,040
Tenaflly Middle School	84,720	55,571
Tenaflly High School	166,320	104,480
	<u>\$ 367,200</u>	<u>\$ 258,634</u>
Grant Date	1/6/2014	
Bond Authorization Date	N/A	
Bonds Authorized	N/A	
Original Authorized Cost	\$ 960,600	
Revised Authorized Cost	\$ 695,837	
Percentage Increase over Original Authorized Cost		
Percentage Completion	98%	
Original Target Completion Date	2016/17	
Revised Target Completion Date	2017/18	

**TENAFLY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
PARKING LOT- TENAFLY MIDDLE SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Transfer from General Fund- Capital Reserve	\$ 270,089	\$ (43,705)	\$ 226,384	\$ 226,384
Total Revenues and Other Financing Sources	<u>270,089</u>	<u>(43,705)</u>	<u>226,384</u>	<u>226,384</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Purchased Professional and Technical Services	690		690	690
Architectural/Engineering Services	33,030		33,030	33,030
Construction Services	<u>190,785</u>	<u>-</u>	<u>190,785</u>	<u>192,664</u>
Total Expenditures and Other Financing Uses	<u>224,505</u>	<u>-</u>	<u>224,505</u>	<u>226,384</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 45,584</u>	<u>\$ (43,705)</u>	<u>\$ 1,879</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 45,500
Revised Authorized Cost	\$ 226,384
Percentage Completion	99%
Original Target Completion Date	2016/17
Revised Target Completion Date	2017/18

**TENAFLY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
COOLING TOWER  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Transfer from General Fund- Capital Reserve	\$ 322,469	\$ (87)	\$ 322,382	\$ 322,382
Total Revenues and Other Financing Sources	<u>322,469</u>	<u>(87)</u>	<u>322,382</u>	<u>322,382</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Purchased Professional and Technical Services	884		884	884
Architectural/Engineering Services	31,298		31,298	31,298
Construction Services	<u>290,200</u>	<u>-</u>	<u>290,200</u>	<u>290,200</u>
Total Expenditures and Other Financing Uses	<u>322,382</u>	<u>-</u>	<u>322,382</u>	<u>322,382</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 87</u>	<u>\$ (87)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 412,500
Revised Authorized Cost	\$ 322,382
Percentage Completion	100%
Original Target Completion Date	2016/17
Revised Target Completion Date	2016/17

**TENAFLY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
GYM DOOR REPLACEMENT- ELEMENTARY SCHOOLS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Transfer from General Fund- Capital Outlay	\$ 6,895		\$ 6,895	\$ 6,895
Transfer from General Fund- Capital Reserve	<u>61,707</u>	\$ (174)	<u>61,533</u>	<u>61,533</u>
Total Revenues and Other Financing Sources	<u>68,602</u>	<u>(174)</u>	<u>68,428</u>	<u>68,428</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Purchased Professional and Technical Services	1,155		1,155	1,155
Architectural/Engineering Services	10,273		10,273	10,273
Construction Services	<u>57,000</u>	-	<u>57,000</u>	<u>57,000</u>
Total Expenditures and Other Financing Uses	<u>68,428</u>	<u>-</u>	<u>68,428</u>	<u>68,428</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 174</u>	<u>\$ (174)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 68,602
Revised Authorized Cost	\$ 68,428
Percentage Completion	100%
Original Target Completion Date	2016/17
Revised Target Completion Date	2017/18

**TENAFLY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
EXTERIOR DOOR REPLACEMENT - RALPH S. MAUGHAM ELEMENTARY  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Transfer from General Fund- Capital Reserve	\$ 12,000	\$ 29,000	\$ 41,000	\$ 41,000
Total Revenues and Other Financing Sources	<u>12,000</u>	<u>29,000</u>	<u>41,000</u>	<u>41,000</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Architectural/Engineering Services	8,401	1,647	10,048	12,000
Construction Services	-	29,000	29,000	29,000
Total Expenditures and Other Financing Uses	<u>8,401</u>	<u>30,647</u>	<u>39,048</u>	<u>41,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 3,599</u>	<u>\$ (1,647)</u>	<u>\$ 1,952</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 29,000
Revised Authorized Cost	\$ 41,000
Percentage Completion	95%
Original Target Completion Date	2016/17
Revised Target Completion Date	2018/19

**TENAFLY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
HIGH SCHOOL TENNIS COURTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Transfer from General Fund- Capital Reserve	\$ 75,000	\$ 281,275	\$ 356,275	\$ 356,275
Total Revenues and Other Financing Sources	<u>75,000</u>	<u>281,275</u>	<u>356,275</u>	<u>356,275</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Architectural/Engineering Services	49,813	8,045	57,858	75,000
Construction Services	<u>-</u>	<u>281,275</u>	<u>281,275</u>	<u>281,275</u>
Total Expenditures and Other Financing Uses	<u>49,813</u>	<u>289,320</u>	<u>339,133</u>	<u>356,275</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 25,187</u>	<u>\$ (8,045)</u>	<u>\$ 17,142</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 281,275
Revised Authorized Cost	\$ 356,275
Percentage Completion	95%
Original Target Completion Date	2016/17
Revised Target Completion Date	2018/19



**TENAFLY BOARD OF EDUCATION**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS**  
**FLOOR SLAB REPAIR AT J. SPENCER SMITH ELEMENTARY**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Transfer from General Fund- Capital Reserve	\$ 59,000	\$ -	\$ 59,000	\$ 59,000
Total Revenues and Other Financing Sources	<u>59,000</u>	<u>-</u>	<u>59,000</u>	<u>59,000</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Purchased Professional and Technical Services		2,750	2,750	4,000
Architectural/Engineering Services	8,765	1,628	10,393	11,000
Construction Services	<u>23,800</u>	<u>-</u>	<u>23,800</u>	<u>44,000</u>
Total Expenditures and Other Financing Uses	<u>32,565</u>	<u>4,378</u>	<u>36,943</u>	<u>59,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ 26,435</u>	<u>\$ (4,378)</u>	<u>\$ 22,057</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 59,000
Revised Authorized Cost	\$ 59,000
Percentage Completion	63%
Original Target Completion Date	2016/17
Revised Target Completion Date	2018/19

**TENAFLY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
HIGH SCHOOL BOILER REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Transfer from General Fund- Capital Reserve	\$ -	\$ 182,000	\$ 182,000	\$ 182,000
Total Revenues and Other Financing Sources	-	182,000	182,000	182,000
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Purchased Professional and Technical Services		10,467	10,467	123,500
Legal Services		899	899	12,000
Architectural/Engineering Services	-	35,388	35,388	46,500
Total Expenditures and Other Financing Uses	-	46,754	46,754	182,000
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	\$ -	\$ 135,246	\$ 135,246	\$ -

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 182,000
Revised Authorized Cost	\$ 182,000
Percentage Completion	26%
Original Target Completion Date	2018/19
Revised Target Completion Date	

**TENAFLY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
FIRE SYSTEM UPGRADES AT MACKAY ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Transfer from General Fund- Capital Reserve	\$ -	\$ 32,000	\$ 32,000	\$ 32,000
Total Revenues and Other Financing Sources	<u>-</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Purchased Professional and Technical Services		233	233	2,500
Legal Services		357	357	6,000
Architectural/Engineering Services	-	16,377	16,377	23,500
Total Expenditures and Other Financing Uses	<u>-</u>	<u>16,967</u>	<u>16,967</u>	<u>32,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	<u>\$ -</u>	<u>\$ 15,033</u>	<u>\$ 15,033</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 32,000
Revised Authorized Cost	\$ 32,000
Percentage Completion	53%
Original Target Completion Date	2018/19
Revised Target Completion Date	

**TENAFLY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
A.B.A. ROOM RENOVATION AND KINDERGARTEN SUB-DIVISION AT SMITH ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>				
Transfer from General Fund- Capital Reserve	\$ -	\$ 21,000	\$ 21,000	\$ 21,000
Total Revenues and Other Financing Sources	-	21,000	21,000	21,000
<b>EXPENDITURES AND OTHER FINANCING USES</b>				
Purchased Professional and Technical Services		500	500	5,000
Architectural/Engineering Services	-	10,545	10,545	16,000
Total Expenditures and Other Financing Uses	-	11,045	11,045	21,000
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures	\$ -	\$ 9,955	\$ 9,955	\$ -

**Additional Project Information:**

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 21,000
Revised Authorized Cost	\$ 21,000
Percentage Completion	53%
Original Target Completion Date	2018/19
Revised Target Completion Date	

**ENTERPRISE FUNDS**

**EXHIBIT G-1**

**TENAFLY BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**INTERNAL SERVICE FUND**





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

	<b>Voice IP Shared Service <u>Program</u></b>
<b>OPERATING REVENUES</b>	
Charges and Fees	\$ <u>4,151</u>
Total Operating Revenues	<u>4,151</u>
 <b>OPERATING EXPENSES</b>	
Other Purchased Services	<u>4,151</u>
Total Operating Expenses	<u>4,151</u>
Operating Income/(Loss) Before Transfers	-
Transfer Out	<u>(713)</u>
Change in Net Position	(713)
Net Position, Beginning of Year	<u>713</u>
Net Position, End of Year	<u>\$ -</u>

**TENAFLY BOARD OF EDUCATION  
INTERNAL SERVICE FUND  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Voice IP Shared Service <u>Program</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 16,405
Cash Payments for Salaries and Benefits	(4,151)
Cash Payments to Suppliers for Goods and Services	<u>(4,151)</u>
Net Cash Provided by Operating Activities	<u>12,254</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Cash Paid to General Fund	<u>(12,254)</u>
Net Cash Used by Noncapital Financing Activities	<u>(12,254)</u>
Net Increase in Cash and Cash Equivalents	-
Cash Beginning of Year	<u>-</u>
Cash End of Year	<u>\$ -</u>
 <b>Reconciliation of Operating Income to Net Cash Used by Operating Activities</b>	
Operating Loss	<u>\$ -</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
(Increase)/Decrease in Other Accounts Receivable	<u>12,254</u>
Total Adjustments	<u>12,254</u>
Net Cash Provided by Operating Activities	<u>\$ 12,254</u>

**FIDUCIARY FUNDS**

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 292,819	\$ 52,410	\$ 345,229
Due from Other Funds	-	11,297	11,297
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 292,819</u>	<u>\$ 63,707</u>	<u>\$ 356,526</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 40,381	\$ 40,381
Accrued Salaries and Wages		2,766	2,766
Due to Student Groups	\$ 292,819		292,819
Due to Other Funds		336	336
Flexible Spending (Sect. 125) Plan	-	20,224	20,224
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 292,819</u>	<u>\$ 63,707</u>	<u>\$ 356,526</u>

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

	Private Purpose Trust Funds		
	<u>TEF Funds</u>	<u>Scholarship Funds</u>	<u>Total</u>
<b>ADDITIONS</b>			
Investment Earnings			
Interest	\$ 96	\$ 1,640	\$ 1,736
Donations	21,134	1,800	22,934
	<u>21,230</u>	<u>3,440</u>	<u>24,670</u>
Total Additions			
<b>DEDUCTIONS</b>			
Scholarship Payments	-	9,250	9,250
Local Contributions	20,505	-	20,505
	<u>20,505</u>	<u>9,250</u>	<u>29,755</u>
Total Deductions			
Change in Net Position	725	(5,810)	(5,085)
Net Position, Beginning of Year	<u>2,088</u>	<u>121,770</u>	<u>123,858</u>
Net Position, End of Year	<u>\$ 2,813</u>	<u>\$ 115,960</u>	<u>\$ 118,773</u>

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

<u>School</u>	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
ELEMENTARY SCHOOLS	\$ 44,329	\$ 7,511	\$ 2,666	\$ 49,174
MIDDLE SCHOOL	55,095	271,874	262,463	64,506
HIGH SCHOOL				
Class Accounts	23,471	73,960	75,691	21,740
Student Organization Accounts	157,365	281,462	285,851	152,976
Athletic Account	<u>(251)</u>	<u>87,731</u>	<u>83,057</u>	<u>4,423</u>
Total	<u>\$ 280,009</u>	<u>\$ 722,538</u>	<u>\$ 709,728</u>	<u>\$ 292,819</u>

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

	<u>Balance, July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
Due to Other Funds	\$ 336	\$ 9,126	\$ 9,126	\$ 336
Payroll Deductions and Withholdings	18,736	21,294,511	21,272,866	40,381
Flexible Spending (Sect. 125) Plan	25,900	143,122	148,798	20,224
Accrued Salaries and Wages	680	25,241,506	25,239,420	2,766
Due from Other Funds	<u>-</u>	<u>-</u>	<u>11,297</u>	<u>(11,297)</u>
	<u>\$ 45,652</u>	<u>\$ 46,688,265</u>	<u>\$ 46,681,507</u>	<u>\$ 52,410</u>

## **LONG-TERM DEBT**

TENAFLY BOARD OF EDUCATION  
 SCHEDULE OF 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 School Bonds	9/20/2012	21,690,000	7/15/2018	200,000	2.500							
			7/15/2018	595,000	4.000							
			7/15/2019	860,000	4.000							
			7/15/2020	940,000	4.000							
			7/15/2021	1,015,000	5.000							
			7/15/2022	1,095,000	5.000							
			7/15/2023	1,200,000	5.000							
			7/15/2024	1,300,000	5.000							
			7/15/2025	1,395,000	4.500							
			7/15/2026	2,165,000	4.000							
			7/15/2027	2,235,000	4.000							
			7/15/2028	2,290,000	3.000							
			7/15/2029	570,000	3.000							
			7/15/2029	1,805,000	3.750							
	7/15/2030	2,430,000	4.000	\$	20,825,000	730,000	20,095,000					
Refunding School Bonds	6/11/2015	5,715,000	4/1/2019	225,000	4.000							
			4/1/2020	245,000	4.000							
			4/1/2021	250,000	4.000							
			4/1/2022	280,000	4.000							
			4/1/2023	300,000	3.000							
			4/1/2024	310,000	3.000							
			4/1/2025	330,000	3.000							
			4/1/2026	350,000	3.000							
			4/1/2027	560,000	3.000							
			4/1/2028	595,000	3.000							
			4/1/2029	635,000	3.000							
			4/1/2030	650,000	3.000							
			4/1/2031	690,000	3.000					5,630,000	210,000	5,420,000
			Refunding School Bonds	1/29/2016	\$ 7,090,000				4/1/2019	755,000	1.790	
4/1/2020	735,000	1.790										
4/1/2021	720,000	1.790										
4/1/2022	695,000	1.790										
4/1/2023	675,000	1.790										
4/1/2024	655,000	1.790										
4/1/2025	630,000	1.790										
4/1/2026	610,000	1.790					6,250,000	775,000	\$ 5,475,000			
					\$	32,705,000	\$ 1,715,000	\$ 30,990,000				
Paid by Budget Appropriation						\$	1,715,000					



**TENAFLY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR JUNE 30, 2018**

<u>Series</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2017</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
Digital Desktop - Licensed Software and Services	\$ 1,389,500	\$ 833,700	\$ 277,900	\$ 555,800
Digital Desktop - Hardware	<u>1,702,000</u>	<u>799,528</u>	<u>263,280</u>	<u>536,248</u>
	<u>\$ 3,091,500</u>	<u>\$ 1,633,228</u>	<u>\$ 541,180</u>	<u>\$ 1,092,048</u>
			<u>Paid by Budget Appropriation</u>	<u>\$ 541,180</u>

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 2,357,705		\$ 2,357,705	\$ 2,357,705	
State Source					
State Aid - Type II	369,103		369,103	369,103	
Total Revenues	<u>2,726,808</u>	<u>-</u>	<u>2,726,808</u>	<u>2,726,808</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Redemption of Principal	1,715,000	-	1,715,000	1,715,000	-
Interest	<u>1,102,938</u>	<u>-</u>	<u>1,102,938</u>	<u>1,102,858</u>	<u>\$ 80</u>
Total Expenditures	<u>2,817,938</u>	<u>-</u>	<u>2,817,938</u>	<u>2,817,858</u>	<u>80</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(91,130)</u>	<u>-</u>	<u>(91,130)</u>	<u>(91,050)</u>	<u>80</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	4,377	4,377
Total Other Financing Sources (Uses)				<u>4,377</u>	<u>4,377</u>
Net Change in Fund Balance	(91,130)	-	(91,130)	(86,673)	4,457
Fund Balance, Beginning of Year	<u>91,130</u>	<u>-</u>	<u>91,130</u>	<u>91,130</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,457</u>	<u>\$ 4,457</u>

**Recapitulation of Fund Balance:**

Restricted for Debt Service:	
Available for Future Use	\$ 80
Designated for Subsequent Year's Budget (2018/2019)	<u>4,377</u>
Total Fund Balance -	
Restricted for Debt Service	<u>\$ 4,457</u>

## STATISTICAL SECTION

This part of the Tenafly 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.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011 (Restated)	2012	2013	2014 (Restated)	2015 (Restated)	2016	2017 (Restated)	2018
<b>Governmental Activities</b>										
Investment in Capital Assets	\$ 1,957,267	\$ 2,467,267	\$ 3,599,085	\$ 4,505,354	\$ 4,152,656	\$ 7,441,887	\$ 8,346,793	\$ 10,584,155	\$ 15,807,868	\$ 15,349,943
Restricted	650,952	473,846	506,843	999,117	1,670,618	3,824,241	5,536,492	4,675,373	4,102,698	4,771,369
Unrestricted	(1,368,883)	(820,236)	173,688	2,761,743	3,481,958	(13,505,241)	(16,178,727)	(15,618,732)	(16,836,620)	(17,311,720)
<b>Total Governmental Activities Net Position</b>	<b>\$ 1,239,336</b>	<b>\$ 2,120,877</b>	<b>\$ 4,279,616</b>	<b>\$ 8,266,214</b>	<b>\$ 9,305,232</b>	<b>\$ (2,239,113)</b>	<b>\$ (2,295,442)</b>	<b>\$ (359,204)</b>	<b>\$ 3,073,946</b>	<b>\$ 2,809,592</b>
<b>Business-Type Activities</b>										
Investment in Capital Assets	\$ 18,919	\$ 41,370	\$ 38,992	\$ 37,093	\$ 40,668	\$ 43,996	\$ 42,195	\$ 38,602	\$ 55,670	\$ 93,190
Restricted										
Unrestricted	606,486	523,671	452,784	467,329	493,608	426,293	421,955	400,476	351,472	285,182
<b>Total Business-Type Activities Net Position</b>	<b>\$ 625,405</b>	<b>\$ 565,041</b>	<b>\$ 491,776</b>	<b>\$ 504,422</b>	<b>\$ 534,276</b>	<b>\$ 470,289</b>	<b>\$ 464,150</b>	<b>\$ 439,078</b>	<b>\$ 407,142</b>	<b>\$ 378,372</b>
<b>District-Wide</b>										
Investment in Capital Assets	\$ 1,976,186	\$ 2,508,637	\$ 3,638,077	\$ 4,542,447	\$ 4,193,324	\$ 7,485,883	\$ 8,388,988	\$ 10,622,757	\$ 15,863,538	\$ 15,443,133
Restricted	650,952	473,846	506,843	999,117	1,670,618	3,824,241	5,536,492	4,675,373	4,102,698	4,771,369
Unrestricted	(762,397)	(296,565)	626,472	3,229,072	3,975,566	(13,078,948)	(15,756,772)	(15,218,256)	(16,485,148)	(17,026,538)
<b>Total District Net Position</b>	<b>\$ 1,864,741</b>	<b>\$ 2,685,918</b>	<b>\$ 4,771,392</b>	<b>\$ 8,770,636</b>	<b>\$ 9,839,508</b>	<b>\$ (1,768,824)</b>	<b>\$ (1,831,292)</b>	<b>\$ 79,874</b>	<b>\$ 3,481,088</b>	<b>\$ 3,187,964</b>

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".

Note 3 - Net Position at June 30, 2015 is restated to adjust capital asset values, including accumulated depreciation as disclosed in Note 6 of the Notes to the Financial Statements.

Source: District's financial statements

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

	Fiscal Year Ended June 30.									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 28,660,085	\$ 27,985,048	\$ 27,929,141	\$ 28,034,634	\$ 29,612,216	\$ 29,657,538	\$ 35,358,704	\$ 37,467,586	\$ 41,889,707	\$ 42,091,248
Special Education	7,686,017	8,327,025	8,861,354	8,822,053	8,958,381	9,341,120	10,259,084	11,145,085	12,141,526	12,590,425
Other Instruction	2,419,401	2,127,521	1,997,649	1,942,642	2,135,580	2,083,253	2,382,084	2,666,858	3,083,645	3,321,720
School Sponsored Activities And Athletics	1,353,729	1,241,373	1,209,328	1,232,990	1,263,021	1,305,116	1,605,092	1,800,560	2,015,311	2,087,955
Other Instructional Programs				8,694	7,741	7,091	30,770	37,539	48,487	43,806
Community Services										
<b>Support Services:</b>										
Student & Instruction Related Services	7,159,453	8,400,229	7,355,685	7,594,498	8,722,193	9,466,929	11,412,708	12,814,119	12,910,400	14,088,044
School Administrative Services	1,379,168	4,789,042	4,377,208	4,631,725	4,969,181	4,408,156	5,101,918	5,228,684	5,792,404	6,069,970
General Administration	3,970,308	656,614	1,206,499	1,082,148	1,190,942	1,366,283	1,906,071	977,527	979,519	1,097,035
Plant Operations And Maintenance	5,643,316	5,707,258	5,344,993	5,507,613	7,513,429	6,713,229	6,668,670	6,833,786	7,035,256	7,723,842
Pupil Transportation	1,278,214	1,108,733	1,013,923	1,112,729	1,049,857	995,730	1,204,927	1,282,758	1,304,784	1,379,792
Other Support Services	1,057,151	1,142,588	1,178,922	1,326,849	1,132,397	1,611,780	1,815,707	1,963,307	2,341,269	2,182,543
Special Schools										
Interest On Long-Term Debt	1,891,099	1,835,994	1,782,896	1,768,513	1,433,612	1,538,470	1,525,790	1,289,116	1,231,175	1,174,563
<b>Total Governmental Activities Expenses</b>	<b>62,497,941</b>	<b>63,321,425</b>	<b>62,257,598</b>	<b>63,065,088</b>	<b>67,988,550</b>	<b>68,494,695</b>	<b>78,371,525</b>	<b>83,506,925</b>	<b>90,773,483</b>	<b>93,850,945</b>
<b>Business-Type Activities:</b>										
Food Service	670,517	627,700	683,234	680,768	705,738	722,465	687,143	692,228	700,170	630,638
Child Care	274,826	293,629	306,305	309,747	282,243	396,282	329,221	357,217	438,450	433,708
Tiger Tots									134,258	140,376
<b>Total Business-Type Activities Expense</b>	<b>945,343</b>	<b>921,329</b>	<b>989,539</b>	<b>990,515</b>	<b>987,981</b>	<b>1,118,747</b>	<b>1,016,364</b>	<b>1,049,445</b>	<b>1,272,878</b>	<b>1,204,722</b>
<b>Total District Expenses</b>	<b>\$ 63,443,284</b>	<b>\$ 64,242,754</b>	<b>\$ 63,247,137</b>	<b>\$ 64,055,603</b>	<b>\$ 68,976,531</b>	<b>\$ 69,613,442</b>	<b>\$ 79,387,889</b>	<b>\$ 84,556,370</b>	<b>\$ 92,046,361</b>	<b>\$ 95,055,667</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Instruction (Tuition)	\$ 891,423	\$ 790,786	\$ 992,304	\$ 1,043,013	\$ 1,116,602	\$ 1,161,307	\$ 1,202,117	\$ 1,458,902	\$ 1,154,999	\$ 1,202,529
School Sponsored Activities and Athletics			133,692	123,831	96,356	82,583				
Special Schools										
Community Services										
Operating Grants And Contributions	6,846,041	8,713,095	6,550,845	8,247,559	9,443,278	8,588,388	16,083,705	19,418,155	25,455,999	26,847,935
Capital Grants And Contributions	626,022	485,430	439,758	456,799	380,735	913,675	497,375	584,147	1,155,461	246,762
<b>Total Governmental Activities Program Revenues</b>	<b>8,363,486</b>	<b>9,989,311</b>	<b>8,116,599</b>	<b>9,871,202</b>	<b>11,036,971</b>	<b>10,745,953</b>	<b>17,783,197</b>	<b>21,461,204</b>	<b>27,766,459</b>	<b>28,297,226</b>
<b>Business-Type Activities:</b>										
<b>Charges For Services:</b>										
Food Service	596,397	568,396	587,234	605,928	594,204	627,312	648,766	669,219	677,739	584,056
Child Care	220,584	225,680	253,355	319,359	341,454	325,690	360,960	354,835	372,286	416,002
Tiger Tots									137,900	143,775
Operating Grants And Contributions	67,341	65,618	74,512	77,381	71,871	89,319				
<b>Total Business Type Activities Program Revenues</b>	<b>884,322</b>	<b>859,694</b>	<b>915,101</b>	<b>1,002,668</b>	<b>1,007,529</b>	<b>1,042,321</b>	<b>1,009,726</b>	<b>1,024,054</b>	<b>1,187,925</b>	<b>1,143,833</b>
<b>Total District Program Revenues</b>	<b>\$ 9,247,808</b>	<b>\$ 10,849,005</b>	<b>\$ 9,031,700</b>	<b>\$ 10,873,870</b>	<b>\$ 12,044,500</b>	<b>\$ 11,788,274</b>	<b>\$ 18,792,923</b>	<b>\$ 22,485,258</b>	<b>\$ 28,954,384</b>	<b>\$ 29,441,059</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (54,134,455)	\$ (53,332,114)	\$ (54,140,999)	\$ (53,193,886)	\$ (56,951,579)	\$ (57,748,742)	\$ (60,588,328)	\$ (62,045,721)	\$ (63,007,024)	\$ (65,553,719)
Business-Type Activities	(61,021)	(61,635)	(74,438)	12,153	19,548	(76,426)	(6,638)	(25,391)	(84,953)	(60,889)
<b>Total District-Wide Net Expense</b>	<b>\$ (54,195,476)</b>	<b>\$ (53,393,749)</b>	<b>\$ (54,215,437)</b>	<b>\$ (53,181,733)</b>	<b>\$ (56,932,031)</b>	<b>\$ (57,825,168)</b>	<b>\$ (60,594,966)</b>	<b>\$ (62,071,112)</b>	<b>\$ (63,091,977)</b>	<b>\$ (65,614,608)</b>

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes	\$ 51,886,885	\$ 53,782,022	\$ 56,048,259	\$ 56,805,637	\$ 57,887,796	\$ 58,953,614	\$ 59,990,128	\$ 61,707,367	\$ 63,737,435	\$ 64,871,921
Unrestricted Grants And Contributions	12,186									
Investment Earnings	68,656	53,640	63,125	39,467	44,604	43,477	32,565	33,236	33,079	165,454
Miscellaneous Income	385,266	377,993	238,630	331,972	309,110	596,176	509,306	638,766	332,224	283,428
Loss on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	(40,092)	(31,438)
<b>Total Governmental Activities</b>	<b>52,352,993</b>	<b>54,213,655</b>	<b>56,350,014</b>	<b>57,177,076</b>	<b>58,241,510</b>	<b>59,593,267</b>	<b>60,531,999</b>	<b>62,379,369</b>	<b>64,062,646</b>	<b>65,289,365</b>
Business-Type Activities:										
Investment Earnings	1,809	1,271	1,173	493	606	657	499	319	285	681
Transfers	-	-	-	-	-	-	-	-	40,092	31,438
<b>Total Business-Type Activities</b>	<b>1,809</b>	<b>1,271</b>	<b>1,173</b>	<b>493</b>	<b>606</b>	<b>657</b>	<b>499</b>	<b>319</b>	<b>40,377</b>	<b>32,119</b>
<b>Total District-Wide</b>	<b>\$ 52,354,802</b>	<b>\$ 54,214,926</b>	<b>\$ 56,351,187</b>	<b>\$ 57,177,569</b>	<b>\$ 58,242,116</b>	<b>\$ 59,593,924</b>	<b>\$ 60,532,498</b>	<b>\$ 62,379,688</b>	<b>\$ 64,103,023</b>	<b>\$ 65,321,484</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (1,781,462)	\$ 881,541	\$ 2,209,015	\$ 3,983,190	\$ 1,289,931	\$ 1,844,525	\$ (56,329)	\$ 333,648	\$ 1,055,622	\$ (264,354)
Business-Type Activities	(39,212)	(60,364)	(73,265)	12,646	20,154	(75,769)	(6,139)	(25,072)	(44,576)	(28,770)
<b>Total District Wide</b>	<b>\$ (1,840,674)</b>	<b>\$ 821,177</b>	<b>\$ 2,135,750</b>	<b>\$ 3,995,836</b>	<b>\$ 1,310,085</b>	<b>\$ 1,768,756</b>	<b>\$ (62,468)</b>	<b>\$ 308,576</b>	<b>\$ 1,011,046</b>	<b>\$ (293,124)</b>

Sources: District's financial statements

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,857,682	\$ 1,782,685								
Unreserved	191,294	477,859								
Restricted			\$ 2,333,856	\$ 4,775,177	\$ 4,732,304	\$ 5,215,987	\$ 5,183,117	\$ 4,255,257	\$ 6,376,707	\$ 6,736,790
Committed			38,500	558,440	489,500					
Assigned			1,413,210	322,225	749,275	1,641,275	1,571,610	1,556,814	1,245,526	1,167,435
Unassigned	-	-	607,687	577,090	1,087,841	1,126,026	1,144,340	1,208,586	1,181,815	1,221,046
<b>Total General Fund</b>	<b>\$ 2,048,976</b>	<b>\$ 2,260,544</b>	<b>\$ 4,393,253</b>	<b>\$ 6,232,932</b>	<b>\$ 7,058,920</b>	<b>\$ 7,983,288</b>	<b>\$ 7,899,067</b>	<b>\$ 7,020,657</b>	<b>\$ 8,804,048</b>	<b>\$ 9,125,271</b>
All Other Governmental Funds										
Reserved	\$ 133,649	\$ 59,044								
Unreserved	532,175	102,326								
Restricted			\$ 17,363	\$ 17,321	\$ 77,473	\$ 537,435	\$ 2,269,051	\$ 2,598,479	\$ 246,861	\$ 222,699
Committed										
Assigned										
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 665,824</b>	<b>\$ 161,370</b>	<b>\$ 17,363</b>	<b>\$ 17,321</b>	<b>\$ 77,473</b>	<b>\$ 537,435</b>	<b>\$ 2,269,051</b>	<b>\$ 2,598,479</b>	<b>\$ 246,861</b>	<b>\$ 222,699</b>

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.

Source: District's financial statements

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax Levy	\$ 51,886,885	\$ 53,782,022	\$ 56,048,259	\$ 56,805,637	\$ 57,887,796	\$ 58,953,614	\$ 59,990,128	\$ 61,707,367	\$ 63,737,435	\$ 64,871,921
Tuition Charges	891,423	790,786	813,030	869,043	936,982	1,011,177	1,030,447	1,050,511	994,660	979,918
Interest Earnings	68,656	53,640	63,125	39,467	44,604	43,477	32,565	33,236	33,079	165,454
Miscellaneous	385,266	413,362	606,797	693,940	695,047	1,435,641	962,870	695,865	522,820	515,354
State Sources	6,537,468	7,756,610	5,789,462	7,633,612	8,880,214	7,981,206	8,941,717	10,530,252	11,983,296	12,387,774
Federal Sources	880,281	1,387,801	1,107,300	930,373	833,838	836,196	900,736	1,027,981	1,157,601	1,236,773
<b>Total Revenue</b>	<b>60,649,979</b>	<b>64,184,221</b>	<b>64,427,973</b>	<b>66,972,072</b>	<b>69,278,481</b>	<b>70,261,311</b>	<b>71,858,463</b>	<b>75,045,212</b>	<b>78,428,891</b>	<b>80,157,194</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	28,155,908	27,395,217	27,383,273	27,374,992	29,109,156	28,969,431	30,191,190	30,908,379	32,285,717	33,432,534
Special Education Instruction	7,629,306	8,263,320	8,777,305	8,725,095	8,938,253	9,264,156	9,344,858	9,892,994	10,221,343	10,855,643
Other Instruction	2,401,299	2,094,229	1,974,898	1,946,674	2,151,728	2,079,479	2,062,903	2,231,195	2,409,362	2,639,951
School Sponsored Activities and Athletics	1,353,729	1,241,373	1,209,328	1,232,990	1,238,272	1,280,354	1,396,868	1,522,592	1,599,890	1,704,161
Other Instructional Programs				8,694	7,741	7,091	8,780	7,832	7,195	5,094
Community Services										
<b>Support Services</b>										
Student and Inst. Related Services	7,154,389	8,312,881	7,445,708	7,540,515	8,669,666	9,429,992	11,601,075	12,354,942	11,387,820	12,260,783
General Administration	1,382,860	909,871	1,153,097	1,078,885	1,038,465	1,342,109	981,112	941,810	916,355	1,020,947
School Administrative Services	3,994,773	4,792,361	4,294,492	4,877,185	5,084,880	4,399,746	4,794,942	4,749,411	4,911,583	5,182,515
Plant Operations And Maintenance	5,628,015	5,604,865	5,322,895	5,478,121	6,050,483	5,227,826	5,176,949	5,539,325	5,510,818	5,695,282
Pupil Transportation	1,267,053	1,097,270	1,001,139	1,099,061	1,035,544	972,930	1,182,039	1,263,571	1,284,271	1,352,454
Other Support Services	1,060,363	1,114,440	1,156,870	1,294,966	1,187,742	1,608,650	1,780,810	1,859,646	1,955,867	1,959,463
<b>Capital Outlay</b>	<b>1,212,782</b>	<b>507,177</b>	<b>601,136</b>	<b>404,705</b>	<b>978,814</b>	<b>1,388,169</b>	<b>1,879,879</b>	<b>957,268</b>	<b>3,109,171</b>	<b>351,777</b>
<b>Debt Service</b>										
Payments to Refunding Escrow Agent					2,653,896	-	387,734			
Cost of Issuance of Refunding of Bonds					187,386	-	99,457	33,000		
Principal	1,280,729	1,276,631	1,442,597	2,304,055	1,430,000	1,385,000	1,435,000	2,150,268	2,193,004	2,256,180
Interest and Other Charges	1,887,828	1,833,924	1,781,092	1,766,497	1,471,597	1,522,048	1,466,163	1,214,961	1,164,630	1,112,624
<b>Total Expenditures</b>	<b>64,409,034</b>	<b>64,443,559</b>	<b>63,543,830</b>	<b>65,132,435</b>	<b>71,233,623</b>	<b>68,876,981</b>	<b>73,789,759</b>	<b>75,627,194</b>	<b>78,957,026</b>	<b>79,829,408</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(3,759,055)</b>	<b>(259,338)</b>	<b>884,143</b>	<b>1,839,637</b>	<b>(1,955,142)</b>	<b>1,384,330</b>	<b>(1,931,296)</b>	<b>(581,982)</b>	<b>(528,135)</b>	<b>327,786</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds From Borrowing										
Capital Leases / Lease Purchase Proceeds (Non-Budge)	309,728		1,104,559				3,091,500			
Proceeds From Refunding					21,690,000		5,715,000	7,090,000		
Payments To Escrow Agent					(21,264,000)		(5,366,000)	(7,057,000)		
Premium on Refunding Bonds					2,415,282		138,191			
Transfers In	21,743	42	48,521			124,937	2,451,361		1,388,348	629,641
Transfers Out	(21,743)	(42)	(48,521)			(124,937)	(2,451,361)		(1,428,440)	(660,366)
<b>Total Other Financing Sources (Uses)</b>	<b>309,728</b>	<b>-</b>	<b>1,104,559</b>	<b>-</b>	<b>2,841,282</b>	<b>-</b>	<b>3,578,691</b>	<b>33,000</b>	<b>(40,092)</b>	<b>(30,725)</b>
<b>Net Change in Fund Balances</b>	<b>\$ (3,449,327)</b>	<b>\$ (259,338)</b>	<b>\$ 1,988,702</b>	<b>\$ 1,839,637</b>	<b>\$ 886,140</b>	<b>\$ 1,384,330</b>	<b>\$ 1,647,395</b>	<b>\$ (548,982)</b>	<b>\$ (568,227)</b>	<b>\$ 297,061</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>5.01%</b>	<b>4.87%</b>	<b>5.12%</b>	<b>6.29%</b>	<b>4.13%</b>	<b>4.31%</b>	<b>4.03%</b>	<b>4.51%</b>	<b>4.43%</b>	<b>4.24%</b>

\* Noncapital expenditures are total expenditures less capital outlay.



**TENAFLY BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Fiscal Year Ended June 30</u>	<u>Tuition</u>	<u>Summer School Fees</u>	<u>Interest on Deposits</u>	<u>Extracurricular Activities Fees</u>	<u>Solar Panel Project Escrow</u>	<u>Miscellaneous</u>	<u>Total</u>
2009	\$ 891,423	\$ 117,180	\$ 46,913			\$ 268,086	\$ 1,323,602
2010	790,786	149,275	53,598			228,718	1,222,377
2011	813,030	179,274	63,111	\$ 133,692		237,630	1,426,737
2012	869,043	173,970	39,467	123,831		331,972	1,538,283
2013	936,982	179,620	44,503	96,356		309,110	1,566,571
2014	1,011,177	150,130	43,477	82,583	\$ 152,000	444,176	1,883,543
2015	1,030,447	143,670	32,565	35,500	-	473,806	1,715,988
2016	1,050,511	161,701	33,236	43,437	-	446,517	1,735,402
2017	994,660	157,125	33,079	7,172		325,052	1,517,088
2018	979,918	175,830	165,454	7,615		318,443	1,647,260

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2009	\$ 25,301,600	\$ 2,796,948,000	\$ 177,825,000	\$ 8,673,600	\$ 27,835,300	\$ 3,036,583,500	\$ 1,244,311	\$ 3,037,827,811	\$ 4,348,984,662	\$ 1.750
2010	19,819,300	2,846,449,200	175,538,600	8,673,600	27,835,300	3,078,316,000	1,244,394	3,079,560,394	4,152,155,937	1.775
2011 (1)	25,504,400	3,527,700,500	232,556,100	11,905,100	36,741,000	3,834,407,100	1,442,056	3,835,849,159	4,003,014,657	1.471
2012	35,379,100	3,521,404,100	231,623,200	11,905,100	36,741,000	3,837,052,500	1,340,485	3,838,392,985	4,090,505,003	1.495
2013	32,146,300	3,537,322,000	232,377,500	11,905,100	36,741,000	3,850,491,900	1,272,258	3,851,764,158	4,103,014,129	1.517
2014	34,048,000	3,549,449,900	231,976,200	10,462,000	36,741,000	3,862,677,100	920,920	3,863,598,020	4,348,838,200	1.539
2015	41,311,500	3,563,099,200	229,885,000	10,462,000	36,741,000	3,881,498,700	920,647	3,882,419,347	4,253,872,872	1.567
2016	43,105,700	3,588,686,800	241,749,500	10,462,000	36,741,000	3,920,745,000		3,920,745,000	4,435,733,680	1.600
2017	44,750,300	3,617,030,300	240,984,300	10,462,000	36,741,000	3,949,967,900		3,949,967,900	4,516,313,629	1.628
2018	45,288,300	3,658,491,300	240,386,300	10,462,000	36,741,000	3,991,368,900		3,991,368,900	4,570,330,078	1.647

Source: County Abstract of Ratables

a Tax rates are per \$100

(1) The Borough underwent a revaluation of real property effective in 2011

Note- Beginning in calendar year 2016, public utilities are no longer taxed in accordance with NJ state legislation

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u> (2)	<u>County</u>	<u>County Open Space</u>
2009	\$ 2.680	\$ 1.750	\$ 0.654	\$ 0.261	\$ 0.015
2010	2.752	1.775	0.704	0.269	0.004
2011 (1)	2.256	1.471	0.569	0.213	0.003
2012	2.297	1.495	0.569	0.230	0.003
2013	2.332	1.517	0.571	0.241	0.003
2014	2.373	1.539	0.580	0.251	0.003
2015	2.418	1.567	0.588	0.260	0.003
2016	2.473	1.600	0.595	0.275	0.003
2017	2.523	1.628	0.605	0.279	0.011
2018	2.532	1.647	0.605	0.269	0.011

(1) The Borough underwent a revaluation of real property effective in 2011

(2) Includes Municipal Open Space Tax and Library Tax

Source: Tax Duplicate, Borough of Tenafly

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

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Marlborough Co-Op Corporation			\$ 18,000,000	0.59%
Clinton Lodging, LLC			9,818,000	0.32%
Knickerbocker Country Club			6,506,200	0.21%
Individual Taxpayer			4,200,000	0.14%
Tenafly Shopping Center LP			7,445,700	0.25%
County Manor Realty			3,614,500	0.12%
Sharp Tenafly LLC			3,496,000	0.12%
Individual Taxpayer			3,781,200	0.12%
Stonegarth Equities, LLC			4,135,100	0.14%
Individual Taxpayer			3,488,700	0.11%
Marlborough Co-Op Corporation	\$ 22,510,300	0.56%		
A.S.D.D.J LLC	11,830,100	0.30%		
145 Dean Drive LLC	9,747,700	0.24%		
Knickerbocker Country Club	8,227,200	0.21%		
Tenafly Shopping Center LP	7,209,400	0.18%		
Quirk Properties Tenafly, LLC	6,696,400	0.17%		
30 Engle Street-Tenafly Realty	6,524,200	0.16%		
Resident	4,653,100	0.12%		
TRC Property LLC	4,485,600	0.11%		
County Manor Realty	4,215,500	0.11%		
	<u>\$ 86,099,500</u>	<u>2.16%</u>	<u>\$ 64,485,400</u>	<u>2.12%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 51,886,885	\$ 51,886,885	100.00%	N/A
2010	53,782,022	53,782,022	100.00%	N/A
2011	56,048,259	56,048,259	100.00%	N/A
2012	56,805,637	56,805,637	100.00%	N/A
2013	57,887,796	57,887,796	100.00%	N/A
2014	58,953,614	58,953,614	100.00%	N/A
2015	59,990,128	59,990,128	100.00%	N/A
2016	61,707,367	61,707,367	100.00%	N/A
2017	63,737,435	63,737,435	100.00%	N/A
2018	64,871,921	64,871,921	100.00%	N/A

N/A = Not Applicable

Source: District records.

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

Fiscal Year Ended June 30,	Governmental Activities		Total District	Percentage of Personal Income	Population	Per Capita
	General Obligation Bonds	Capital Lease/Lease Purchase Agreements				
2009	\$ 42,875,000	\$ 303,724	\$ 43,178,724	0.15%	14,593	\$ 2,959
2010	41,710,000	192,093	41,902,093	0.16%	14,681	2,854
2011	40,510,000	1,054,055	41,564,055	0.16%	14,535	2,860
2012	39,260,000	-	39,260,000	0.17%	14,661	2,678
2013	38,256,000	-	38,256,000	0.18%	14,766	2,591
2014	36,871,000		36,871,000	0.19%	14,830	2,486
2015	35,785,000	2,721,500	38,506,500	0.18%	14,878	2,588
2016	34,360,000	2,171,232	36,531,232	0.20%	14,888	2,454
2017	32,705,000	1,633,228	34,338,228	0.21%	14,897	2,305
2018	30,990,000	1,092,048	32,082,048	0.23%	14,900 (E)	2,153

Source: District records

(E) Estimated

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2009	\$ 42,875,000		\$ 42,875,000	1.41	\$ 2,938
2010	41,710,000		41,710,000	1.35	2,841
2011	40,510,000		40,510,000	1.06	2,793
2012	39,260,000		39,260,000	1.02	2,692
2013	38,256,000		38,256,000	0.99	2,614
2014	36,871,000		36,871,000	0.95	2,519
2015	35,785,000		35,785,000	0.92	2,445
2016	34,360,000		34,360,000	0.88	2,348
2017	32,705,000		32,705,000	0.83	2,235
2018	30,990,000		30,990,000	0.78	2,118

Source: District records

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

	<u>Net Debt</u>
Tenafly Board of Education (June 30, 2018)	\$ 30,990,000
Municipal Debt: (1)	
Borough of Tenafly	<u>21,092,013</u>
	52,082,013
 Overlapping Debt Apportioned to the Municipality:	
Bergen County: (2) and (3)	
County of Bergen (A)	33,459,251
Bergen County Utilities Authority - Water Pollution (B)	<u>3,592,437</u>
	<u>37,051,688</u>
 Total Direct and Overlapping Debt	 <u>\$ 89,133,701</u>

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

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

Sources:

- (1) Borough of Tenafly Annual Debt Statement
- (2) BCUA 2017 audit.
- (3) Bergen County Debt Statement December 31, 2017



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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 165,262,172	\$ 168,673,106	\$ 168,926,498	\$ 166,051,265	\$ 164,148,939	\$ 164,565,255	\$ 166,512,867	\$ 170,655,054	\$ 175,071,218	\$ 178,946,581
Total Net Debt Applicable to Limit	<u>42,875,000</u>	<u>41,710,000</u>	<u>40,510,000</u>	<u>39,260,000</u>	<u>38,256,000</u>	<u>36,871,000</u>	<u>35,785,000</u>	<u>34,360,000</u>	<u>32,705,000</u>	<u>30,990,000</u>
Legal Debt Margin	<u>\$ 122,387,172</u>	<u>\$ 126,963,106</u>	<u>\$ 128,416,498</u>	<u>\$ 126,791,265</u>	<u>\$ 125,892,939</u>	<u>\$ 127,694,255</u>	<u>\$ 130,727,867</u>	<u>\$ 136,295,054</u>	<u>\$ 142,366,218</u>	<u>\$ 147,956,581</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	25.94%	24.73%	23.98%	23.64%	23.31%	22.41%	21.49%	20.13%	18.68%	17.32%

Legal Debt Margin Calculation for Fiscal Year 2018

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

Equalized Valuation Basis

2015	\$ 4,391,332,391
2016	4,513,347,531
2017	4,516,313,629
	<u>\$ 13,420,993,551</u>

Average Equalized Valuation of Taxable Property

\$ 4,473,664,517

Debt Limit (4 % of Average Equalization Value)  
 Total Net Debt Applicable to Limit  
 Legal Debt Margin

\$ 178,946,581  
30,990,000  
\$ 147,956,581

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population(2)</u>
2008	4.3%	\$ 67,722	14,593
2009	7.8	68,124	14,681
2010	8	65,097	14,535
2011	7.8	66,080	14,661
2012	8	69,044	14,766
2013	7.3	71,953	14,830
2014	4.0	71,449	14,878
2015	3.4	73,293	14,888
2016	3.1	76,388	14,897
2017	2.9	77,187 (E)	14,900

Source: New Jersey Department of Labor  
United States Bureau of Census  
School District Records

(E) Estimated

(1) County of Bergen

(2) Estimated

TENAFLY BOARD OF EDUCATION  
 PRINCIPAL EMPLOYERS,  
 CURRENT YEAR AND TEN YEARS AGO  
 (Unaudited)

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

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Instruction</b>										
Regular	187.10	183.90	174.90	174.70	177.30	177.90	179.50	179.30	186.20	212.70
Special Education	32.80	33.40	32.80	34.80	37.00	39.30	40.30	43.70	47.20	43.40
Other Special Education	17.50	18.55	17.15	18.20	19.20	19.60	19.80	20.30	25.40	
Other Instruction	119.94	112.61	102.15	103.40	101.60	101.00	100.70	105.00	91.70	3.00
<b>Support Services:</b>										
Student and Instruction Related Services	66.94	71.56	69.60	76.10	73.78	86.00	103.30	106.40	103.80	206.60
General Administration	43.48	45.90	37.50	37.50	38.50	39.00	41.00	41.00	34.00	25.00
School Administrative Services	20.20	27.30	23.70	24.20	25.20	25.40	25.40	25.40	29.00	23.00
Other Administrative Services										15.50
Plant Operations And Maintenance	<u>38.00</u>	<u>38.00</u>	<u>36.00</u>	<u>36.00</u>	<u>36.00</u>	<u>36.00</u>	<u>36.00</u>	<u>36.00</u>	<u>36.00</u>	<u>38.00</u>
<b>Total</b>	<u>525.96</u>	<u>531.22</u>	<u>493.80</u>	<u>504.90</u>	<u>508.58</u>	<u>524.20</u>	<u>546.00</u>	<u>557.10</u>	<u>553.30</u>	<u>567.20</u>

Source: District Personnel Records

TENAFLY 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	Pupil/Teacher 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	3,477	\$ 60,027,695	\$ 17,264	1.85%	307.00	20.10	17.9	17.5	3,504	3,377.00	0.98%	96.38%
2010	3,486	60,825,827	17,449	1.07%	296.50	20.50	17.5	19.0	3,557	3,433.60	1.51%	96.53%
2011	3,560	59,719,005	16,775	-3.86%	277.05	20.40	20.8	20.0	3,594	3,469.90	1.03%	96.56%
2012	3,584	60,657,178	16,924	0.89%	276.60	21.20	21.9	19.6	3,619	3,491.80	0.71%	96.49%
2013	3,604	64,511,930	17,900	5.76%	278.90	21.50	20.4	18.7	3,612	3,479.00	-0.19%	96.32%
2014	3,587	64,581,764	18,004	6.38%	278.90	21.60	20.6	18.0	3,592	3,508.91	-0.55%	97.69%
2015	3,535	68,151,529	19,279	7.70%	280.20	21.80	20	17.6	3,610	3,484.93	0.50%	96.54%
2016	3,598	71,271,697	19,809	10.02%	284.30	22.00	17	17.8	3,607	3,479.94	-0.08%	96.48%
2017	3,567	72,490,221	20,322	5.41%	277.90	21.75	17.8	19.5	3,633	3,491.38	0.67%	96.10%
2018	3,677	76,113,960	20,700	4.50%	288.00	14.80	10.1	13.3	3,685	3,548.74	1.43%	96.30%

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.

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

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>District Building</b>										
<b>Elementary</b>										
<b>Mackay</b>										
Square Feet	36,344	36,344	36,344	36,344	36,344	36,344	36,344	36,344	36,344	36,344
Capacity (students)	351	351	351	351	351	351	351	351	351	351
Enrollment	366	356	376	390	385	393	409	400	394	392
<b>Maugham</b>										
Square Feet	41,450	41,450	41,450	41,450	41,450	41,450	41,450	41,450	41,450	41,450
Capacity (students)	319	319	319	319	319	319	319	319	319	319
Enrollment	388	380	385	390	405	409	402	403	397	412
<b>Smith</b>										
Square Feet	38,125	38,125	38,125	38,125	38,125	38,125	38,125	38,125	38,125	38,125
Capacity (students)	312	312	312	312	312	312	312	312	312	312
Enrollment	366	367	365	365	371	376	391	380	375	374
<b>Stillman</b>										
Square Feet	40,780	40,780	40,780	40,780	40,780	40,780	40,780	40,780	40,780	40,780
Capacity (students)	338	338	338	338	338	338	338	338	338	338
Enrollment	381	401	384	395	408	409	414	392	356	372
<b>Middle School</b>										
Square Feet	182,258	182,258	182,258	182,258	182,258	182,258	182,258	182,258	182,258	182,258
Capacity (students)	950	950	950	950	950	950	950	950	950	950
Enrollment	828	802	827	847	831	852	842	891	917	904
<b>High School</b>										
Square Feet	260,715	260,715	260,715	260,715	260,715	260,715	260,715	260,715	260,715	260,715
Capacity (students)	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170	1,170
Enrollment	1,182	1,183	1,236	1,232	1,212	1,152	1,151	1,142	1,164	1,223
<b>Administration Building</b>										
Square Feet	9,280	9,280	9,280	9,280	9,280	9,280	9,280	9,280	9,280	9,280

Number of Schools at June 30, 2018

- Elementary = 4
- Middle School = 1
- Senior High School = 1
- Administration = 1

Source: District Records

TENAFLY BOARD OF EDUCATION  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST TEN FISCAL YEARS

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES</b>										
<b>* School Facilities</b>										
Mackay Elementary School	\$ 88,573	\$ 67,186	\$ 71,644	\$ 83,475	\$ 86,162	\$ 43,752	\$ 52,353	\$ 48,508	\$ 51,969	\$ 51,609
Maugham Elementary School	112,409	85,267	90,925	105,940	109,351	50,050	59,719	54,976	56,745	58,860
Smith Elementary School	149,981	113,766	121,314	141,348	145,899	46,036	54,896	50,933	52,243	54,138
Stillman Elementary School	50,511	38,314	40,856	47,603	49,136	49,241	58,754	54,167	55,645	57,909
Middle School	153,984	116,802	124,552	145,121	149,793	220,074	262,465	241,731	244,990	258,811
High School	233,810	177,354	189,121	209,362	216,102	314,810	375,413	346,022	350,432	370,221
<b>Total School Facilities</b>	<b>789,268</b>	<b>598,689</b>	<b>638,412</b>	<b>732,849</b>	<b>756,443</b>	<b>723,963</b>	<b>863,600</b>	<b>796,337</b>	<b>812,024</b>	<b>851,548</b>
<b>Other Facilities</b>										
Administration Building	65,378	49,591	52,881	10,990	11,343	11,206	13,329	2,702	12,442	13,178
<b>Grand Total</b>	<b>\$ 854,646</b>	<b>\$ 648,280</b>	<b>\$ 691,293</b>	<b>\$ 743,839</b>	<b>\$ 767,786</b>	<b>\$ 735,169</b>	<b>\$ 876,929</b>	<b>\$ 799,039</b>	<b>\$ 824,466</b>	<b>\$ 864,726</b>

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

Source: School District's records

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property-Blanket Building/Contents	\$ 105,692,113	\$ 5,000
Comprehensive General Liability (each occurrence)	1,000,000	N/A
Public Employee Dishonesty	\$100,000 / employee	5,000
Public Employee Dishonesty (per loss)	400,000	
Forgery Alteration	50,000	1,000
Umbrella Liability - Great American Insurance Co.	9,000,000	
Commercial Umbrella Excess - Fireman's Fund	50,000,000	N/A
Educator's Professional Liability - XL Catlin	1,000,000	20,000
Pollution Coverage - ACE American Insurance Company	4,000,000	15,000
Group Aggregate Limit - Pollution Coverage	20,000,000	
Per Pollution Condition	2,000,000	20,000
Aggregate Sublimit per Named Insured	4,000,000	
Per Fungi or Legionella Pneumophila Condition		20,000
Group Aggregate	20,000,000	

Source: School Insurance 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  
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ANDREW D. PARENTE, CPA, RMA, PSA

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

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Tenafly Board of Education  
Tenafly, 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 Tenafly 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 Tenafly Board of Education's basic financial statements and have issued our report thereon dated January 22, 2019.

**Internal Control Over Financial Reporting**

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Tenafly Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 22, 2019.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Tenafly 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 Tenafly Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*LERCH, VINCI & HIGGINS, LLP*

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

*DLJ*

Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
January 22, 2019



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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ROBERT LERCH, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Tenafly 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 Tenafly Board of Education's major federal and state programs for the fiscal year ended June 30, 2018. The Tenafly 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 Tenafly 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 Tenafly 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 Tenafly Board of Education's compliance.

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

In our opinion, the Tenafly 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.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal and state program is not modified with respect to this matter.

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

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

Management of the Tenafly 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 Tenafly 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 Tenafly 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 Tenafly 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 22, 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



Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
January 22, 2019

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance at	Unearned	Accounts	Balance at June 30, 2018					Memo	
						June 30, 2017	Revenue	Receivable	(Account Receivable)	Carryover Amount	Carryover Amount	Cash Received	Budgetary Expenditures	(Account Receivable)	Unearned Revenue
U.S. Department of Education Passed-through State Department of Education															
General Fund:															
Medical Assistance Program	93.778	1805NJSMAP	N/A	7/1/17-6/30/18	\$ 22,707	-	-	-	\$ 22,707	\$ 22,707	-	-	-	-	\$ 22,707
Total General Fund						-	-	-	22,707	22,707	-	-	-	-	22,707
Special Revenue Fund:															
I.D.E.A. Part B, Basic	84.027	H027A170100	IDEA5160-18	7/1/17-6/30/18	704,923		\$ 4	\$ (4)	684,128	704,611	\$ (20,799)	\$ 316		\$ (20,483)	704,611
I.D.E.A. Part B, Basic	84.027	H027A160100	IDEA5160-17	7/1/16-6/30/17	716,849	\$ (43,278)	(4)	4	43,278		-	-			
I.D.E.A. Part B, Preschool	84.173	H173A170114	IDEA5160-18	7/1/17-6/30/18	37,188				37,188	37,188					37,188
I.D.E.A. Part B, Preschool	84.173	H173A160114	IDEA5160-17	7/1/16-6/30/17	37,402	(3,949)			3,949						
Total Special Education Cluster (IDEA)						(47,227)	-	-	768,543	741,799	(20,799)	316		(20,483)	741,799
Title I, Part A	84.010A	S010A170030	ESEA516018	7/1/17-6/30/18	188,681		28,061	(28,061)	120,705	206,796	(96,037)	9,946		(86,091)	206,796
Title I, Part A	84.010A	S010A160030	ESEA516017	7/1/16-6/30/17	187,078	(57,370)	(28,061)	28,061	57,370		-	-		-	
Title II, Part A	84.367	S367A170029	ESEA516018	7/1/17-6/30/18	55,010	-	38,199	(38,199)	75,690	89,457	(17,519)	3,752		(13,767)	89,457
Title II, Part A	84.367	S367A160029	ESEA516017	7/1/16-6/30/17	42,101	(23,020)	(38,199)	38,199	23,020		-	-		-	
Title III-Immigrant	84.365	S365A170030	ESEA516018	7/1/17-6/30/18	17,741	-	2,994	(2,994)	16,659	17,509	(4,076)	3,226		(850)	17,509
Title III-Immigrant	84.365	S365A160030	ESEA516017	7/1/16-6/30/17	21,647	(1,992)	(2,994)	2,994	1,992		-	-		-	
Title III	84.365	S365A170030	ESEA516018	7/1/17-6/30/18	57,938	-	4,719	(4,719)	35,073	46,516	(27,584)	16,141		(11,443)	46,516
Title III	84.365	S365A160030	ESEA516017	7/1/16-6/30/17	56,496	(11,272)	(4,719)	4,719	11,272		-	-		-	
Total Title III Cluster						(13,264)	-	-	64,996	64,025	(31,660)	19,367		(12,293)	64,025
Title IV	84.424	S424A170031	ESEA516018	7/1/17-6/30/18	10,000	-	-	-	5,740	5,739	(4,260)	4,261		-	5,739
Total U.S. Department of Education						(140,881)	-	-	1,116,064	1,107,816	(170,275)	37,642		(132,634)	1,107,816
The TEACH Coalition (SAMSHA)	93.276	SP021565	1H79SP021565-01	9/30/17-9/30/18	125,000				125,000	78,393		46,607			78,393
The TEACH Coalition (SAMSHA)	93.276	SP021565	1H79SP021565-01	9/30/16-9/27/17	125,000	23,301				23,301					23,301
Total U.S. Department of Health and Human Services						23,301	-	-	125,000	101,694	-	46,607		-	101,694
Total Special Revenue Fund						(117,580)	-	-	1,241,064	1,209,510	(170,275)	84,249		(132,634)	1,209,510
Total Federal Financial Awards						\$ (117,580)	\$ -	\$ -	\$ 1,263,771	\$ 1,232,217	\$ (170,275)	\$ 84,249	\$ -	\$ (132,634)	\$ 1,232,217

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017		Balance June 30, 2018					MEMO		
				Unearned Revenue/ (Accts Rec)	Due to Grantor	Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Cancelled	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable
<b>State Department of Education</b>													
<b>General Fund:</b>													
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 1,351,747			\$ 1,232,585	\$ 1,351,747				\$ (119,162)		\$ 1,351,747
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,192,029	\$ (102,274)		102,274						*	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	63,352			57,767	63,352				(5,585)	*	63,352
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	63,352	(5,435)		5,435						*	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	36,070			32,890	36,070				(3,180)	*	36,070
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	36,070	(3,095)		3,095						*	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	36,070			32,890	36,070				(3,180)	*	36,070
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	36,070	(3,095)		3,095						*	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	35,850			32,690	35,850				(3,160)	*	35,850
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	35,850	(3,075)		3,075						*	
Host District Aid	18-495-034-5120-102	7/1/17-6/30/18	85			78	85				(7)	*	85
Total State Aid - Public Cluster				(116,974)		1,505,874	1,523,174				(134,274)	*	1,523,174
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	80,474			73,380	80,474				(7,094)	*	80,474
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	80,474	(6,905)		6,905						*	
Other State Aid - Non Public Transportation	18-495-034-5120-014	7/1/17-6/30/18	33,689				33,689				(33,689)	*	\$ (33,689) 33,689
Other State Aid - Non Public Transportation	17-495-034-5120-014	7/1/16-6/30/17	19,299	(19,299)		19,299						*	
Total Transportation Aid				(26,204)		99,584	114,163				(40,783)	*	(33,689) 114,163
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	2,116			2,116	2,116					*	2,116
Other State Aid - Extraordinary Aid	18-100-034-5120-044	7/1/17-6/30/18	1,000,810				1,000,810				(1,000,810)	*	1,000,810
Other State Aid - Extraordinary Aid	17-100-034-5120-044	7/1/16-6/30/17	902,798	(902,798)		902,798						*	
TPAF In-Behalf Contributions												*	
TPAF Pension Contribution-Normal Costs	18-495-034-5094-002	7/1/17-6/30/18	4,138,014			4,138,014	4,138,014					*	4,138,014
TPAF Pension Contribution-NCGI	18-495-034-5094-004	7/1/17-6/30/18	100,419			100,419	100,419					*	100,419
TPAF Pension Contribution-Long Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	5,309			5,309	5,309					*	5,309
TPAF Pension Contribution - Post Retirement Cost	18-495-034-5094-001	7/1/17-6/30/18	2,737,514			2,737,514	2,737,514					*	2,737,514
Total On-Behalf TPAF Contribution Cluster						6,981,256	6,981,256					*	6,981,256
TPAF Social Security Reimbursements	18-495-034-5094-003	7/1/17-6/30/18	2,160,904			2,160,904	2,160,904					*	2,160,904
Total General Fund				(1,045,976)		11,632,532	11,782,423				(1,175,867)	*	(33,689) 11,782,423
<b>Special Revenue Fund:</b>													
<b>New Jersey Nonpublic Aid</b>													
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	29,308			29,308	28,843					*	28,843
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	30,607		\$ 856			\$ 856				*	
Auxiliary Services												*	
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	110,730			110,729	85,926					*	85,926
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	114,662		11,735			11,735				*	
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	4,517			4,517						*	
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	2,741		549			549				*	
Total Nonpublic Auxiliary Services Aid (Chap. 192) Cluster					12,284	115,246	85,926	12,284				*	114,769
Handicapped Services												*	
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	81,174			81,174	68,971				12,203	*	68,971
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	51,859		1,260			1,260				*	
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	52,675			52,675	39,908				12,767	*	39,908
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	42,408		3,357			3,357				*	
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	37,031			37,031	36,159				872	*	36,159
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	33,742		5,336			5,336				*	
Total Nonpublic Handicapped Services Aid (Chap. 193) Cluster					9,953	170,880	145,038	9,953			25,842	*	145,038
Technology	18-100-034-5120-373	7/1/17-6/30/18	19,795			19,795	14,508				5,287	*	14,508
Technology	17-100-034-5120-373	7/1/16-6/30/17	13,806		166			166				*	
Nursing	18-100-034-5120-070	7/1/17-6/30/18	52,865			52,865	47,536				5,329	*	47,536
Nursing	17-100-034-5120-070	7/1/16-6/30/17	48,690		1,523			1,523				*	
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	40,875			40,875	29,898				10,977	*	29,898
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	27,050		7,308			7,308				*	
Total Special Revenue Fund					32,090	428,969	351,749	32,090			77,220	*	351,749



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

State Grantor/Program Title Debt Service Fund:	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017		Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Cancelled	Balance June 30, 2018			MEMO	
				Unearned Revenue/ (Accts Rec)	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
Type II Debt Service State Aid	18-495-034-5120-075	7/1/17-6/30/18	\$ 369,103	-	-	\$ 369,103	\$ 369,103	-	-	-	-	-	-	\$ 369,103
Total State Department of Education				\$ (1,045,976)	\$ 32,090	12,450,604	12,503,275	\$ 32,090	-	\$ (1,175,867)	-	\$ 77,220	\$ (33,689)	12,503,275
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				<u>(1,045,976)</u>	<u>32,090</u>	<u>12,450,604</u>	<u>12,503,275</u>	<u>32,090</u>	<u>-</u>	<u>(1,175,867)</u>	<u>-</u>	<u>77,220</u>	<u>(33,689)</u>	<u>12,503,275</u>
State Financial Assistance														
Not Subject to Major Program Determination														
General Fund														
On-Behalf TPAF Pension System Contributions	18-495-034-5094-002/004	7/1/17-6/30/18	(4,243,742)			(4,243,742)	(4,243,742)							(4,243,742)
On-Behalf TPAF Post-Retirement Medical Contribution	18-495-034-5094-001	7/1/17-6/30/15	(2,737,514)	-	-	(2,737,514)	(2,737,514)	-	-	-	-	-	-	(2,737,514)
<b>Total State Financial Assistance for Major Program Determination</b>				<u>\$ (1,045,976)</u>	<u>\$ 32,090</u>	<u>\$ 5,469,348</u>	<u>\$ 5,522,019</u>	<u>\$ 32,090</u>	<u>\$ -</u>	<u>\$ (1,175,867)</u>	<u>\$ -</u>	<u>\$ 77,220</u>	<u>\$ (33,689)</u>	<u>\$ 5,522,019</u>

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$115,501 for the general fund and an increase of \$4,674 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	\$ 22,707	\$ 11,666,922	\$ 11,689,629
Special Revenue Fund	1,214,066	351,749	1,565,815
Debt Service Fund	-	369,103	369,103
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 1,236,773</u>	<u>\$ 12,387,774</u>	<u>\$ 13,624,547</u>

**TENAFLY 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**

TPAF Social Security contributions in the amount of \$2,160,904 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 \$4,238,433, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,737,514 and TPAF Long-Term Disability Insurance in the amount of \$5,309 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 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.

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

*Part I -- Summary of Auditor's Results*

**Financial Statement Section**

Type of auditor's report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?            yes       X       no  
 2) Significant deficiency(ies) identified?            yes       X       none reported

Noncompliance material to basic financial statements noted?            yes       X       no

**Federal Awards Section**

Internal control over compliance:

1) Material weakness(es) identified?            yes       X       no  
 2) Significant deficiency(ies) identified?            yes       X       none reported

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number (s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	H027A170100	IDEA Part B, Basic
84.173	H173A170114	IDEA Part B Preschool

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

Auditee qualified as low-risk auditee?       X       yes            no



**TENAFLY 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.

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

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

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

**CURRENT YEAR FEDERAL AWARDS**

There are none.

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

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

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

**CURRENT YEAR STATE AWARDS**

**Finding 2018-001**

Our audit of the District's Extraordinary Aid Application noted limited documentation available to support certain related services claimed.

**State Program Information**

Extraordinary Aid

**Criteria or Specific Requirement**

NJ Department of Education – Grant Compliance Supplement

**Condition**

Services and costs reported on the District's Extraordinary Aid Applications were not supported by detailed workpapers per student.

**Questioned Costs**

Unknown.

**Context**

See condition.

**Effect**

Certain information reported on the Extraordinary Aid Application could not be verified to detailed supporting schedules.

**Recommendation**

The District maintain detailed workpapers to support each student's costs reported on the Extraordinary Aid application.

**Views of Responsible Officials and Planned Corrective Actions**

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



**TENAFLY BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR 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**

**Finding 2017-001:**

Our audit of the general ledger account balances revealed certain adjusting journal entries were required to reconcile the Board records to agree with subsidiaries records and supporting documentation. We noted transfers approved by Board resolution approving the return of unexpended Capital Reserve funds from Capital Projects Fund to General Fund were not recorded in the subsidiary records. In addition, duplicate postings were noted. It was also noted that certain year-end receivables were not accrued, such as Extraordinary Aid and Non-Public Transportation Aid.

**Current Status**

Corrective action has been taken.