

PARAMUS BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Paramus, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Paramus Board of Education

Paramus, New Jersey

For The Fiscal Year Ended June 30, 2019

Prepared by

**Paramus Board of Education
Business Department**

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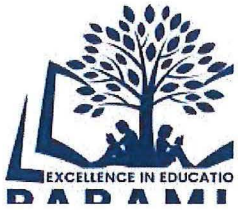
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INTRODUCTORY SECTION



PARAMUS PUBLIC SCHOOLS

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Alfredo Aguilar
Board Secretary/
Business Administrator
aaguilar@paramus.k12.nj.us

November 11, 2019

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

Dear Board Members:

State Department of Education statutes require that all School District's prepare a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Paramus Board of Education for the fiscal year ended June 30, 2019.

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

The Paramus Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Paramus Board of Education for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Paramus Board of Education's

financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

The District provides a full range of educational services appropriate to grade levels pre-K through 12. These include regular, as well as special education for handicapped youngsters. The District's student enrollment of 3,788 students for the 2018-2019 fiscal year represents an increase of 12 students from the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2018-2019	3,788	0.3%
2017-2018	3,776	(1.2%)
2016-2017	3,823	(1.8%)
2015-2016	3,894	(1.0%)
2014-2015	3,934	(0.2%)
2013-2014	3,941	(2.3%)
2012-2013	4,034	(1.5%)
2011-2012	4,095	(2.0%)
2010-2011	4,177	(1.6%)
2009-2010	4,245	(4.1%)

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

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

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

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

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

Over 90% of all housing units are owner occupied single family residences. New housing in the area is largely single family residences in the \$600,000 to \$1,000,000 range, and older housing continues to show value appreciation. The Borough is developing a master plan to address affordable housing regulations. The impact on the schools is uncertain at this time, but the Board continues to monitor the progress to determine the effect on District enrollment.

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

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

- Standardized test scores in all grades are significantly higher than state average.
- Scholastic Assessment Test (SAT) scores are also higher than the state average.
- A significant number of students are involved in Advanced Placement courses and score at a level meriting potential college credit.
- Our District boasts a 97% high school graduation rate.
- The District offers a wide range of programs that meet the diverse needs of students before, during and after the school day.

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

The 2018-2019 school year included many new and continuing instructional initiatives highlighted by the implementation of new computers and bandwidth to conduct the web-based PARCC standardized test. Additionally there were various curriculum revisions, and the implementation of a one-to-one initiative at both middle schools that issued Chromebooks to every student in grades 5-8. Also, the administration continued to implement required teacher and administrator evaluation systems.

The district has also made it a goal to focus on supporting the Social Emotional and Mental Health needs of their students. Mental health professionals have been added in both middle schools and in the high school. Further, a partnership was forged with the College of St. Elizabeth to implement programming designed to meet the individual needs of both middle schools and the high school in regards to supporting students' social-emotional learning.

In addition to routine maintenance, the District completed several significant construction projects including replacement of roofs, East Brook field lights and bathrooms, installation of security booth at Midland, West Brook gym HVAC installation, High School bathroom renovation, flooring replacement at Ridge Ranch, HS Guidance HVAC renovation and site work at various locations. To address future infrastructure needs and ensure building systems are well maintained, the Board added to the Capital Reserve account and contributed to the maintenance reserve account.

To improve the existing level of security, the district upgraded its security software, moved to armed security staff district wide, and reviewed/sharpened security drill procedures.

During the year, the Board started negotiations with the Education Association of Paramus, adopted an online surplus sale system, purchased additional school buses, and streamlined several procedures to achieve higher levels of paperless automation.

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

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

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

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

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

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

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

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

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

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

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

Respectfully submitted,

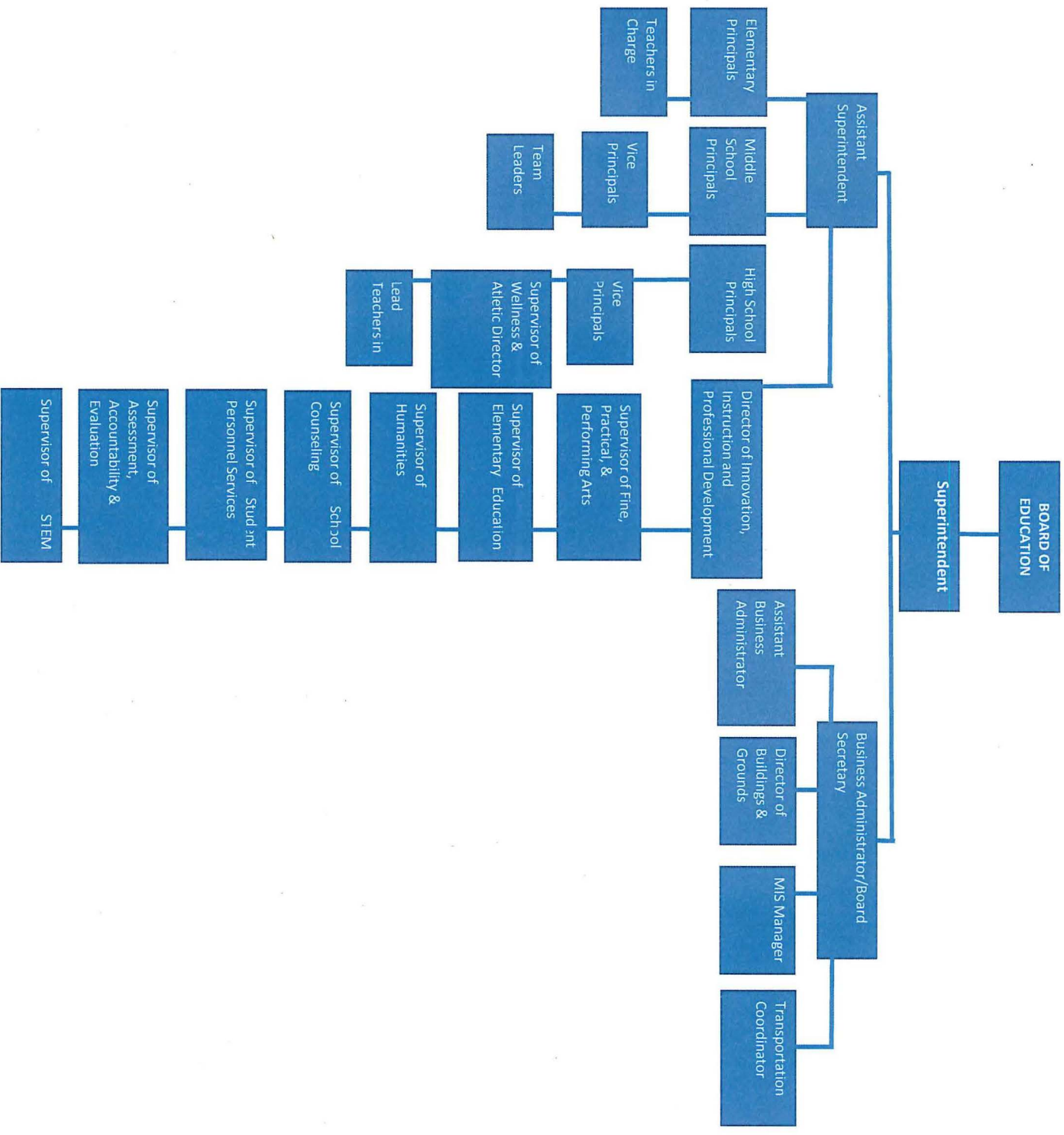


Dr. Michele Robinson
Superintendent of Schools



Dr. Alfredo I. Aguilar
Business Administrator/Board Secretary

PARAMUS BOARD OF EDUCATION ORGANIZATION CHART



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

**ROSTER OF OFFICIALS
AS OF JUNE 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires January,</u>
Bernadette McCausland, President	2022
Melissa Caminiti, Vice President	2021
Joanne Bergmann	2021
Lisa Cassesa	2020
Alison Donoghue	2022
Anthony Feorenzo, Jr.	2022
Elisa Giblin	2020
William F. Holzmann	2021
Patricia Kim	2020

Other Officials

Dr. Michele Robinson, Superintendent of Schools

Sean Adams, Assistant Superintendent

Dr. Alfredo Aguilar, Business Administrator/Board Secretary

Mattea Field, Assistant Business Administrator

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

**CONSULTANTS AND ADVISORS
AS OF JUNE 30, 2019**

Architect

Environetics
180 Sylvan Avenue
Englewood Cliffs, NJ 07632

Audit Firm

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17-17 Route 208N
Fair Lawn, New Jersey 07410

Attorneys

Board Attorney

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

Labor Negotiating Attorney

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

Bond Counsel

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

Official Depository

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

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
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
Paramus Board of Education
Paramus, New Jersey

Report on the Financial Statements

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

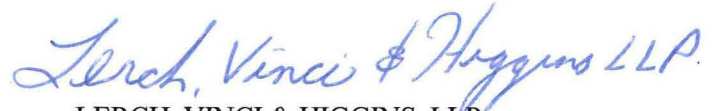
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Paramus Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Paramus Board of Education.

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

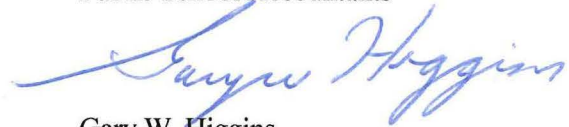
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 11, 2019 on our consideration of the Paramus Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Paramus Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Paramus Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 11, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

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

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$48,638,755 (net position).
- General revenues accounted for \$81,400,037 or 73 percent of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$30,018,477 or 27 percent of total revenues of \$111,418,514.
- Total net position of governmental activities amounted to \$48,339,171 as of June 30, 2019.
- The District had \$106,305,539 in expenses related to governmental activities; only \$28,750,032 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$81,400,037 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$95,894,425 in revenues and \$94,721,659 in expenditures and transfers. The General Fund's fund balance (GAAP Basis) increased \$1,172,766 over the fiscal year ended June 30, 2018.

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Using the Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2019?" The *Statement of Net Position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Reporting the District as a Whole (Continued)

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

Notes to the Financial Statements

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

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

The District as a Whole

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

Table 1 provides a summary of the District's net position as of June 30, 2019 and 2018.

Table 1
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current Assets	\$ 26,724,502	\$ 25,777,515	\$ 213,787	\$ 140,381	\$ 26,938,289	\$ 25,917,896
Capital Assets	<u>59,880,064</u>	<u>58,714,723</u>	<u>163,885</u>	<u>169,056</u>	<u>60,043,949</u>	<u>58,883,779</u>
Total Assets	<u>86,604,566</u>	<u>84,492,238</u>	<u>377,672</u>	<u>309,437</u>	<u>86,982,238</u>	<u>84,801,675</u>
Deferred Amount on Refunding of Debt	712,132	833,616	-	-	712,132	833,616
Deferred Amount on Net Pension Liability	<u>4,683,278</u>	<u>7,166,189</u>	<u>-</u>	<u>-</u>	<u>4,683,278</u>	<u>7,166,189</u>
Total Deferred Outflows of Resources	<u>5,395,410</u>	<u>7,999,805</u>	<u>-</u>	<u>-</u>	<u>5,395,410</u>	<u>7,999,805</u>
Long-Term Liabilities	33,117,139	39,403,597			33,117,139	39,403,597
Other Liabilities	<u>1,341,136</u>	<u>1,503,772</u>	<u>78,088</u>	<u>16,880</u>	<u>1,419,224</u>	<u>1,520,652</u>
Total Liabilities	<u>34,458,275</u>	<u>40,907,369</u>	<u>78,088</u>	<u>16,880</u>	<u>34,536,363</u>	<u>40,924,249</u>
Deferred Amount on Net Pension Liability	<u>9,202,530</u>	<u>7,090,033</u>	<u>-</u>	<u>-</u>	<u>9,202,530</u>	<u>7,090,033</u>
Total Deferred Inflows of Resources	<u>9,202,530</u>	<u>7,090,033</u>	<u>-</u>	<u>-</u>	<u>9,202,530</u>	<u>7,090,033</u>
Net Position						
Net Investment in Capital Assets	48,743,148	46,480,657	163,885	169,056	48,907,033	46,649,713
Restricted	20,848,890	19,871,637			20,848,890	19,871,637
Unrestricted	<u>(21,252,867)</u>	<u>(21,857,653)</u>	<u>135,699</u>	<u>123,501</u>	<u>(21,117,168)</u>	<u>(21,734,152)</u>
Total Net Position	<u>\$ 48,339,171</u>	<u>\$ 44,494,641</u>	<u>\$ 299,584</u>	<u>\$ 292,557</u>	<u>\$ 48,638,755</u>	<u>\$ 44,787,198</u>

The District's combined net position was \$48,638,755 and \$44,787,198 at June 30, 2019 and 2018, respectively. This was an increase of \$3,851,557 or 8.60 percent from the prior year. This is primarily due to an increase in invested in capital assets as a result of the payment of debt and an increase in restricted assets for future capital projects.

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Table 2 shows changes in net position for fiscal years ended June 30, 2019 and 2018.

Table 2
Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</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	\$ 1,177,634	\$ 1,516,205	\$ 1,105,686	\$ 1,088,699	\$ 2,283,320	\$ 2,604,904
Operating Grants and Contributions	27,572,398	32,730,075	162,759	152,588	27,735,157	32,882,663
General Revenues						
Property Taxes	79,394,555	77,990,589			79,394,555	77,990,589
Federal and State Aid	8,094	114,530			8,094	114,530
Other	1,997,388	910,061	-	-	1,997,388	910,061
Total Revenues	<u>110,150,069</u>	<u>113,261,460</u>	<u>1,268,445</u>	<u>1,241,287</u>	<u>111,418,514</u>	<u>114,502,747</u>
Expenses						
Instruction						
Regular	39,759,002	43,695,052			39,759,002	43,695,052
Special Education	19,037,559	19,168,385			19,037,559	19,168,385
Other Instruction	2,794,724	2,976,844			2,794,724	2,976,844
School Sponsored Activities and Athletics	2,318,185	2,518,879			2,318,185	2,518,879
Support Services						
Student and Instruction Related Services	15,576,419	15,254,439			15,576,419	15,254,439
General Administration Services	1,196,287	1,168,841			1,196,287	1,168,841
School Administration Services	6,238,192	6,706,583			6,238,192	6,706,583
Plant Operations and Maintenance	12,150,036	12,058,625			12,150,036	12,058,625
Pupil Transportation	4,127,509	3,716,755			4,127,509	3,716,755
Central Services	2,627,995	2,778,712			2,627,995	2,778,712
Interest on Debt	479,631	524,055			479,631	524,055
Food Services	-	-	1,261,418	1,236,660	1,261,418	1,236,660
Total Expenses	<u>106,305,539</u>	<u>110,567,170</u>	<u>1,261,418</u>	<u>1,236,660</u>	<u>107,566,957</u>	<u>111,803,830</u>
Change in Net Position	3,844,530	2,694,290	7,027	4,627	3,851,557	2,698,917
Net Position, Beginning of Year	<u>44,494,641</u>	<u>41,800,351</u>	<u>292,557</u>	<u>287,930</u>	<u>44,787,198</u>	<u>42,088,281</u>
Net Position, End of Year	\$ 48,339,171	\$ 44,494,641	\$ 299,584	\$ 292,557	\$ 48,638,755	\$ 44,787,198

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Governmental Activities

The District's total revenues were \$110,150,069 and \$113,261,460 for the years ended June 30, 2019 and 2018, respectively. Property taxes made up 72 and 69 percent of revenues for governmental activities for the Paramus School District for the fiscal years ended June 30, 2019 and 2018, respectively. Federal, state and local grants and aid accounted for another 25 and 29 percent of revenues for the years ended June 30, 2019 and 2018, respectively.

The total cost of all programs and services was \$106,305,539 and \$110,567,170 for the fiscal years ended June 30, 2019 and 2018, respectively. Instruction comprises 60 and 62 percent of governmental program expenses for the fiscal years ended June 30, 2019 and 2018, respectively. Support services expenses make up 39 and 37 percent of governmental expenses for the fiscal years ended June 30, 2019 and 2018, respectively. Interest on debt comprises 1 percent of governmental expenses for fiscal years ended June 30, 2019 and 2018. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Total and Net Cost of Services

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Instruction				
Regular	\$ 39,759,002	\$ 43,695,052	\$ 28,620,042	\$ 29,432,429
Special Education	19,037,559	19,168,385	9,992,555	9,077,136
Other Instruction	2,794,724	2,976,844	2,240,630	2,269,893
School Sponsored Activities and Athletics	2,318,185	2,518,879	1,544,832	1,506,488
Support Services				
Student and Instruction Related Services	15,576,419	15,254,439	11,419,732	10,691,845
General Administration Services	1,196,287	1,168,841	1,087,260	1,022,748
School Administration Services	6,238,192	6,706,583	4,737,343	4,751,403
Plant Operations and Maintenance	12,150,036	12,058,625	11,733,636	11,315,723
Pupil Transportation	4,127,509	3,716,755	3,320,251	3,316,188
Central Services	2,627,995	2,778,712	2,379,595	2,412,982
Interest on Debt	479,631	524,055	479,631	524,055
Total	<u>\$ 106,305,539</u>	<u>\$ 110,567,170</u>	<u>\$ 77,555,507</u>	<u>\$ 76,320,890</u>

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

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

Business-Type Activities

The only business-type activity is the food service operation. The program had revenues of \$1,268,445 and \$1,241,287 and expenses of \$1,261,418 and \$1,236,660 in fiscal years ended June 30, 2019 and 2018, respectively. Of the revenues, \$1,105,686 and \$1,088,699 was charges for services paid by patrons for daily food service, \$162,759 and \$152,588 was from State and Federal reimbursements for the fiscal years ended June 30, 2019 and 2018, respectively.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$101,817,486 and \$97,448,750 and expenditures were \$100,718,763 and \$96,773,801 for the fiscal years ended June 30, 2019 and 2018, respectively.

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

	<u>Year Ended June 30,</u>		Amount of Increase (Decrease)	Percent Change
	<u>2019</u>	<u>2018</u>		
Local Sources	\$ 82,659,895	\$ 80,540,866	\$ 2,119,029	2.63%
State Sources	17,087,294	15,059,320	2,027,974	13.47%
Federal Sources	<u>2,070,297</u>	<u>1,848,564</u>	<u>221,733</u>	11.99%
Total Revenues	<u>\$ 101,817,486</u>	<u>\$ 97,448,750</u>	<u>\$ 4,368,736</u>	4.48%

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

	<u>Year Ended June 30,</u>		Amount of Increase (Decrease)	Percent Change
	<u>2019</u>	<u>2018</u>		
Current:				
Instruction	\$ 55,596,151	\$ 54,700,872	\$ 895,279	1.64%
Support Services	39,188,330	36,141,207	3,047,123	8.43%
Capital Outlay	4,346,601	4,399,240	(52,639)	-1.20%
Debt Service:				
Principal	1,090,000	995,000	95,000	9.55%
Interest on Other Charges	<u>497,681</u>	<u>537,482</u>	<u>(39,801)</u>	-7.41%
Total Expenditures	<u>\$ 100,718,763</u>	<u>\$ 96,773,801</u>	<u>\$ 3,944,962</u>	4.08%

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

General Fund Budgeting Highlights

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

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

Capital Assets

At the end of fiscal years 2019 and 2018, the District had \$60,043,949 and \$58,883,779 invested in land, construction in progress, buildings, site improvements, furniture and equipment and vehicles net of depreciation. Overall capital assets net of accumulated depreciation increased by \$1,160,170 from fiscal year 2018 to fiscal year 2019 as a result of capital additions exceeding depreciation. Table 4 shows capital assets net of depreciation at June 30, 2019 and 2018.

Table 4
Capital Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 400,645	\$ 400,645			\$ 400,645	\$ 400,645
Construction in Progress	906,201	237,044			906,201	237,044
Buildings and Building Improvements	92,157,570	90,302,629	\$ 145,725	\$ 145,725	92,303,295	90,448,354
Machinery and Equipment	8,651,552	8,151,755	376,850	360,643	9,028,402	8,512,398
Site Improvements	3,765,536	3,583,694	-	-	3,765,536	3,583,694
	<u>105,881,504</u>	<u>102,675,767</u>	<u>522,575</u>	<u>506,368</u>	<u>106,404,079</u>	<u>103,182,135</u>
Less Accumulated Depreciation	<u>46,001,440</u>	<u>43,961,044</u>	<u>358,690</u>	<u>337,312</u>	<u>46,360,130</u>	<u>44,298,356</u>
Total	<u>\$ 59,880,064</u>	<u>\$ 58,714,723</u>	<u>\$ 163,885</u>	<u>\$ 169,056</u>	<u>\$ 60,043,949</u>	<u>\$ 58,883,779</u>

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

Long-Term Liabilities

At June 30, 2019 and 2018, the District had \$33,117,139 and \$39,403,597 of long-term liabilities, respectively. Of this amount, \$524,194 and \$574,622 is for compensated absences, \$11,849,048 and \$13,067,682 of bonds payable plus the unamortized premium for school construction, \$20,743,897 and \$25,761,293 net pension liability for the fiscal years ended June 30, 2019 and 2018, respectively.

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

PARAMUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019

For the Future

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

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

Contacting the District's Financial Management

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

FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

PARAMUS BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 20,697,898	\$ 180,042	\$ 20,877,940
Receivables, net			
Receivables from Other Governments	6,026,604	22,850	6,049,454
Inventory		10,895	10,895
Capital Assets			
Not Being Depreciated	1,306,846		1,306,846
Being Depreciated, Net	58,573,218	163,885	58,737,103
Total Assets	86,604,566	377,672	86,982,238
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding of Debt	712,132		712,132
Deferred Amount on Net Pension Liability	4,683,278	-	4,683,278
Total Deferred Outflows of Resources	5,395,410	-	5,395,410
LIABILITIES			
Accounts Payable	817,170	78,088	895,258
Payable to State Government	110,738		110,738
Accrued Interest Payable	113,520		113,520
Unearned Revenue	299,708		299,708
Noncurrent Liabilities			
Due within one year	1,132,419		1,132,419
Due beyond one year	31,984,720	-	31,984,720
Total Liabilities	34,458,275	78,088	34,536,363
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	9,202,530	-	9,202,530
Total Deferred Inflows of Resources	9,202,530	-	9,202,530
NET POSITION			
Net Investment in Capital Assets	48,743,148	163,885	48,907,033
Restricted for			
Capital Projects	18,513,937		18,513,937
Other Purposes	2,334,953		2,334,953
Unrestricted	(21,252,867)	135,699	(21,117,168)
Total Net Position	\$ 48,339,171	\$ 299,584	\$ 48,638,755

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

**PARAMUS BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 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	\$ 39,759,002	\$ 464,978	\$ 10,673,982		\$ (28,620,042)		\$ (28,620,042)
Special Education	19,037,559	712,656	8,332,348		(9,992,555)		(9,992,555)
Other Instruction	2,794,724		554,094		(2,240,630)		(2,240,630)
School Sponsored Activities and Athletics	2,318,185		773,353		(1,544,832)		(1,544,832)
Support Services							
Student and Instruction Related Services	15,576,419		4,156,687		(11,419,732)		(11,419,732)
School Administration Services	6,238,192		1,500,849		(4,737,343)		(4,737,343)
General Administration Services	1,196,287		109,027		(1,087,260)		(1,087,260)
Plant Operations and Maintenance	12,150,036		416,400		(11,733,636)		(11,733,636)
Pupil Transportation	4,127,509		807,258		(3,320,251)		(3,320,251)
Central Services	2,627,995		248,400		(2,379,595)		(2,379,595)
Interest on Long-Term Debt	479,631	-	-	-	(479,631)	-	(479,631)
Total Governmental Activities	<u>106,305,539</u>	<u>1,177,634</u>	<u>27,572,398</u>	<u>-</u>	<u>(77,555,507)</u>	<u>-</u>	<u>(77,555,507)</u>
Business-Type Activities							
Food Service	1,261,418	1,105,686	162,759	-	-	\$ 7,027	7,027
Total Business-Type Activities	<u>1,261,418</u>	<u>1,105,686</u>	<u>162,759</u>	<u>-</u>	<u>-</u>	<u>7,027</u>	<u>7,027</u>
Total Primary Government	<u>\$ 107,566,957</u>	<u>\$ 2,283,320</u>	<u>\$ 27,735,157</u>	<u>\$ -</u>	<u>(77,555,507)</u>	<u>7,027</u>	<u>(77,548,480)</u>

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Continued

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

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues			
Property Taxes Levied for General Purposes	\$ 78,406,873		\$ 78,406,873
Property Taxes Levied for Debt Service	987,682		987,682
Federal and State Aid - Unrestricted	8,094		8,094
Miscellaneous Income	1,997,388	-	1,997,388
 Total General Revenues	 81,400,037	 -	 81,400,037
 Change in Net Position	 3,844,530	 \$ 7,027	 3,851,557
 Net Position, Beginning of Year	 44,494,641	 292,557	 44,787,198
 Net Position, End of Year	 \$ 48,339,171	 \$ 299,584	 \$ 48,638,755

FUND FINANCIAL STATEMENTS

**PARAMUS 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	\$ 20,689,494	\$ 8,403	\$ 1	\$ 20,697,898
Due from Other Funds	350,000			350,000
Receivables from Other Governments	<u>5,057,013</u>	<u>969,591</u>	<u>-</u>	<u>6,026,604</u>
Total Assets	<u>\$ 26,096,507</u>	<u>\$ 977,994</u>	<u>\$ 1</u>	<u>\$ 27,074,502</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 560,894	\$ 256,276		\$ 817,170
Due to Other Funds		350,000		350,000
Payable to State Government		110,738		110,738
Unearned Revenue	<u>38,728</u>	<u>260,980</u>	<u>-</u>	<u>299,708</u>
Total Liabilities	<u>599,622</u>	<u>977,994</u>	<u>-</u>	<u>1,577,616</u>
Fund Balances				
Restricted				
Debt Service			\$ 1	1
Excess Surplus	600,000			600,000
Excess Surplus - Designated for Subsequent Year's Expenditures	600,000			600,000
Capital Reserve	15,433,937			15,433,937
Capital Reserve - Designated for Subsequent Year's Expenditures	3,080,000			3,080,000
Maintenance Reserve	2,334,953			2,334,953
Emergency Reserve	855,750			855,750
Committed				
Year End Encumbrances	296,927			296,927
Assigned				
Year End Encumbrances	773,862			773,862
Unassigned	<u>1,521,456</u>	<u>-</u>	<u>-</u>	<u>1,521,456</u>
Total Fund Balances	<u>25,496,885</u>	<u>-</u>	<u>1</u>	<u>25,496,886</u>
Total Liabilities and Fund Balances	<u>\$ 26,096,507</u>	<u>\$ 977,994</u>	<u>\$ 1</u>	<u>\$ 27,074,502</u>

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

Total Fund Balance - Governmental Funds (Exhibit B-1)		\$ 25,496,886
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$105,881,504 and the accumulated depreciation is \$46,001,440.</p>		59,880,064
<p>The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:</p>		(113,520)
<p>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.</p>		712,132
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
	Deferred Outflows of Resources	\$ 4,683,278
	Deferred Inflows of Resources	<u>(9,202,530)</u>
		(4,519,252)
<p>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. These items are as follows:</p>		
	Bonds Payable, Including Unamortized Premium	(11,849,048)
	Net Pension Liability	(20,743,897)
	Compensated Absences Payable	<u>(524,194)</u>
		<u>(33,117,139)</u>
Net Position of Governmental Activities (Exhibit A-1)		<u>\$ 48,339,171</u>

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 78,406,873			\$ 987,682	\$ 79,394,555
Tuition	1,177,634				1,177,634
Interest Earned on Capital Reserve	186,324				186,324
Miscellaneous	<u>1,811,064</u>	\$ 90,318	-	-	<u>1,901,382</u>
Total - Local Sources	81,581,895	90,318	-	987,682	82,659,895
State Sources	14,254,764	2,832,530		-	17,087,294
Federal Sources	<u>57,766</u>	<u>2,012,531</u>	-	-	<u>2,070,297</u>
Total Revenues	<u>95,894,425</u>	<u>4,935,379</u>	-	<u>987,682</u>	<u>101,817,486</u>
EXPENDITURES					
Current					
Regular Instruction	32,450,765	614,674			33,065,439
Special Education Instruction	14,762,234	3,188,476			17,950,710
Other Instruction	2,572,177				2,572,177
School-Sponsored Activities and Athletics	2,007,825				2,007,825
Support Services					
Student and Instruction Related Services	13,160,579	1,075,413			14,235,992
School Administration Services	5,628,909				5,628,909
General Administration Services	1,154,733				1,154,733
Plant Operations and Maintenance	11,728,980				11,728,980
Pupil Transportation	3,901,318				3,901,318
Central Services	2,538,398				2,538,398
Debt Service					
Principal				1,090,000	1,090,000
Interest and Other Charges				497,681	497,681
Capital Outlay	<u>4,179,050</u>	<u>56,816</u>	\$ 110,735	-	<u>4,346,601</u>
Total Expenditures	<u>94,084,968</u>	<u>4,935,379</u>	<u>110,735</u>	<u>1,587,681</u>	<u>100,718,763</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,809,457</u>	-	<u>(110,735)</u>	<u>(599,999)</u>	<u>1,098,723</u>
Other Financing Sources (Uses)					
Transfers In			36,691	600,000	636,691
Transfers Out	<u>(636,691)</u>	-	-	-	<u>(636,691)</u>
Total Other Financing Sources (Uses)	<u>(636,691)</u>	-	<u>36,691</u>	<u>600,000</u>	<u>-</u>
Net Change in Fund Balances	1,172,766	-	(74,044)	1	1,098,723
Fund Balance, Beginning of Year	<u>24,324,119</u>	-	<u>74,044</u>	-	<u>24,398,163</u>
Fund Balance, End of Year	<u>\$ 25,496,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 25,496,886</u>

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

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

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 1,098,723**

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

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

Capital Outlay	\$	4,346,601	
Depreciation Expense		<u>(3,157,576)</u>	
			1,189,025

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals and donations) is to increase net position. These transactions are not reported in the governmental funds financial statements.

Loss on Disposal of Capital Assets	(23,684)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal Repayments	
Bonds Payable	1,090,000

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

	<u>490,466</u>
Change in net position of governmental activities (Exhibit A-2)	<u>\$ 3,844,530</u>

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

	Business- Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 180,042
Intergovernmental Receivable	
State	1,214
Federal	21,636
Inventory	<u>10,895</u>
Total Current Assets	<u>213,787</u>
Capital Assets	
Equipment	522,575
Less: Accumulated Depreciation	<u>(358,690)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>163,885</u>
Total Assets	<u>377,672</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>78,088</u>
Total Current Liabilities	<u>78,088</u>
NET POSITION	
Investment in Capital Assets	163,885
Unrestricted	<u>135,699</u>
Total Net Position	<u>\$ 299,584</u>

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

**PARAMUS 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 Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 308,796
Daily Sales - Non-Reimbursable Programs	786,555
Other Sales	<u>10,335</u>
 Total Operating Revenues	 <u>1,105,686</u>
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	315,672
Cost of Sales - Non-Reimbursable Programs	205,788
Salaries and Employee Benefits	535,860
Supplies and Materials	67,914
Management Fee	56,091
Other Purchased Services	31,032
Depreciation	21,378
Purchased Professional and Technical Services	<u>27,683</u>
 Total Operating Expenses	 <u>1,261,418</u>
 Operating Loss	 <u>(155,732)</u>
NONOPERATING REVENUES	
State Sources	
School Lunch Program	6,501
Federal Sources	
National School Lunch Program	100,387
Food Distribution Program	43,166
School Milk Program	<u>12,705</u>
 Total Nonoperating Revenues	 <u>162,759</u>
 Changes in Net Position	 7,027
 Total Net Position, Beginning of Year	 <u>292,557</u>
 Total Net Position, End of Year	 <u>\$ 299,584</u>

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

**PARAMUS BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Business- Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 1,105,686
Cash Payments for Employees' Salaries and Benefits	(535,860)
Cash Payments to Suppliers for Goods and Services	<u>(597,026)</u>
Net Cash Used by Operating Activities	<u>(27,200)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>103,828</u>
Net Cash Provided by Noncapital Financing Activities	<u>103,828</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	<u>(16,207)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(16,207)</u>
Net Increase in Cash and Cash Equivalents	60,421
Cash and Cash Equivalents, Beginning of Year	<u>119,621</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 180,042</u></u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities	
Operating Loss	<u>\$ (155,732)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	21,378
Non-Cash Federal Assistance	
Food Distribution Program- National School Lunch Program	43,166
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	61,208
(Increase)/Decrease in Inventory	<u>2,780</u>
Total Adjustments	<u>128,532</u>
Net Cash Used by Operating Activities	<u><u>\$ (27,200)</u></u>
Non-Cash Financing Activities	
National School Lunch (Food Distribution)	\$ 43,166

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

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

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 343,448	\$ 462,556
Total Assets	<u>343,448</u>	<u>\$ 462,556</u>
LIABILITIES		
Intergovernmental Payable	\$ 34,270	
Payroll Deductions and Withholdings		\$ 23,570
Due to Student Groups	<u>-</u>	<u>438,986</u>
Total Liabilities	<u>34,270</u>	<u>\$ 462,556</u>
NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 309,178</u>	

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

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

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Employee Contributions	\$ <u>130,829</u>
Total Additions	<u>130,829</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>132,834</u>
Total Deductions	<u>132,834</u>
Change in Net Position	(2,005)
Net Position, Beginning of the Year	<u>311,183</u>
Net Position, End of the Year	<u>\$ 309,178</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2019, the District adopted the following GASB statement as required:

- 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.

PARAMUS 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 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.

PARAMUS 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 its enterprise fund to be major funds.

The District reports the following major governmental funds:

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

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

PARAMUS 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)

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

PARAMUS 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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

4. Capital Assets

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

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

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

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

PARAMUS 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)

5. *Deferred Outflows/Inflows of Resources*

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

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

6. *Compensated Absences*

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

7. *Pensions*

In the district-wide financial statements 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.

PARAMUS 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)

8. *Long-Term Obligations*

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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.

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 3).

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

Restricted Fund Balance (Continued)

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 3).

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

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

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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.

PARAMUS 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. *Fund Balance Policies*

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

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

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

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

Tuition Expenditures - Tuition charges for the fiscal years 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.

**PARAMUS 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 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 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

An element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds". The details of this \$490,466 difference are as follows:

Compensated Absences	\$ 50,428
Accrued Interest	10,900
Amortization of Deferred Amount on Refunding of Debt	(121,484)
Amortization of Premium	128,634
PERS Pension Expense Adjustment	<u>421,988</u>
 Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	 <u>\$ 490,466</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 14, 2012, the Mayor and Council of the Borough of Paramus adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$3,449,189. The increase was funded by additional grant and aid awards, the appropriation of the maintenance reserve fund balance and the reappropriation of prior year general fund encumbrances.

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

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

B. Capital Reserve

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

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

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve (Continued)

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

Balance, July 1, 2018		\$ 17,597,593
Increased by:		
Interest earnings	\$ 186,324	
Deposits Approved by Board Resolution	4,097,548	
Return of Unexpended Budget Appropriations		
Funded from Reserve	<u>32,472</u>	
Total Increases		<u>4,316,344</u>
		21,913,937
Decreased by:		
Approved in District Budget - Debt Service Fund	600,000	
Approved in District Budget - Capital Projects	<u>2,800,000</u>	
Total Decreases		<u>3,400,000</u>
Balance, June 30, 2019		<u>\$ 18,513,937</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan. The District has appropriated \$3,080,000 of the capital reserve as a withdrawal in the 2019/20 budget of that amount \$2,480,000 will be utilized for capital projects and \$600,000 will be transferred to the Debt Service Fund.

C. Maintenance Reserve

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

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

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

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

Balance, July 1, 2018		\$ 2,200,000
Increased by:		
Deposits Approved by Board Resolution	\$ 600,000	
Return of Unexpended Budget Appropriations		
Funded from Reserve	<u>134,953</u>	
Total Increases		<u>734,953</u>
Decreased by:		
Approved by Board Resolution - General Fund	<u>600,000</u>	
Total Decreases		<u>600,000</u>
Balance, June 30, 2019		<u>\$ 2,334,953</u>

The June 30, 2019 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$4,349,202.

D. Emergency Reserve

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

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

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

Balance, July 1, 2018	<u>\$ 855,750</u>
Balance, June 30, 2019	<u>\$ 855,750</u>

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2019 is \$1,200,000. Of this amount, \$600,000 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$600,000 will be appropriated in the 2020/2021 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2019, the book value of the Board's deposits were \$21,683,944 and bank and brokerage firm balances of the Board’s deposits amounted to \$24,328,833. The Board's deposits which are displayed on the various fund balance sheets as “cash and cash equivalents” are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured:	
Cash and Cash Equivalents	\$ 24,328,833
	<u>\$ 24,328,833</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2019 none of the Board’s bank balances were exposed to custodial credit risk.

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

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

As of June 30, 2019, the Board had no outstanding investments.

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

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

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

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

B. Receivables

Receivables as of June 30, 2019 for the district’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal	\$ 4,437	\$ 953,652	\$ 21,636	\$ 979,725
State	179,182	15,939	1,214	196,335
Property Taxes	4,533,907			4,533,907
Other	339,487	-	-	339,487
	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	5,057,013	969,591	22,850	6,049,454
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 5,057,013</u>	<u>\$ 969,591</u>	<u>\$ 22,850</u>	<u>\$ 6,049,454</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

General Fund	
Tuition Charges	\$ 38,728
Special Revenue Fund	
Unencumbered Grant Draw Downs	26,829
Grant Draw Downs Reserved for Encumbrances	<u>234,151</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 299,708</u>

D. Capital Assets

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

	Balance, <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Balance, <u>June 30, 2019</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 400,645				\$ 400,645
Construction in Progress	<u>237,044</u>	\$ 849,385	-	\$ (180,228)	<u>906,201</u>
Total capital assets, not being depreciated	<u>637,689</u>	<u>849,385</u>	-	<u>(180,228)</u>	<u>1,306,846</u>
Capital assets, being depreciated:					
Buildings and Building Improvements	90,302,629	1,674,713		180,228	92,157,570
Site Improvements	3,583,694	181,842			3,765,536
Machinery and Equipment	<u>8,151,755</u>	<u>1,640,661</u>	\$ 1,140,864	-	<u>8,651,552</u>
Total capital assets being depreciated	<u>102,038,078</u>	<u>3,497,216</u>	<u>1,140,864</u>	<u>180,228</u>	<u>104,574,658</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(36,009,956)	(2,450,873)			(38,460,829)
Site Improvements	(1,144,021)	(179,289)			(1,323,310)
Machinery and Equipment	<u>(6,807,067)</u>	<u>(527,414)</u>	<u>1,117,180</u>	-	<u>(6,217,301)</u>
Total accumulated depreciation	<u>(43,961,044)</u>	<u>(3,157,576)</u>	<u>1,117,180</u>	<u>-</u>	<u>(46,001,440)</u>
Total capital assets, being depreciated, net	<u>58,077,034</u>	<u>339,640</u>	<u>23,684</u>	<u>180,228</u>	<u>58,573,218</u>
Government activities capital assets, net	<u>\$ 58,714,723</u>	<u>\$ 1,189,025</u>	<u>\$ 23,684</u>	<u>\$ -</u>	<u>\$ 59,880,064</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2018	Increases	Decreases	Balance, June 30, 2019
Business-Type activities:				
Capital assets, being depreciated:				
Buildings and Building Improvements	\$ 145,725			\$ 145,725
Machinery and Equipment	<u>360,643</u>	\$ 16,207	-	<u>376,850</u>
Total capital assets being depreciated	<u>506,368</u>	<u>16,207</u>	-	<u>522,575</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(42,293)	(3,583)		(45,876)
Machinery and Equipment	<u>(295,019)</u>	<u>(17,795)</u>	-	<u>(312,814)</u>
Total accumulated depreciation	<u>(337,312)</u>	<u>(21,378)</u>	-	<u>(358,690)</u>
Total capital assets, being depreciated, net	<u>169,056</u>	<u>(5,171)</u>	-	<u>163,885</u>
Business-type activities capital assets, net	<u>\$ 169,056</u>	<u>\$ (5,171)</u>	<u>\$ -</u>	<u>\$ 163,885</u>

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

Governmental activities:

Instruction	
Regular	\$ <u>2,623,683</u>
Total Instruction	<u>2,623,683</u>
Support Services	
Student and Instruction Related Services	94,869
General Administrative Services	2,418
School Administrative Services	5,194
Plant Operations and Maintenance	259,852
Pupil Transportation	<u>171,560</u>
Total Support Services	<u>533,893</u>
Total Government Funds	<u>\$ 3,157,576</u>
Business-Type Activities:	
Food Service Fund	\$ 21,378
Total Depreciation Expense-Business-Type Activities	<u>\$ 21,378</u>

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

NOTE 4 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>
General Fund	Special Revenue Fund	<u>\$ 350,000</u>

The above balance is the result of funds paid to one fund to avoid a cash overdraft.

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

Interfund transfers

	<u>Transfer In:</u>		<u>Total</u>
	<u>Capital Projects Fund</u>	<u>Debt Service</u>	
<u>Transfer Out:</u>			
General Fund	<u>\$ 36,691</u>	<u>\$ 600,000</u>	<u>\$ 636,691</u>
Total transfers out	<u>\$ 36,691</u>	<u>\$ 600,000</u>	<u>\$ 636,691</u>

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

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets 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 is comprised of the following issue:

\$16,460,000, 2012 Refunding Bonds, due in annual installments of \$1,065,000 to \$1,140,000 through April 1, 2029, interest at 2.75% to 5.00%	<u>\$11,095,000</u>
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PARAMUS BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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

Governmental Activities:

Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 1,080,000	\$ 454,081	\$ 1,534,081
2021	1,105,000	400,081	1,505,081
2022	1,130,000	344,831	1,474,831
2023	1,135,000	288,331	1,423,331
2024	1,140,000	231,581	1,371,581
2025-2029	<u>5,505,000</u>	<u>536,005</u>	<u>6,041,005</u>
Total	<u>\$ 11,095,000</u>	<u>\$ 2,254,910</u>	<u>\$ 13,349,910</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:

4% of Equalized Valuation Basis (Municipal)	\$ 399,658,452
Less: Net Debt	<u>11,095,000</u>
Remaining Borrowing Power	<u>\$ 388,563,452</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 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	\$ 12,185,000		\$ 1,090,000	\$ 11,095,000	\$ 1,080,000
Add:					
Unamortized Premium	<u>882,682</u>	<u>-</u>	<u>128,634</u>	<u>754,048</u>	<u>-</u>
	13,067,682	-	1,218,634	11,849,048	1,080,000
Net Pension Liability	25,761,293		5,017,396	20,743,897	
Compensated Absences	<u>574,622</u>	<u>-</u>	<u>50,428</u>	<u>524,194</u>	<u>52,419</u>
Government Activity Long-Term Liabilities	<u>\$ 39,403,597</u>	<u>\$ -</u>	<u>\$ 6,286,458</u>	<u>\$ 33,117,139</u>	<u>\$ 1,132,419</u>

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

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

Health Insurance

The District maintained a minimum premium health insurance plan for its employees through December 31, 2016 with Aetna. On behalf of the District, Aetna maintains both a claims account and premium stabilization account. Both of these accounts were reported as restricted in the financial statements, however the District received the final closeout report as of December 31, 2018 and refunded the balances as of that date.

Changes in the balance of claims liabilities for the District's minimum premium health insurance plan for the fiscal years ended June 30, 2019 and 2018 are as follows:

Governmental Activities:

	<u>Fiscal Year Ended</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Unpaid Claims, Beginning of Year	\$ 521,828	\$ 702,823
Less: Cancelled for Final Closeout	521,828	
Less: Claim Payments	<u>-</u>	<u>180,995</u>
Unpaid Claims, End of Year	<u>\$ -</u>	<u>\$ 521,828</u>
General Fund		
Accrued Liability for Insurance Claims	<u>\$ -</u>	<u>\$ 521,828</u>

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

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2019	\$ 130,829	\$ 132,834	\$ 309,178
2018	127,304	90,261	311,183
2017	129,812	141,205	274,140

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

NOTE 5 OTHER INFORMATION (Continued)

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation except for the following:

May 17, 2018 Paramus School Bus Accident

As of June 30, 2019 to present, there are forty (40) tort claims and/or complaints that have been filed by parents on behalf of their children, employees, and employee of the company that owns the truck that collided with the bus. These pending claims are against the Board's general liability insurance. The outcome of these tort claims and/or complaints is presently uncertain.

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.

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:

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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, by 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.

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

NOTE 5 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:

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected 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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (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.

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

NOTE 5 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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

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.

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:

<u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2019	\$ 1,047,943	\$ 6,081,792	\$ 137,041
2018	1,025,203	4,454,565	119,822
2017	939,157	3,287,624	86,516

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$3,849, \$8,723 and \$2,348, respectively for PERS and the State contributed \$4,835, \$4,178 and \$4,691, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,323,831 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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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.

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 \$20,743,897 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 0.10536 percent, which was a decrease of 0.00531 percent from its proportionate share measured as of June 30, 2017 of 0.11067 percent.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$625,955 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>Outflows of Resources</u>	<u>Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 395,589	\$ 106,962
Changes of Assumptions	3,418,251	6,632,795
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		194,579
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>869,438</u>	<u>2,268,194</u>
Total	<u>\$ 4,683,278</u>	<u>\$ 9,202,530</u>

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	\$ (337,974)
2021	(688,257)
2022	(1,596,170)
2023	(1,364,558)
2024	(532,293)
Thereafter	<u>-</u>
	<u>\$ (4,519,252)</u>

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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%

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 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	\$ 26,083,060	\$ 20,743,897	\$ 16,264,680

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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. 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 \$10,952,538 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 \$187,876,418. 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 0.29532 percent, which was an increase of 0.00304 percent from its proportionate share measured as of June 30, 2017 of 0.29228 percent.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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%

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
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>\$ 222,066,358</u>	<u>\$ 187,876,418</u>	<u>\$ 159,533,791</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.

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

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.

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

NOTE 5 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.

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.

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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 an 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 \$2,758,691, \$2,877,109 and \$2,739,339, 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.

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$6,220,528. 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 \$136,394,883. 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 .29580 percent, which was an increase of .00385 percent from its proportionate share measured as of June 30, 2017 of .29195 percent.

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

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.

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.

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.

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.

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

E. Post-Retirement Medical Benefits (Continued)

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

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	\$ <u>156,598,956</u>
Changes Recognized for the Fiscal Year:	
Service Cost	5,565,352
Interest on the Total OPEB Liability	5,743,009
Differences Between Expected and Actual Experience	(12,339,339)
Changes of Assumptions	(15,651,995)
Gross Benefit Payments	(3,647,151)
Contributions from the Member	126,051
Net Changes	<u>\$ (20,204,073)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>136,394,883</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.

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

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>\$ 161,246,517</u>	<u>\$ 136,394,883</u>	<u>\$ 116,640,400</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% <u>Decrease</u>	Healthcare Cost Trend Rates	1% <u>Increase</u>
Total OPEB Liability (School Retirees)	<u>\$ 112,738,315</u>	<u>\$ 136,394,883</u>	<u>\$ 167,681,600</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.

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

NOTE 5 OTHER INFORMATION (Continued)

F. Tax Abatements

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

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 78,406,873		\$ 78,406,873	\$ 78,406,873	
Tuition from Individuals	362,100		362,100	450,578	\$ 88,478
Tuition from Other LEAs Within State	494,000		494,000	712,806	218,806
Tuition from Summer School	30,000		30,000	14,250	(15,750)
Interest Earned on Capital Reserve Funds	30,000		30,000	186,324	156,324
Rents and Royalties	160,000		160,000	246,362	86,362
Unrestricted Miscellaneous Revenues	525,200	-	525,200	1,564,702	1,039,502
Total Local Sources	80,008,173	-	80,008,173	81,581,895	1,573,722
State Sources					
Categorical Special Education Aid	1,801,797		1,801,797	1,801,797	
Categorical Security Aid	69,352		69,352	69,352	
Categorical Transportation Aid	671,225	\$ 55,832	727,057	727,057	
NonPublic Transportation Aid				62,799	62,799
Extraordinary Special Ed. Costs Aid - 2017/2018				1,822	1,822
Extraordinary Special Ed. Costs Aid - 2018/2019				952,771	952,771
Reimbursed TPAF Social Security Contribution (Non Budgeted)				2,323,831	2,323,831
On Behalf TPAF Pension System Contribution- (Non Budgeted)				6,081,792	6,081,792
On Behalf TPAF Pension System Contribution Long Term Disability Insurance(Non Budgeted)				4,835	4,835
On Behalf TPAF Pension System Contribution Post Retirement Medical Contribution(Non Budgeted)	-	-	-	2,758,691	2,758,691
Total State Sources	2,542,374	55,832	2,598,206	14,784,747	12,186,541
Federal Sources					
Medicaid Reimbursement	58,453	-	58,453	57,766	(687)
Total Federal Sources	58,453	-	58,453	57,766	(687)
Total Revenues	82,609,000	55,832	82,664,832	96,424,408	13,759,576
EXPENDITURES					
CURRENT EXPENSE					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	414,670		414,670	414,536	134
Kindergarten	869,650	1,150	870,800	870,154	646
Grades 1-5	6,416,348	(177,750)	6,238,598	6,223,947	14,651
Grades 6-8	4,871,505	(8,435)	4,863,070	4,831,703	31,367
Grades 9-12	7,183,348	(294,088)	6,889,260	6,809,331	79,929
Regular Programs - Home Instruction					
Salaries of Teachers	20,000	5,526	25,526	25,526	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	414,713	(9,025)	405,688	345,378	60,310
Purchased Professional-Educational Services	9,700	10,100	19,800	18,200	1,600
Purchased Technical Services	33,100	(1,582)	31,518	18,136	13,382
Other Purchased Services	3,000	-	3,000	2,094	906
General Supplies	1,558,426	94,641	1,653,067	1,261,238	391,829
Textbooks	270,715	(129,073)	141,642	105,021	36,621
Other Objects	2,000	3,582	5,582	4,075	1,507
Total Regular Programs	22,067,175	(504,954)	21,562,221	20,929,339	632,882
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	424,100	(36,962)	387,138	387,138	
Other Salaries for Instruction	263,814	63,122	326,936	326,936	
General Supplies	9,400	(1,299)	8,101	7,893	208
Total Learning and/or Language Disabilities	697,314	24,861	722,175	721,967	208

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE					
Special Education (Continued)					
Behavioral Disabilities					
Salaries of Teachers	\$ 227,050	\$ (51,163)	\$ 175,887	\$ 175,887	
Other Salaries for Instruction	98,256	(20,409)	77,847	68,438	\$ 9,409
General Supplies	2,500	92	2,592	2,478	114
Total Behavioral Disabilities	327,806	(71,480)	256,326	246,803	9,523
Multiple Disabilities					
Salaries of Teachers	361,600	(42,833)	318,767	304,870	13,897
Other Salaries for Instruction	425,308	(51,296)	374,012	374,012	
General Supplies	8,000	4,855	12,855	12,270	585
Total Multiple Disabilities	794,908	(89,274)	705,634	691,152	14,482
Resource Room/Resource Center					
Salaries of Teachers	3,652,100	-	3,652,100	3,651,875	225
Other Salaries for Instruction	812,853	(12,971)	799,882	799,882	
General Supplies	15,750	(7,589)	8,161	8,022	139
Total Resource Room	4,480,703	(20,560)	4,460,143	4,459,779	364
Autism					
Salaries of Teachers	265,500	(3,350)	262,150	262,150	
Other Salaries for Instruction	622,826	226,973	849,799	849,799	
General Supplies	7,900	(1,097)	6,803	6,525	278
Other Objects	2,500	1,509	4,009	4,009	-
Total Autism	898,726	224,035	1,122,761	1,122,483	278
Preschool Disabilities - Part - Time					
Salaries of Teachers	28,450	2,109	30,559	30,559	
Other Salaries for Instruction	227,888	(53,196)	174,692	174,692	
General Supplies	1,500	15	1,515	1,515	-
Total Preschool Disabilities - Part - Time	257,838	(51,072)	206,766	206,766	-
Preschool Disabilities - Full - Time					
Salaries of Teachers	231,250	61,751	293,001	293,001	-
Total Preschool Disabilities - Full - Time	231,250	61,751	293,001	293,001	-
Home Instruction					
Salaries of Teachers	40,000	18,839	58,839	58,839	
Purchased Professional-Educational Services	18,000	11,788	29,788	29,636	152
Total Home Instruction	58,000	30,627	88,627	88,475	152
Total Special Education	7,746,545	108,888	7,855,433	7,830,426	25,007
Basic Skills/Remedial					
Salaries of Teachers	400,364	(16,480)	383,884	383,884	-
Total Basic Skills/Remedial	400,364	(16,480)	383,884	383,884	-
Bilingual Education					
Salaries of Teachers	629,800	(5,547)	624,253	624,253	
Other Salaries for Instruction	24,358	810	25,168	25,168	
Purchased Professional-Educational Services		2,999	2,999	2,558	441
General Supplies	3,225	(743)	2,482	386	2,096
Total Bilingual Education	657,383	(2,481)	654,902	652,365	2,537

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE:					
School Sponsored Co-Curricular Activities					
Salaries	\$ 275,000	\$ (420)	\$ 274,580	\$ 274,309	\$ 271
Purchased Services		500	500	500	
Supplies and Materials	40,178	935	41,113	39,089	2,024
Other Objects	4,000	(1,015)	2,985	2,735	250
Total School Sponsored Co-Curricular Activities	319,178	-	319,178	316,633	2,545
School Sponsored Athletics - Instruction					
Salaries	611,720	9,200	620,920	615,110	5,810
Purchased Services	93,600	35,821	129,421	126,838	2,583
Supplies and Materials	77,500	19,535	97,035	87,355	9,680
Other Objects	43,250	(7,400)	35,850	35,801	49
Total School Sponsored Athletics - Instruction	826,070	57,156	883,226	865,104	18,122
Other Supplemental/At-Risk Programs - Instruction					
Salaries of Reading Specialists	666,700	(30,000)	636,700	623,210	13,490
General Supplies	3,300	-	3,300	2,212	1,088
Total Other Supplemental/At-Risk Programs - Instruction	670,000	(30,000)	640,000	625,422	14,578
Total - Instruction	32,686,715	(387,871)	32,298,844	31,603,173	695,671
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	59,975	7,000	66,975	52,230	14,745
Tuition to Other LEAs Within the State - Special	257,925	(2,743)	255,182	196,775	58,407
Tuition to County Voc. School Dist.-Regular	795,348	-	795,348	701,466	93,882
Tuition to County Voc. School Dist.-Special	150,642	5,000	155,642	130,230	25,412
Tuition to CSSD & Reg. Day Schools	946,416	(7,000)	939,416	740,405	199,011
Tuition to Private Schools - Disabled W/I State	2,158,080	(264,173)	1,893,907	1,782,084	111,823
Tuition to Private Schools - Disabled Outside of State		84,000	84,000	84,000	
Tuition - State Facilities	18,053	-	18,053	18,053	-
Total Undistributed Expenditures - Instruction (Tuition)	4,386,439	(177,916)	4,208,523	3,705,243	503,280
Attendance and Social Work Services					
Salaries	58,949	-	58,949	50,649	8,300
Total Attendance and Social Work Services	58,949	-	58,949	50,649	8,300
Health Services					
Salaries	814,710	(1,966)	812,744	785,466	27,278
Purchased Professional and Technical Services	97,500	82,322	179,822	179,822	
Supplies and Materials	32,120	7,337	39,457	36,032	3,425
Other Objects	1,000	855	1,855	1,855	-
Total Health Services	945,330	88,548	1,033,878	1,003,175	30,703
Speech, OT, PT and Related Services					
Salaries	1,812,855	(6,000)	1,806,855	1,725,066	81,789
Purchased Professional - Educational Services	800,000	421,900	1,221,900	1,150,164	71,736
Supplies and Materials	6,500	(457)	6,043	6,034	9
Total Speech, OT, PT and Related Services	2,619,355	415,443	3,034,798	2,881,264	153,534
Other Supp. Serv. Students - Extra Services					
Purchased Professional - Educational Services	350,000	(42,500)	307,500	232,606	74,894
Total Other Supp. Serv. Students - Extra Services	350,000	(42,500)	307,500	232,606	74,894

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Other Support Services - Students - Guidance					
Salaries of Other Professional Staff	\$ 1,192,250	\$ (46)	\$ 1,192,204	\$ 1,166,370	\$ 25,834
Salaries of Secretarial and Clerical Assistants	249,263	-	249,263	240,741	8,522
Other Purchased Professional and Technical Services		9,384	9,384	9,384	
Supplies and Materials	7,150	(210)	6,940	5,531	1,409
Other Objects	16,040	(4,771)	11,269	10,494	775
Total Other Support Services - Students - Guidance	1,464,703	4,357	1,469,060	1,432,520	36,540
Other Support Services - Students - Child Study Teams					
Salaries of Other Professional Staff	1,352,718	(1,198)	1,351,520	1,351,520	
Salaries of Secretarial and Clerical Assistants	184,860	-	184,860	184,860	
Purchased Professional/Educational Services	155,000	297,397	452,397	452,397	
Supplies and Materials	8,000	5,003	13,003	12,600	403
Total Other Support Services - Students - Child Study Teams	1,700,578	301,202	2,001,780	2,001,377	403
Improvement of Instruction Services/ Other Support Services-Instructional Staff					
Salaries of Supervisors of Instruction	646,085	(3,825)	642,260	636,796	5,464
Salaries of Secretarial and Clerical	202,510	(11,691)	190,819	190,805	14
Salaries of Facilitators, Math/Literacy Coaches and Masters	68,050	-	68,050	67,953	97
Other Purchased Professional and Technical Services	17,750	20,002	37,752	35,751	2,001
Travel - All Other		1,975	1,975	1,631	344
Supplies and Materials	2,790	1,199	3,989	2,733	1,256
Other Objects	4,466	62	4,528	2,640	1,888
Total Improvement of Instruction Services/ Other Support Services-Instructional Staff	941,651	7,722	949,373	938,309	11,064
Educational Media Services/School Library					
Salaries	677,206	1,898	679,104	679,104	
Supplies and Materials	106,470	(2,765)	103,705	86,641	17,064
Total Educational Media Services/School Library	783,676	(867)	782,809	765,745	17,064
Instructional Staff Training Services					
Salaries of Other Professional Staff	6,700	22,972	29,672	29,672	
Purchased Professional- Educational Services	56,000	(20,862)	35,138	30,638	4,500
Other Purchased Services	50,500	45	50,545	37,534	13,011
Supplies and Materials	12,500	650	13,150	8,802	4,348
Total Instructional Staff Training Services	125,700	2,805	128,505	106,646	21,859
Support Services General Administration					
Salaries	315,159	285	315,444	315,427	17
Legal Services	66,750	52,585	119,335	119,335	
Audit Fees	44,000	715	44,715	44,715	
Architectural/Engineering Services	18,000	55,258	73,258	63,424	9,834
Other Purchased Professional Services	26,400	33,931	60,331	52,081	8,250
Purchased Technical Services		650	650	527	123
Communications/Telephone	236,122	(44,692)	191,430	139,656	51,774
Travel - All Other		5,000	5,000	749	4,251
BOE Other Purchased Services	10,500	-	10,500	2,709	7,791
Miscellaneous Purchased Services	170,000	-	170,000	152,440	17,560
General Supplies	22,900	-	22,900	4,392	18,508
Judgements Against the School District	25,000	-	25,000		25,000
Miscellaneous Expenditures	11,250	-	11,250	8,506	2,744
BOE Membership Dues and Fees	41,590	-	41,590	39,359	2,231
Total Support Services General Administration	987,671	103,732	1,091,403	943,320	148,083
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,958,915	(17,756)	1,941,159	1,895,595	45,564
Salaries of Other Professional Staff	924,210	14,999	939,209	921,226	17,983
Salaries of Secretarial and Clerical Assistants	821,710	25,002	846,712	846,712	
Unused Vacation Payments to Terminated/Retired Staff		14,960	14,960	14,958	2
Other Purchased Services	11,000	-	11,000	9,492	1,508
Supplies and Materials	37,105	(2,830)	34,275	30,395	3,880
Total Support Services School Administration	3,752,940	34,375	3,787,315	3,718,378	68,937

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Undistributed Expenditures - Central Services					
Salaries	\$ 1,080,757	\$ 20,000	\$ 1,100,757	\$ 1,054,233	\$ 46,524
Unused Vacation Payments to Terminated/Retired Staff		23,000	23,000	19,658	3,342
Purchased Technical Services	41,100	20,000	61,100	12,812	48,288
Misc. Purchased Services	34,810	-	34,810	12,655	22,155
Supplies and Materials	21,700	-	21,700	18,770	2,930
Miscellaneous Expenditures	4,950	-	4,950	2,580	2,370
Total Undistributed Expenditures - Central Services	1,183,317	63,000	1,246,317	1,120,708	125,609
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	515,092	23,960	539,052	538,602	450
Purchased Professional Services	64,000	17,280	81,280	9,102	72,178
Purchased Technical Services	80,800	56,591	137,391	137,294	97
Total Undistributed Expenditures - Admin. Info. Tech.	659,892	97,831	757,723	684,998	72,725
Required Maintenance For School Facilities					
Salaries	695,502	5,000	700,502	673,368	27,134
Cleaning, Repair, and Maintenance Services	901,500	1,005,817	1,907,317	1,372,222	535,095
General Supplies	299,000	259,019	558,019	503,760	54,259
Total Required Maintenance For School Facilities	1,896,002	1,269,836	3,165,838	2,549,350	616,488
Custodial Services					
Salaries	3,356,941	(169,505)	3,187,436	3,032,797	154,639
Salaries of Non-Instructional Aides	289,895	948	290,843	290,843	
Unused Vacation Payments to Terminated/Retired Staff	100,000	(22,783)	77,217	32,053	45,164
Purchased Professional and Technical Services	46,000	50,000	96,000	79,586	16,414
Cleaning, Repair, and Maintenance Services	287,400	36,080	323,480	290,035	33,445
Other Purchased Property Services	130,000	-	130,000	100,442	29,558
Insurance	262,700	(1)	262,699	260,242	2,457
Miscellaneous Purchased Services	3,500	-	3,500	1,381	2,119
General Supplies	211,000	(16,000)	195,000	192,752	2,248
Energy (Natural Gas)	864,000	(247,500)	616,500	490,322	126,178
Energy (Electricity)	1,674,000	(400,000)	1,274,000	1,188,438	85,562
Energy (Gasoline)	50,000	23,500	73,500	35,534	37,966
Other Objects	1,500	-	1,500	185	1,315
Total Custodial Services	7,276,936	(745,261)	6,531,675	5,994,610	537,065
Care & Upkeep of Grounds					
Salaries	329,484	(14,249)	315,235	299,984	15,251
Cleaning, Repair, and Maintenance Services	35,000	23,100	58,100	56,880	1,220
General Supplies	55,000	15,495	70,495	57,759	12,736
Total Care & Upkeep of Grounds	419,484	24,346	443,830	414,623	29,207
Security					
Salaries	349,152	200,893	550,045	550,045	-
Purchased Professional and Technical Services	45,000	14,282	59,282	57,196	2,086
General Supplies	60,000	(17,831)	42,169	32,549	9,620
Total Security	454,152	197,344	651,496	639,790	11,706

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation					
(Non-Instructional Aides)	\$ 97,563	\$ (2,926)	\$ 94,637	\$ 84,686	\$ 9,951
(Between Home and School) - Regular	480,848	(25,472)	455,376	445,958	9,418
(Between Home and School) - Spec Ed	167,892	25,102	192,994	192,994	
(Other than Between Home and School)	93,000	370	93,370	91,042	2,328
Management Fee - ESC & CTSA Trans Program	36,000	12,712	48,712	48,322	390
Other Purchased Professional and Technical Services	21,280	49	21,329	20,904	425
Cleaning, Repair and Maintenance Services	49,360	13,058	62,418	62,309	109
Lease Purchase Payments - School Buses	15,000	(15,000)			
Contracted Services - Aid in Lieu of Payments	258,000	(52,971)	205,029	202,032	2,997
Contracted Services (Between Home and School) - Vendors	751,507	(18,369)	733,138	723,851	9,287
Contracted Services (Other Than Between Home and School) - Vendors	46,000	(30,149)	15,851	15,850	1
Contracted Services (Between Home and School) - Joint Agreements	15,000	(9,000)	6,000	6,000	
Contracted Services (Special Ed Students)-Vendors	408,014	60,898	468,912	467,029	1,883
Contracted Services (Regular Ed Students)-ESCs & CTSA	41,410	32,381	73,791	72,479	1,312
Contracted Services (Special Ed Students)-ESCs & CTSA	891,960	180,258	1,072,218	1,013,116	59,102
Miscellaneous Purchased Services - Transportation	4,500	(2,000)	2,500	2,336	164
General Supplies	1,900	7,601	9,501	9,500	1
Transportation Supplies	135,000	(49,884)	85,116	84,527	589
Other Objects	1,750	(1,475)	275	275	-
Total Student Transportation Services	3,515,984	125,183	3,641,167	3,543,210	97,957
Unallocated Benefits					
Social Security Contributions	1,208,000	(36,552)	1,171,448	1,164,087	7,361
Other Retirement Contributions - PERS	1,070,000	-	1,070,000	1,051,792	18,208
Other Retirement Contributions - Regular	102,000	38,000	140,000	137,041	2,959
Workmen's Compensation	488,000	(16,604)	471,396	457,438	13,958
Health Benefits	12,589,200	(582,898)	12,006,302	10,677,463	1,328,839
Tuition Reimbursement	82,000	1,242	83,242	72,371	10,871
Other Employee Benefits	444,130	(100,479)	343,651	328,972	14,679
Unused Sick Payment to Terminated/Retired Staff	-	126,048	126,048	126,048	-
Total Employee Benefits	15,983,330	(571,243)	15,412,087	14,015,212	1,396,875
On Behalf TPAF Pension System Contribution-					
(Non Budgeted)				6,081,792	(6,081,792)
On Behalf TPAF Pension System Contribution					
Post Retirement Medical Contribution(Non Budgeted)				2,758,691	(2,758,691)
On Behalf TPAF Pension System Contribution					
Long Term Disability Insurance(Non Budgeted)				4,835	(4,835)
Reimbursed TPAF Social Security Contribution					
(Non Budgeted)	-	-	-	2,323,831	(2,323,831)
Total	-	-	-	11,169,149	(11,169,149)
Total Undistributed Expenditures	49,506,089	1,197,937	50,704,026	57,910,882	(7,206,856)
Total Expenditures - Current Expense	82,192,804	810,066	83,002,870	89,514,055	(6,511,185)

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CAPITAL OUTLAY					
Equipment					
Regular Programs - Instruction					
Grades 9-12	\$ 9,500	\$ 22,182	\$ 31,682	\$ 11,182	\$ 20,500
Multiple Disabilities		2,290	2,290	2,283	7
School Sponsored Athletics		4,710	4,710	4,710	
Undistributed Expenditures					
Instruction	88,000	12,070	100,070	43,421	56,649
Non-Instructional		6,498	6,498	6,497	1
Central Services	35,000	(20,500)	14,500		14,500
Admin. Info. Tech.	42,000	-	42,000	36,046	5,954
Required Maint for School Facilities	100,000	36,404	136,404	126,653	9,751
School Buses - Regular	100,000	936,324	1,036,324	1,036,324	
School Buses - Special	60,000	267,703	327,703	327,702	1
Total Equipment	434,500	1,267,681	1,702,181	1,594,818	107,363
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	15,000	43,519	58,519	39,094	19,425
Other Purchased Professional and Technical Services		1,796	1,796	1,796	
Construction Services	75,000	2,730,289	2,805,289	2,515,975	289,314
Assessment for Debt Service on SDA Funding	51,813	-	51,813	51,813	-
Total Facilities Acquis. and Const. Services	141,813	2,775,604	2,917,417	2,608,678	308,739
Interest Deposit to Capital Reserve	30,000	-	30,000	-	30,000
Total Capital Outlay	606,313	4,043,285	4,649,598	4,203,496	446,102
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	30,000	-	30,000	29,654	346
Other Purchased Services	15,000	-	15,000		15,000
General Supplies	5,500	(310)	5,190	2,039	3,151
Total Summer School - Instruction	50,500	(310)	50,190	31,693	18,497
Summer School - Support Services					
Salaries	15,000	-	15,000	13,995	1,005
Total Summer School - Support Services	15,000	-	15,000	13,995	1,005
Total Summer School	65,500	(310)	65,190	45,688	19,502
Adult Education -Local - Instruction					
Other Purchased Services	106,000	(4,000)	102,000	96,621	5,379
General Supplies	33,000	7,589	40,589	40,353	236
Total Adult Education -Local - Instruction	139,000	3,589	142,589	136,974	5,615
Adult Education In-Local - Support Services					
Salaries	90,799	-	90,799	72,104	18,695
Other Purchased Services	90,000	10,721	100,721	96,690	4,031
Supplies and Materials	2,000	-	2,000	912	1,088
Total Adult Education-In-Local - Support Services	182,799	10,721	193,520	169,706	23,814
Total Adult Education	321,799	14,310	336,109	306,680	29,429
Total Special Schools	387,299	14,000	401,299	352,368	48,931
Transfer of Funds to Charter Schools	22,584	-	22,584	15,049	7,535
Total Expenditures	83,209,000	4,867,351	88,076,351	94,084,968	(6,008,617)

**PARAMUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (600,000)	\$ (4,811,519)	\$ (5,411,519)	\$ 2,339,440	\$ 7,750,959
Other Financing Sources/Uses					
Capital Reserve Transfer to Capital Projects	(2,800,000)	2,730,837	(69,163)	(36,691)	32,472
Capital Reserve Transfer to Debt Service	(600,000)	-	(600,000)	(600,000)	-
Total Other Financing Sources	(3,400,000)	2,730,837	(669,163)	(636,691)	32,472
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Sources	(4,000,000)	(2,080,682)	(6,080,682)	1,702,749	7,783,431
Fund Balances, Beginning of Year	24,949,122	-	24,949,122	24,949,122	-
Fund Balances, End of Year	\$ 20,949,122	\$ (2,080,682)	\$ 18,868,440	\$ 26,651,871	\$ 7,783,431
Reconciliation of Governmental Fund Statements (GAAP):					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 600,000	
Excess Surplus				600,000	
Capital Reserve				15,433,937	
Capital Reserve - Designated for Subsequent Year's Expenditures				3,080,000	
Maintenance Reserve				2,334,953	
Emergency Reserve				855,750	
Committed Fund Balance					
Year End Encumbrances				296,927	
Assigned Fund Balance					
Year End Encumbrances				773,862	
Unassigned Fund Balance				2,676,442	
Total				26,651,871	
Reconciliation to Government Fund Statements(GAAP)					
Less: State Aid Payments not Recognized on GAAP Basis				(1,154,986)	
Fund Balance per Governmental Funds(GAAP)				\$ 25,496,885	

**PARAMUS BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Intergovernmental					
State	\$ 2,431,000	\$ 718,835	\$ 3,149,835	\$ 3,016,117	\$ (133,718)
Federal	1,587,000	609,426	2,196,426	2,034,199	(162,227)
Local Sources					
Miscellaneous	80,000	40,246	120,246	86,025	(34,221)
Total Revenues	<u>4,098,000</u>	<u>1,368,507</u>	<u>5,466,507</u>	<u>5,136,341</u>	<u>(330,166)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	214,400	56,697	271,097	234,558	36,539
Purchased Prof. and Technical Services	500,000	(494,301)	5,699	2,116	3,583
Tuition	700,000	7	700,007	700,007	-
Other Purchased Services		672	672	222	450
General Supplies	202,500	53,676	256,176	218,292	37,884
Textbooks	200,000	8,260	208,260	196,814	11,446
Total Instruction	<u>1,816,900</u>	<u>(374,989)</u>	<u>1,441,911</u>	<u>1,352,009</u>	<u>89,902</u>
Support Services					
Salaries of Teachers	19,500	9,308	28,808	27,659	1,149
Personal Services-Employee Benefits	40,000	31,065	71,065	61,956	9,109
Purchased Professional and Technical Services	1,961,500	1,110,316	3,071,816	2,977,013	94,803
Other Purchased Services		46,282	46,282	32,939	13,343
General Supplies	251,000	490,609	741,609	619,749	121,860
Other Objects	9,100	(900)	8,200	8,200	-
Total Support Services	<u>2,281,100</u>	<u>1,686,680</u>	<u>3,967,780</u>	<u>3,727,516</u>	<u>240,264</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	56,816	56,816	56,816	-
Total Facilities Acq. & Construction	<u>-</u>	<u>56,816</u>	<u>56,816</u>	<u>56,816</u>	<u>-</u>
Total Expenditures	<u>4,098,000</u>	<u>1,368,507</u>	<u>5,466,507</u>	<u>5,136,341</u>	<u>330,166</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 96,424,408	\$ 5,136,341
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 Encumbrances		(234,151)
June 30, 2018 Encumbrances, Net		33,189
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2017-2018)	625,003	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements.(2018-2019)	<u>(1,154,986)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 95,894,425</u>	<u>\$ 4,935,379</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 94,084,968	\$ 5,136,341
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2019 Encumbrances		(234,151)
June 30, 2018 Encumbrances, Net	<u>-</u>	<u>33,189</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 94,084,968</u>	<u>\$ 4,935,379</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION AND OTHER-POST EMPLOYMENT BENEFITS INFORMATION

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 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)	0.10536%	0.11067%	0.10572%	0.11196%	0.12424%	0.11994%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 20,743,897</u>	<u>\$ 25,761,293</u>	<u>\$ 31,309,752</u>	<u>\$ 25,132,522</u>	<u>\$ 23,261,089</u>	<u>\$ 22,921,968</u>
District's Covered Payroll	<u>\$ 7,275,488</u>	<u>\$ 7,327,343</u>	<u>\$ 7,497,718</u>	<u>\$ 7,318,066</u>	<u>\$ 7,692,702</u>	<u>\$ 8,238,802</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	285%	352%	418%	343%	302%	278%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.92%	52.08%	48.72%

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

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

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,047,943	\$ 1,025,203	\$ 939,157	\$ 962,546	\$ 1,024,215	\$ 903,686
Contributions in Relation to the Contractually Required Contributions	<u>1,047,943</u>	<u>1,025,203</u>	<u>939,157</u>	<u>962,546</u>	<u>1,024,215</u>	<u>903,686</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 7,366,080</u>	<u>\$ 7,275,488</u>	<u>\$ 7,327,343</u>	<u>\$ 7,497,712</u>	<u>\$ 7,318,066</u>	<u>\$ 7,692,702</u>
Contributions as a Percentage of Covered Payroll	14.23%	14.09%	12.82%	12.84%	14.00%	11.75%

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

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

**TEACHERS PENSION AND ANNUITY FUND
Last 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%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>187,876,418</u>	<u>197,068,702</u>	<u>233,807,483</u>	<u>183,628,826</u>	<u>158,957,607</u>	<u>146,804,041</u>
Total	<u>\$ 187,876,418</u>	<u>\$ 197,068,702</u>	<u>\$ 233,807,483</u>	<u>\$ 183,628,826</u>	<u>\$ 158,957,607</u>	<u>\$ 146,804,041</u>
District's Covered Payroll	<u>\$ 32,768,289</u>	<u>\$ 31,539,543</u>	<u>\$ 30,515,234</u>	<u>\$ 29,997,401</u>	<u>\$ 29,582,096</u>	<u>\$ 28,604,775</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

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

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

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 5,565,352	\$ 6,694,348
Interest on the Total OPEB Liability	5,743,009	4,966,771
Differences Between Expected and Actual Experience	(12,339,339)	
Changes of Assumptions	(15,651,995)	(20,688,988)
Gross Benefit Payments	(3,647,151)	(3,521,424)
Contribution from the Member	<u>126,051</u>	<u>129,668</u>
Net Change in Total OPEB Liability	(20,204,073)	(12,419,625)
Total OPEB Liability - Beginning	<u>156,598,956</u>	<u>169,018,581</u>
Total OPEB Liability - Ending	<u>\$ 136,394,883</u>	<u>\$ 156,598,956</u>
District's Proportionate Share	\$ -	\$ -
State's Proportionate Share	<u>136,394,883</u>	<u>156,598,956</u>
Total OPEB Liability - Ending	<u>\$ 136,394,883</u>	<u>\$ 156,598,956</u>
Covered Payroll	\$ 40,043,777	\$ 38,866,886
Total OPEB Liability as a Percentage of		
Covered Payroll:	340.61%	402.91%

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

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

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

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

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 5E.

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	Nonpublic Textbooks	Nonpublic Nursing Services	Nonpublic Technology	Nonpublic Security	Nonpublic Compensatory Education	Nonpublic ESL	Nonpublic Suppl. Inst.	Nonpublic Exam. and Class.	Nonpublic Home Instruction	Nonpublic Corrective Speech	Other Local Grants	Total Exhibit E-1A	Total 2019
REVENUES													
Intergovernmental													
State	\$ 196,814	\$ 417,648	\$ 138,085	\$ 634,785	\$ 443,050	\$ 18,723	\$ 382,623	\$ 504,717	\$ 15,939	\$ 263,733			\$ 3,016,117
Federal												\$ 2,034,199	2,034,199
Other	-	-	-	-	-	-	-	-	-	-	\$ 86,025	-	86,025
Total Revenues	\$ 196,814	\$ 417,648	\$ 138,085	\$ 634,785	\$ 443,050	\$ 18,723	\$ 382,623	\$ 504,717	\$ 15,939	263,733	\$ 86,025	\$ 2,034,199	\$ 5,136,341
EXPENDITURES													
Instruction													
Salaries of Teachers											\$ 1,200	\$ 233,358	\$ 234,558
Purchased Prof. and Tech. Services											1,816	300	2,116
Tuition												700,007	700,007
Other Purchased Services											222	-	222
General Supplies			\$ 86,269								74,514	57,509	218,292
Textbooks	\$ 196,814	-	-	-	-	-	-	-	-	-	-	-	196,814
Total Instruction	196,814	-	86,269	-	-	-	-	-	-	-	77,752	991,174	1,352,009
Support Services													
Salaries of Teachers												27,659	27,659
Personal Services Employee-Benefits												61,956	61,956
Purchased Prof. & Tech. Services		\$ 417,648		\$ 39,589	\$ 443,050	\$ 18,723	\$ 382,623	\$ 504,717	\$ 15,939	\$ 263,733	1,500	889,491	2,977,013
Other Purchased Services												32,939	32,939
General Supplies				595,196							1,773	22,780	619,749
Other Objects	-	-	-	-	-	-	-	-	-	-	-	8,200	8,200
Total Support Services	-	417,648	-	634,785	443,050	18,723	382,623	504,717	15,939	263,733	3,273	1,043,025	3,727,516
Facilities Acquisition & Construction													
Instructional Equipment	-	-	51,816	-	-	-	-	-	-	-	5,000	-	56,816
Total Facilities Acquisition & Construction	-	-	51,816	-	-	-	-	-	-	-	5,000	-	56,816
Total Expenditures	\$ 196,814	\$ 417,648	\$ 138,085	\$ 634,785	\$ 443,050	\$ 18,723	\$ 382,623	\$ 504,717	\$ 15,939	\$ 263,733	\$ 86,025	\$ 2,034,199	\$ 5,136,341

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

REVENUES	ESEA					IDEA Basic	IDEA Preschool	Total Exhibit E-1A
	Title I	Title II Part - A	Title III	Title III Immigrant	Title IV			
Intergovernmental Federal	\$ 318,042	\$ 95,470	\$ 35,404	\$ 2,131	\$ 7,522	\$ 1,549,467	\$ 26,163	\$ 2,034,199
Total Revenues	<u>\$ 318,042</u>	<u>\$ 95,470</u>	<u>\$ 35,404</u>	<u>\$ 2,131</u>	<u>\$ 7,522</u>	<u>\$ 1,549,467</u>	<u>\$ 26,163</u>	<u>\$ 2,034,199</u>
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 227,965			\$ 160	\$ 5,233			\$ 233,358
Purchased Prof. & Tech. Services					300			300
Other Purchased Services								-
Tuition						\$ 700,007		700,007
General Supplies	-	-	\$ 2,583	1,471	1,326	42,310	\$ 9,819	57,509
Total Instruction	<u>227,965</u>	<u>-</u>	<u>2,583</u>	<u>1,631</u>	<u>6,859</u>	<u>742,317</u>	<u>9,819</u>	<u>991,174</u>
Support Services								
Salaries of Teachers			27,659					27,659
Personal Services-Employee Benefits	61,956							61,956
General Supplies	19,921	\$ 1,697	662	500				22,780
Purchased Prof. & Tech. Services		60,834	4,500		663	807,150	16,344	889,491
Other Purchased Services		32,939						32,939
Other Objects	8,200	-	-	-	-	-	-	8,200
Total Support Services	<u>90,077</u>	<u>95,470</u>	<u>32,821</u>	<u>500</u>	<u>663</u>	<u>807,150</u>	<u>16,344</u>	<u>1,043,025</u>
Facilities Acquisition & Construction								
Buildings								-
Instructional Equipment								-
Total Facilities Acquisition & Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 318,042</u>	<u>\$ 95,470</u>	<u>\$ 35,404</u>	<u>\$ 2,131</u>	<u>\$ 7,522</u>	<u>\$ 1,549,467</u>	<u>\$ 26,163</u>	<u>\$ 2,034,199</u>

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

PARAMUS BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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<u>Year</u>	<u>Project</u>	<u>Appropriation</u>	<u>Appropriation Modifications</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2019</u>
					<u>Prior Year</u>	<u>Current Year</u>	
2017	East Brook Field Bathroom Renovations	\$ -	\$ 110,735	\$ 110,735	\$ -	\$ 110,735	\$ -
		<u>\$ -</u>	<u>\$ 110,735</u>	<u>\$ 110,735</u>	<u>\$ -</u>	<u>\$ 110,735</u>	<u>\$ -</u>

**PARAMUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Revenues and Other Financing Sources	
Transfer from Capital Reserve	<u>\$ 36,691</u>
Total Revenues and Other Financing Sources	<u>36,691</u>
 Expenditures and Other Financing Uses	
Construction Services	<u>110,735</u>
Total Expenditures and Other Financing Uses	<u>110,735</u>
Excess of Revenues Over Expenditures	(74,044)
Fund Balance, July 1, 2018	<u>74,044</u>
Fund Balance, June 30, 2019	<u>\$ -</u>

**PARAMUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
EAST BROOK FIELD BATHROOM RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 66,142	\$ 36,691	\$ 102,833	\$ 205,000
Transfer from Other Projects	<u>7,902</u>	<u>-</u>	<u>7,902</u>	<u>-</u>
 Total Revenues and Other Financing Sources	 <u>74,044</u>	 <u>36,691</u>	 <u>110,735</u>	 <u>205,000</u>
Expenditures and Other Financing Uses				
Construction Services	<u>-</u>	<u>110,735</u>	<u>110,735</u>	<u>205,000</u>
 Total Expenditures and Other Financing Sources	 <u>-</u>	 <u>110,735</u>	 <u>110,735</u>	 <u>205,000</u>
 Excess (Deficit) of Revenue Over Expenditures	 <u>\$ 74,044</u>	 <u>\$ (74,044)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 205,000
Authorized Cost Adjustments	\$ -
Revised Authorized Cost	\$ 205,000
 Percentage Increase Over Original Authorized Cost	 0.00%
Percentage Completion	100.00%
Original Target Completion Date	September 30, 2018
Revised Target Completion Date	May 31, 2019

ENTERPRISE FUNDS

NOT APPLICABLE

FIDUCIARY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 438,986	\$ 23,570	\$ 462,556
Total Assets	<u>\$ 438,986</u>	<u>\$ 23,570</u>	<u>\$ 462,556</u>
LIABILITIES			
Payroll Deductions and Withholdings Due to Student Groups	\$ 438,986	\$ 23,570 -	\$ 23,570 438,986
Total Liabilities	<u>\$ 438,986</u>	<u>\$ 23,570</u>	<u>\$ 462,556</u>

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

NOT APPLICABLE

**PARAMUS 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>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2019</u>
ELEMENTARY & MIDDLE SCHOOL				
Eastbrook	\$ 41,165	\$ 32,766	\$ 23,803	\$ 50,128
Westbrook	26,234	22,408	23,617	25,025
Elementary	37,591	37,348	36,090	38,849
HIGH SCHOOLS				
High School Activity	261,508	294,864	231,388	324,984
High School Athletic	<u>-</u>	<u>87,680</u>	<u>87,680</u>	<u>-</u>
 Total	 <u>\$ 366,498</u>	 <u>\$ 475,066</u>	 <u>\$ 402,578</u>	 <u>\$ 438,986</u>

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

	Balance, July 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2019</u>
ASSETS				
Cash and Cash Equivalents	\$ 36,050	\$ 54,199,786	\$ 54,212,266	\$ 23,570
Total Assets	<u>\$ 36,050</u>	<u>\$ 54,199,786</u>	<u>\$ 54,212,266</u>	<u>\$ 23,570</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 36,050	\$ 24,233,499	\$ 24,245,979	\$ 23,570
Accrued Salaries and Wages	<u>-</u>	<u>29,966,287</u>	<u>29,966,287</u>	<u>-</u>
Total Liabilities	<u>\$ 36,050</u>	<u>\$ 54,199,786</u>	<u>\$ 54,212,266</u>	<u>\$ 23,570</u>

LONG-TERM DEBT

**PARAMUS BOARD OF EDUCATION
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Issue</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>
Refunding Bonds	2/14/2012	\$ 16,460,000	4/1/2020	\$ 1,080,000	5.00%			
			4/1/2021	1,105,000	5.00%			
			4/1/2022	1,130,000	5.00%			
			4/1/2023	1,135,000	5.00%			
			4/1/2024	1,140,000	4.00%			
			4/1/2025	1,130,000	4.00%			
			4/1/2026	1,120,000	2.75%			
			4/1/2027	1,100,000	4.00%			
			4/1/2028	1,090,000	3.00%			
			4/1/2029	1,065,000	3.125%			
						\$ 12,185,000	\$ 1,090,000	\$ 11,095,000
						<u>\$ 12,185,000</u>	<u>\$ 1,090,000</u>	<u>\$ 11,095,000</u>

**PARAMUS BOARD OF EDUCATION
SCHEDULE OF CAPITAL LEASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Not Applicable

**PARAMUS BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	2019				Variance Favorable (Unfavorable)
	Original Budget	Adjustments	Modified Budget	Actual	
REVENUES					
Local Sources					
Local Tax Levy	\$ 987,682	-	\$ 987,682	\$ 987,682	-
Total Revenues	987,682	-	987,682	987,682	-
EXPENDITURES					
Regular Debt Service					
Interest on Bonds	497,682		497,682	497,681	\$ 1
Redemption of Principal	1,090,000	-	1,090,000	1,090,000	-
Total Expenditures	1,587,682	-	1,587,682	1,587,681	1
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	(600,000)	-	(600,000)	(599,999)	1
Other Financing Sources (Uses)					
Operating Transfers In-Capital Reserve	600,000	-	600,000	600,000	-
Total Other Financing Sources	600,000	-	600,000	600,000	-
Excess (Deficiency) of Revenues Over/ (Under) Expenditures and Other Financing Sources	-	-	-	1	1
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ 1	\$ 1
Recapitulation of Fund Balance:					
Restricted for Debt Service:					
Available for Future Debt Service Expenditures				\$ 1	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	2010	2011	2012	2013	June 30		2016	2017	2018	2019
		(Restated)			2014	2015				
					(Restated)					
Governmental activities										
Net Investment in Capital Assets	\$ 25,187,220	\$ 27,826,536	\$ 29,450,260	\$ 31,802,380	\$ 35,209,488	\$ 39,957,382	\$ 41,735,254	\$ 43,973,893	\$ 46,480,657	\$ 48,743,148
Restricted	3,720,473	5,130,462	7,447,327	9,371,004	12,674,591	14,660,403	17,097,317	19,585,301	19,871,637	20,848,890
Unrestricted	1,498,811	1,466,597	2,080,303	2,487,970	(20,932,272)	(20,314,957)	(20,324,594)	(21,758,843)	(21,857,653)	(21,252,867)
Total governmental activities net position	<u>\$ 30,406,504</u>	<u>\$ 34,423,595</u>	<u>\$ 38,977,890</u>	<u>\$ 43,661,354</u>	<u>\$ 26,951,807</u>	<u>\$ 34,302,828</u>	<u>\$ 38,507,977</u>	<u>\$ 41,800,351</u>	<u>\$ 44,494,641</u>	<u>\$ 48,339,171</u>
Business-type activities										
Net Investment in Capital Assets	\$ 180,679	\$ 169,887	\$ 160,104	\$ 167,670	\$ 164,909	\$ 172,989	\$ 170,386	\$ 168,991	\$ 169,056	\$ 163,885
Restricted										
Unrestricted	124,890	183,061	220,440	258,441	270,522	230,000	175,679	118,939	123,501	135,699
Total business-type activities net position	<u>\$ 305,569</u>	<u>\$ 352,948</u>	<u>\$ 380,544</u>	<u>\$ 426,111</u>	<u>\$ 435,431</u>	<u>\$ 402,989</u>	<u>\$ 346,065</u>	<u>\$ 287,930</u>	<u>\$ 292,557</u>	<u>\$ 299,584</u>
District-wide										
Net Investment in Capital Assets	25,367,899	27,996,423	29,610,364	31,970,050	\$ 35,374,397	\$ 40,130,371	\$ 41,905,640	\$ 44,142,884	\$ 46,649,713	\$ 48,907,033
Restricted	3,720,473	5,130,462	7,447,327	9,371,004	12,674,591	14,660,403	17,097,317	19,585,301	19,871,637	20,848,890
Unrestricted	1,623,701	1,649,658	2,300,743	2,746,411	(20,661,750)	(20,084,957)	(20,148,915)	(21,639,904)	(21,734,152)	(21,117,168)
Total district net position	<u>\$ 30,712,073</u>	<u>\$ 34,776,543</u>	<u>\$ 39,358,434</u>	<u>\$ 44,087,465</u>	<u>\$ 27,387,238</u>	<u>\$ 34,705,817</u>	<u>\$ 38,854,042</u>	<u>\$ 42,088,281</u>	<u>\$ 44,787,198</u>	<u>\$ 48,638,755</u>

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

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

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

	June 30									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
Instruction										
Regular	\$ 30,961,268	\$ 30,444,916	\$ 30,489,032	\$ 31,674,424	\$ 30,870,406	\$ 35,405,836	\$ 37,580,253	\$ 41,188,789	\$ 43,695,052	\$ 39,759,002
Special education	13,159,168	12,504,000	12,847,226	13,941,263	14,342,356	15,896,202	17,011,501	18,113,912	19,168,385	19,037,559
Community services	16,134	16,208	-	-	-	-	-	-	-	-
Other instruction	1,491,638	1,275,720	1,977,422	2,235,557	2,401,823	2,853,123	3,026,442	3,530,919	2,976,844	2,794,724
School Sponsored Activities and Athletics	1,436,961	1,358,950	1,571,726	1,671,482	1,769,801	1,991,962	2,175,830	2,392,640	2,518,879	2,318,185
Support Services:										
Student and instruction related services	8,702,798	8,481,946	9,469,204	10,236,801	10,488,907	12,091,605	12,918,305	14,318,550	15,254,439	15,576,419
School Administration services	4,867,499	4,640,667	4,858,674	4,835,004	4,977,054	5,947,989	6,073,147	6,696,125	6,706,583	6,238,192
General administration services	1,243,442	1,270,638	1,053,352	961,047	975,612	1,055,628	919,677	1,149,132	1,168,841	1,196,287
Plant operations and maintenance	10,655,154	10,284,822	10,646,753	10,819,771	10,992,476	11,066,092	11,631,973	12,263,703	12,058,625	12,150,036
Pupil transportation	3,327,788	3,208,504	3,272,653	3,193,615	3,203,080	3,250,926	3,426,661	3,546,666	3,716,755	4,127,509
Central services	2,393,804	2,110,412	2,081,627	2,058,385	1,893,852	2,071,816	2,195,762	2,427,720	2,778,712	2,627,995
Interest on long-term debt	1,262,633	1,178,779	979,384	852,919	721,476	765,720	599,248	563,082	524,055	479,631
Total governmental activities expenses	79,518,287	76,775,562	79,247,053	82,480,268	82,636,843	92,396,899	97,558,799	106,191,238	110,567,170	106,305,539
Business-type activities:										
Food service	1,025,171	978,676	1,043,141	1,028,038	1,090,992	1,247,618	1,317,291	1,333,494	1,236,660	1,261,418
Total business-type activities expense	1,025,171	978,676	1,043,141	1,028,038	1,090,992	1,247,618	1,317,291	1,333,494	1,236,660	1,261,418
Total district expenses	\$ 80,543,458	\$ 77,754,238	\$ 80,290,194	\$ 83,508,306	\$ 83,727,835	\$ 93,644,517	\$ 98,876,090	\$ 107,524,732	\$ 111,803,830	\$ 107,566,957
Program Revenues										
Governmental activities:										
Charges for services:										
Regular Instruction		\$ 345,756	\$ 338,171	\$ 362,514	\$ 529,896	\$ 516,473	\$ 355,685	\$ 251,265	\$ 440,494	\$ 464,978
Special education	\$ 332,987	186,480	324,305	344,032	336,063	818,739	673,683	747,278	1,075,711	712,656
Transportation				19,135	-	-	-	-	-	-
Operating grants and contributions	10,927,088	8,497,955	9,990,465	11,991,443	11,755,186	19,985,595	22,884,855	29,558,192	32,730,075	27,572,398
Capital grants and contributions				408,915	601,080	286,180	4,080			
Total governmental activities program revenues	11,260,075	9,030,191	10,652,941	13,126,039	13,222,225	21,606,987	23,918,303	30,556,735	34,246,280	28,750,032
Business-type activities:										
Food service										
Charges for services	\$ 898,306	\$ 885,767	\$ 919,503	\$ 933,070	\$ 958,036	\$ 1,069,902	\$ 1,101,865	\$ 1,123,628	\$ 1,088,699	\$ 1,105,686
Operating grants and contributions	144,127	140,278	151,234	139,002	140,492	145,014	158,502	151,731	152,588	162,759
Total business-type activities program revenues	1,042,433	1,026,045	1,070,737	1,072,072	1,098,528	1,214,916	1,260,367	1,275,359	1,241,287	1,268,445
Total district program revenues	\$ 12,302,508	\$ 10,056,236	\$ 11,723,678	\$ 14,198,111	\$ 14,320,753	\$ 22,821,903	\$ 25,178,670	\$ 31,832,094	\$ 35,487,567	\$ 30,018,477
Net (Expense)/Revenue										
Governmental activities	\$ (68,258,212)	\$ (67,745,371)	\$ (68,594,112)	\$ (69,354,229)	\$ (69,414,618)	\$ (70,789,912)	\$ (73,640,496)	\$ (75,634,503)	\$ (76,320,890)	\$ (77,555,507)
Business-type activities	17,262	47,369	27,596	44,034	7,536	(32,702)	(56,924)	(58,135)	4,627	7,027
Total district-wide net expense	\$ (68,240,950)	\$ (67,698,002)	\$ (68,566,516)	\$ (69,310,195)	\$ (69,407,082)	\$ (70,822,614)	\$ (73,697,420)	\$ (75,692,638)	\$ (76,316,263)	\$ (77,548,480)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes	\$ 64,898,985	\$ 67,494,944	\$ 68,651,094	\$ 69,958,474	\$ 71,357,641	\$ 72,774,791	\$ 74,230,284	\$ 75,704,884	\$ 77,040,097	\$ 78,406,873
Property taxes levied for debt service	2,819,899	2,910,323	2,608,906	2,124,307	2,269,316	2,240,359	1,664,672	1,186,267	950,492	987,682
Unrestricted grants and contributions			123,479			71,146	77,127	110,143		8,094
Restricted state aid										
Debt service Type II aid	619,471	511,348	397,827	394,963	248,324	238,735	234,467	248,000		
Investment earnings	263	630	29,900	72,212	75,013	56,015	62,181			
Miscellaneous income	1,504,709	1,170,718	1,337,201	1,487,737	1,676,745	2,759,887	1,576,914	1,677,583	910,061	1,997,388
Other items	105,476									
Total governmental activities	69,948,803	72,087,963	73,148,407	74,037,693	75,627,039	78,140,933	77,845,645	78,926,877	79,015,180	81,400,037
Business-type activities:										
Investment earnings	10	10		1,533	1,784	260				
Total business-type activities	10	10		1,533	1,784	260				
Total district-wide	\$ 69,948,813	\$ 72,087,973	\$ 73,148,407	\$ 74,039,226	\$ 75,628,823	\$ 78,141,193	\$ 77,845,645	\$ 78,926,877	\$ 79,015,180	\$ 81,400,037
Change in Net Assets										
Governmental activities	\$ 1,690,591	\$ 4,342,592	\$ 4,554,295	\$ 4,683,464	\$ 6,212,421	\$ 7,351,021	\$ 4,205,149	\$ 3,292,374	\$ 2,694,290	\$ 3,844,530
Business-type activities	17,272	47,379	27,596	45,567	9,320	(32,442)	(56,924)	(58,135)	4,627	7,027
Total district	\$ 1,707,863	\$ 4,389,971	\$ 4,581,891	\$ 4,729,031	\$ 6,221,741	\$ 7,318,579	\$ 4,148,225	\$ 3,234,239	\$ 2,698,917	\$ 3,851,557

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

	2010	2011	2012	2013	June 30		2016	2017	2018	2019
					2014	2015				
General Fund										
Reserved	\$ 5,204,812									
Unreserved	1,048,677									
Restricted		\$ 5,830,339	\$ 8,437,790	\$ 10,342,765	\$ 11,362,486	\$ 15,658,856	\$ 18,866,176	\$ 20,985,876	\$ 21,853,343	\$ 22,904,640
Committed									536,676	296,927
Assigned		338,200	205,305	752,553	764,796	423,089	450,098	681,114	404,826	773,862
Unassigned		1,398,254	1,350,633	1,352,937	1,411,670	1,375,542	1,449,856	1,462,799	1,529,274	1,521,456
Total general fund	<u>\$ 6,253,489</u>	<u>\$ 7,566,793</u>	<u>\$ 9,993,728</u>	<u>\$ 12,448,255</u>	<u>\$ 13,538,952</u>	<u>\$ 17,457,487</u>	<u>\$ 20,766,130</u>	<u>\$ 23,129,789</u>	<u>\$ 24,324,119</u>	<u>\$ 25,496,885</u>
All Other Governmental Funds										
Reserved	\$ 227,668									
Unreserved	(1,418,193)									
Restricted		\$ (403,730)	\$ 319,537	\$ 338,239	\$ 1,912,105	\$ 895,547	\$ 425,141	\$ 593,425	\$ 74,044	\$ 1
Total all other governmental funds	<u>\$ (1,190,525)</u>	<u>\$ (403,730)</u>	<u>\$ 319,537</u>	<u>\$ 338,239</u>	<u>\$ 1,912,105</u>	<u>\$ 895,547</u>	<u>\$ 425,141</u>	<u>\$ 593,425</u>	<u>\$ 74,044</u>	<u>\$ 1</u>

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

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

June 30

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax levy	\$ 67,718,884	\$ 70,405,267	\$ 71,260,000	\$ 72,082,781	\$ 73,626,957	\$ 75,015,150	\$ 75,894,956	\$ 76,891,151	\$ 77,990,589	\$ 79,394,555
Tuition charges	332,987	532,236	662,476	706,546	865,959	1,335,212	1,029,368	998,543	1,516,205	1,177,634
Transportation Fees from Other LEAs				19,135						
Interest earnings	263	630	29,900	72,212	75,013	56,015	62,181	41,027	79,800	186,324
Miscellaneous	1,565,510	1,269,384	1,409,877	1,564,184	1,727,512	2,850,999	1,644,345	1,739,805	954,272	1,901,382
State sources	9,034,170	6,350,337	8,276,469	10,868,673	10,831,079	11,569,634	12,367,663	13,498,297	15,059,320	17,087,294
Federal sources	2,451,588	2,560,300	2,162,626	1,850,201	1,722,744	1,938,222	1,932,853	2,035,034	1,848,564	2,070,297
Total revenue	81,103,402	81,118,154	83,801,348	87,163,732	88,849,264	92,765,232	92,931,366	95,203,857	97,448,750	101,817,486
Expenditures										
Instruction										
Regular Instruction	29,325,548	28,858,613	28,910,884	29,937,817	29,069,631	29,668,702	30,729,149	31,369,479	33,520,028	33,065,439
Special education instruction	13,149,343	12,505,227	12,847,226	13,955,301	14,372,065	14,812,182	15,625,057	15,728,815	16,712,908	17,950,710
Other instruction	1,489,949	1,275,898	1,998,943	2,235,557	2,401,823	2,603,483	2,710,245	2,979,333	2,552,759	2,572,177
School sponsored activities and athletics	1,435,348	1,359,151	1,576,358	1,671,482	1,769,801	1,695,789	1,804,093	1,792,302	1,915,177	2,007,825
Community services	16,116	16,210								
Support Services:										
Student and inst. related services	8,624,440	8,418,190	9,411,413	10,164,191	10,417,119	10,954,311	11,471,646	11,936,892	12,727,655	14,235,992
General administration	1,226,520	1,258,429	1,035,224	985,899	963,246	1,028,507	872,675	1,062,754	1,061,911	1,154,733
School administration services	4,830,253	4,642,844	4,788,494	4,833,814	4,945,173	5,284,232	5,320,345	5,435,025	5,469,498	5,628,909
Plant operations and maintenance	10,488,342	10,109,803	10,443,307	10,612,696	10,800,079	10,735,054	11,250,614	11,341,176	10,937,350	11,728,980
Pupil transportation	3,212,718	3,019,662	3,062,989	2,983,951	2,993,422	3,155,756	3,312,186	3,394,786	3,533,245	3,901,318
Central services	2,392,080	2,121,600	2,070,166	2,070,404	1,899,277	2,001,690	2,095,043	2,182,442	2,411,548	2,538,398
Capital outlay	1,910,475	2,295,213	1,737,207	2,615,869	3,931,168	2,591,737	3,284,295	3,871,428	4,399,240	4,346,601
Debt service:										
Principal	1,911,107	1,976,762	1,870,904	1,701,874	1,770,051	4,540,180	1,010,000	1,000,000	995,000	1,090,000
Advance Refunding Escrow			1,801,947							
Bond Issuance Costs			174,059							
Interest and other charges	1,237,542	1,160,453	806,471	921,648	851,846	791,632	607,781	577,482	537,482	497,681
Total expenditures	81,249,781	79,018,055	82,535,592	84,690,503	86,184,701	89,863,255	90,093,129	92,671,914	96,773,801	100,718,763
Excess (Deficiency) of revenues over (under) expenditures	(146,379)	2,100,099	1,265,756	2,473,229	2,664,563	2,901,977	2,838,237	2,531,943	674,949	1,098,723
Other Financing sources (uses)										
Proceeds from borrowing										
Capital Leases	759,771									
Original issue premium			1,908,006							
Accrued interest on bonds issued										
Refund of Escrow for Refunding Bonds										
Refunding bonds issued			16,460,000							
Payment to refunded bond escrow agent			(16,392,000)							
Transfers in	396,732	2,455,460	1,761,046	1,930,368	4,257,176	3,132,696	2,000,000	387,998	770,142	636,691
Transfers out	(396,732)	(2,455,460)	(1,761,046)	(1,930,368)	(4,257,176)	(3,132,696)	(2,000,000)	(387,998)	(770,142)	(636,691)
Total other financing sources (uses)	759,771	-	1,976,006	-	-	-	-	-	-	-
Net change in fund balances	\$ 613,392	\$ 2,100,099	\$ 3,241,762	\$ 2,473,229	\$ 2,664,563	\$ 2,901,977	\$ 2,838,237	\$ 2,531,943	\$ 674,949	\$ 1,098,723
Debt service as a percentage of noncapital expenditures	3.97%	4.09%	3.31%	3.20%	3.19%	6.11%	1.86%	1.78%	1.66%	1.65%

* Noncapital expenditures are total expenditures less capital outlay.

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

	<u>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>
Tuition	\$ 332,987	\$ 532,236	\$ 662,476	\$ 706,546	\$ 865,959	\$ 1,335,212	\$ 1,029,368	\$ 998,543	\$ 1,516,205	\$ 1,177,634
Transportation Fees				19,135						
Interest Income	131	386	27,774	69,701	72,837	54,231	62,181	85,057	145,580	351,225
Bldg. Rental	167,501	142,167	124,737	134,703	81,853	43,482	37,553	152,471	187,463	164,999
E-Rate	65,759	57,028								
Refunds Prior Year	215,373	64,320				1,637,975	1,428	11,242	13,443	45,410
Prior Year Outstanding Checks	52,858	15,743								
Miscellaneous			267,458	340,081	573,571	125,355	170,287	310,960	195,411	606,197
Special Schools Fees	886,515	879,125	838,837	1,012,705	1,021,321	953,075	1,031,179	1,117,853	368,164	307,729
Cancellation of Prior Year Accounts Payable			103,570	248			25,528			
Insurance Claims Refund	87,502									
Cancellation of Accrued Liability of Claims										521,828
Insurance Premium Refund	21,881									
Health Claim Reimbursements	-	-	-	-	-	-	310,939	-	-	-
	<u>\$ 1,830,507</u>	<u>\$ 1,691,005</u>	<u>\$ 2,024,852</u>	<u>\$ 2,283,119</u>	<u>\$ 2,615,541</u>	<u>\$ 4,149,330</u>	<u>\$ 2,668,463</u>	<u>\$ 2,676,126</u>	<u>\$ 2,426,266</u>	<u>\$ 3,175,022</u>

Source: School District's Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2010	\$ 144,177,500	\$ 4,348,882,600	\$ 1,502,200		\$ 3,378,135,900	\$ 116,580,000	\$ 18,642,800	\$ 8,007,921,000	\$ 7,054,399	\$ 8,014,975,399	\$ 9,232,778,941	\$ 0.862
2011	144,326,700	4,142,885,600	1,479,800	\$ 22,400	3,567,285,600	115,428,700	18,642,800	7,990,071,600	6,411,753	7,976,041,303	8,672,226,280	0.888
2012	144,326,700	4,146,398,000	1,479,800	22,400	3,567,000,300	115,428,700	18,642,800	7,993,298,700	6,411,753	7,999,710,453	8,558,395,272	0.896
2013	143,045,700	4,154,425,400	1,479,800	22,400	3,462,384,900	113,136,400	18,642,800	7,893,137,400	6,222,785	7,899,360,185	8,545,391,805	0.922
2014	142,215,000	4,171,077,547	1,479,800	22,400	3,542,561,600	111,783,600	18,642,800	7,987,782,747	4,987,188	7,992,769,935	8,834,630,995	0.930
2015	137,950,900	4,203,955,147	1,479,800	22,400	3,532,924,100	109,198,200	16,964,600	8,002,495,147	5,235,279	8,007,730,426	8,758,087,401	0.944
2016	137,301,800	4,225,646,147	1,479,800	22,400	3,513,162,400	108,289,700	16,964,600	8,002,866,847	5,153,630	8,008,020,477	8,810,817,359	0.954
2017	137,252,400	4,265,444,247	1,479,800	22,400	3,500,165,000	101,312,100	16,964,600	8,022,640,547	4,687,668	8,027,328,215	9,669,326,922	0.965
2018	142,303,300	4,274,723,247	1,479,800	22,400	3,492,492,700	99,013,200	16,964,600	8,026,999,247	4,357,977	8,031,357,224	10,511,862,247	0.980
2019	144,594,500	4,333,905,447	1,421,900	22,400	3,443,882,320	99,158,800	16,964,600	8,039,949,967	4,628,293	8,044,578,260	10,018,186,246	0.997

Source: County Abstract of Ratables

a Tax rates are per \$100

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

<u>Year Ended</u> <u>December 31,</u>	<u>Total</u>	<u>Local</u> <u>School</u> <u>District</u>	<u>Municipality</u>	<u>County</u>
2010	\$ 1.637	\$ 0.862	\$ 0.548	\$ 0.227
2011	1.665	0.888	0.551	0.226
2012	1.677	0.896	0.548	0.233
2013	1.726	0.922	0.555	0.249
2014	1.719	0.930	0.535	0.254
2015	1.734	0.944	0.530	0.260
2016	1.752	0.954	0.529	0.269
2017	1.801	0.965	0.533	0.303
2018	1.833	0.980	0.534	0.319
2019	1.856	0.997	0.558	0.301

Source: Tax Duplicates, Borough of Paramus

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

Taxpayer	2019		Taxpayer	2010	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Westland GSP L.P.	\$ 739,346,000	9.19%	Westland GSP L.P.	\$ 560,426,600	6.99%
VNO Bergen Mall, LLC	247,730,300	3.08%	ALX of Paramus LLC	170,000,000	2.12%
ALX of Paramus LLC	142,000,000	1.77%	Vornado, Bergen Mall LLC	160,000,000	2.00%
Westland GSP L.P.	97,069,400	1.21%	Paramus Park Shopping Center	113,780,000	1.42%
Paramus Park - General Growth	91,188,000	1.13%	Westland GSP L.P.	97,069,400	1.21%
Faber Bros Inc NJ	71,150,500	0.88%	Faber Bros Inc NJ	86,313,600	1.08%
William Farber (Trustees/Etal)	48,956,500	0.61%	RREEF America REIT III Corp	64,955,000	0.81%
Gabriel, J & Etal & Temple Ridge	42,414,800	0.53%	Paramus Park - Macy's Inc.	63,229,700	0.79%
650 From Road LLC	41,928,000	0.52%	Mack Paramus Affiliates	58,100,000	0.72%
Vornado Bergen Mall LLC	41,433,400	0.52%	Farber, William A	48,956,500	0.61%
	<u>\$ 1,563,216,900</u>	<u>19.43%</u>		<u>\$ 1,422,830,800</u>	<u>17.75%</u>

Source: Municipal Tax Assessor

N/A Not Available

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

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 67,718,884	\$ 67,718,884	100.00%	N/A
2011	70,405,267	70,405,267	100.00%	N/A
2012	71,260,000	71,260,000	100.00%	N/A
2013	72,082,781	72,082,781	100.00%	N/A
2014	73,626,957	73,626,957	100.00%	N/A
2015	75,015,150	75,015,150	100.00%	N/A
2016	75,894,956	75,894,956	100.00%	N/A
2017	76,891,151	76,891,151	100.00%	N/A
2018	77,990,589	77,990,589	100.00%	N/A
2019	79,394,555	74,860,648	94.29%	\$ 4,533,907

N/A = Not Applicable

**PARAMUS 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>Certificates of Participation</u>	<u>Capital Leases</u>	<u>Temporary Notes</u>			
2010	\$ 26,222,000		\$ 759,771	\$ 11,820,510	\$ 38,802,281	26,137	\$ 1,485
2011	24,347,000		658,009	11,423,910	36,428,919	26,363	1,382
2012	22,625,000		577,105	9,736,000	32,938,105	26,485	1,244
2013	21,005,000		495,231		21,500,231	26,550	810
2014	19,320,000		410,180		19,730,180	26,595	742
2015	15,190,000				15,190,000	26,602	571
2016	14,180,000				14,180,000	26,661	532
2017	13,180,000				13,180,000	26,607	495
2018	12,185,000				12,185,000	26,625	458
2019	11,095,000				11,095,000	26,558	418

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2010	\$ 26,222,000		\$ 26,222,000	0.33%	\$ 1,003
2011	24,347,000		24,347,000	0.31%	924
2012	22,625,000		22,625,000	0.28%	854
2013	21,005,000		21,005,000	0.27%	791
2014	19,320,000		19,320,000	0.24%	726
2015	15,190,000		15,190,000	0.19%	571
2016	14,180,000		14,180,000	0.18%	532
2017	13,180,000		13,180,000	0.16%	495
2018	12,185,000		12,185,000	0.15%	458
2019	11,095,000		11,095,000	0.14%	418

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

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

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
MUNICIPAL DEBT:			
Borough of Paramus (1)	\$ 45,010,853	\$ 6,630,000	\$ 38,380,853
Paramus School District	<u>12,185,000</u>	<u>12,185,000</u>	<u>-</u>
	<u>\$ 57,195,853</u>	<u>\$ 18,815,000</u>	<u>38,380,853</u>
OVERLAPPING DEBT APPORTIONED TO THE MUNICIPALITY			
Bergen County:			
County of Bergen(A)			85,062,793
Bergen County Utilities Authority - Water Pollution Control (B)			<u>9,265,154</u>
			<u>94,327,947</u>
Total Direct and Overlapping Outstanding Debt			<u>\$ 132,708,800</u>

SOURCE:

(1) Borough of Paramus 2018 Annual Debt Statement

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized valuation basis
	2018 \$ 9,909,875,614
	2017 10,419,013,697
	2016 9,645,494,573
	<u>\$ 29,974,383,884</u>
Average equalized valuation of taxable property	<u>\$ 9,991,461,295</u>
Debt limit (4 % of average equalization value)	399,658,452 a
Total Net Debt Applicable to Limit	<u>11,095,000</u>
Legal debt margin	<u>\$ 388,563,452</u>

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 367,696,850	\$ 359,887,470	\$ 350,541,846	\$ 343,226,211	\$ 343,601,966	\$ 346,591,299	\$ 347,117,624	\$ 360,415,977	\$ 383,721,993	\$ 399,658,452
Total net debt applicable to limit	<u>27,016,701</u>	<u>24,745,101</u>	<u>22,626,501</u>	<u>21,005,000</u>	<u>19,320,000</u>	<u>15,190,000</u>	<u>14,180,000</u>	<u>13,180,000</u>	<u>12,185,000</u>	<u>11,095,000</u>
Legal debt margin	<u>\$ 340,680,149</u>	<u>\$ 335,142,369</u>	<u>\$ 327,915,345</u>	<u>\$ 322,221,211</u>	<u>\$ 324,281,966</u>	<u>\$ 331,401,299</u>	<u>\$ 332,937,624</u>	<u>\$ 347,235,977</u>	<u>\$ 371,536,993</u>	<u>\$ 388,563,452</u>
Total net debt applicable to the limit as a percentage of debt limit	7.35%	6.88%	6.45%	6.12%	5.62%	4.38%	4.09%	3.66%	3.18%	2.78%

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

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

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

Year	Population	County Per Capita Personal Income	Unemployment Rate
2010	26,137	\$ 65,992	7.80%
2011	26,363	68,865	8.50%
2012	26,485	71,789	7.50%
2013	26,550	71,100	6.50%
2014	26,595	73,637	5.40%
2015	26,602	76,821	4.50%
2016	26,661	77,901	4.00%
2017	26,607	81,203	4.00%
2018	26,625	N/A	3.40%
2019	26,558	N/A	N/A

Source: New Jersey State Department of Education

N/A - Not Available

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

Employer	2019		2010	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>#</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	304	258	258		259	245	258	263	263	263
Special education	124	168	168		191	195	193	193	191	194
Support Services:										
Student & instruction related services	83	89	89		91	89	91	90	90	95
General administration	3	2	2		2	2	2	2	2	2
School administrative services	31	36	36		41	39	38	36	36	36
Other administrative services	4									
Central services	16	15	15		15	15	14	14	14	14
Administrative Information Technology	6	6	6		6	7	7	7	8	9
Plant operations and maintenance	121	120	120		105	105	87	92	92	90
Pupil transportation	24	23	23		21	20	21	20	20	18
Other support services										
Special Schools	3	51	3		33	36	22	16	1	1
Total	<u>719</u>	<u>768</u>	<u>720</u>		<u>764</u>	<u>753</u>	<u>733</u>	<u>733</u>	<u>717</u>	<u>722</u>

Source: District Personnel Records

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

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2010	4,245	\$ 76,190,657	\$ 17,948	9.61%	419	1:10.32	1:09.80	1:09.47	4,243	4,087	-0.09%	96.32%
2011	4,177	73,585,627	17,617	-1.85%	391	1:09.84	1:09.62	1:08.56	4,156	3,940	-2.05%	94.80%
2012	4,095	76,145,004	18,595	5.55%	382	1:09.76	1:08.94	1:08.98	4,073	3,938	-2.00%	96.69%
2013	4,034	79,451,112	19,695	5.92%	385	1:33.39	01:27.0	1:25.40	4,031	3,884	-1.03%	96.35%
2014	3,941	79,631,636	20,206	2.59%	387	1:09.98	1:09.72	1:10.85	3,940	3,798	-2.26%	96.40%
2015	3,933	81,939,706	20,834	3.11%	398	1:10.40	1:09.66	1:10.41	3,934	3,787	-0.15%	96.26%
2016	3,894	85,191,053	21,878	5.01%	418	1:09.20	1:09.22	1:10.11	3,894	3,742	-1.02%	96.10%
2017	3,823	87,223,004	22,815	4.29%	420	1:09.20	1:08.94	1:10.41	3,823	3,663	-1.82%	95.81%
2018	3,776	90,842,079	24,058	5.45%	422	1:08.83	1:09.23	1:10.24	3,776	3,624	-1.23%	95.97%
2019	3,781	94,784,481	25,069	4.20%	402	1:09.76	1:09.22	1:09.96	3,781	3,615	0.13%	95.61%

Sources: District records

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
District Building										
Elementary										
Memorial										
Square Feet	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250	49,250
Capacity (students)	365	365	365	365	365	365	365	365	365	365
Enrollment	334	344	318	317	319	340	307	295	307	310
Midland										
Square Feet	38,750	38,750	38,750	38,750	38,750	38,750	38,750	38,750	38,750	38,750
Capacity (students)	321	321	321	321	321	321	321	321	321	321
Enrollment ^a	244	261	231	231	237	236	229	236	212	192
Stony Lane										
Square Feet	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700	30,700
Capacity (students)	270	270	270	270	270	270	270	270	270	270
Enrollment	219	218	201	201	206	196	201	192	184	177
Ridge Ranch										
Square Feet	46,430	46,430	46,430	46,430	46,430	46,430	46,430	46,430	46,430	46,430
Capacity (students)	476	476	476	476	476	476	476	476	476	476
Enrollment	382	365	347	350	315	297	327	330	344	347
Parkway										
Square Feet	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000	52,000
Capacity (students)	476	476	476	476	476	476	476	476	476	476
Enrollment	274	245	273	255	251	267	289	288	291	314
Middle School										
East Brook										
Square Feet	115,971	115,971	115,971	115,971	115,971	115,971	115,971	115,971	115,971	115,971
Capacity (students)	876	876	876	876	876	876	876	876	876	876
Enrollment	649	641	627	629	608	652	618	619	608	589
West Brook										
Square Feet	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Capacity (students)	876	876	876	876	876	876	876	876	876	876
Enrollment	738	704	671	674	627	624	620	585	509	584
High School										
Square Feet	297,950	297,950	297,950	297,950	297,950	297,950	297,950	297,950	297,950	297,950
Capacity (students)	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944	1,944
Enrollment	1,332	1,318	1,288	1,288	1,272	1,322	1,303	1,278	1,240	1,268

Number of Schools at June 30, 2019

Elementary = 5

Middle School = 2

Senior High School = 1

Source: District Records

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

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

<u>School Facilities</u>	<u>Project Nos.</u>	<u>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>
Memorial School	N/A	\$ 53,384	\$ 55,074	\$ 85,422	\$ 112,602	\$ 121,064	\$ 117,535	\$ 132,273	\$ 130,594	\$ 107,136	\$ 151,728
Midland School	N/A	42,354	43,695	77,537	37,519	40,339	39,163	44,074	43,515	35,699	50,557
Parkway School	N/A	39,284	40,528	98,642	25,832	27,773	26,963	30,344	29,959	24,578	34,808
Ridge Ranch School	N/A	59,486	61,370	67,525	82,690	88,904	86,313	97,136	95,903	78,677	111,423
Stony Lane School	N/A	48,106	49,629	53,207	33,753	36,289	35,231	39,648	39,145	32,114	45,480
Paramus High School	N/A	1,240,865	1,280,155	827,419	1,344,475	1,445,512	1,403,379	1,579,351	1,559,307	1,279,223	1,811,653
East Brook Middle School	N/A	94,357	97,345	179,886	92,996	99,985	97,071	109,243	107,856	88,483	125,311
West Brook Middle School	N/A	<u>147,418</u>	<u>152,086</u>	<u>346,612</u>	<u>162,072</u>	<u>174,252</u>	<u>169,173</u>	<u>190,386</u>	<u>187,970</u>	<u>154,207</u>	<u>218,390</u>
Total School Facilities		<u>\$ 1,725,254</u>	<u>\$ 1,779,882</u>	<u>\$ 1,736,250</u>	<u>\$ 1,891,939</u>	<u>\$ 2,034,118</u>	<u>\$ 1,974,828</u>	<u>\$ 2,222,455</u>	<u>\$ 2,194,249</u>	<u>\$ 1,800,117</u>	<u>\$ 2,549,350</u>

Source: District Records

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Building & Contents	\$ 95,128,109	\$ 5,000
General Liability (Aggregate)	2,000,000	
Environmental Impairment Liability (Aggregate)	4,000,000	15,000
Business Automobile Liability	1,000,000	
Excess Liability (Each Occurrence and Aggregate)	9,000,000	
Educator's Legal Liability	1,000,000	
Umbrella Excess (Each Occurrence and Aggregate)	50,000,000	
Cyber Liability (Policy Aggregate)	6,000,000	\$15,000/25,000
Public Official Bonds - Travelers Casualty and Surety Company of America		
Alfredo Aguilar	500,000	

Source: District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
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
Paramus Board of Education
Paramus, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Paramus Board of Education as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Paramus Board of Education's basic financial statements and have issued our report thereon dated November 11, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

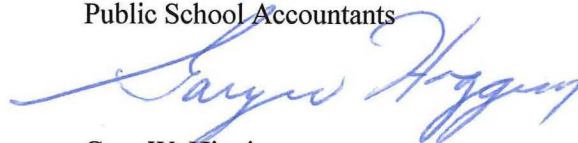
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Paramus Board of Education's internal control or on compliance. This report is an integral part of an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



LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Gary W. Higgins

Public School Accountant

PSA Number CS00814

Fair Lawn, New Jersey
November 11, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Paramus Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Paramus Board of Education's major federal and state programs for the fiscal year ended June 30, 2019. The Paramus Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

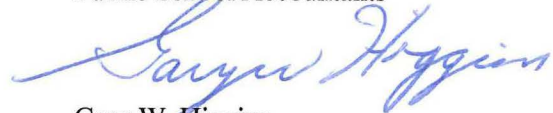
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

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

We have audited the financial statements of the Paramus Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated November 11, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 11, 2019

PARAMUS 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	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period	June 30, 2018				June 30, 2019				MEMO GAAP Receivable		
						Accounts Receivable	Unearned Revenue	Accounts Receivable Carryover	Unearned Revenue Carryover	Cash Received	Budgetary Expenditures	Accounts Receivable Adjustments	Unearned Revenue Adjustments		Accounts Receivable	Unearned Revenue
U.S. Department of Education Passed-through State Department of Education General Fund																
Medicaid Reimbursement	93.778	1905NJ5MAP	N/A	\$ 57,766	7/1/18-6/30/19					\$ 53,329	\$ 57,766			\$ (4,437)	\$ (4,437)	
Medicaid Reimbursement	93.778	1805NJ5MAP	N/A	55,458	7/1/17-6/30/18	\$ (7,299)	-	-	-	7,299	-	-	-	-	-	
Total General Fund						(7,299)	-	-	-	60,628	57,766	-	-	(4,437)	(4,437)	
U.S. Department of Education Passed-through State Department of Education Special Revenue Fund																
I.D.E.A. Part B																
Basic Regular	84.027	H027A180100	FT393019	1,403,525	7/1/18-6/30/19			\$ (490,179)	\$ 161,281	1,322,406	1,549,467			(571,298)	\$ 15,339	(555,959)
Basic Regular, Carryover	84.027	H027A170100	FT393018	1,404,968	7/1/17-6/30/18	(490,179)	\$ 161,281	490,179	(161,281)							
Preschool	84.173	H173A180114	PS393019	34,990	7/1/18-6/30/19			(27,609)	15,350	15,424	26,163			(47,175)	24,177	(22,998)
Preschool, Carryover	84.173	H173A170114	PS393018	33,604	7/1/17-6/30/18	(27,609)	15,350	27,609	(15,350)							
Total Special Education Cluster (IDEA)											1,575,630					
ESEA																
Title I	84.010	S010A180030	ESEA393019	315,734	7/1/18-6/30/19			(3,559)	3,559	79,235	318,042			(240,058)	1,251	(238,807)
Title I c/o	84.010	S010A170030	ESEA393018	312,444	7/1/17-6/30/18	(3,559)	\$ 3,559	3,559	(3,559)							
Title II Part A	84.367A	S367A180029	ESEA393019	67,961	7/1/18-6/30/19			(85,311)	44,281	42,828	95,470			(110,444)	16,772	(93,672)
Title II Part A c/o	84.367A	S367A170029	ESEA393018	72,097	7/1/17-6/30/18	(85,311)	44,281	85,311	(44,281)							
Title III	84.365	S365A180030	ESEA393019	30,585	7/1/18-6/30/19			(28,028)	24,715	5,162	35,404			(53,451)	19,896	(33,555)
Title III c/o	84.365	S365A170030	ESEA393018	31,927	7/1/17-6/30/18	(28,028)	24,715	28,028	(24,715)							
Title III - Immigrant	84.365	S365A180030	ESEA393019	9,738	7/1/18-6/30/19			(5,528)	5,660	2,131	2,131			(9,606)	7,607	(1,999)
Title III - Immigrant c/o	84.365	S365A170030	ESEA393018	14,650	7/1/17-6/30/18	(5,528)		5,528								
Title IV	84.424	S424A180031	ESEA393019	18,900	7/1/18-6/30/19			(4,689)	4,113	1,436	7,522			(22,153)	15,491	(6,662)
Title IV c/o	84.424	S424A170031	ESEA393018	10,000	7/1/17-6/30/18	(4,689)	4,113	4,689	(4,113)	-	-			-	-	-
Total Special Revenue Fund						(644,903)	253,299	-	-	1,472,151	2,034,199			(1,054,185)	100,533	(953,652)
U.S. Department of Education Passed-through State Department of Education Enterprise Fund																
National School Lunch Program																
Non-Cash Assistance (Food Distribution)	10.555	191NJ304N1099	N/A	43,166	7/1/18-6/30/19					43,166	43,166					
Cash Assistance		191NJ304N1099		100,387	7/1/18-6/30/19					81,404	100,387			(18,983)		(18,983)
Cash Assistance		181NJ304N1099		91,086	7/1/17-6/30/18	(5,351)				5,351						
Special Milk Program	10.556	191NJ304N1099	N/A	12,705	7/1/18-6/30/19					10,052	12,705			(2,653)		(2,653)
Special Milk Program	10.556	181NJ304N1099	N/A	15,986	7/1/17-6/30/18	(1,368)				1,368						
Total Child Nutrition Cluster						(6,719)	-	-	-	141,341	156,258			(21,636)	-	(21,636)
Total Federal Financial Awards						\$ (658,921)	\$ 253,299	\$ -	\$ -	\$ 1,674,120	\$ 2,248,223	\$ -	\$ -	\$ (1,080,258)	\$ 100,533	\$ (979,725)

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

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

State Grantor/Program Title	Project Number	Amount	Period	Balance July 1, 2018	Carryover Amount	Cash Received	Cash Expenditures	Adjustments	Refund of Prior Balance	Deferred Revenue June 30, 2019	(Accounts Receivable)	Due to Grantor June 30, 2019	Memo		
													GAAP Receivable	Cumulative Total Expenditures	
State Department of Education															
General Fund															
Special Education Categorical Aid	19-495-034-5120-089	\$ 1,801,797	7/1/18-6/30/19			\$ 1,661,566	\$ 1,801,797				(140,231)				\$ 1,801,797
Special Education Categorical Aid	18-495-034-5120-089	1,801,797	7/1/17-6/30/18	(127,765)		127,765									
Security Aid	19-495-034-5120-084	69,352	7/1/18-6/30/19			63,954	69,352				(5,398)				69,352
Security Aid	18-495-034-5120-084	69,352	7/1/17-6/30/18	(4,918)		4,918									
PARCC Readiness	18-495-034-5120-098	38,180	7/1/17-6/30/18	(2,707)		2,707									
Professional Learning Community Aid	18-495-034-5120-101	37,800	7/1/17-6/30/18	(2,680)		2,680									
Per Pupil Growth Aid	18-495-034-5120-097	38,180	7/1/17-6/30/18	(2,707)		2,707									
Total State Aid Public Cluster							1,871,149								
Transportation Aid	19-495-034-5120-014	727,057	7/1/18-6/30/19			670,471	727,057				(56,586)				727,057
Transportation Aid	18-495-034-5120-014	219,658	7/1/17-6/30/18	(15,576)		15,576									
NonPublic Transportation Aid	19-495-034-5120-014	62,799	7/1/18-6/30/19				62,799				(62,799)				62,799
NonPublic Transportation Aid	18-495-034-5120-014	68,708	7/1/17-6/30/18	(68,708)		68,708									
Total Transportation Aid Cluster							789,856								
Extraordinary Aid	19-100-034-5120-044	952,771	7/1/18-6/30/19				952,771				(952,771)				952,771
Extraordinary Aid	18-100-034-5120-044	470,472	7/1/17-6/30/18	(468,650)		470,472	1,822								1,822
On-Behalf TPAF Pension and Annuity Aid- Pension Contribution	19-495-034-5094-002	6,081,792	7/1/18-6/30/19			6,081,792	6,081,792								6,081,792
Long Term Disability Insurance	19-495-034-5094-004	4,835	7/1/18-6/30/19			4,835									4,835
Post Retirement Medical Contributions	19-495-034-5094-001	2,758,691	7/1/18-6/30/19			2,758,691	2,758,691								2,758,691
TPAF Social Security Contributions	19-495-034-5094-003	2,323,831	7/1/18-6/30/19			2,207,448	2,323,831				(116,383)				2,323,831
TPAF Social Security Contributions	18-495-034-5094-003	2,300,714	7/1/17-6/30/18	(112,229)		112,229									
Total General Fund				(805,940)	-	14,256,519	14,784,747	-	-	-	(1,334,168)	-		(179,182)	14,784,747
Special Revenue Fund															
NJ Nonpublic Aid															
Textbook	19-100-034-5120-064	208,260	7/1/18-6/30/19			208,260	196,814					\$ 11,446			196,814
Textbook	18-100-034-5120-064	215,286	7/1/17-6/30/18	1,530				\$ 1,530							
Nursing	19-100-034-5120-070	419,137	7/1/18-6/30/19			419,137	417,648					1,489			417,648
Nursing	18-100-034-5120-070	423,211	7/1/17-6/30/18	15,091				15,091							
Security	19-100-034-5120-509	648,150	7/1/18-6/30/19			648,150	634,785					13,365			634,785
Security	18-100-034-5120-509	327,225	7/1/17-6/30/18	5,779				5,779							
Technology	19-100-034-5120-373	140,400	7/1/18-6/30/19			140,400	138,085					2,315			138,085
Technology	18-100-034-5120-373	147,630	7/1/17-6/30/18	7,550				7,550							
Auxiliary															
Compensatory Education	19-100-034-5120-067	455,165	7/1/18-6/30/19			455,165	443,050					12,115			443,050
Compensatory Education	18-100-034-5120-067	418,206	7/1/17-6/30/18	1,418				1,418							
ESL	19-100-034-5120-067	28,816	7/1/18-6/30/19			28,816	18,723					10,093			18,723
ESL	18-100-034-5120-067	25,294	7/1/17-6/30/18	1,717				1,717							
Home Instruction	19-100-034-5120-067	15,939	7/1/18-6/30/19				15,939				(15,939)				15,939
Home Instruction	18-100-034-5120-067	11,573	7/1/17-6/30/18	(11,573)		11,573									
Total Auxiliary Cluster							477,712								
Handicapped															
Supplementary Instruction	19-100-034-5120-066	410,753	7/1/18-6/30/19			410,753	382,623					28,130			382,623
Supplementary Instruction	18-100-034-5120-066	393,228	7/1/17-6/30/18	24,343				24,343							
Examination and Classification	19-100-034-5120-066	518,379	7/1/18-6/30/19			518,379	504,717					13,662			504,717
Examination and Classification	18-100-034-5120-066	508,558	7/1/17-6/30/18	21,107				21,107							
Corrective Speech	19-100-034-5120-066	281,856	7/1/18-6/30/19			281,856	263,733					18,123			263,733
Corrective Speech	18-100-034-5120-066	264,447	7/1/17-6/30/18	30,266				30,266							
Total Handicapped Cluster							1,151,073								
Total Special Revenue Fund				97,228	-	3,122,489	3,016,117	-	108,801	-	(15,939)	110,738		(15,939)	3,016,117

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

State Grantor/Program Title	Project Number	Amount	Period	Balance July 1, 2018	Carryover Amount	Cash Received	Cash Expenditures	Adjustments	Refund of Prior Balance	Deferred Revenue June 30, 2019	(Accounts Receivable)	Due to Grantor June 30, 2019	Memo	
													GAAP Receivable	Cumulative Total Expenditures
State Department of Education													*	
State Department of Agriculture													*	
Enterprise Fund													*	
State School Lunch Program	19-100-010-3350-023	\$ 6,501	7/1/17-6/30/18			\$ 5,287	\$ 6,501				\$ (1,214)		\$ (1,214)	\$ 6,501
State School Lunch Program	18-100-010-3350-023	5,804	7/1/17-6/30/18	\$ (366)	-	366	-	-	-	-	-	-	-	-
Total Enterprise Fund				(366)	-	5,653	6,501	-	-	-	(1,214)	-	(1,214)	6,501
Total State Financial Assistance Subject to Single Audit Determination				\$ (709,078)	-	\$ 17,384,661	\$ 17,807,365	-	\$ 108,801	-	\$ (1,351,321)	\$ 110,738	\$ (196,335)	\$ 17,807,365
Less On-Behalf TPAF Pension and Annuity Aid													*	
Pension Contribution	19-495-034-5094-002	6,081,792	7/1/18-6/30/19			6,081,792	6,081,792							6,081,792
Long Term Disability Insurance	19-495-034-5094-004	4,835	7/1/18-6/30/19			4,835	4,835							4,835
Post Retirement Medical Contributions	19-495-034-5094-001	2,758,691	7/1/18-6/30/19	-	-	2,758,691	2,758,691	-	-	-	-	-	-	2,758,691
Total for State Financial Assistance Subject to Major Program Determination				\$ (709,078)	\$ -	\$ 8,539,343	\$ 8,962,047	\$ -	\$ 108,801	\$ -	\$ (1,351,321)	\$ 110,738	\$ (196,335)	\$ 8,962,047

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$529,983 for the general fund and a decrease of \$200,962 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	\$ 57,766	\$ 14,254,764	\$ 14,312,530
Special Revenue Fund	2,012,531	2,832,530	4,845,061
Food Service Fund	<u>156,258</u>	<u>6,501</u>	<u>162,759</u>
Total Awards Financial Assistance	<u>\$ 2,226,555</u>	<u>\$ 17,093,795</u>	<u>\$ 19,320,350</u>

**PARAMUS BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 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 \$2,323,831 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 \$6,081,792, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,758,691 and TPAF Long-Term Disability Insurance in the amount of \$4,835 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.

**PARAMUS 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 auditors' report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over major programs:

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

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

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

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

Identification of major federal programs:

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

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

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

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

Part I – Summary of Auditor’s Results

State Awards Section

Internal control over major programs:

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

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

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

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

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program or Cluster</u>
<u>19-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>
<u>19-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>19-495-034-5120-084</u>	<u>Security Aid</u>
<u>19-100-034-5120-066</u>	<u>Nonpublic Handicapped Aid</u>
<u>19-100-034-5120-044</u>	<u>Extraordinary Aid</u>
<u>19-495-034-5120-014</u>	<u>Transportation Aid</u>
_____	_____
_____	_____
_____	_____

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

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

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

PARAMUS BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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

THERE ARE NONE.

CURRENT YEAR STATE AWARDS

THERE ARE NONE.

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