

OAKLAND BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Oakland, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Oakland Board of Education
Oakland, New Jersey
For The Fiscal Year Ended June 30, 2019**

**Prepared by
Business Office**

**OAKLAND BOARD OF EDUCATION
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INTRODUCTORY SECTION

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



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

November 22, 2019

Honorable President and Members
of the Board of Education
Borough of Oakland School District
County of Bergen
Oakland, NJ 07436

RE: *Comprehensive Annual Financial Report – 2019*

Dear Board Members:

The comprehensive annual financial report of the Borough of Oakland School District for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

(1) REPORTING ENTITY AND ITS SERVICES: The Oakland School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds of the District are included in this report. The Oakland Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels kindergarten through eighth grade. These include regular, as well as special education for impaired and disabled students. The District completed the 2018/2019 fiscal year with an average daily enrollment of 1,337 students, representing a decrease of 40 students from the previous year's enrollment.

The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2018/19	1,337	(2.90%)
2017/18	1,377	(3.57%)
2016/17	1,428	(4.74%)
2015/16	1,499	(3.79%)
2014/15	1,558	(2.87%)
2013/14	1,604	(1.96%)
2012/13	1,636	(4.16%)
2011/12	1,707	0.89%
2010/11	1,692	(0.41%)
2009/10	1,699	1.19%

(2) ECONOMIC CONDITION AND OUTLOOK:

Oakland, a Bergen County suburban residential community situated on an 8.6 square mile land area in northwestern New Jersey, has a population of approximately 13,046 based upon population estimates as of May 2014. Adult residents are employed in various professions and diverse trades. The Borough's close proximity to New York City and its convenient access to major New Jersey highways enable most employed residents to easily work outside the Borough's borders.

The Borough's largest residential housing development in recent years, the Ramapo River Reserve, continues to impact the town's schools and population.

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

Continued support for the Borough's local schools was again evidenced by voter approval for the 2019/20 Budget.

(3) MAJOR INITIATIVES:

TECHNOLOGY

During the 2019/2020 fiscal year, the Oakland School District continued to expand its network capacities to meet the current and emerging learning needs of our students. To provide a suitable environment for academic learning and online assessments, and to act in accordance with our 3 Year District Technology Plan, actions were taken in the following areas:

- * Wireless Upgrades – The District replaced ten wireless access points in Rooms 12-18 and Room 1 and 2 at Valley Middle School to improve network performance and better support Valley Middle School's 1:1 Learning Initiative. The new access points were reallocated to enhance network performance in the K-s areas of the District's three elementary schools. This improvement allowed us to support the District's initiative of expanding the Chromebooks to

We upgraded the Internal Network bandwidth between schools and the Board of Education office. We upgraded the Bandwidth from 1G to 10 Gig speeds. That was completed to support Governor Murphy's commitment to ensuring New Jersey schools meet the recommended Bandwidth. New switches were also installed to accommodate the 10 Gig speeds.

- * Smartboard Devices – The District replaced four 3rd. Generation Smartboards (Epson 460) with Promethean Activpanels Nickel. The department also replaced 13 Generation Smart UF55 Projectors with ViewSonic P5600X projectors.
- * Chromebooks – New Chromebooks were purchased for the District's Fourth Grade population.
- * Teacher Laptops- The District will replace 71 teachers Macintosh laptops with Acer Swift 3. It has a 14-inch screen and an 8th-Gen Intel Core CPU. The computer has Windows 10 installed. Each device has 128GB of storage and will be faster loading than the existing MacBook's. They will have Microsoft Office programs, Google Drive Apps, and Interactive software for the smartboards.
- * Realtime RTI Access – Training and purchase of a new segment of our SIS system were rolled out to help better assist our RTI population and reporting. All district employees will utilize the Lesson Planner from Realtime.
- * Technology Software – The technology department continues to support and monitor the various software programs that have been approved to support the rigorous curriculum. This year we added the InfoBase Learning Module to all schools which helps provide curriculum-based resources in a wide range of core subject areas to teachers and students.

Each year of middle school 1:1 deployment, our elementary schools received additional Chromebooks. Currently, all students in grades two, three, four, and five have access to a Chromebook cart and Google Apps for Education, as well as many of the online resources mentioned above. The student/device ratio suggests that there is one device for every student in Pre-K-8th grade.

It is our opinion that by providing students with access to technology and information anytime, anywhere, throughout the day, it will transform their learning experience and stimulate pedagogical change for teachers.

CURRICULUM

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

- The math curriculum was rewritten to closely align to the newly adopted New Jersey Student Learning Standards and specifically to the Mathematics Curriculum Framework released by the NJDOE during the Summer of 2018. This work was continued during the Summer of 2019 with the implementation of a new Math Program for grades K - 5, Go Math! This program was chosen for teachers, students and parents because it parallels the NJSLS for mathematics and provides a rigorous sampling of problem-solving activities. The committee team members that were crucial in the selection process consisted of the Building Math Coordinators and the District Math Coordinator. The planning guide was also re-aligned as a quick reference for teachers.
- The Science curriculum for grades K - 5 was written to align with the New Jersey Student Learning Standards - Science in accordance with the required implementation date of September 2017, to the Next Generation Science Standards. The primary resource chosen by the curriculum writing team was Discovery Education with science labs by FOSS. The NGSS curriculum was further supported to include the engineering standards and interdisciplinary connections with the writing of the STEAM K - 5 curriculum during the summer of 2019 with implementation for the 2019/2020 school year.
- English Language Arts/Literacy curriculum for Grade 6 was redesigned to meet the New Jersey Student Learning Standards (NJSLS) and units were aligned with correlating curricular calendars to the Readers' and Writers' Workshop Model of Balanced Literacy. The curriculum is developed into units using the Understanding by Design Model by creating vertical articulation of the Balanced Literacy Model for Middle School students.
- Creative Writing and Journalism middle school courses were redesigned to meet the New Jersey Student Learning Standards (NJSLS) and units were aligned with correlating curricular calendars. The curriculum is developed into units using the Understanding by Design Model.
- Additionally, in the Summer 2018, the Dance and Theatre curriculum was established for grade level bands of K-2, 3-5 and 6-8 to meet the NJSLS for Visual and Performing Arts Education.

BUILDINGS AND GROUNDS

The 2018/2019 School year saw a continuation of the Oakland Board of Education's strong commitment to maintaining an educational environment conducive for teaching and learning for our staff and students.

Special projects included the installation of playgrounds at our three elementary schools, boiler replacements at Heights Elementary School at a cost of \$426,226, Manito bleacher replacement, bathroom renovation at Valley Middle, and door replacements at Dogwood, Heights and Manito at a cost of \$29,000.

LOOKING TO THE FUTURE

As a result of the Board's cost savings measures and careful implementation of the District financials, anticipated excess current revenue was expected at the end of the fiscal year. With uncertain school finance looming in the future, the Board, therefore, determined that such revenue generated in the 2018/2019 budget should be wisely invested. As a result, the Board planned a deposit into its existing Capital Reserve Account to fund future facility needs. With aged schools, including increasing infrastructure needs, this financial strategy would enable the Board to fund emergency repairs and renovations, while also protecting taxpayers from unexpected future tax increases. In addition, the Board planned a deposit into the district's Emergency Reserve Account to fund security projects in future budgets.

(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 making certain 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.

Strong fraud prevention procedures bolster the confidence board members, state regulators, audit committee members and the general public have in the integrity of our district's reports, which will help attract and retain good quality personnel and a strong bond rating as was evidenced by our Aa2 rating for our last two bond sales issued by Moody's Investors Service.

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

Budget Analysis Reports are reviewed to determine any anticipated deficits to any line item accounts. Transfers are approved at monthly meetings to ensure that these accounts are not over-expended.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2019.

(6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds are explained in "Notes to the Financial Statements".

(7) CASH MANAGEMENT: Bank balances are insured up to \$250,000 in the aggregate by the Federal Deposit Insurance Corporation for each bank. In addition, the State of New Jersey Unit Deposit Protection Act insures the remaining balance of funds on deposit in registered depositories.

The Oakland Board of Education invests all surplus funds for appropriate periods of time as determined by the School Business Administrator.

The Oakland Board of Education maintains an online computerized accounting system to record all financial transactions. During the fiscal year, financial reports are prepared monthly and are distributed to the Board of Education members. The reports detail the monthly transactions and detail the appropriation balances.

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

In an effort to confirm competitive pricing and to insure that the Board's coverage's were the most comprehensive available we obtained quotations from the Northeast Bergen County School Board Insurance Group for the following lines of coverage:

- Commercial Property
- Commercial General Liability
- Educators Legal Liability
- Commercial Auto
- Commercial Umbrella Excess
- Student Accident
- Cyber Liability

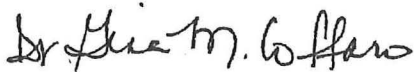
(9) OTHER INFORMATION:

- A) Independent Audit - State statutes require an annual audit be conducted by an independent certified public accountant. The accounting firm of Lerch, Vinci & Higgins, LLP was re-appointed at the Annual Reorganization Meeting as it pertains to the fiscal year 2018/2019 annual audit. In addition to meeting the requirements of the Single Audit Act and State Treasury Circular Letter 15-08 OMB. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

(10) ACKNOWLEDGMENTS:

We express our appreciation to the Members of the Oakland Board of Education who successfully balance the funding realities of public education with the need to provide Oakland's students with a world-class educational program. Our appreciation is also extended to the administrative team who is critical to the development and implementation of both the budget and the District's educational plan.

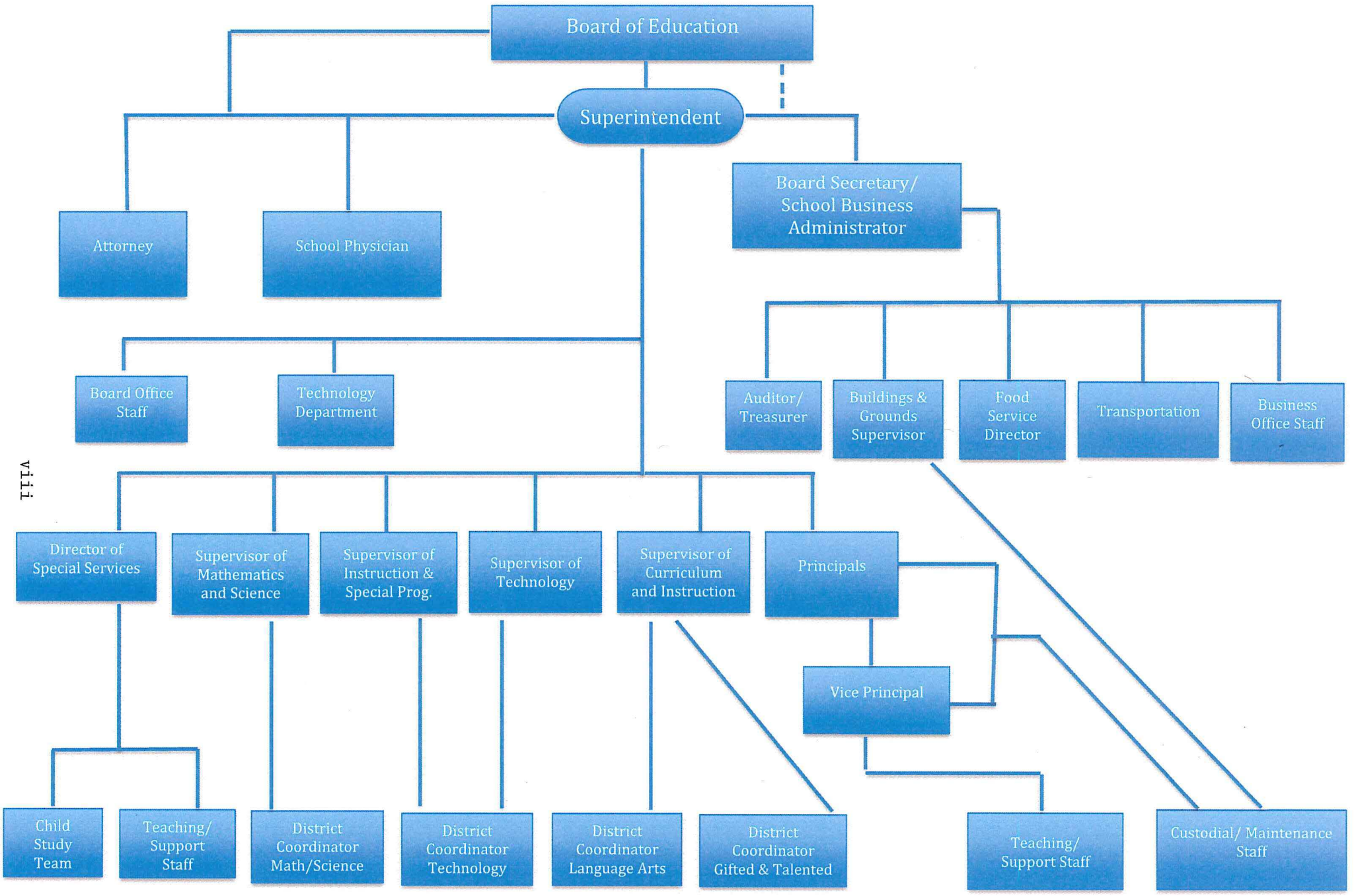
Respectfully submitted,



Dr. Gina M. Coffaro
Superintendent of Schools



Ms. Annette Wells,
Business Administrator/Board Secretary



VI.1.1

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



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

**BOARD OF EDUCATION
OAKLAND PUBLIC SCHOOLS DISTRICT**

**ROSTER OF OFFICIALS
June 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Ms. Lisa Cooper, President	2021
Mr. James Gaffney, Vice President	2020
Mr. Peter Mazzilli	2021
Mr. John Scerbo	2020
Ms. Carita Shelkin	2022

OTHER OFFICIALS

Dr. Gina M. Coffaro, Superintendent of Schools

Ms. Annette Wells, School Business Administrator/Board Secretary

Ms. Judy Favino, Treasurer of School Monies

BOARD OF EDUCATION
OAKLAND PUBLIC SCHOOL DISTRICT
ROSTER OF CONSULTANTS AND ADVISORS
June 30, 2019

Architect

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

Attorney

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

Auditor

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

Official Depository

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

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education, as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

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

Other Information

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

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

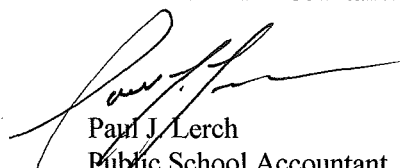
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2019 on our consideration of the Oakland Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Oakland Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Oakland Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 22, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

This discussion and analysis of the Oakland School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2019. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- District-wide – The governmental activities had \$38,830,726 in revenues, general revenues for governmental activities accounted for \$29,441,179 or 76 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9,389,547 or 24 percent of total revenues of \$38,830,726.
- District-wide - The governmental activities had \$38,611,995 in expenses; only \$9,389,547 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$29,441,179 were adequate to provide for these programs.
- Fund Financials - Among governmental funds, the General Fund had \$34,876,238 in revenues and \$35,461,337 in expenditures. At the close of the fiscal year the General Fund's fund balance is \$5,263,226 a decrease of \$613,759 from June 30, 2018.
- Fund Financials - At the end of June 30, 2019, the District's unassigned fund balance for the General Fund was \$356,909 an increase of \$590 from June 30, 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

OAKLAND BOARD OF EDUCATION

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

District-wide Statements

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

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

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

OAKLAND BOARD OF EDUCATION

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

OAKLAND BOARD OF EDUCATION

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

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

Table A-1 provides a summary of the school district's net position as of June 30, 2019 and 2018.

Net Position. The District's combined net position as of June 30, 2019 and 2018 were \$4,620,792 and \$4,406,246, respectively.

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

Table A-1
Statement of Net Position
As of June 30, 2019 and 2018

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Assets						
Current and Other Assets	\$ 5,458,826	\$ 6,783,939	\$ 66,695	\$ 42,127	\$ 5,525,521	\$ 6,826,066
Capital Assets	<u>8,616,317</u>	<u>8,048,584</u>	<u>19,768</u>	<u>19,591</u>	<u>8,636,085</u>	<u>8,068,175</u>
Total Assets	<u>14,075,143</u>	<u>14,832,523</u>	<u>86,463</u>	<u>61,718</u>	<u>14,161,606</u>	<u>14,894,241</u>
Deferred Outflows of Resources	<u>1,504,484</u>	<u>2,243,962</u>	-	-	<u>1,504,484</u>	<u>2,243,962</u>
Total Assets and Deferred Outflows	<u>15,579,627</u>	<u>17,076,485</u>	<u>86,463</u>	<u>61,718</u>	<u>15,666,090</u>	<u>17,138,203</u>
Liabilities						
Current Liabilities	207,177	921,672	20,316	20,046	227,493	941,718
Noncurrent Liabilities	<u>8,356,913</u>	<u>10,001,844</u>	-	-	<u>8,356,913</u>	<u>10,001,844</u>
Total Liabilities	<u>8,564,090</u>	<u>10,923,516</u>	<u>20,316</u>	<u>20,046</u>	<u>8,584,406</u>	<u>10,943,562</u>
Deferred Inflows of Resources	<u>2,460,892</u>	<u>1,788,395</u>	-	-	<u>2,460,892</u>	<u>1,788,395</u>
Total Liabilities and Deferred Inflows	<u>11,024,982</u>	<u>12,711,911</u>	<u>20,316</u>	<u>20,046</u>	<u>11,045,298</u>	<u>12,731,957</u>
Net Position						
Net Investment in Capital Assets	7,433,650	6,531,778	19,768	19,591	7,453,418	6,551,369
Restricted	2,974,834	3,785,666			2,974,834	3,785,666
Unrestricted	<u>(5,853,839)</u>	<u>(5,952,870)</u>	<u>46,379</u>	<u>22,081</u>	<u>(5,807,460)</u>	<u>(5,930,789)</u>
Total Net Position	<u>\$ 4,554,645</u>	<u>\$ 4,364,574</u>	<u>\$ 66,147</u>	<u>\$ 41,672</u>	<u>\$ 4,620,792</u>	<u>\$ 4,406,246</u>

OAKLAND BOARD OF EDUCATION

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

Governmental activities. Governmental activities net position increased by \$190,071. The increase in the net position is evident of the District's sound financial management and improved financial position. Key elements of this increase are as follows:

**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2019 and 2018**

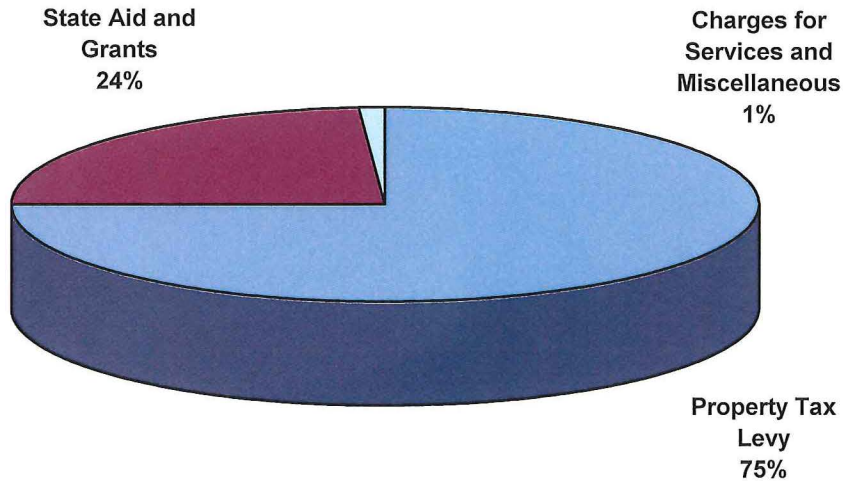
	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues						
Charges for Services	\$ 64,405	\$ 112,467	\$ 413,770	\$ 481,268	\$ 478,175	\$ 593,735
Operating Grants and Contributions	9,245,189	11,749,582	97,236	15,430	9,342,425	11,765,012
Capital Grants and Contributions	79,953	32,200			79,953	32,200
General Revenues						
Property Taxes	29,154,335	28,360,485			29,154,335	28,360,485
State Aid	118,479	119,270			118,479	119,270
Unrestricted State Aid	2,835	46,875			2,835	46,875
Other	165,530	56,313	-	-	165,530	56,313
Total Revenues	<u>38,830,726</u>	<u>40,477,192</u>	<u>511,006</u>	<u>496,698</u>	<u>39,341,732</u>	<u>40,973,890</u>
Expenses						
Instruction						
Regular	17,689,650	18,564,545			17,689,650	18,564,545
Special	5,896,881	6,384,588			5,896,881	6,384,588
Other Instruction	1,021,645	1,252,498			1,021,645	1,252,498
School Sponsored Activities and Ath.	173,616	194,380			173,616	194,380
Support Services						
Student and Instruction Related Serv.	5,850,533	5,959,870			5,850,533	5,959,870
School Administrative Services	932,450	2,898,417			932,450	2,898,417
General Administrative Services	2,706,644	998,188			2,706,644	998,188
Plant Operations and Maintenance	2,641,276	2,735,707			2,641,276	2,735,707
Pupil Transportation	1,162,096	1,101,332			1,162,096	1,101,332
Central Services	486,148	587,269			486,148	587,269
Food Service		-	480,961	473,793	480,961	473,793
Other		-	34,230	23,499	34,230	23,499
Interest and Other Chgs. on Long-Term Debt	51,056	55,792	-	-	51,056	55,792
Total Expenses	<u>38,611,995</u>	<u>40,732,586</u>	<u>515,191</u>	<u>497,292</u>	<u>39,127,186</u>	<u>41,229,878</u>
Change in Net Position Before Transfers	218,731	(255,394)	(4,185)	(594)	214,546	(255,988)
Transfers	(28,660)	-	28,660	-	-	-
Net Position, Beginning of Year	<u>4,364,574</u>	<u>4,619,968</u>	<u>41,672</u>	<u>42,266</u>	<u>4,406,246</u>	<u>4,662,234</u>
Net Position, End of Year	<u>\$ 4,554,645</u>	<u>\$ 4,364,574</u>	<u>\$ 66,147</u>	<u>\$ 41,672</u>	<u>\$ 4,620,792</u>	<u>\$ 4,406,246</u>

OAKLAND BOARD OF EDUCATION

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

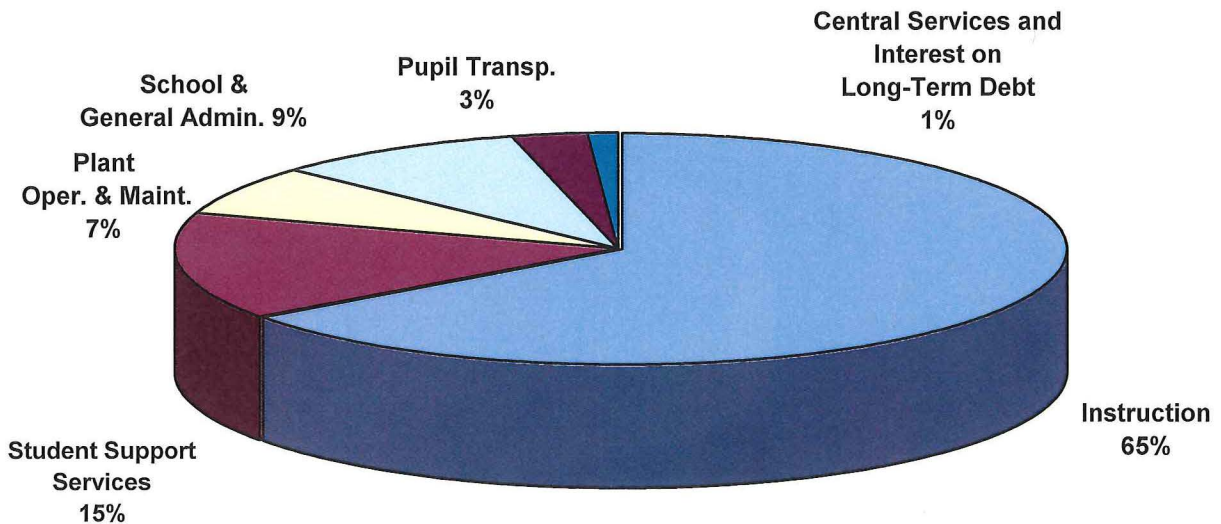
Governmental activities. The District’s total governmental revenues were \$38,830,726. The local share of the revenues, that included property taxes, interest, unrestricted State aid and State aid restricted for debt service and miscellaneous revenue, amounted to \$29,441,179 or 76% of total revenues. Funding from state and federal sources and capital grants and contributions amounted to \$9,325,142 or 24%. Charges for services amounted to \$64,405 or less than 1%.

Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2018/19



The District’s governmental expenses are predominantly related to instruction and support services. Instruction totaled \$24,781,792 (65%) support services totaled \$13,779,147 (35%) and interest and charges on long-term debt total \$51,056 (less than 1%) of total expenditures. (See Table A-5.)

Table A-4 Expenses by Type- Governmental Activities
For Fiscal Year 2018/19



OAKLAND BOARD OF EDUCATION

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

Total Cost and Net Cost of Governmental Activities. The District's total cost of services was \$38,611,995. After applying program revenues, derived from operating and capital grants and contributions of \$9,325,142, and charges for services of \$64,405, the net cost of services of the District is \$29,222,448 for the fiscal year ended June 30, 2019.

**Table A-5
Cost of Services and Net Cost of Services - Governmental Activities
For the Fiscal Years Ended June 30, 2019 and 2018**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Governmental Activities				
Instruction				
Regular	\$ 17,689,650	\$ 18,564,545	\$ 13,219,463	\$ 12,841,957
Special Education	5,896,881	6,384,588	3,766,221	3,829,553
Other Instruction	1,021,645	1,252,498	776,921	856,362
School Sponsored Activities and Athletics	173,616	194,380	130,732	135,876
Support Services				
Student and Instruction Related Svcs.	5,850,533	5,959,870	4,590,925	4,332,012
School Administrative Services	932,450	2,898,417	767,930	2,023,571
General Administrative Services	2,706,644	998,188	2,046,911	788,704
Plant Operations and Maintenance	2,641,276	2,735,707	2,524,394	2,532,664
Pupil Transportation	1,162,096	1,101,332	879,006	898,347
Central Services	486,148	587,269	468,889	543,499
Interest and Other Chgs.on Long-Term Debt	51,056	55,792	51,056	55,792
Total Governmental Activities	\$ 38,611,995	\$ 40,732,586	\$ 29,222,448	\$ 28,838,337

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2019 was \$515,191. These costs were funded by operating grants and charges for services (Detailed on Table A-2). The operations resulted in an increase in net position of \$24,475.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$5,263,226. At the end of the 2017-2018 fiscal year, the fund balance was \$5,876,985, a decrease of \$613,759.

OAKLAND BOARD OF EDUCATION

The District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$35,788,275 and expenditures were \$36,373,374.

General Fund

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the general fund revenues for the fiscal years ended June 30, 2019 and 2018.

	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 29,154,283	\$ 28,309,264	\$ 845,019	2.98%
State Sources	<u>5,721,955</u>	<u>4,992,293</u>	<u>729,662</u>	<u>14.62%</u>
Total	<u>\$ 34,876,238</u>	<u>\$ 33,301,557</u>	<u>\$ 1,574,681</u>	4.73%

The following schedule represents a summary of general fund expenditures for the fiscal years ended June 30, 2019 and 2018.

	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Amount of Increase (Decrease)	Percent Change
Current Expenditures				
Instruction	\$ 21,639,291	\$ 20,828,350	\$ 810,941	3.89%
Support Services	12,574,993	12,088,047	486,946	4.03%
Capital Outlay	1,207,183	1,107,844	99,339	8.97%
Debt Service-				
Principal	31,646	15,388	16,258	105.65%
Interest	<u>8,224</u>	<u>6,098</u>	<u>2,126</u>	<u>34.86%</u>
Total	<u>\$ 35,461,337</u>	<u>\$ 34,045,727</u>	<u>\$ 1,415,610</u>	4.16%

Budgetary Highlights

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

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

OAKLAND BOARD OF EDUCATION

Budgetary Highlights (Continued)

In this climate along with limited funding and diminishing revenues, the district finds itself relying more and more on the taxpayers in order to fund the tax levy established each year. As such, the Board of Education and Administration continues to explore cost saving initiatives designed to offset rising fixed costs associated with the general fund such as salaries, insurance, tuition, transportation and energy costs. Major initiatives in the 2018/19 year included:

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

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

Capital Assets and Debt Administration. The Oakland Board of Education’s investment in capital assets for its governmental and business type activities as of June 30, 2019 and 2018 amounts to \$8,636,085 and \$8,068,175 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, buildings and building improvements, land improvements, machinery, equipment and vehicles.

Table A-6
Capital Assets as of June 30, 2019 and 2018
(Net of Depreciation)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 131,987	\$ 131,987			\$ 131,987	\$ 131,987
Construction In Progress	665,834	-			665,834	-
Land Improvements	1,166,227	735,444			1,166,227	735,444
Buildings and Building Improvements	16,846,185	16,330,660			16,846,185	16,330,660
Machinery and Equipment	<u>2,714,944</u>	<u>3,039,950</u>	\$ 250,830	\$ 243,114	<u>2,965,774</u>	<u>3,283,064</u>
Total	21,525,177	20,238,041	250,830	243,114	21,776,007	20,481,155
Less: Accumulated Depreciation	<u>12,908,860</u>	<u>12,189,457</u>	<u>231,062</u>	<u>223,523</u>	<u>13,139,922</u>	<u>12,412,980</u>
Total	<u>\$ 8,616,317</u>	<u>\$ 8,048,584</u>	<u>\$ 19,768</u>	<u>\$ 19,591</u>	<u>\$ 8,636,085</u>	<u>\$ 8,068,175</u>

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

OAKLAND BOARD OF EDUCATION

Debt Administration. As of June 30, 2019 and 2018 the school district had long-term debt and outstanding long-term liabilities in the amount of \$8,356,913 and \$10,001,844, respectively, as stated in Table A-7.

Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Bonds Payable	\$ 1,082,000	\$ 1,397,000
Capital Leases	120,489	152,135
Compensated Absences Payable	340,099	308,902
Net Pension Liability	<u>6,814,325</u>	<u>8,143,807</u>
 Total	 <u>\$ 8,356,913</u>	 <u>\$ 10,001,844</u>

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

For the Future

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

Districts throughout the state find it increasingly difficult to fund capital expenditure debt within tightened operating budgets and diminished state aid. Having recognized this need in the wake of deteriorating buildings and inefficient mechanical/operating systems resulting from continuously deferred capital projects, in the fall of 2017 the District successfully updated a comprehensive five year facilities capital improvement plan to identify critical building issues. Items included: replacements of roofs, boilers, unit ventilation equipment, windows, exterior doors, and electrical upgrades at all schools.

During the 2018/19 school year, various improvement projects were completed at Dogwood, Heights, Manito and Valley Schools.

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

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

OAKLAND BOARD OF EDUCATION

For the Future (Continued)

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

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

Contacting the District's Financial Management

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

Gina M. Coffaro, Ed. D
Superintendent of Schools

At the:

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

BASIC FINANCIAL STATEMENTS

**OAKLAND BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,378,790	\$ 48,406	\$ 5,427,196
Receivables, net	80,036	13,423	93,459
Inventory		4,466	4,466
Prepaid Expenses		400	400
Capital Assets, net			
Being Depreciated	7,818,496	19,768	7,838,264
Not Being Depreciated	<u>797,821</u>	<u>-</u>	<u>797,821</u>
 Total Assets	 <u>14,075,143</u>	 <u>86,463</u>	 <u>14,161,606</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	19,822		19,822
Deferred Amounts on Net Pension Liability	<u>1,484,662</u>	<u>-</u>	<u>1,484,662</u>
 Total Deferred Outflows of Resources	 <u>1,504,484</u>	 <u>-</u>	 <u>1,504,484</u>
 Total Assets and Deferred Outflows of Resources	 <u>15,579,627</u>	 <u>86,463</u>	 <u>15,666,090</u>
LIABILITIES			
Accounts Payable	81,011	768	81,779
Payable to Other Governments	53,571		53,571
Accrued Interest Payable	11,577		11,577
Unearned Revenue	61,018	19,548	80,566
Noncurrent Liabilities			
Due Within One Year	402,843		402,843
Due Beyond One Year	<u>7,954,070</u>	<u>-</u>	<u>7,954,070</u>
 Total Liabilities	 <u>8,564,090</u>	 <u>20,316</u>	 <u>8,584,406</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>2,460,892</u>	<u>-</u>	<u>2,460,892</u>
 Total Deferred Inflows of Resources	 <u>2,460,892</u>	 <u>-</u>	 <u>2,460,892</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>11,024,982</u>	 <u>20,316</u>	 <u>11,045,298</u>
NET POSITION			
Net Investment in Capital Assets	7,433,650	19,768	7,453,418
Restricted for			
Capital Projects	2,421,497		2,421,497
Other Purposes	553,337		553,337
Unrestricted	<u>(5,853,839)</u>	<u>46,379</u>	<u>(5,807,460)</u>
 Total Net Position	 <u>\$ 4,554,645</u>	 <u>\$ 66,147</u>	 <u>\$ 4,620,792</u>

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

OAKLAND BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 17,689,650		\$ 4,390,234	\$ 79,953	\$ (13,219,463)		\$ (13,219,463)
Special Education	5,896,881		2,130,660		(3,766,221)		(3,766,221)
Other Instruction	1,021,645		244,724		(776,921)		(776,921)
School Sponsored Activities and Athletics	173,616		42,884		(130,732)		(130,732)
Support Services							
Student and Instruction Related Services	5,850,533		1,259,608		(4,590,925)		(4,590,925)
General Administrative Services	932,450		164,520		(767,930)		(767,930)
School Administrative Services	2,706,644		659,733		(2,046,911)		(2,046,911)
Plant Operations and Maintenance	2,641,276		116,882		(2,524,394)		(2,524,394)
Pupil Transportation	1,162,096	\$ 64,405	218,685		(879,006)		(879,006)
Central Services	486,148		17,259		(468,889)		(468,889)
Interest and Other Charges on Long-Term Debt	51,056	-	-	-	(51,056)	-	(51,056)
Total Governmental Activities	38,611,995	64,405	9,245,189	79,953	(29,222,448)	-	(29,222,448)
Business-Type Activities							
Other	34,230	4,820	1,150			\$ (28,260)	(28,260)
Food Service	480,961	408,950	96,086	-	-	24,075	24,075
Total Business-Type Activities	515,191	413,770	97,236	-	-	(4,185)	(4,185)
Total Primary Government	\$ 39,127,186	\$ 478,175	\$ 9,342,425	\$ 79,953	(29,222,448)	(4,185)	(29,226,633)
General Revenues and Transfers							
Property Taxes, Levied for General Purposes					28,924,348		28,924,348
Property Taxes, Levied for Debt Service					229,987		229,987
State Aid Restricted for Debt Service					118,479		118,479
Unrestricted State Aid					2,835		2,835
Miscellaneous Income					165,530	-	165,530
Transfers					(28,660)	28,660	-
Total General Revenues					29,412,519	28,660	29,441,179
Change in Net Position					190,071	24,475	214,546
Net Position, Beginning of Year					4,364,574	41,672	4,406,246
Net Position, End of Year					\$ 4,554,645	\$ 66,147	\$ 4,620,792

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FUND FINANCIAL STATEMENTS

**OAKLAND BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 5,321,360	\$ 57,430		\$ 5,378,790
Receivables from Other Governments	7,947	62,096		70,043
Receivables, Other	<u>-</u>	<u>9,993</u>	<u>-</u>	<u>9,993</u>
Total Assets	<u>\$ 5,329,307</u>	<u>\$ 129,519</u>	<u>\$ -</u>	<u>\$ 5,458,826</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 51,081	\$ 14,930		\$ 66,011
Due to Other Funds	15,000			15,000
Payable to State Government		53,571		53,571
Unearned Revenue	<u>-</u>	<u>61,018</u>	<u>-</u>	<u>61,018</u>
Total Liabilities	<u>66,081</u>	<u>129,519</u>	<u>-</u>	<u>195,600</u>
Fund Balances				
Restricted				
Reserve for Excess Surplus	760,100			760,100
Excess Surplus - Designated for Subsequent Year's Expenditures	759,542			759,542
Capital Reserve	1,596,497			1,596,497
Capital Reserve - Designated for Subsequent Year's Expenditures	825,000			825,000
Emergency Reserve	217,389			217,389
Emergency Reserve - Designated for Subsequent Year's Expenditures	56,376			56,376
Maintenance Reserve	157,635			157,635
Maintenance Reserve - Designated for Subsequent Year's Expenditures	121,937			121,937
Assigned				
Year End Encumbrances	411,841			411,841
Unassigned	<u>356,909</u>	<u>-</u>	<u>-</u>	<u>356,909</u>
Total Fund Balances	<u>5,263,226</u>	<u>-</u>	<u>-</u>	<u>5,263,226</u>
Total Liabilities and Fund Balances	<u>\$ 5,329,307</u>	<u>\$ 129,519</u>	<u>\$ -</u>	<u>\$ 5,458,826</u>

**OAKLAND BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019**

Total Fund Balance - Governmental Funds (Exhibit B-1) \$ 5,263,226

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 \$21,525,177 and the accumulated depreciation is \$12,908,860. 8,616,317

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. 19,822

The District has financed capital assets through the issuance of Serial Bonds and long-term lease obligations. The interest accrual at year end is: (11,577)

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

Deferred Outflows of Resources	\$ 1,484,662	
Deferred Inflows of Resources	<u>(2,460,892)</u>	(976,230)

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

Bonds Payable	(1,082,000)	
Capital Leases	(120,489)	
Compensated Absences	(340,099)	
Net Pension Liability	<u>(6,814,325)</u>	<u>(8,356,913)</u>

Net position of governmental activities (Exhibit A-1) **\$ 4,554,645**

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

**OAKLAND BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES				
Local Sources				
Property Levy	\$ 28,924,348		\$ 229,987	\$ 29,154,335
Transportation	64,405			64,405
Miscellaneous	<u>165,530</u>	<u>\$ 85,262</u>	<u>-</u>	<u>250,792</u>
Total - Local Sources	<u>29,154,283</u>	<u>85,262</u>	<u>229,987</u>	<u>29,469,532</u>
State Sources	5,721,955	108,154	118,479	5,948,588
Federal Sources	<u>-</u>	<u>370,155</u>	<u>-</u>	<u>370,155</u>
Total Revenues	<u>34,876,238</u>	<u>563,571</u>	<u>348,466</u>	<u>35,788,275</u>
EXPENDITURES				
Current				
Regular Instruction	15,516,245	84,750		15,600,995
Special Education Instruction	5,067,308	363,683		5,430,991
Other Instruction	902,926			902,926
School-Sponsored Activities and Athletics	152,812			152,812
Support Services				
Student and Instruction Related Services	5,221,362	35,185		5,256,547
General Administrative Services	852,639			852,639
School Administrative Services	2,386,598			2,386,598
Plant Operations and Maintenance	2,515,510			2,515,510
Pupil Transportation	1,144,783			1,144,783
Central Services	454,101			454,101
Debt Service				
Principal	31,646		315,000	346,646
Interest and Other Charges	8,224		33,466	41,690
Capital Outlay	<u>1,207,183</u>	<u>79,953</u>	<u>-</u>	<u>1,287,136</u>
Total Expenditures	<u>35,461,337</u>	<u>563,571</u>	<u>348,466</u>	<u>36,373,374</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>(585,099)</u>	<u>-</u>	<u>-</u>	<u>(585,099)</u>
OTHER FINANCING SOURCES (USES)				
Transfer Out	<u>(28,660)</u>	<u>-</u>	<u>-</u>	<u>(28,660)</u>
Total Other Financing Sources and (Uses)	<u>(28,660)</u>	<u>-</u>	<u>-</u>	<u>(28,660)</u>
Net Change in Fund Balances	(613,759)	-	-	(613,759)
Fund Balance, Beginning of Year	<u>5,876,985</u>	<u>-</u>	<u>-</u>	<u>5,876,985</u>
Fund Balance, End of Year	<u>\$ 5,263,226</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,263,226</u>

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

**OAKLAND BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (613,759)

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

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

Capital Outlay	\$ 1,287,136	
Depreciation Expense	<u>(719,403)</u>	567,733

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

Net Increase in Compensated Absences	(31,197)	
Increase in PERS Pension Expense	<u>(69,986)</u>	(101,183)

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

Amortization of Deferred Amounts on Refunding Principal Repayments	(12,507)	
Bond Principal	315,000	
Capital Lease Principal	<u>31,646</u>	334,139

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

Decrease in Accrued Interest		<u>3,141</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 190,071**

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

**OAKLAND BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2019**

ASSETS	Business-Type Activities		<u>Total</u>
	<u>Non-Major Enterprise Fund</u>	<u>Food Service</u>	
Current Assets			
Cash and Cash Equivalents	\$ 7,601	\$ 40,805	\$ 48,406
Prepaid Expense	400		400
Intergovernmental Receivable			
Federal		12,515	12,515
State		908	908
Inventory	-	4,466	4,466
 Total Current Assets	<u>8,001</u>	<u>58,694</u>	<u>66,695</u>
Non-Current Assets			
Equipment		250,830	250,830
Less: Accumulated Depreciation	-	(231,062)	(231,062)
 Total Non-Current Assets	-	19,768	19,768
 Total Assets	<u>8,001</u>	<u>78,462</u>	<u>86,463</u>
 LIABILITIES			
Current Liabilities			
Accounts Payable		768	768
Unearned Revenue	7,601	11,947	19,548
 Total Liabilities	<u>7,601</u>	<u>12,715</u>	<u>20,316</u>
 NET POSITION			
Investment in Capital Assets		19,768	19,768
Unrestricted	400	45,979	46,379
 Total Net Position	<u>\$ 400</u>	<u>\$ 65,747</u>	<u>\$ 66,147</u>

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

**OAKLAND BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Business-Type Activities		Total
	Non-Major Enterprise Fund	Food Service	
OPERATING REVENUES			
Charges for Services			
Daily Sales- Reimbursable Programs		\$ 239,572	\$ 239,572
Daily Sales- Non-Reimbursable Programs		169,378	169,378
Summer Program Fees	\$ 4,820	-	4,820
Total Operating Revenues	4,820	408,950	413,770
OPERATING EXPENSES			
Cost of Sales-Reimbursable Programs		151,790	151,790
Cost of Sales-Non-Reimbursable Programs		58,227	58,227
Salaries and Employee Benefits	32,367	205,017	237,384
Purchased Services	400	38,465	38,865
Supplies and Materials	1,463	13,076	14,539
Depreciation Expense		7,539	7,539
Miscellaneous Expenses	-	6,847	6,847
Total Operating Expenses	34,230	480,961	515,191
Operating Loss	(29,410)	(72,011)	(101,421)
NONOPERATING REVENUES			
Federal Sources			
National School Lunch Program		62,740	62,740
Food Distribution Program		28,746	28,746
State Sources			
School Lunch Program		4,600	4,600
Donations	1,150	-	1,150
Total Nonoperating Revenues	1,150	96,086	97,236
Net Income/(Loss) Before Transfers	(28,260)	24,075	(4,185)
Transfer In	28,660	-	28,660
Change in Net Position	400	24,075	24,475
Net Position, Beginning of Year	-	41,672	41,672
Net Position, End of Year	\$ 400	\$ 65,747	\$ 66,147

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

**OAKLAND PUBLIC SCHOOLS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Non-Major Enterprise Fund</u>	<u>Food Service</u>	
Cash Flows From Operating Activities			
Receipts from Customers	\$ 6,450	\$ 380,126	\$ 386,576
Payments for Employees' Salaries and Benefits	(32,367)	(205,017)	(237,384)
Payments to Suppliers for Goods and Services	(11,327)	(210,359)	(221,686)
Net Cash Provided/(Used) By Operating Activities	<u>(37,244)</u>	<u>(35,250)</u>	<u>(72,494)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from Local Contributions	1,150	-	1,150
Cash Received from General Fund	18,400		18,400
Cash Received from State and Federal Subsidy Reimbursements	-	58,213	58,213
Net Cash Provided By Noncapital Financing Activities	<u>19,550</u>	<u>58,213</u>	<u>77,763</u>
Cash Flows from Capital and Related Financing Activities			
Purchase of Capital Assets	-	(7,716)	(7,716)
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>(7,716)</u>	<u>(7,716)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	<u>(17,694)</u>	<u>15,247</u>	<u>(2,447)</u>
Cash and Cash Equivalents, Beginning of Year	<u>25,295</u>	<u>25,558</u>	<u>50,853</u>
Cash and Cash Equivalents, End of Year	<u>\$ 7,601</u>	<u>\$ 40,805</u>	<u>\$ 48,406</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:			
Operating (Loss)	\$ (29,410)	\$ (72,011)	\$ (101,421)
Adjustments to Reconcile Operating Loss to Net Cash Provided/ (Used) By Operating Activities			
Depreciation		7,539	7,539
Non-cash Assistance-Food Distribution Program		28,746	28,746
Change in Assets and Liabilities			-
(Increase)/ Decrease in Prepaid Expense	(400)		(400)
(Increase)/ Decrease in Inventory		(214)	(214)
Increase/ (Decrease) in Accounts Payable	(2,052)	768	(1,284)
Increase/ (Decrease) in Interfund Payable	(7,012)		(7,012)
Increase/ (Decrease) in Unearned Revenue	1,630	(78)	1,552
Total Adjustments	<u>(7,834)</u>	<u>36,761</u>	<u>28,927</u>
Net Cash Provided/(Used) By Operating Activities	<u>\$ (37,244)</u>	<u>\$ (35,250)</u>	<u>\$ (72,494)</u>
Non Cash Non Capital Financing Activities			
Value Received - Food Distribution Program		<u>\$ 28,746</u>	

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

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2019**

	Unemployment Compensation <u>Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 294,697	\$ 124,140
Due from Other Funds	<u>-</u>	<u>15,000</u>
 Total Assets	 <u>294,697</u>	 <u>\$ 139,140</u>
 LIABILITIES		
Payroll Deductions and Withholdings		\$ 56,096
Due to Student Groups		34,986
Due to State of New Jersey		
Flex Spending Payable	<u>-</u>	<u>48,058</u>
 Total Liabilities	 <u>-</u>	 <u>\$ 139,140</u>
 NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 294,697</u>	

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

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions	
Employee Contributions	\$ <u>45,589</u>
Total Additions	<u>45,589</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>14,580</u>
Total Deductions	<u>14,580</u>
Change in Net Position	31,009
Net Position, Beginning of Year	<u>263,688</u>
Net Position, End of Year	<u>\$ 294,697</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2019, the District adopted the following GASB statements:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. 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.

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.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- 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. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

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

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.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

The *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.

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

Reclassifications

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *Inventories*

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

4. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

5. *Capital Assets*

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

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

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

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

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Deferred Outflows/Inflows of Resources

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

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

7. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated vacation, personal 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.

8. Pensions

In the district-wide financial statements and proprietary fund types in the fund 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.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Long-Term Obligations*

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

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

10. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2019 audited excess surplus that is required to be appropriated in the 2020/2021 original budget certified for taxes.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Excess Surplus – Designated for Subsequent Year’s Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that was 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 2).

Capital Reserve - Designated for Subsequent Year’s Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

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

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 2019/2020 District budget certified for taxes

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

Emergency Reserve - Designated for Subsequent Year’s Expenditures – This designation was created to dedicate the portion of emergency reserve fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

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

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.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. *Fund Balance Policies*

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

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

Tuition Expenditures - Tuition charges for the fiscal years 2017-2018 and 2018-2019 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.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original budget in special revenue fund by \$274,862. 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.

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Capital Outlay – Equipment			
Maintenance and Operating of Plant	\$-0-	\$5,500	\$5,500

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

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, 2019 is as follows:

Balance, July 1, 2018	\$ 3,556,094
Increased by:	
Deposit Approved by Board Resolution	\$ 400,000
Unexpended Project Balance Appropriated in the 2018-19 Budget	<u>43,271</u>
Total Increases	<u>443,271</u>
	3,999,365
Decreased by:	
Withdrawals Approved in District Budget	<u>1,577,868</u>
Balance, June 30, 2019	<u>\$ 2,421,497</u>

The June 30, 2019 LRFP balance of local support costs of uncompleted capital projects is \$12,770,776. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$825,000 of the capital reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	\$ 229,572
Increased by:	
Deposit Approved by Board Resolution	<u>50,000</u>
Balance, June 30, 2019	<u>\$ 279,572</u>

The June 30, 2019 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,387,815. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. \$121,937 of the maintenance reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 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.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Emergency Reserve (Continued)

The activity of the emergency reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	<u>\$ 126,204</u>
Increased by	
Deposits Approved by Board Resolution	<u>200,000</u>
	326,204
Decreased by	
Withdrawals Approved in District Budget	<u>52,439</u>
Balance, June 30, 2019	<u>\$ 273,765</u>

\$56,376 of the emergency reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

F. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2019 is \$1,519,642. Of this amount, \$759,542 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$760,100 will be appropriated in the 2020/2021 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2019, the book value of the Board's deposits were \$5,846,033 and bank and brokerage firm balances of the Board's deposits amounted to \$6,844,763. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>6,844,763</u>
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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.

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, 2019, the Board had no outstanding investments.

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2019 for the district's individual major funds in the aggregate are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 62,096	\$ 12,515	\$ 74,611
State	\$ 7,947		908	8,855
Local	-	9,993	-	9,993
Net Total Receivables	<u>\$ 7,947</u>	<u>\$ 72,089</u>	<u>\$ 13,423</u>	<u>\$ 93,459</u>

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 54,218
Grant Draw Downs Reserved for Encumbrance	<u>6,800</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 61,018</u>

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance, July 1, 2018	Increases	Adjustments	Decreases	Balance, June 30, 2019
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 131,987				\$ 131,987
Construction In Progress	-	\$ 665,834	-	-	665,834
Total Capital Assets, Not Being Depreciated	<u>131,987</u>	<u>665,834</u>	<u>-</u>	<u>-</u>	<u>797,821</u>
Capital Assets, Being Depreciated:					
Land Improvements	735,444	24,993	\$ 405,790		1,166,227
Buildings and Building Improvements	16,330,660	514,671	854		16,846,185
Machinery and Equipment	<u>3,039,950</u>	<u>81,638</u>	<u>(406,644)</u>	-	<u>2,714,944</u>
Total Capital Assets Being Depreciated	<u>20,106,054</u>	<u>621,302</u>	<u>-</u>	<u>-</u>	<u>20,727,356</u>
Less Accumulated Depreciation for:					
Land Improvements	(199,622)	(71,870)	(266,369)		(537,861)
Buildings and Building Improvements	(9,590,092)	(509,297)	(209,019)		(10,308,408)
Machinery and Equipment	<u>(2,399,743)</u>	<u>(138,236)</u>	<u>475,388</u>	-	<u>(2,062,591)</u>
Total Accumulated Depreciation	<u>(12,189,457)</u>	<u>(719,403)</u>	<u>-</u>	<u>-</u>	<u>(12,908,860)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,916,597</u>	<u>(98,101)</u>	<u>-</u>	<u>-</u>	<u>7,818,496</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,048,584</u>	<u>\$ 567,733</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,616,317</u>

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2018	Increases	Balance, June 30, 2019
Business-Type Activities:			
Capital Assets, Being Depreciated:			
Machinery and Equipment	\$ 243,114	\$ 7,716	\$ 250,830
Total Capital Assets Being Depreciated	<u>243,114</u>	<u>7,716</u>	<u>250,830</u>
Less Accumulated Depreciation for:			
Machinery and Equipment	<u>(223,523)</u>	<u>(7,539)</u>	<u>(231,062)</u>
Total Accumulated Depreciation	<u>(223,523)</u>	<u>(7,539)</u>	<u>(231,062)</u>
Total Capital Assets, Being Depreciated, Net	<u>19,591</u>	<u>177</u>	<u>19,768</u>
Business-Type Activities Capital Assets, Net	<u>\$ 19,591</u>	<u>\$ 177</u>	<u>\$ 19,768</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 391,847
Special Education	<u>81,931</u>
Total Instruction	<u>473,778</u>
Support Services	
Student and Instruction Related Services	104,458
School Administrative Services	70,319
Plant Operations and Maintenance	50,879
Pupil Transportation	7,004
Central Services	<u>12,965</u>
Total Support Services	<u>245,625</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 719,403</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 7,539</u>

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Payroll Agency-Flex Spend	General Fund	\$ 15,000
		<u>\$ 15,000</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>Transfer In:</u>	
	<u>Non-Major Enterprise Fund</u>	<u>Total</u>
Transfer Out:		
General Fund	\$ 28,660	\$ 28,660
Total Transfers Out	<u>\$ 28,660</u>	<u>\$ 28,660</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 photo copiers totaling \$167,523 under capital leases. The leases are for terms of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

<u>June 30,</u>	<u>Activities</u>
2020	\$ 36,768
2021	36,768
2022	36,768
2023	<u>18,384</u>
Total minimum lease payments	128,688
Less: amount representing interest	<u>(8,199)</u>
Present value of minimum lease payments	<u>\$ 120,489</u>

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets and other purposes permitted by statute. 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, 2019 are comprised of the following issues:

\$1,152,000, 2007 School Improvement Bonds, due in annual installments of \$90,000 to \$102,000 through February 1, 2023 interest at 4.25%	\$ 382,000
\$1,200,000, 2015 School Refunding Bonds, due in annual installments of \$230,000 to \$235,000 through February 1, 2021, interest at 4.25%	<u>700,000</u>
Total	<u>\$ 1,082,000</u>

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2020	\$ 320,000	\$ 25,888	\$ 345,888
2021	330,000	18,227	348,227
2022	330,000	10,311	340,311
2023	<u>102,000</u>	<u>4,335</u>	<u>106,335</u>
Total	<u>\$ 1,082,000</u>	<u>\$ 58,761</u>	<u>\$ 1,140,761</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 73,685,180
Less: Net Debt	<u>1,082,000</u>
Remaining Borrowing Power	<u>\$ 72,603,180</u>

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Balance, <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2019</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 1,397,000		\$ 315,000	\$ 1,082,000	\$ 320,000
Capital Leases Payable	152,135		31,646	120,489	32,843
Compensated Absences	308,902	\$ 63,597	32,400	340,099	50,000
Net Pension Liability	<u>8,143,807</u>	<u>-</u>	<u>1,329,482</u>	<u>6,814,325</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 10,001,844</u>	<u>\$ 63,597</u>	<u>\$ 1,708,528</u>	<u>\$ 8,356,913</u>	<u>\$ 402,843</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 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 District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

Fiscal Year Ended <u>June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019	\$ 45,589	\$ 14,580	\$ 294,697
2018	44,286	37,893	263,688
2017	43,982	22,746	257,295

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, 2019, 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, 2019, the District has not estimated its arbitrage earnings due to the IRS, if any.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represents the membership tiers for PERS:

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

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

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage 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, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

The following represent the membership tiers for TPAF:

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

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

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

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

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, 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.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2019.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2019	\$ 345,579	\$ 2,518,297	\$ 24,975
2018	324,093	1,872,140	14,228
2017	316,364	1,384,310	15,476

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$1,332, \$4,739 and \$2,193, respectively for PERS and the State contributed \$2,068, \$2,010 and \$2,491, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$991,341 during the fiscal year ended June 30, 2019 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. 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 measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) 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, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$6,814,325 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was .03461 percent, which was a decrease of .00037 percent from its proportionate share measured as of June 30, 2017 of .03498 percent.

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$415,565 for PERS. The pension contribution made by the District during the current 2018/2019 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, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. 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, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 129,950	\$ 35,137
Changes of Assumptions	1,122,888	2,178,859
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		63,919
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>231,824</u>	<u>182,977</u>
Total	<u>\$ 1,484,662</u>	<u>\$ 2,460,892</u>

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2019, 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>
2020	\$ 84,866
2021	(22,077)
2022	(459,761)
2023	(439,337)
2024	(139,921)
Thereafter	-
	<u>\$ (976,230)</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	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%
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>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 5.66%, 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 (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	1% Decrease <u>4.66%</u>	Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ 8,568,229	\$ 6,814,325	\$ 5,342,912

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2018. A sensitivity analysis specific to the District's net pension liability at June 30, 2018 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.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. 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, 2018, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$4,603,071 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$78,959,641. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .12412 percent, which was an increase of .00105 percent from its proportionate share measured as of June 30, 2017 of .12307 percent.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

Fiscal Year	Measurement Date	Discount Rate
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 4.86%, 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 93,328,796</u>	<u>\$ 78,959,641</u>	<u>\$ 67,047,961</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. 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 Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
 Total	 <u>362,181</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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$1,142,295, \$1,209,176 and \$1,153,445, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan 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.

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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2017 through June 30, 2018. 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.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,099,972. 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, 2019 the State’s proportionate share of the OPEB liability attributable to the District is \$52,197,370. 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, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state’s share of the OPEB liability attributable to the District was .11320 percent, which was a decrease of .00219 percent from its proportionate share measured as of June 30, 2017 of .11539 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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	Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.
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.

The actuarial assumptions used in the June 30, 2017 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.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight 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 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven 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.

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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, 2018.

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>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

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.

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, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ 61,896,299
Changes Recognized for the Fiscal Year:	
Service Cost	2,089,155
Interest on the Total OPEB Liability	2,266,771
Differences Between Expected and Actual Experience	(6,717,446)
Changes of Assumptions	(5,989,909)
Gross Benefit Payments	(1,395,739)
Contributions from the Member	48,239
Net Changes	<u>\$ (9,698,929)</u>
Balance, June 30, 2018 Measurement Date	<u>\$ 52,197,370</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

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, 2018. 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, 2018 was not provided by the pension system.

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

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 3.87%, 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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>61,707,917</u>	\$ <u>52,197,370</u>	\$ <u>44,637,467</u>

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ <u>43,144,166</u>	\$ <u>52,197,370</u>	\$ <u>64,170,578</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

BUDGETARY COMPARISON SCHEDULES

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 28,976,880	\$ (52,532)	\$ 28,924,348	\$ 28,924,348	
Transportation Individuals	60,000		60,000	64,405	\$ 4,405
Interest	13,395		13,395	70,000	56,605
Miscellaneous	11,300	-	11,300	95,530	84,230
Total Local Sources	<u>29,061,575</u>	<u>(52,532)</u>	<u>29,009,043</u>	<u>29,154,283</u>	<u>145,240</u>
State Sources					
Special Education Aid	603,756		603,756	603,756	-
Transportation Aid	185,146	30,023	215,169	215,169	
Security Aid	28,723	22,509	51,232	51,232	
Extraordinary Aid	200,000		200,000	399,950	199,950
Non Public Transportation			-	6,960	6,960
On-behalf TPAF Payments (Non-Budget)			-		
Pension Benefit Contribution			-		
Normal Cost				2,466,663	2,466,663
Non-Contributory (NCGI)				51,634	51,634
Post-Retirement Medical Contribution				1,142,295	1,142,295
Long-Term Disability				2,068	2,068
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	991,341	991,341
Total State Sources	<u>1,017,625</u>	<u>52,532</u>	<u>1,070,157</u>	<u>5,931,068</u>	<u>4,860,911</u>
Total Revenues	<u>30,079,200</u>	<u>-</u>	<u>30,079,200</u>	<u>35,085,351</u>	<u>5,006,151</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	583,326	102,283	685,609	680,509	5,100
Grades 1-5	4,571,963	393,813	4,965,776	4,955,968	9,808
Grades 6-8	3,706,714	(102,774)	3,603,940	3,603,938	2
Instruction - Home					
Salaries of Teachers	15,000	9,390	24,390	19,425	4,965
Purchased Professional-Educational Services	10,000	(4,390)	5,610	2,953	2,657
Regular Programs- Undistributed Instruction					
Other Salaries for Instruction	35,728	(35,728)			-
Other Purchased Services	37,727	133	37,860	26,838	11,022
General Supplies	485,785	(8,114)	477,671	408,820	68,851
Textbooks	36,400	(6,597)	29,803	14,293	15,510
Total Instruction - Regular	<u>9,482,643</u>	<u>348,016</u>	<u>9,830,659</u>	<u>9,712,744</u>	<u>117,915</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	193,107	26,816	219,923	216,981	2,942
Other Salaries for Instruction	134,051	44,371	178,422	119,168	59,254
Purchased Professional-Educational Services	5,400	-	5,400	2,900	2,500
General Supplies	9,600	(7,857)	1,743	1,743	-
Textbooks	1,000	(1,000)			-
Other Objects	500	(500)	-	-	-
Total Learning and/or Language Disabilities	<u>343,658</u>	<u>61,830</u>	<u>405,488</u>	<u>340,792</u>	<u>64,696</u>
Resource Room/Resource Center					
Salaries of Teachers	1,347,887	(204,376)	1,143,511	1,131,352	12,159
Other Salaries for Instruction	427,735	109,534	537,269	462,352	74,917
General Supplies	7,500	-	7,500	6,890	610
Total Resource Room/Resource Center	<u>1,783,122</u>	<u>(94,842)</u>	<u>1,688,280</u>	<u>1,600,594</u>	<u>87,686</u>

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES					
Preschool Disabilities - Part-Time					
Salaries of Teachers	\$ 70,278	\$ 23,266	\$ 93,544	\$ 75,915	\$ 17,629
Other Salaries for Instruction	35,664	59,214	94,878	60,366	34,512
General Supplies	4,000	-	4,000	3,000	1,000
Total Preschool Disabilities - Part-Time	<u>109,942</u>	<u>82,480</u>	<u>192,422</u>	<u>139,281</u>	<u>53,141</u>
Total Special Education	<u>2,236,722</u>	<u>49,468</u>	<u>2,286,190</u>	<u>2,080,667</u>	<u>205,523</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	537,830	(10,424)	527,406	526,499	907
Total Basic Skills/Remedial - Instruction	<u>537,830</u>	<u>(10,424)</u>	<u>527,406</u>	<u>526,499</u>	<u>907</u>
Bilingual Education - Instruction					
Salaries of Teachers	114,362	(57,422)	56,940	46,380	10,560
General Supplies	500	-	500	175	325
Total Bilingual Education - Instruction	<u>114,862</u>	<u>(57,422)</u>	<u>57,440</u>	<u>46,555</u>	<u>10,885</u>
School Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	92,551	-	92,551	80,435	12,116
Purchased Services	-	926	926	926	-
Supplies and Materials	2,000	-	2,000	-	2,000
Total School Sponsored Co/Extra Curricular Activities-Instruction	<u>94,551</u>	<u>926</u>	<u>95,477</u>	<u>81,361</u>	<u>14,116</u>
School Sponsored Athletics - Instruction					
Salaries	19,283	-	19,283	11,826	7,457
Purchased Services	6,498	(500)	5,998	1,930	4,068
Supplies and Materials	-	500	500	198	302
Total School Sponsored Athletics - Instruction	<u>25,781</u>	<u>-</u>	<u>25,781</u>	<u>13,954</u>	<u>11,827</u>
Total - Instruction	<u>12,492,389</u>	<u>330,564</u>	<u>12,822,953</u>	<u>12,461,780</u>	<u>361,173</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	483,217	(4,816)	478,401	462,107	16,294
Tuition to CSSD & Reg. Day Schools	65,960	126,067	192,027	134,624	57,403
Tuition to APSSD W/I State	1,369,022	(138,879)	1,230,143	1,095,396	134,747
Total Undistributed Expenditures - Instruction	<u>1,918,199</u>	<u>(17,628)</u>	<u>1,900,571</u>	<u>1,692,127</u>	<u>208,444</u>
Attendance & Social Work					
Salaries	57,454	(4,334)	53,120	52,163	957
Total Undistributed Expenditures - Attendance & Social Work	<u>57,454</u>	<u>(4,334)</u>	<u>53,120</u>	<u>52,163</u>	<u>957</u>

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 347,335	\$ 7,261	\$ 354,596	\$ 350,227	\$ 4,369
Purchased Professional and Technical Services	1,000	-	1,000		1,000
Other Purchased Services	800	-	800	210	590
Supplies and Materials	30,060	(4,467)	25,593	14,607	10,986
Total Health Services	379,195	2,794	381,989	365,044	16,945
Speech, OT, PT & Related Services					
Salaries	346,524	(3,320)	343,204	343,056	148
Purchased Professional-Educational Services	201,531	33,575	235,106	228,746	6,360
Supplies and Materials	6,300	-	6,300	4,966	1,334
Total Speech, OT, PT & Related Services	554,355	30,255	584,610	576,768	7,842
Other Support Services - Extra Serv.					
Salaries		62,575	62,575	62,575	-
Purchased Professional-Educational Services	250,000	63,965	313,965	271,604	42,361
Supplies and Materials	6,000	-	6,000	5,912	88
Total Other Support Services - Extra Serv.	256,000	126,540	382,540	340,091	42,449
Guidance					
Salaries of Other Professional Staff	415,855	(51,473)	364,382	364,381	1
Other Salaries		750	750	750	-
Supplies and Materials	1,090	(750)	340	75	265
Total Guidance	416,945	(51,473)	365,472	365,206	266
Child Study Teams					
Salaries of Other Professional Staff	439,865	15,901	455,766	437,647	18,119
Salaries of Secretarial & Clerical Assist.	116,417	31,351	147,768	114,904	32,864
Purchased Professional -Educational Services	215,000	(72,332)	142,668	104,800	37,868
Other Purchased Services	5,350	155	5,505	4,496	1,009
Supplies and Materials	13,500	(7,815)	5,685	3,484	2,201
Total Child Study Teams	790,132	(32,740)	757,392	665,331	92,061
Improvement of Instructional Service					
Salaries of Supervisor of Instruction	345,594	6,821	352,415	352,414	1
Salaries of Other Professional Staff	27,480	24,688	52,168	51,615	553
Salaries of Secretarial & Clerical Assist.	57,095	441	57,536	57,535	1
Other Purchased Professional-Technical Services	5,100	(1,900)	3,200	3,200	-
Other Purchased Services	9,074	(1,612)	7,462	7,445	17
Supplies and Materials	3,000	(2,572)	428	428	-
Other Objects	4,000	535	4,535	4,535	-
Total Improvement of Instructional Service	451,343	26,401	477,744	477,172	572
Educational Media Services/School Library					
Salaries	407,018	(5,713)	401,305	401,290	15
Salaries of Technology Coordinators	131,028	10,958	141,986	141,983	3
Unused Vacation Payment to Terminated/Retired Staff		912	912	912	-
Purchased Professional and Technical Services	73,262	700	73,962	71,199	2,763
Other Purchased Services	122,612	(25,537)	97,075	87,104	9,971
Supplies and Materials	12,748	721	13,469	10,378	3,091
Total Educational Media Services/School Library	746,668	(17,959)	728,709	712,866	15,843

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Instructional Staff Training Services					
Purchased Professional-Educational Services	\$ 30,000	\$ (17,505)	\$ 12,495	\$ 12,437	\$ 58
Other Purchased Services	7,500	(3,654)	3,846	3,845	1
Supplies and Materials	1,725	-	1,725	-	1,725
Total Instructional Staff Training Services	39,225	(21,159)	18,066	16,282	1,784
Support Services - General Administration					
Salaries	347,434	7,516	354,950	353,948	1,002
Legal Services	60,000	12,027	72,027	72,027	-
Audit Fees	32,000	-	32,000	12,345	19,655
Architectural/Engineering Services	40,000	(14,000)	26,000	19,018	6,982
Other Purchased Professional Services	54,441	40,000	94,441	93,137	1,304
Communications/Telephone	27,164	-	27,164	16,333	10,831
BOE - Other Purchased Services	5,000	-	5,000	3,150	1,850
Supplies and Materials	8,000	-	8,000	6,114	1,886
Miscellaneous Purchased Services	5,500	9,000	14,500	10,308	4,192
Miscellaneous Expenditures	34,500	1,473	35,973	32,998	2,975
BOE Membership Dues	13,250	(500)	12,750	12,680	70
Total Support Services - General Administration	627,289	55,516	682,805	632,058	50,747
Support Services - School Administration					
Salaries of Principals/Asst. Principals	806,828	5,681	812,509	812,474	35
Salaries of Other Professional Staff	141,300	1,178	142,478	142,478	-
Salaries of Secretarial and Clerical Assistants	416,624	56,010	472,634	464,392	8,242
Other Purchased Services	12,695	18,923	31,618	17,631	13,987
Supplies and Materials	16,410	2,049	18,459	14,920	3,539
Other Objects	41,696	37,677	79,373	45,428	33,945
Total Support Services - School Administration	1,435,553	121,518	1,557,071	1,497,323	59,748
Central Services					
Salaries	309,583	19,975	329,558	326,941	2,617
Purchased Professional Services	1,200	500	1,700	-	1,700
Miscellaneous Purchased Services	2,550	1,100	3,650	1,511	2,139
Supplies and Materials	2,500	4,000	6,500	6,500	-
Miscellaneous Expenditures	2,500	300	2,800	2,611	189
Total Central Services	318,333	25,875	344,208	337,563	6,645
Admin. Info. Tech.					
Purchased Technical Services	-	6,000	6,000	3,275	2,725
Supplies and Materials	3,000	(345)	2,655	2,547	108
Total Admin. Info. Tech.	3,000	5,655	8,655	5,822	2,833
Required Maintenance for School Facilities					
Salaries	237,303	10,464	247,767	247,765	2
Cleaning, Repair and Maintenance Service	126,105	(2,662)	123,443	97,532	25,911
Lead Testing of Drinking Water	5,000	-	5,000	901	4,099
General Supplies	57,539	6,963	64,502	52,012	12,490
Total Required Maintenance for School Facilities	425,947	14,765	440,712	398,210	42,502
Custodial Services					
Salaries	949,935	(28,406)	921,529	906,598	14,931
Salaries of Non-Instructional Aides	89,783	8,671	98,454	95,453	3,001
Purchased Professional and Technical Services	7,000	-	7,000	6,750	250
Cleaning, Repair, and Maintenance Services	128,500	17,706	146,206	134,600	11,606
Rental of Land and Bldgs Other than Lease Pur. Agree.	2,900	(237)	2,663	712	1,951
Other Purchased Property Services	12,000	237	12,237	12,236	1
Insurance	140,400	(6,352)	134,048	134,048	-
Miscellaneous Purchased Services	14,200	5,828	20,028	19,447	581
General Supplies	90,000	(2,117)	87,883	75,137	12,746
Energy (Natural Gas)	160,000	(21,203)	138,797	122,519	16,278
Energy (Electricity)	208,000	(16,075)	191,925	156,124	35,801
Other Objects	1,350	2,206	3,556	3,062	494
Total Custodial Services	1,804,068	(39,742)	1,764,326	1,666,686	97,640

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Care and Upkeep of Grounds					
Salaries	\$ 24,600	\$ 9,545	\$ 34,145	\$ 34,145	-
Cleaning, Repair, and Maintenance Svc.	25,700	(9,934)	15,766	14,744	\$ 1,022
General Supplies	3,000	-	3,000	2,449	551
Other Objects	1,200	(500)	700	-	700
Total Care and Upkeep of Grounds	54,500	(889)	53,611	51,338	2,273
Security					
Purchased Professional and Technical Services	-	3,000	3,000	1,437	1,563
General Supplies	20,000	-	20,000	108	19,892
Total Security	20,000	3,000	23,000	1,545	21,455
Student Transportation Services					
Salaries of Non-Instructional Aides	22,500	6,401	28,901	28,901	-
Salaries for Pupil Transportation (Between Home and School) - Regular	164,398	(6,401)	157,997	147,733	10,264
Salaries for Pupil Transportation (Between Home and School) - Special Education	22,000	(22,000)	-	-	-
Other Purchased Professional and Technical Services	6,000	3,000	9,000	6,799	2,201
Cleaning, Repair, and Maintenance Services	30,000	10,404	40,404	40,403	1
Contracted Services - Aid-in-Lieu Payments-Non-Public	25,000	-	25,000	24,000	1,000
Contracted Services (Between Home and School) - Vendors	375,000	(75,000)	300,000	297,327	2,673
Contracted Services (Other Than Between Home and School) - Vendors	12,000	-	12,000	5,270	6,730
Contracted Services (Special Education Students) - Vendors	425,000	107,000	532,000	531,159	841
Supplies and Materials	2,000	-	2,000	1,389	611
Transportation Supplies	14,000	(13,000)	1,000	581	419
Other Objects	10,000	(8,000)	2,000	1,405	595
Total Student Transportation Services	1,107,898	2,404	1,110,302	1,084,967	25,335
Employee Benefits - Unallocated					
Group Insurance	15,000	(7,500)	7,500	1,888	5,612
Social Security Contributions	355,000	6,576	361,576	345,826	15,750
Other Retirement Contributions - PERS	360,000	(7,640)	352,360	345,579	6,781
Other Retirement Contributions - Regular	19,500	7,640	27,140	24,975	2,165
Unemployment Compensation	50,000	(50,000)	-	-	-
Workmen's Compensation	145,823	(195)	145,628	135,389	10,239
Health Benefits	5,730,673	(555,042)	5,175,631	5,122,951	52,680
Tuition Reimbursement	70,000	924	70,924	53,117	17,807
Other Employee Benefits	259,024	395	259,419	166,984	92,435
Total Employee Benefits - Unallocated	7,005,020	(604,842)	6,400,178	6,196,709	203,469
Interest Earned on Maintenance Reserve	211	-	211	-	211
Interest Earned on Emergency Reserves	224	-	224	-	224
On-Behalf TPAF Pension Contributions (Non-Budgeted)					
Normal Cost				2,466,663	(2,466,663)
Non-Contributory (NCGI)				51,634	(51,634)
Post-Retirement Medical Contribution				1,142,295	(1,142,295)
Long-Term Disability				2,068	(2,068)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	991,341	(991,341)
Total	-	-	-	4,654,001	(4,654,001)
Total Undistributed Expenditures	18,411,559	(376,043)	18,035,516	21,789,272	(3,753,756)
Total Current Expenditures	30,903,948	(45,479)	30,858,469	34,251,052	(3,392,583)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CAPITAL OUTLAY					
Equipment					
Grades 6 - 8	\$ 334,335	\$ 4,795	\$ 339,130	\$ 338,470	\$ 660
Undistributed					
Child Study Team		6,900	6,900	6,895	5
Support Services - Instructional Staff	51,225	(3,610)	47,615	47,614	1
General Administration		2,501	2,501	2,501	-
Admin. Info. Tech.	9,659	6,233	15,892	14,992	900
Maintenance and Operation of Plant	-	-	-	5,500	(5,500)
Total Undistributed Expenditures	395,219	16,819	412,038	415,972	(3,934)
Total Equipment	395,219	16,819	412,038	415,972	(3,934)
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	99,900	(50,000)	49,900	35,992	13,908
Construction Services	1,143,633	50,000	1,193,633	755,219	438,414
Assessment for Debt Service on SDA Funding	3,102	-	3,102	3,102	-
Total Facilities Acquis. and Const. Services	1,246,635	-	1,246,635	794,313	452,322
Interest Earned on Capital Reserve	12,960	-	12,960	-	12,960
Total Capital Outlay	1,654,814	16,819	1,671,633	1,210,285	461,348
Total Expenditures - General Fund	32,558,762	(28,660)	32,530,102	35,461,337	(2,931,235)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,479,562)	28,660	(2,450,902)	(375,986)	2,074,916
Other Financing Sources (Uses)					
Transfer Out- Enterprise Fund-Non-Major	-	(28,660)	(28,660)	(28,660)	-
Total Other Financing Sources (Uses)	-	(28,660)	(28,660)	(28,660)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(2,479,562)	-	(2,479,562)	(404,646)	2,074,916
Fund Balances, Beginning of Year	6,134,020	-	6,134,020	6,134,020	-
Fund Balances, End of Year	\$ 3,654,458	\$ -	\$ 3,654,458	\$ 5,729,374	\$ 2,074,916
Recapitulation of Fund Balances					
Restricted					
Reserve for Excess Surplus				\$ 760,100	
Excess Surplus Designated for Subsequent Year's Expenditures				759,542	
Capital Reserve				1,596,497	
Capital Reserve Designated for Subsequent Year's Expenditures				825,000	
Emergency Reserve				217,389	
Emergency Reserve Designated for Subsequent Year's Expenditures				56,376	
Maintenance Reserve				157,635	
Maintenance Reserve Designated for Subsequent Year's Expenditures				121,937	
Assigned					
Year End Encumbrances				411,841	
Unassigned				823,057	
Fund Balance (Budgetary Basis)				5,729,374	
Reconciliation to Government Funds Statements (GAAP)					
Final State Aid Payments Not Recognized on GAAP Basis				66,198	
Extraordinary Aid Payment Not Recognized on GAAP Basis				399,950	
Fund Balances Per Governmental Funds (GAAP Basis)				\$ 5,263,226	

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 146,280	\$ 146,280	\$ 92,062	\$ (54,218)
State	\$ 97,408	64,317	161,725	108,154	(53,571)
Federal	312,000	64,265	376,265	370,155	(6,110)
Total Revenues	<u>409,408</u>	<u>274,862</u>	<u>684,270</u>	<u>570,371</u>	<u>(113,899)</u>
EXPENDITURES					
Instruction					
Purchased Professional & Technical Svcs.		19,123	19,123	19,123	-
Purchased Professional Educational Svcs.	71,300	9,141	80,441	63,583	16,858
Tuition	287,400	39,390	326,790	326,790	-
Supplies and Materials	19,055	54,780	73,835	16,470	57,365
Textbooks	7,053	1,598	8,651	7,817	834
Total Instruction	<u>384,808</u>	<u>124,032</u>	<u>508,840</u>	<u>433,783</u>	<u>75,057</u>
Support Services					
Supplies and Materials		9,894	9,894	9,894	-
Cleaning, Repair and Maintenance		19,640	19,640		19,640
Purchased Professional Educational Svcs.	24,600	26,810	51,410	39,941	11,469
Other Purchased Services	-	794	794	-	794
Total Support Services	<u>24,600</u>	<u>57,138</u>	<u>81,738</u>	<u>49,835</u>	<u>31,903</u>
Facilities Acquisition and Construction					
Construction Services		40,147	40,147	33,208	6,939
Non-Instructional Equipment	-	53,545	53,545	53,545	-
Total Facilities Acquisition and Construction	<u>-</u>	<u>93,692</u>	<u>93,692</u>	<u>86,753</u>	<u>6,939</u>
Total Expenditures	<u>409,408</u>	<u>274,862</u>	<u>684,270</u>	<u>570,371</u>	<u>113,899</u>
Excess Revenues Over Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**OAKLAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/Inflows of Resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 35,085,351	(C-2)	\$ 570,371
Difference - Budget to GAAP				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - June 30, 2019				(6,800)
- June 30, 2018				
State Aid (2017/2018) recognized for GAAP purposes and not recognized for budgetary statements.		257,035		
State Aid (2018/2019) recognized for budgetary purposes and not recognized for GAAP statements		<u>(466,148)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2)	<u>\$ 34,876,238</u>	(B-2)	<u>\$ 563,571</u>
Uses/Outflows of Resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 35,461,337	(C-2)	\$ 570,371
Difference - Budget to GAAP:				
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and services are received for financial reporting purposes - June 30, 2019				(6,800)
- June 30, 2018		<u>-</u>		<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2)	<u>\$ 35,461,337</u>	(B-2)	<u>\$ 563,571</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Six Fiscal Years*

	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.03461	%	0.03498	%	0.03561	%	0.03314	%	0.03360	%	0.03347	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,814,325		\$ 8,143,807		\$ 10,546,989		\$ 7,439,759		\$ 6,291,053		\$ 6,396,995	
District's Covered Payroll	\$ 2,459,616		\$ 2,462,288		\$ 2,432,053		\$ 2,398,385		\$ 2,209,137		\$ 2,219,914	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	277.05	%	330.74	%	433.67	%	310.20	%	284.77	%	288.16	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.6	%	48.11	%	40.14	%	47.93	%	52.08	%	48.72	%

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

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

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

Public Employees Retirement System

Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 344,247	\$ 324,093	\$ 316,364	\$ 284,934	\$ 277,003	\$ 252,198
Contributions in Relation to the Contractually Required Contribution	<u>344,247</u>	<u>324,093</u>	<u>316,364</u>	<u>284,934</u>	<u>277,003</u>	<u>252,198</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$2,459,616	\$2,462,288	\$ 2,432,053	\$ 2,398,385	\$ 2,209,137	\$ 2,219,914
Contributions as a Percentage of Covered Payroll	\$ 14.00 %	\$ 13.16 %	\$ 13.01 %	\$ 11.88 %	\$ 12.54 %	\$ 11.36 %

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

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

Teachers Pension and Annuity Fund

Last Six Fiscal Years*

	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00	%	0.00	%	0.00	%	0.00	%	0.00	%	0.00
District's Proportionate Share of the Net Pension Liability (Asset)	0.00	%	0.00	%	0.00	%	0.00	%	0.00	%	0.00
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 78,959,641</u>		<u>\$ 82,979,148</u>		<u>\$ 92,165,565</u>		<u>\$ 72,532,687</u>		<u>\$ 62,549,208</u>		<u>\$ 60,530,359</u>
Total	<u>\$ 78,959,641</u>		<u>\$ 82,979,148</u>		<u>\$ 92,165,565</u>		<u>\$ 72,532,687</u>		<u>\$ 62,549,208</u>		<u>\$ 60,530,359</u>
District's Covered Payroll	\$ 13,235,704		\$ 12,973,076		\$ 12,792,813		\$ 12,495,712		\$ 11,586,071		\$ 11,490,030
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0.00	%	0.00	%	0.00	%	0.00	%	0.00	%	0.00
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49	%	36.44	%	22.33	%	28.71	%	33.64	%	33.76

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

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

OAKLAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Change of Benefit Terms: None.

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

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

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 2,089,155	\$ 2,501,590
Interest	2,266,771	1,965,805
Changes of Benefit Terms		
Differences Between Expected and Actual Experience	(6,717,446)	
Changes of Assumptions or Other Inputs	(5,989,909)	(8,177,397)
Benefit Payments	(1,395,739)	(1,339,103)
Contribution from the Member	<u>48,239</u>	<u>49,309</u>
Net Change in Total OPEB Liability	(9,698,929)	(4,999,796)
Total OPEB Liability - Beginning	<u>61,896,299</u>	<u>66,896,095</u>
Total OPEB Liability - Ending	<u>52,197,370</u>	<u>61,896,299</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -
State's Proportionate Share of OPE Liability	<u>52,197,370</u>	<u>61,896,299</u>
Total OPEB Liability - Ending	<u>\$ 52,197,370</u>	<u>\$ 61,896,299</u>
District's Covered Payroll	<u>\$ 15,695,320</u>	<u>\$ 15,435,364</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%

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

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

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

OAKLAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Non-Public Auxiliary</u>		<u>Non-Public Handicapped</u>			<u>Non-Public Textbook</u>	<u>Non-Public Technology</u>	<u>Total Exhibit E1A</u>	<u>Totals</u>
	<u>Comp. Ed</u>	<u>ESL</u>	<u>Exam/ Classification</u>	<u>Corrective Speech</u>	<u>Suppl Instruction</u>				
REVENUES									
Intergovernmental									
Local								\$ 92,062	\$ 92,062
State	\$ 25,126	\$ 6,040	\$ 25,291	\$ 8,571	\$ 9,199	\$ 7,817	\$ 4,938	21,172	108,154
Federal	-	-	-	-	-	-	-	370,155	370,155
Total Revenues	\$ 25,126	\$ 6,040	\$ 25,291	\$ 8,571	\$ 9,199	\$ 7,817	\$ 4,938	\$ 483,389	\$ 570,371
EXPENDITURES									
Instruction									
Purchased Professional & Technical Svcs.								\$ 19,123	\$ 19,123
Purchased Professional Educational Svcs.	\$ 25,126	\$ 6,040		\$ 8,571	\$ 9,199			14,647	63,583
Tuition								326,790	326,790
Supplies and Materials							\$ 4,938	11,532	16,470
Textbooks	-	-	-	-	-	\$ 7,817	-	-	7,817
Total Instruction	25,126	6,040	-	8,571	9,199	7,817	4,938	372,092	433,783
Support Services									
Purchased Professional Educational Services			\$ 25,291					14,650	39,941
Supplies and Materials	-	-	-	-	-	-	-	9,894	9,894
Total Support Services	-	-	25,291	-	-	-	-	24,544	49,835
Facilities Acquisition and Construction									
Construction Services	-	-	-	-	-	-	-	33,208	33,208
Non Instructional Equipment	-	-	-	-	-	-	-	53,545	53,545
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	86,753	86,753
Total Expenditures	\$ 25,126	\$ 6,040	\$ 25,291	\$ 8,571	\$ 9,199	\$ 7,817	\$ 4,938	\$ 483,389	\$ 570,371

OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Non-Public <u>Security</u>	Non-Public <u>Nursing</u>	IDEA		ESSA		Local <u>Grants</u>	Total <u>Exhibit E-1A</u>
			<u>Preschool</u>	<u>Basic</u>	<u>Title II A</u>	<u>Title IV</u>		
REVENUES								
Intergovernmental								
Local							\$ 92,062	\$ 92,062
State	\$ 6,525	\$ 14,647						21,172
Federal	-	-	\$ 19,702	\$ 326,211	\$ 14,650	\$ 9,592	-	370,155
Total Revenues	<u>\$ 6,525</u>	<u>\$ 14,647</u>	<u>\$ 19,702</u>	<u>\$ 326,211</u>	<u>\$ 14,650</u>	<u>\$ 9,592</u>	<u>\$ 92,062</u>	<u>\$ 483,389</u>
EXPENDITURES								
Instruction								
Purchased Professional & Technical Svcs.				\$ 19,123				\$ 19,123
Purchased Professional & Educational Svcs.		\$ 14,647						14,647
Tuition			\$ 19,702	307,088				326,790
Supplies and Materials	\$ 6,525						\$ 5,007	11,532
Textbooks	-	-	-	-	-	-	-	-
Total Instruction	<u>6,525</u>	<u>14,647</u>	<u>19,702</u>	<u>326,211</u>	<u>-</u>	<u>-</u>	<u>5,007</u>	<u>372,092</u>
Support Services								
Purchased Professional Educational Services					\$ 14,650			14,650
Supplies and Materials	-	-	-	-	-	\$ 9,592	302	9,894
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,650</u>	<u>9,592</u>	<u>302</u>	<u>24,544</u>
Facilities Acquisition and Construction								
Construction Services							33,208	33,208
Non-Instructional Equipment	-	-	-	-	-	-	53,545	53,545
Total Facilities Acquisition and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,753</u>	<u>86,753</u>
Total Expenditures	<u>\$ 6,525</u>	<u>\$ 14,647</u>	<u>\$ 19,702</u>	<u>\$ 326,211</u>	<u>\$ 14,650</u>	<u>\$ 9,592</u>	<u>\$ 92,062</u>	<u>\$ 483,389</u>

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

CAPITAL PROJECTS FUND

NOT APPLICABLE

PROPRIETARY FUNDS

**OAKLAND BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

THIS STATEMENT IS NOT APPLICABLE
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**OAKLAND BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

THIS STATEMENT IS NOT APPLICABLE

**INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2019**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 34,986	\$ 89,154	\$ 124,140
Due From Other Funds	<u> -</u>	<u> 15,000</u>	<u> 15,000</u>
 Total Assets	 <u>\$ 34,986</u>	 <u>\$ 104,154</u>	 <u>\$ 139,140</u>
 LIABILITIES			
Payroll Deductions and Withholdings		\$ 56,096	\$ 56,096
Due to Student Groups	\$ 34,986		34,986
Flex Spending Payable	<u> -</u>	<u> 48,058</u>	<u> 48,058</u>
 Total Liabilities	 <u>\$ 34,986</u>	 <u>\$ 104,154</u>	 <u>\$ 139,140</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

**OAKLAND BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Balance, July 1, <u>2018</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2019</u>
SCHOOLS				
Dogwood Hills	\$ 1,399	\$ 6,832	\$ 6,250	\$ 1,981
Heights	8,815	9,211	10,419	7,607
Manito	2,644	8,363	8,525	2,482
Valley Middle	<u>28,831</u>	<u>160,399</u>	<u>166,314</u>	<u>22,916</u>
 Total All Schools	 <u>\$ 41,689</u>	 <u>\$ 184,805</u>	 <u>\$ 191,508</u>	 <u>\$ 34,986</u>

EXHIBIT H-4

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Balance, July 1, <u>2018</u>	Cash <u>Receipt</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2019</u>
Payroll Deductions and Withholdings	\$ 20,515	\$ 9,713,807	\$ 9,678,226	\$ 56,096
Accrued Salaries and Wages		11,100,295	11,100,295	-
Due to /from Other Funds	-	-	15,000	(15,000)
Flex Spending Payable	<u>19,865</u>	<u>136,465</u>	<u>108,272</u>	<u>48,058</u>
 Total	 <u>\$ 40,380</u>	 <u>\$ 20,950,567</u>	 <u>\$ 20,901,793</u>	 <u>\$ 89,154</u>

LONG-TERM DEBT

**OAKLAND BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2018</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
School Improvements	8/15/2007	\$ 1,152,000	2/1/2020	\$ 90,000	4.25%	\$ 472,000	\$ 90,000	\$ 382,000
			2/1/2021-22	95,000	4.25%			
			2/1/2023	102,000	4.25%			
Refunding Bonds	3/2/2015	\$ 1,200,000	8/1/2019	230,000	4.25%	<u>925,000</u>	<u>225,000</u>	<u>700,000</u>
			8/1/2020-21	235,000	4.25%			
						<u>\$ 1,397,000</u>	<u>\$ 315,000</u>	<u>\$ 1,082,000</u>

Paid by Budget Appropriatio \$ 315,000

**OAKLAND BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Obligation</u>	<u>Balance, July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
2017-18 Photo Copiers	3.70%	\$ 167,523	\$ 152,135	-	\$ 31,646	\$ 120,489
			<u>\$ 152,135</u>	<u>\$ -</u>	<u>\$ 31,646</u>	<u>\$ 120,489</u>

**OAKLAND PUBLIC SCHOOLS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjust</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 229,987		\$ 229,987	\$ 229,987	
State Sources					
State Aid	<u>118,479</u>	<u>-</u>	<u>118,479</u>	<u>118,479</u>	<u>-</u>
Total Revenues	<u>348,466</u>	<u>-</u>	<u>348,466</u>	<u>348,466</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Redemption of Principal	315,000		315,000	315,000	
Interest	<u>33,466</u>	<u>-</u>	<u>33,466</u>	<u>33,466</u>	<u>-</u>
Total Expenditures	<u>348,466</u>	<u>-</u>	<u>348,466</u>	<u>348,466</u>	<u>-</u>
Excess Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
		(1)			(2)					
Governmental Activities										
Net Investment in Capital Assets	\$ 3,290,956	\$ 3,415,505	\$ 3,660,995	\$ 3,897,925	\$ 3,888,182	\$ 4,524,087	\$ 5,185,259	\$ 5,924,258	\$ 6,531,778	\$ 7,433,650
Restricted	379,559	705,637	846,077	2,076,088	4,002,988	4,877,374	4,576,371	4,119,209	3,785,666	2,974,834
Unrestricted	<u>137,134</u>	<u>280,973</u>	<u>714,773</u>	<u>35,055</u>	<u>(6,243,589)</u>	<u>(5,868,917)</u>	<u>(5,278,098)</u>	<u>(5,423,499)</u>	<u>(5,952,870)</u>	<u>(5,853,839)</u>
Total Governmental Activities Net Position	\$ <u>3,807,649</u>	\$ <u>4,402,115</u>	\$ <u>5,221,845</u>	\$ <u>6,009,068</u>	\$ <u>1,647,581</u>	\$ <u>3,532,544</u>	\$ <u>4,483,532</u>	\$ <u>4,619,968</u>	\$ <u>4,364,574</u>	\$ <u>4,554,645</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 36,728	\$ 31,662	\$ 18,906	\$ 7,650	\$ 3,639	\$ 10,624	\$ 7,434	\$ 8,104	\$ 19,591	\$ 19,768
Restricted										
Unrestricted	<u>15,534</u>	<u>32,147</u>	<u>32,695</u>	<u>27,681</u>	<u>29,370</u>	<u>11,398</u>	<u>26,625</u>	<u>34,162</u>	<u>22,081</u>	<u>46,379</u>
Total Business-Type Activities Net Position	\$ <u>52,262</u>	\$ <u>63,809</u>	\$ <u>51,601</u>	\$ <u>35,331</u>	\$ <u>33,009</u>	\$ <u>22,022</u>	\$ <u>34,059</u>	\$ <u>42,266</u>	\$ <u>41,672</u>	\$ <u>66,147</u>
District-Wide										
Net Investment in Capital Assets	\$ 3,327,684	\$ 3,447,167	\$ 3,679,901	\$ 3,905,575	\$ 3,891,821	\$ 4,534,711	\$ 5,192,693	\$ 5,932,362	\$ 6,551,369	\$ 7,453,418
Restricted	379,559	705,637	846,077	2,076,088	4,002,988	4,877,374	4,576,371	4,119,209	3,785,666	2,974,834
Unrestricted	<u>152,668</u>	<u>313,120</u>	<u>747,468</u>	<u>62,736</u>	<u>(6,214,219)</u>	<u>(5,857,519)</u>	<u>(5,251,473)</u>	<u>(5,389,337)</u>	<u>(5,930,789)</u>	<u>(5,807,460)</u>
Total District Net Position	\$ <u>3,859,911</u>	\$ <u>4,465,924</u>	\$ <u>5,273,446</u>	\$ <u>6,044,399</u>	\$ <u>1,680,590</u>	\$ <u>3,554,566</u>	\$ <u>4,517,591</u>	\$ <u>4,662,234</u>	\$ <u>4,406,246</u>	\$ <u>4,620,792</u>

Source: District's Financial Records

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

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 11,434,244	\$ 10,915,332	\$ 11,126,135	\$ 11,886,076	\$ 12,161,879	\$ 14,695,489	\$ 15,427,428	\$ 16,600,572	\$ 18,564,545	\$ 17,689,650
Special Education	4,636,266	4,644,511	4,755,652	4,780,729	4,118,511	4,845,084	4,917,793	5,557,285	6,384,588	5,896,881
Other Instruction	1,053,860	1,143,529	1,222,301	975,349	996,345	1,179,018	1,364,724	1,180,785	1,252,498	1,021,645
School Sponsored Activities And Athletics	115,105	135,976	113,039	124,434	129,637	129,096	154,219	198,306	194,380	173,616
Support Services:										
Student & Instruction Related Services	3,347,440	3,366,039	3,664,302	4,122,196	4,005,463	4,434,399	4,711,693	6,046,973	5,959,870	5,850,533
General Administration	695,851	754,063	782,208	851,380	707,879	978,813	1,066,878	1,162,429	998,188	932,450
School Administrative Services	2,029,477	2,046,884	2,171,503	2,143,676	1,989,232	2,032,124	2,373,715	2,746,123	2,898,417	2,706,644
Central Services	529,887	523,739	547,983	579,648	556,587	520,146	533,711	475,235	587,269	486,148
Plant Operations And Maintenance	2,451,387	2,231,788	2,761,464	2,635,520	2,578,089	2,816,592	3,010,427	3,101,686	2,735,707	2,641,276
Pupil Transportation	1,063,089	1,066,892	956,185	976,888	924,731	886,397	969,994	1,299,116	1,101,332	1,162,096
Interest and Other Charges On Long-Term Debt	163,761	149,455	137,789	121,481	107,737	115,654	68,932	60,480	55,792	51,056
Total Governmental Activities Expenses	27,520,367	26,978,208	28,238,561	29,197,377	28,276,090	32,632,812	34,599,514	38,428,990	40,732,586	38,611,995
Business-Type Activities:										
Other								29,964	23,499	34,230
Food Service	448,841	416,961	470,995	459,438	468,397	467,723	473,261	496,231	473,793	480,961
Total Business-Type Activities Expense	448,841	416,961	470,995	459,438	468,397	467,723	473,261	526,195	497,292	515,191
Total District Expenses	\$ 27,969,208	\$ 27,395,169	\$ 28,709,556	\$ 29,656,815	\$ 28,744,487	\$ 33,100,535	\$ 35,072,775	\$ 38,955,185	\$ 41,229,878	\$ 39,127,186
Program Revenues										
Governmental Activities:										
Charges For Services:										
Pupil Transportation	\$ 92,437	\$ 76,579	\$ 86,593	\$ 82,457	\$ 75,035	\$ 76,586	\$ 64,020	\$ 77,193	\$ 112,467	\$ 64,405
Operating Grants And Contributions	3,801,833	2,761,993	3,518,780	3,945,602	3,668,462	6,970,416	7,945,432	10,403,342	11,749,582	9,245,189
Capital Grants And Contributions	34,144	-	-	-	34,460	421,694	-	20,265	32,200	79,953
Total Governmental Activities Program Revenues	3,928,414	2,838,572	3,605,373	4,028,059	3,777,957	7,468,696	8,009,452	10,500,800	11,894,249	9,389,547
Business-Type Activities:										
Charges For Services										
Other								22,221	14,280	4,820
Food Service	344,450	345,329	354,694	342,384	355,329	343,290	380,275	415,842	382,299	408,950
Operating Grants And Contributions	88,455	82,792	103,809	100,499	110,408	113,446	89,211	96,339	100,119	97,236
Total Business Type Activities Program Revenues	432,905	428,121	458,503	442,883	465,737	456,736	469,486	534,402	496,698	511,006
Total District Program Revenues	\$ 4,361,319	\$ 3,266,693	\$ 4,063,876	\$ 4,470,942	\$ 4,243,694	\$ 7,925,432	\$ 8,478,938	\$ 11,035,202	\$ 12,390,947	\$ 9,900,553
Net (Expense)/Revenue										
Governmental Activities	\$ (23,591,953)	\$ (24,139,636)	\$ (24,633,188)	\$ (25,169,318)	\$ (24,498,133)	\$ (25,164,116)	\$ (26,590,062)	\$ (27,928,190)	\$ (28,838,337)	\$ (29,222,448)
Business-Type Activities	(15,936)	11,160	(12,492)	(16,555)	(2,660)	(10,987)	(3,775)	8,207	(594)	(4,185)
Total District-Wide Net Expense	\$ (23,607,889)	\$ (24,128,476)	\$ (24,645,680)	\$ (25,185,873)	\$ (24,500,793)	\$ (25,175,103)	\$ (26,593,837)	\$ (27,919,983)	\$ (28,838,931)	\$ (29,226,633)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes	\$ 23,662,652	\$ 24,534,386	\$ 25,265,844	\$ 25,768,681	\$ 26,276,897	\$ 26,775,061	\$ 27,308,757	\$ 27,829,946	\$ 28,360,485	\$ 29,154,335
Unrestricted Grants And Contributions						30,038	32,178	46,354	46,875	2,835
State Aid Restricted for Debt Service	140,348	118,174	118,650	118,998	119,191	119,213	120,784	117,084	119,270	118,479
Miscellaneous Income	39,723	81,542	68,424	68,862	137,553	124,767	79,331	71,242	56,313	165,530
Transfers	-	-	-	-	-	-	-	-	-	(28,660)
Total Governmental Activities	23,842,723	24,734,102	25,452,918	25,956,541	26,533,641	27,049,079	27,541,050	28,064,626	28,582,943	29,412,519
Business-Type Activities:										
Investment Earnings	305	387	284	285	338	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	28,660
Total Business-Type Activities	305	387	284	285	338	-	-	-	-	28,660
Total District-Wide	\$ 23,843,028	\$ 24,734,489	\$ 25,453,202	\$ 25,956,826	\$ 26,533,979	\$ 27,049,079	\$ 27,541,050	\$ 28,064,626	\$ 28,582,943	\$ 29,441,179
Change in Net Position										
Governmental Activities	\$ 250,770	\$ 594,466	\$ 819,730	\$ 787,223	\$ 2,035,508	\$ 1,884,963	\$ 950,988	\$ 136,436	\$ (255,394)	\$ 190,071
Business-Type Activities	(15,631)	11,547	(12,208)	(16,270)	(2,322)	(10,987)	(3,775)	8,207	(594)	24,475
Total District	\$ 235,139	\$ 606,013	\$ 807,522	\$ 770,953	\$ 2,033,186	\$ 1,873,976	\$ 947,213	\$ 144,643	\$ (255,988)	\$ 214,546

Source: District's Financial Records

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 619,696									
Unreserved	314,166									
Restricted		\$ 748,425	\$ 1,113,871	\$ 2,074,604	\$ 4,104,908	\$ 4,460,531	\$ 5,611,570	\$ 5,803,662	\$ 5,320,666	\$ 4,494,476
Committed		26,200	62,776	6,278						
Assigned		349,841	514,030	159,870	151,289	470,137	387,837	347,128	200,000	411,841
Unassigned	-	234,720	261,312	268,759	252,669	275,449	295,925	302,842	356,319	356,909
Total General Fund	\$ 933,862	\$ 1,359,186	\$ 1,951,989	\$ 2,509,511	\$ 4,508,866	\$ 5,206,117	\$ 6,295,332	\$ 6,453,632	\$ 5,876,985	\$ 5,263,226
All Other Governmental Funds										
Reserved										
Unreserved	\$ 21,088									
Restricted	-	\$ 24,329	\$ 24,323	\$ 25,753	\$ (27,407)	\$ 543,047	\$ 11,520	\$ 11,520	\$ -	\$ -
Total All Other Governmental Funds	\$ 21,088	\$ 24,329	\$ 24,323	\$ 25,753	\$ (27,407)	\$ 543,047	\$ 11,520	\$ 11,520	\$ -	\$ -

Source: District's Financial Records

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$23,662,652	\$ 24,534,386	\$ 25,265,844	\$25,768,681	\$ 26,276,897	\$ 26,775,061	\$27,308,757	\$27,829,946	\$ 28,360,485	\$ 29,154,335
Miscellaneous	163,154	189,643	291,779	152,290	212,646	324,140	226,460	225,844	244,403	315,197
State Sources	3,316,475	2,285,064	3,015,077	3,622,483	3,425,462	4,144,417	4,123,421	4,590,962	5,206,944	5,948,588
Federal Sources	628,856	563,581	485,591	441,146	396,593	403,508	401,119	378,024	388,075	370,155
Total Revenue	27,771,137	27,572,674	29,058,291	29,984,600	30,311,598	31,647,126	32,059,757	33,024,776	34,199,907	35,788,275
Expenditures										
Instruction										
Regular Instruction	11,356,810	10,863,967	11,068,183	11,828,154	12,075,876	12,759,933	13,050,847	13,318,032	14,728,210	15,600,995
Special Education Instruction	4,631,449	4,648,299	4,751,682	4,778,098	4,125,009	4,519,904	4,548,594	4,828,446	5,460,759	5,430,991
Other Instruction	1,052,093	1,145,532	1,220,887	974,669	999,461	1,021,630	1,159,542	949,695	979,730	902,926
School Sponsored Activities and Athletics	114,909	136,171	112,909	124,364	129,997	129,182	153,705	155,621	154,096	152,812
Support Services:										
Student and Inst. Related Services	3,329,952	3,358,370	3,658,415	4,117,692	4,010,266	4,167,627	4,345,163	4,857,462	4,877,904	5,256,547
General Administration	695,061	704,713	786,189	851,003	709,229	723,585	787,764	933,512	853,943	852,639
School Administrative Services	2,017,179	2,043,546	2,168,243	2,141,489	1,994,902	1,960,177	2,106,082	2,203,435	2,296,024	2,386,598
Central Services	528,328	522,661	546,049	577,985	556,408	518,597	531,378	461,061	525,764	454,101
Plant Operations And Maintenance	2,285,592	2,080,089	2,315,914	2,175,777	2,179,456	2,413,028	2,475,035	2,481,993	2,498,924	2,515,510
Pupil Transportation	1,041,432	1,045,976	930,144	967,796	916,425	877,585	950,917	1,244,158	1,067,922	1,144,783
Employee Benefits										
Capital Outlay	518,063	84,231	463,249	412,449	298,945	1,141,605	911,486	966,473	1,140,044	1,287,136
Debt Service:										
Principal	364,408	356,940	391,527	347,364	257,418	381,171	419,227	412,064	325,388	346,646
Interest and Other Charges	168,327	153,614	141,553	128,808	112,012	101,602	62,329	54,524	46,889	41,690
Cost of Issuance						29,947				
Advance Refunding Escrow	-	-	-	-	-	67,053	-	-	-	-
Total Expenditures	28,103,603	27,144,109	28,554,944	29,425,648	28,365,404	30,812,626	31,502,069	32,866,476	34,955,597	36,373,374
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(332,466)	428,565	503,347	558,952	1,946,194	834,500	557,688	158,300	(755,690)	(585,099)
Other Financing Sources (Uses)										
Proceed From Sale of Bonds						1,200,000				
Payment of Refunding Bond Escrow Agent						(1,103,000)				
Capital Leases (Non-Budgeted)			89,450	-	-	336,205			167,523	
Transfers In	11,600	27	27	14	24,269	1,221,600	530,424			
Transfers Out	(11,600)	(27)	(27)	(14)	(24,269)	(1,221,600)	(530,424)			(28,660)
Total Other Financing Sources (Uses)	-	-	89,450	-	-	433,205	-	-	167,523	(28,660)
Net Change in Fund Balances	\$ (332,466)	\$ 428,565	\$ 592,797	\$ 558,952	\$ 1,946,194	\$ 1,267,705	\$ 557,688	\$ 158,300	\$ (588,167)	\$ (613,759)
Debt Service as a Percentage of Noncapital Expenditures	1.32%	1.32%	1.39%	1.20%	0.92%	1.51%	1.37%	1.29%	0.96%	0.99%

Source: District's Financial Records

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

	<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>	<u>2019</u>
Transportation Fees	\$ 92,437	\$ 76,579	\$ 86,593	\$ 82,457	\$ 75,035	\$ 76,586	\$ 64,020	\$ 71,242	\$ 112,467	\$ 64,405
Interest Earnings		20,902	8,498	13,364	21,833	12,462	20,531	27,071	29,531	70,000
Interest Capital Reserve	2,094	2,837	276	-	-	-				
Prior Years Refunds	23,439	48,231	7,849	477	72,628	6,269	11,221			61,281
Rentals	4,000	4,525	5,250	5,250	5,400	5,400	5,400	5,400	11,900	13,531
Miscellaneous	10,158	20	46,524	49,757	37,692	94,959	42,179	44,722	14,882	20,718
	<u>\$ 132,128</u>	<u>\$ 153,094</u>	<u>\$ 154,990</u>	<u>\$ 151,305</u>	<u>\$ 212,588</u>	<u>\$ 195,676</u>	<u>\$ 143,351</u>	<u>\$ 148,435</u>	<u>\$ 168,780</u>	<u>\$ 229,935</u>

Source: District Financial Records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2010	\$ 42,187,500	\$ 2,142,909,700	\$ 2,982,300	\$ 22,700	\$ 182,765,500	\$ 174,344,700		\$ 2,545,212,400	\$ 5,049,895	\$ 2,550,262,295	\$ 2,678,697,472	\$ 0.946
2011	b 28,272,400	1,798,418,300	2,557,300	25,900	173,457,800	168,479,300		2,171,211,000	100	2,171,211,100	2,370,838,202	1.147
2012	26,098,000	1,800,660,000	2,577,300	25,900	172,464,500	170,032,900		2,171,858,600	100	2,171,858,700	2,456,287,818	1.175
2013	24,211,200	1,802,856,800	2,885,500	39,900	171,359,400	169,098,100		2,170,450,900	91	2,170,450,991	2,397,105,440	1.199
2014	23,633,700	1,808,154,900	2,885,500	39,900	170,811,100	168,454,500		2,173,979,600	-	2,173,979,600	2,329,348,120	1.220
2015	24,381,700	1,809,728,300	2,885,500	39,900	170,363,300	165,125,700		2,172,524,400	-	2,172,524,400	2,336,550,226	1.246
2016	24,313,000	1,811,779,100	2,885,500	39,900	170,999,400	164,738,200		2,174,755,100	-	2,174,755,100	2,368,709,018	1.268
2017	23,622,400	1,813,417,100	2,885,500	39,900	170,534,900	161,192,500		2,171,692,300	-	2,171,692,300	2,407,875,178	1.294
2018	23,234,600	1,817,481,500	2,885,500	41,000	171,494,300	158,608,700		2,173,745,600	-	2,173,745,600	2,490,923,953	1.313
2019	23,504,400	1,820,110,100	2,885,500	41,000	169,794,243	160,377,800		2,176,713,043	-	2,176,713,043	2,488,749,323	1.359

Source: County Abstract of Ratables

a Tax rates are per \$100

b Borough undertook a re-assessment of property in 2011

c Borough undertook a revaluation of real property in 2005

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

Assessment Year	Oakland School District	Borough of Oakland	Regional H.S. District	Bergen County	Total
2010	\$ 0.946	\$ 0.537	\$ 0.398	\$ 0.217	\$ 2.098
2011	** 1.147	0.612	0.465	0.227	2.451
2012	1.175	0.610	0.456	0.249	2.490
2013	1.199	0.650	0.463	0.254	2.566
2014	1.220	0.646	0.485	0.260	2.611
2015	1.246	0.657	0.494	0.269	2.666
2016	1.268	0.669	0.506	0.277	2.720
2017	1.294	0.676	0.538	0.288	2.796
2018	1.313	0.686	0.553	0.281	2.833
2019	1.359	0.697	0.561	0.277	2.894

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

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

Source: Abstract of Ratables, County Board of Taxation.

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

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Jayare Associates, LLC	\$ 15,500,000	0.71%		
Washington Square Owner, LLC	13,500,000	0.62%		0.00%
BD Oakland Owner, LLC	12,173,600	0.56%		
Unicorn Real Estate Investment, LLC	11,511,700	0.53%		
40 Potash Road Associates, LLC	10,674,000	0.49%		
Oakland Care Ctr Real Estate Co, LLC	9,725,000	0.45%		
5 Thornton Road Associates, LLC	8,750,000	0.40%		
Lincoln Realty Associates Fund	7,137,143	0.33%		
1 Raritan Road Realty LLC	6,235,900	0.29%		
Rampo Valley Resources	6,087,700	0.28%		
Washington Square Owner, LLC			16,100,000	0.63%
Jayare Associates, LLC			14,035,900	0.55%
40 Potash Road Associates, LLC			13,688,900	0.54%
Shiseido American Inc.			12,766,900	0.50%
Oakland Care Ctr Real Estate Co, LLC			10,750,800	0.42%
5 Thornton Road Associates, LLC			10,203,700	0.40%
The Realty Associates Fund VII LP			9,900,000	0.39%
Public Service Electric & Gas Co.			7,611,800	0.30%
Rampo Valley Resources			6,864,100	0.27%
Bi-County Development Corp.			6,305,100	0.25%
	<u>\$ 101,295,043</u>	<u>4.65%</u>	<u>108,227,200</u>	<u>4.24%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 23,662,652	\$ 23,662,652	100.00%	-
2011	24,534,386	24,534,386	100.00%	-
2012	25,265,844	25,265,844	100.00%	-
2013	25,768,681	25,768,681	100.00%	-
2014	26,276,897	26,276,897	100.00%	-
2015	26,775,061	26,775,061	100.00%	-
2016	27,308,757	27,308,757	100.00%	-
2017	27,829,946	27,829,946	100.00%	-
2018	28,360,485	28,360,485	100.00%	-
2019	29,154,335	29,154,335	100.00%	-

Source: District's Financial Records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANs)</u>			
2010	\$ 3,350,000	\$ 400,056		\$ 3,750,056	12,780	\$ 282
2011	3,140,000	253,116		3,393,116	12,869	264
2012	2,920,000	171,039		3,091,039	12,948	239
2013	2,690,000	53,675		2,743,675	13,028	211
2014	2,450,000	36,257		2,486,257	13,097	190
2015	2,297,000	241,291		2,538,291	13,161	193
2016	2,007,000	112,064		2,119,064	13,174	161
2017	1,707,000			1,707,000	13,224	129
2018	1,397,000	152,135		1,549,135	13,021	119
2019	1,082,000	120,489		1,202,489	13,021 *	92

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

* Estimated

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

<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
2010	\$ 3,350,000		\$ 3,350,000	0.13%	\$ 262
2011	3,140,000		3,140,000	0.14%	244
2012	2,920,000		2,920,000	0.13%	226
2013	2,690,000		2,690,000	0.12%	206
2014	2,450,000		2,450,000	0.11%	187
2015	2,297,000		2,297,000	0.11%	175
2016	2,007,000		2,007,000	0.09%	152
2017	1,707,000		1,707,000	0.08%	129
2018	1,397,000		1,397,000	0.06%	107
2019	1,082,000		1,082,000	0.05%	83

Source: District Financial Records and Apportionment of Taxes

**OAKLAND BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2018
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Oakland	\$ 25,249,112	\$ 2,955,865	\$ 22,293,247
Borough of Oakland School District	1,397,000	1,397,000	
Ramapo Indian Hills Regional High School	<u>3,645,803</u>	<u>3,645,803</u>	<u>-</u>
	<u>\$ 30,291,915</u>	<u>\$ 7,998,668</u>	<u>22,293,247</u>
 Overlapping Debt Apportioned to the Municipality:			
Bergen County (2);(A):			<u>20,156,747</u>
 Total Direct and Overlapping Debt			<u>\$ 42,449,994</u>

(A) The debt for this entity was apportioned to the Borough of Oakland by dividing the Municipality's 2018 equalized value by the total 2018 equalized value for Bergen County.

Sources:

- (1) Borough of Oakland 2018 Annual Debt Statement
- (2) Bergen County 2018 Annual Debt Statement

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 80,650,042	\$ 79,781,165	\$ 76,699,218	\$ 74,037,997	\$ 71,615,364	\$ 70,501,583	\$ 70,183,863	\$ 71,044,876	\$ 72,494,415	\$ 73,685,180
Total Net Debt Applicable to Limit	<u>3,351,121</u>	<u>3,141,121</u>	<u>2,921,121</u>	<u>2,691,121</u>	<u>2,451,121</u>	<u>2,298,121</u>	<u>2,008,121</u>	<u>1,707,000</u>	<u>1,397,000</u>	<u>1,082,000</u>
Legal Debt Margin	<u>\$ 77,298,921</u>	<u>\$ 76,640,044</u>	<u>\$ 73,778,097</u>	<u>\$ 71,346,876</u>	<u>\$ 69,164,243</u>	<u>\$ 68,203,462</u>	<u>\$ 68,175,742</u>	<u>\$ 69,337,876</u>	<u>\$ 71,097,415</u>	<u>\$ 72,603,180</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.16%	3.94%	3.81%	3.63%	3.42%	3.26%	2.86%	2.40%	1.93%	1.47%

Legal Debt Margin Calculation for Fiscal Year 2019

Equalized Valuation Basis

2018	\$ 2,479,746,292
2017	2,483,069,174
2016	<u>2,405,702,544</u>
	<u>\$ 7,368,518,010</u>

Average Equalized Valuation of Taxable Property

\$ 2,456,172,670

Debt Limit (3 % of Average Equalization Value)

73,685,180

Total Net Debt Applicable to Limit

1,082,000

Legal Debt Margin

\$ 72,603,180

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>Population</u>
2010	6.10%	\$ 65,992	12,780
2011	6.00%	68,865	12,869
2012	6.10%	71,789	12,948
2013	6.10%	71,100	13,028
2014	5.50%	73,637	13,097
2015	4.50%	76,821	13,161
2016	4.20%	77,901	13,174
2017	4.00%	81,203	13,224
2018	4.00%	81,203 *	13,021
2019	3.70%	81,203 *	13,021

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

(1) Represents County information

* Estimate

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

<u>Employer</u>	<u>2019</u>		<u>2010</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>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>	<u>2019</u>
Instruction										
Regular	114.8	115.5	99.0	96.2	103.0	102.0	101.1	104.0	116.0	118.0
Special Education	50.5	50.0	50.5	54.9	47.0	56.0	54.2	47.0	41.0	58.0
Support Services:										
Student and Instruction Related Services	35.5	33.5	34.0	32.0	31.5	31.6	31.9	37.5	36.0	31.0
General Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
School Administrative Services	15.0	15.0	15.0	16.0	15.0	16.0	16.0	16.0	16.0	16.0
Central Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	0.8	1.0	1.0	1.0	1.0
Plant Operations And Maintenance	20.6	18.5	24.1	18.0	18.0	18.0	18.0	19.0	19.0	19.0
Pupil Transportation	5.0	4.0	4.0	4.5	4.5	4.5	4.5	5.0	5.0	5.0
Total	<u>249.4</u>	<u>244.5</u>	<u>234.6</u>	<u>229.6</u>	<u>227.0</u>	<u>235.9</u>	<u>233.7</u>	<u>236.5</u>	<u>241.0</u>	<u>255.0</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	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				
2010	1,697	\$ 27,809,041	\$ 16,387	5.69%	152	11.9:1	9.9:1	1,699	1,633	1.19%	96.12%
2011	1,718	26,549,324	15,454	-5.70%	154	11.8:1	9.8:1	1,692	1,625	-0.41%	96.04%
2012	1,741	30,171,356	17,330	12.14%	147	10.5:1	10.9:1	1,707	1,644	0.89%	96.31%
2013	1,676	28,537,027	17,027	-1.75%	143	10.8:1	11.9:1	1,636	1,567	-4.16%	95.78%
2014	1,637	27,697,029	16,919	-0.63%	160	10.1:1	9.9:1	1,604	1,538	-1.96%	95.89%
2015	1,499	29,091,248	19,407	14.70%	143	10.8:1	11.9:1	1,578	1,514	-1.62%	96.00%
2016	1,449	30,109,027	20,779	7.07%	147	10.3:1	9.8:1	1,449	1,389	-8.17%	95.91%
2017	1,428	31,433,415	22,012	5.93%	151	10.1:1	9.9:1	1,422	1,367	-1.86%	96.13%
2018	1,386	33,443,276	24,129	9.62%	157	10.1:1	9.9:1	1,377	1,318	-3.16%	95.72%
2019	1,333	34,697,902	26,030	7.88%	137	10.1:1	9.9:1	1,337	1,281	-2.90%	95.81%

Sources: District records

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
District Building										
<u>Elementary</u>										
Dogwood Hill										
Square Feet	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180
Capacity (students)	286	286	286	286	286	286	286	286	286	286
Enrollment	319	314	305	282	277	277	247	241		247
Heights										
Square Feet	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548
Capacity (students)	418	418	418	418	418	418	418	418	418	418
Enrollment	459	465	455	396	389	389	335	338		3,247
Manito										
Square Feet	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162
Capacity (students)	324	324	324	324	324	324	324	324	324	324
Enrollment	347	331	322	305	306	306	273	272		266
<u>Middle School</u>										
Valley										
Square Feet	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557
Capacity (students)	648	648	648	648	648	648	648	648	648	648
Enrollment	573	582	627	662	638	638	566	567		473
Number of Schools at June 30, 2019										
Elementary =	3	3	3	3	3	3	3	3	3	3
Middle School =	1	1	1	1	1	1	1	1	1	1
Senior High School =	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other =	0	0	0	0	0	0	0	0	0	0

Source: District Records

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

	<u>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>	<u>2019</u>
School Facilities										
Dogwood Hill School	\$ 27,398	\$ 28,177	\$ 31,727	\$ 29,672	\$ 63,280	\$ 53,667	\$ 54,945	\$ 44,296	\$ 53,412	\$ 87,294
Heights School	39,067	32,946	60,669	33,652	44,162	74,364	62,526	51,922	76,310	89,593
Manito School	30,295	23,379	42,727	33,334	40,437	71,738	60,644	37,474	83,347	82,784
Valley Middle School	<u>124,333</u>	<u>73,390</u>	<u>116,831</u>	<u>140,594</u>	<u>61,598</u>	<u>127,779</u>	<u>119,733</u>	<u>140,995</u>	<u>138,912</u>	<u>138,539</u>
Grand Total	<u>\$ 221,093</u>	<u>\$ 157,892</u>	<u>\$ 251,954</u>	<u>\$ 237,252</u>	<u>\$ 209,477</u>	<u>\$ 327,548</u>	<u>\$ 297,848</u>	<u>\$ 274,687</u>	<u>\$ 351,981</u>	<u>\$ 398,210</u>

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2019
(Unaudited)**

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

Source: School District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Oakland Board of Education's basic financial statements and have issued our report thereon dated November 22, 2019.

Internal Control Over Financial Reporting

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

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

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

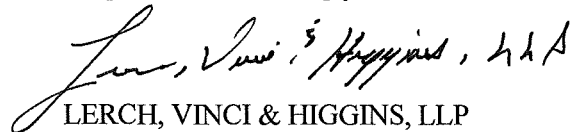
Compliance and Other Matters

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

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



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 22, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Oakland Board of Education's compliance with the types of compliance requirements described in the 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 Oakland Board of Education's major state programs for the fiscal year ended June 30, 2019. The Oakland Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Oakland Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2019.

Report on Internal Control Over Compliance

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

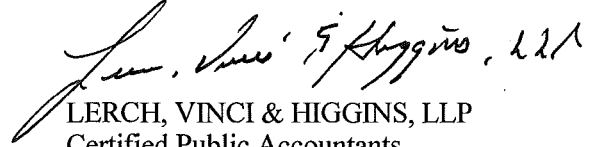
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

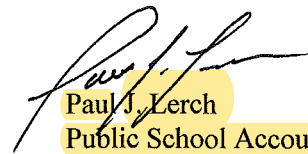
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the Oakland Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated November 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 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 state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
November 22, 2019

OAKLAND BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN	Grant Period	Award Amount	Balance July 1, 2018	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance, June 30, 2019			Memo GAAP Receivable	
											(Account Receivable)	Unearned Revenue	Due to Grantor		
U.S. Department of Education Passed-through State Department of Education															
Non-Cash Assistance- Food Distribution Program	10.550	171NJ304N1099	7/1/18-6/30/19	\$ 28,746			\$ 28,746	\$ 28,746							
National School Lunch Program	10.555	171NJ304N1099	7/1/18-6/30/19	62,740			50,225	62,740			\$ (12,515)			\$ (12,515)	
National School Lunch Program	10.555	171NJ304N1099	7/1/17-6/30/18	61,968	\$ (4,007)	-	4,007	-	-	-	-	-	-	-	
Total Child Nutrition Program Cluster / Enterprise Fund					<u>(4,007)</u>	<u>-</u>	<u>82,978</u>	<u>91,486</u>	<u>-</u>	<u>-</u>	<u>(12,515)</u>	<u>-</u>	<u>-</u>	<u>(12,515)</u>	
U.S. Department of Education Passed-through State Department of Education Special Revenue Fund															
ESSA Title II A	84.367A	S367A180029	7/1/18-6/30/19	19,454			971	14,650			(18,483)	\$ 4,804		(13,679)	
ESSA Title IV	84.424	S424A180031	7/1/18-6/30/19	10,000				9,592			(10,000)	408		(9,592)	
IDEA Part B	84.027	H027A180100	7/1/18-6/30/19	326,211			307,088	326,211			(19,123)			(19,123)	
IDEA Preschool	84.173	H173A180114	7/1/18-6/30/19	20,600	-	-	-	19,702	-	-	(20,600)	898	-	(19,702)	
Total IDEA Cluster								<u>345,913</u>							
Total Special Revenue Fund					<u>-</u>	<u>-</u>	<u>308,059</u>	<u>370,155</u>	<u>-</u>	<u>-</u>	<u>(68,206)</u>	<u>6,110</u>	<u>-</u>	<u>(62,096)</u>	
Total					<u>\$ (4,007)</u>	<u>\$ -</u>	<u>\$ 391,037</u>	<u>\$ 461,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (80,721)</u>	<u>\$ 6,110</u>	<u>\$ -</u>	<u>\$ (74,611)</u>	

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

OAKLAND BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance		Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balance	Balance, June 30, 2019			Memo Only		
				July 1, 2018	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education															
General Fund															
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 603,756			\$ 458,079	\$ 603,756				\$ (145,677)			\$ 603,756	
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	548,560	(38,753)		38,753									
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	51,232			47,261	51,232				(3,971)			51,232	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	28,723	(1,890)		1,890								-	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	16,140	(945)		945								-	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	16,140	(945)		945								-	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	14,580	(945)		945								-	
Total State Aid Public Cluster							654,988								
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	215,169			198,619	215,169				(16,550)			215,169	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	60,106	(3,782)		3,782								-	
Non-Public Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	6,960			-	6,960				(6,960)		\$ (6,960)	6,960	
Non-Public Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	6,140	(6,140)		6,140								-	
Total Transportation Aid Cluster							222,129								
Extraordinary Aid	19-100-034-5120-044	7/1/18-6/30/19	399,950				399,950				(399,950)			399,950	
Extraordinary Aid	18-100-034-5120-044	7/1/17-6/30/18	209,775	(209,775)		209,775								-	
On-Behalf TPAF Pension and Annuity Aid- Pension Contribution - Normal Cost	19-495-034-5094-002	7/1/18-6/30/19	2,466,663			2,466,663	2,466,663							2,466,663	
Noncontributory (NCGI)	19-495-034-5094-004	7/1/18-6/30/19	51,634			51,634	51,634							51,634	
Post Retirement Medical Contributions	19-495-034-5094-001	7/1/18-6/30/19	1,142,295			1,142,295	1,142,295							1,142,295	
Long-Term Disability	19-495-034-5094-004	7/1/18-6/30/19	2,068			2,068	2,068							2,068	
On-Behalf TPAF Social Security Aid	19-495-034-5094-003	7/1/18-6/30/19	991,341	-	-	990,354	991,341	-	-	-	(987)	-	(987)	991,341	
Total General Fund				(263,175)	-	5,620,148	5,931,068	-	-	-	(574,095)	-	-	(7,947)	5,931,068
Special Revenue Fund															
New Jersey Non Public Aid:															
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	8,651	-		8,651	7,817					\$ 834		7,817	
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	8,053	396					\$ 396					-	
Nursing Services	19-100-034-5120-070	7/1/18-6/30/19	16,005			16,005	14,647						1,358	14,647	
Nonpublic Technology	19-100-034-5120-373	7/1/18-6/30/19	5,832			5,832	4,938						894	4,938	
Nonpublic Technology	18-100-034-5120-373	7/1/17-6/30/18	5,439	251					251					-	
Nonpublic Security	19-100-034-5120-509	7/1/18-6/30/19	34,950			34,950	6,525						28,425	6,525	
Nonpublic Security	18-100-034-5120-509	7/1/17-6/30/18	18,375	4,952					4,952					-	
Auxiliary Services Chpt 192:															
ESL	19-100-034-5120-067	7/1/18-6/30/19	8,714	-		8,714	6,040						2,674	6,040	
ESL	18-100-034-5120-067	7/1/17-6/30/18	10,299	2,430					2,430					-	
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	26,482			26,482	25,126						1,356	25,126	
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	19,488	3,909					3,909					-	
Total Auxiliary Services (Chpt 192) Cluster							31,166								
Handicapped Services Chpt 193															
Exam and Class	19-100-034-5120-066	7/1/18-6/30/19	32,750	-		32,750	25,291						7,459	25,291	
Exam and Class	18-100-034-5120-066	7/1/17-6/30/18	16,744	4,094					4,094					-	
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	15,178	-		15,178	8,571						6,607	8,571	
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	16,070	6,964					6,964					-	
Supplemental Instruction	19-100-034-5120-066	7/1/18-6/30/19	13,163			13,163	9,199						3,964	9,199	
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	11,894	3,893					3,893					-	
Total Handicapped Services (Chpt 193) Cluster							43,061								
Total Special Revenue Fund				26,889	-	161,725	108,154	-	26,889	-	-	53,571	-	108,154	
State Department of Education															
Debt Service Aid	19-495-034-5120-075	7/1/18-6/30/19	118,479	-	-	118,479	118,479	-	-	-	-	-	-	118,479	
Total Debt Service Fund						118,479	118,479	-	-	-	-	-	-	118,479	
State Department of Agriculture															
National School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	4,600	-		3,692	4,600				(908)		(908)	4,600	
National School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	4,577	(288)		288								-	
Total Enterprise Fund				(288)	-	3,980	4,600	-	-	-	(908)	-	(908)	4,600	
Total State Financial Assistance- Determination for Single Auid				\$ (236,574)	\$ -	\$ 5,904,332	\$ 6,162,301	\$ -	\$ 26,889	\$ (575,003)	\$ -	\$ 53,571	\$ (8,855)	\$ 6,162,301	
Less On-Behalf TPAF Pension and Annuity Aid							3,662,660								
Total State Financial Assistance Subject to Major Program Determination							\$ 2,499,641								

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**OAKLAND BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$209,113 for the general fund and a decrease of \$6,800 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		\$ 5,721,955	\$ 5,721,955
Special Revenue Fund	\$ 370,155	108,154	478,309
Debt Service Fund		118,479	118,479
Food Service Fund	<u>91,486</u>	<u>4,600</u>	<u>96,086</u>
Total Financial Assistance	<u>\$ 461,641</u>	<u>\$ 5,953,188</u>	<u>\$ 6,414,829</u>

**OAKLAND BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$991,341 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$2,518,297, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,142,295 and TPAF Long-Term Disability Insurance in the amount of \$2,068 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Not Applicable

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part I – Summary of Auditor’s Results

State Awards Section

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

Internal Control over compliance:

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

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

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

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

Auditee qualified as low-risk auditee? X yes _____ no

Identification of major programs:

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

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 2 - Schedule of Financial Statement Findings

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

There are none.

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

There were none.

**OAKLAND BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.