

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

**Teaneck, New Jersey**

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

**Prepared by  
Business Office**

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## **INTRODUCTORY SECTION**



**TEANECK PUBLIC SCHOOLS**  
One Merrison Street  
Teaneck, New Jersey 07666

JANUARY 18, 2019

Dr. Ardie D. Walser, President  
Members of the Board of Education  
Teaneck Public Schools  
1 Merrison Street  
Teaneck, New Jersey 07666

Dear Board Members:

The Comprehensive Annual Financial Report of the Teaneck Public Schools (district) for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial positions and results of operations of the various activities and funds of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

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

The Comprehensive Annual Financial Report is presented in four sections: 1) introductory; 2) financial; 3) statistical; and 4) single audit. The introductory section includes this transmittal letter, the district's organizational chart and a list of principal officials. The financial section includes the Independent Auditor's Report, the MD&A, and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements, and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the related U.S. Uniform Guidance and the New Jersey OMB

Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The Teaneck School District is an independent reporting entity within the criteria adopted by the Government Accounting Standards Board (GASB), as established by GASB No. 14. All activities and funds of the district are included in this report. The Teaneck 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 preschool through grade 12. These include advanced placement, regular and vocational, as well as special education for students with disabilities through the age of 21. The district completed the 2017/18 fiscal year with an enrollment of 3,971 students. The following details the changes in the student enrollment of the district over the last 10 years.

**OFFICIAL ENROLLMENT**

(Based on the October 15<sup>th</sup> Application for State School Aid)

Fiscal Year	Student Enrollment	Percent Change
2017/18	3,971	+0.5%
2016/17	3,953	-1.6%
2015/16	4,018	-1.3%
2014/15	4,071	-0.7%
2013/14	4,098	-0.8%
2012/13	4,131	-1.5%
2011/12	4,196	-2.6%
2010/11	4,308	+2.8%
2009/10	4,192	-2.1%
2008/09	4,284	-1.5%

These counts exclude enrollments for in-district preschool students and nonpublic school students residing in the township. The counts include enrollment for charter school students residing in the township.

2. **ECONOMIC CONDITION AND OUTLOOK:** The economic environment for the past fiscal year has been characterized by many as the worst economic downturn since the Great Depression of the 1930's. While the economy today is showing signs of positive economic growth, there are still many uncertainties for the future. According to the Bureau of Labor Statistics, the unemployment rate in Teaneck increased from 4.2% to 6.5% from 2008 to 2013. Per capita income for Bergen County increased to \$69,919 for 2012, the latest available year, compared to the revised New Jersey Department of Labor and Workforce Development income data of \$67,375 for 2008.

2. ECONOMIC CONDITION AND OUTLOOK (Continued):

In accordance with the mandates by the State of New Jersey, the district's budget continues to include line-items for charter school expenditures. In fiscal year 2015/16, Teaneck students attended three charter schools, kindergarten through grade 8 (Teaneck Community Charter School, Englewood on the Palisades Charter School, and Bergen Arts and Science Charter School). The 2014/15 budget included \$5,000,000 expended for tuition and transportation to these charter schools.

The major funding source for the operating budget continues to be the local tax levy. The local tax levy funded 90.8% of the 2014/15 budget. The reliance on the local taxpayers to fund the majority of the district's budget will continue under the provisions of the School Funding Reform Act of 2008. According to the New Jersey Department of Education, Office of School Funding, the district's tax levy exceeds the Local Fair Share and the district's total budget exceeds the "adequacy model" used to calculate State aid.

3. MAJOR INITIATIVES:

Social Studies

In Social Studies, we realigned the curriculum guides for United States History I and United States History II at the high school level. The purpose of the realignment was to ensure students receive instruction in current United States' history. The curriculum was realigned and updated to include new units of study, pacing calendars, supportive curricular documents, instructional resources, and alignment to the New Jersey Student Learning Standards. Additionally, the district benchmark assessments were updated for each course.

The district also implemented an instructional improvement system, edConnect, with social studies teachers in grades 2, 5, 7, 8 and 9-12. Teachers used edConnect to administer district benchmark assessments. This system helps streamline the data collection process and provides students with practice and preparation for the PARCC. EdConnect will be implemented in grades 3-4 and 6 during the 2017-18 school year.

Collaborative meetings were held between social studies and English teachers in grades 9-12. Teachers engaged in an analysis of PARCC data in order to come to a common understanding of the PARCC assessment and student expectations related to their comprehension of informational text. Teachers were provided with instructional reading strategies to support student comprehension of informational text.

Science

In science, we implemented the new science program Science Fusion/Science Dimensions in grades 6-8. In addition, the grades 6-8 science curriculum was rewritten and aligned to the NGSS in the summer of 2016, then revised to NJSLS-Science in the summer of 2017.

3. MAJOR INITIATIVES (Continued):

English Language Arts/Literacy

The district implemented a new language arts literacy program in grades five and six. *Journeys* is a comprehensive reading and writing program that is aligned to the New Jersey Student Learning Standards. In addition, the high school English and Social Studies departments worked together closely to share best practices for reading informational and expository texts. The ESL department completed a full-year of Chromebook and Google Apps training to support the use of educational technology as a tool for language acquisition and learning.

4. INSTRUCTIONAL INITIATIVES: **GOAL 1:** Students attending the Teaneck Public Schools will acquire the skills, knowledge and understanding to be successful in the twenty first century. **GOAL 2:** Teachers and administrators in the Teaneck Public Schools will acquire the skills, knowledge and understanding necessary to support student achievement. **GOAL 3:** The environment in the Teaneck Public Schools will be safe and respectful, with students and adults appreciative of the unique contributions of members of the community. **GOAL 4:** The Teaneck Public Schools will communicate effectively with parents and with the community. **GOAL 5:** The Teaneck Public Schools will provide funding for Goals 1-4 and sustain school facilities while respecting community resources.

5. FACILITIES INITIATIVES: During the 2016/17 school year the district implemented a repaving project which will continue in the 17/18 and 18/19 school years. Also, the district will look to have a locker room replacement project started at Benjamin Franklin and Thomas Jefferson middle schools

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

6. INTERNAL ACCOUNTING CONTROLS (Continued):

As a recipient of Federal and State financial assistance, the district also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This

internal control structure is also subject to periodic evaluation by district management.

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

7. BUDGETARY CONTROLS: In addition to the internal controls, the district also 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 Board. Annual appropriated budgets are adopted by the Board for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018. These are re-appropriated automatically into the following fiscal year, and as a result, increase the approved budget.
8. ACCOUNTING SYSTEM AND REPORTS: The district's accounting records reflect New Jersey statutes (N.J.S.A. 18A:4-14) that requires a uniform system of double-entry bookkeeping consistent with the generally accepted accounting principles (GAAP), established by GASB for use in all school districts. The accounting system of the district is organized on the basis of funds in accordance with the Uniform Minimum Chart of Accounts (Handbook 2R2) for New Jersey Public Schools. These funds are explained in Notes to the Financial Statement. The district continues to maintain a budgetary/finance software package which provides decentralized access to requisitions, purchase order status, account records, and program reporting. Appropriate internal controls are established for both purchasing and line-item expenditures.
9. DEBT ADMINISTRATION: As of June 30, 2018, the district has two (2) outstanding general obligation bond issues, two (2) outstanding capital lease obligations for building improvements, and one (1) ESIP obligation bond issue.

9. DEBT ADMINISTRATION (Continued):

The first general obligation issue, financed in February of 2003, and refinanced in August of 2013, relates to the district's Early Retirement Pension Obligation. Previously, this obligation had been funded through the general current expenses

budget. However, funding this obligation through debt service was made possible in fiscal year 2003 by an act of the New Jersey Legislature. This issue has an 18 year repayment schedule that matures in July of 2020. The outstanding principal balance is \$1,500,000.

The second general obligation issuance is the refinancing of callable bonds issued in April of 2001. The bonds were issued in July of 2006 and mature in January of 2031. These bonds were partially refunded in April of 2016 with the issuance of \$7,615,000 of refunding school bonds. The outstanding principal balance of the remaining 2016 refunding bonds is \$6,840,000.

The first capital lease obligation was issued in June of 2015 to finance the last phase of roof replacements at Bryant Elementary School, and Hawthorne Elementary School. The outstanding principal balance is \$511,646.

The second capital lease obligation was issued on September 1, 2016 to finance technology upgrades and network wiring in District facilities. This outstanding principal is \$1,665,277.

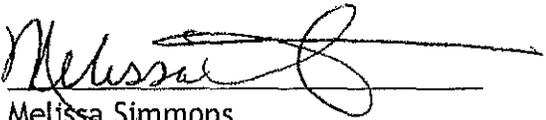
The Energy Savings Improvement Program (ESIP) obligation bonds were issued in April of 2012 with a maturity date of June 2027 and the outstanding principal balance is \$5,775,000. The bonds financed the energy conservation measures throughout the district's schools. The reduction to utility costs accruing from these conservation measures will be used to repay the bonds, resulting in no cost to the taxpayers.

10. CASH MANAGEMENT: The investment policy of the district is guided in large part by State statute as detailed in the Notes to the Financial Statements. The district has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA), which was enacted in 1970 to protect the Governmental Units from loss of funds on deposit with a failed banking institution. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured pursuant to the Act.
11. RISK MANAGEMENT: The district is a member of the Northeast Bergen County School Boards Insurance Group (NESBIG), a joint insurance pool comprised of 45 school districts, for the entire insurance coverage, including, but not limited to Workers' Comp, general liability, fidelity bonds, automobile liability, and comprehensive collision, hazard and theft insurance for property and contents.
12. INDEPENDENT AUDIT: New Jersey State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed

to meet the requirements of the Single Audit Act and the related U.S. Uniform Guidance and State Treasury Circular OMB 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit Section of this report.

13. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Teaneck 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,

A handwritten signature in cursive script, appearing to read "Melissa Simmons", written over a horizontal line.

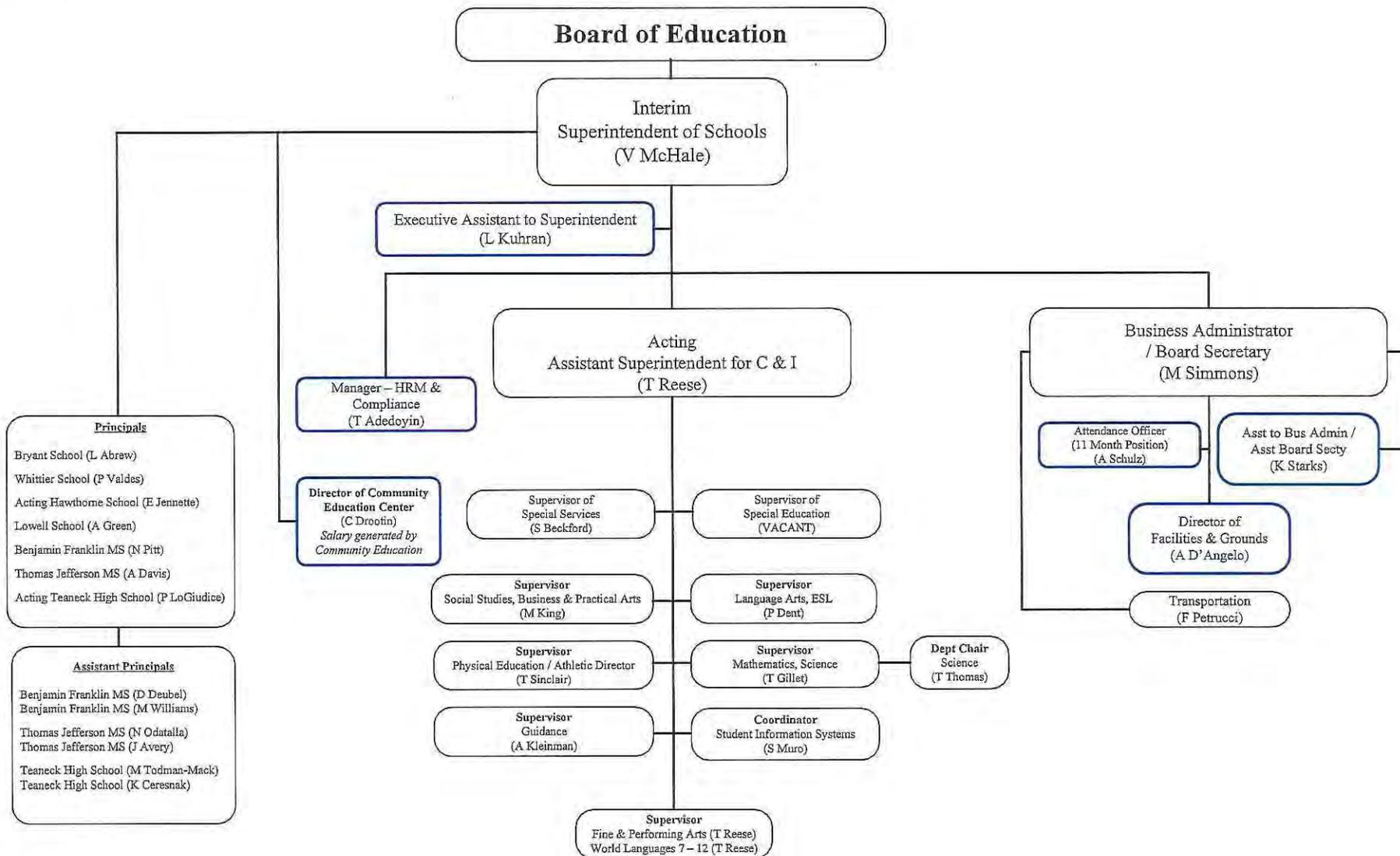
Melissa Simmons

Business Administrator/Board Secretary



# Teaneck Public Schools Administrative Organizational Chart

2017 - 2018  
District Administration



**TEANECK BOARD OF EDUCATION  
TEANECK, NEW JERSEY**

**Roster of Officials  
June 30, 2018**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Dr. Ardie Walser, President	2020
Clara Williams, Vice President	2020
Denise Sanders	2019
Victoria Fisher	2018
Shahanaz Arjumand	2018
Sarah Rappoport	2018
Sebastian Rodriguez	2019
Howard Rose	2020
Martin Ramirez	2019

**Local Officials**

Vincent McHale	Interim Superintendent of Schools
Melissa Simmons	School Business Administrator/Board Secretary
Karla Starks	Assistant to the School Business Administrator/Assistant Board Secretary
Anthony Bianchi	Treasurer of School Monies

**TEANECK BOARD OF EDUCATION  
TEANECK, NEW JERSEY**

**CONSULTANTS and ADVISORS**

**Attorney**

Machado Law Group  
136 Central Avenue  
Clark, New Jersey 07066

**Audit Firm**

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

**Architect**

DiCara/Rubino  
30 Galesi Drive  
Wayne, New Jersey 07470

**Insurance Broker**

Northeast Bergen School Boards Insurance Group  
Burton/Kanwisher Agency  
44 Bergen Street  
Westwood, New Jersey 07675

**Health Insurance Broker**

Brown & Brown Benefit Advisors  
24 Arnett Avenue  
Lambertville, New Jersey 08530

**Official Depository**

TD Bank  
540 River Street  
Hackensack, New Jersey 07601

## **FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
Teaneck Board of Education  
Teaneck, 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 Teaneck Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Teaneck Board of Education as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of Matter*

### *Adoption of New Accounting Pronouncement*

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Teaneck Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Teaneck 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 Teaneck Board of Education.

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2019 on our consideration of the Teaneck 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 Teaneck 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 Teaneck Board of Education's internal control over financial reporting and compliance.

*LERCH, VINCI & HIGGINS, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
January 18, 2019

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

## TEANECK BOARD OF EDUCATION

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

This section of the Teaneck Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the District's financial statements and notes to the financial statements, which immediately follows this section.

#### FINANCIAL HIGHLIGHTS

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

- The assets and deferred outflows of resources of the Teaneck Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$10,730,959 (net position).
- The School District's total net position increased \$5,215,867.
- Overall District revenues were \$128,599,477. General revenues accounted for \$88,973,667 or 69% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$39,625,810 or 31% of total revenues.
- The School District had \$123,383,610 in expenses; only \$39,625,810 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$12,142,415 which represented an increase of \$4,341,420.
- The General Fund fund balance (GAAP Basis) at June 30, 2018 was \$12,075,324 an increase of \$4,341,982 when compared with the fund balance at June 30, 2017. The General Fund unassigned fund balance was \$721,040 at June 30, 2018.
- The General Fund had \$105,725,021 in revenues and \$101,483,039 in expenditures, for the current fiscal year.
- The General Fund budgetary fund balance at the close of the current fiscal year was \$13,392,361 which represented an increase of \$4,284,415 from the previous year. Unassigned budgetary fund balance decreased \$16,372 from the previous year to \$2,038,077 at June 30, 2018.
- The District's total outstanding long-term liabilities decreased by \$15,194,628 during the current fiscal year. This decrease was mainly due to the decrease in the net pension liability.

# TEANECK BOARD OF EDUCATION

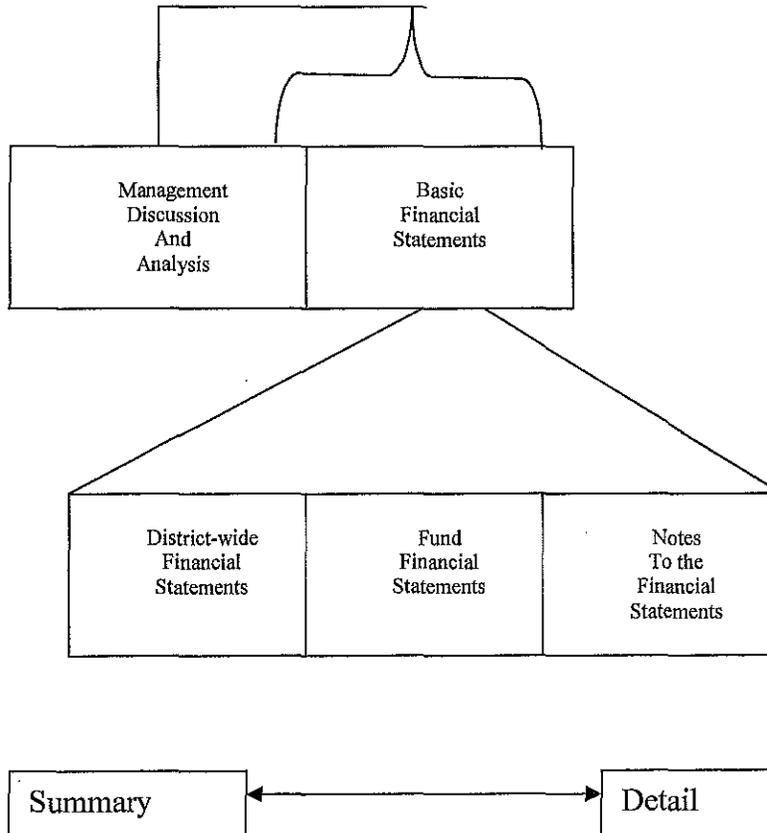
## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The below figure shows how the various parts of this annual report are arranged and related to one another.



## TEANECK BOARD OF EDUCATION

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

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

Major Features of the District-Wide and Fund Financial Statements

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

#### District-wide financial statements

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

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

## TEANECK BOARD OF EDUCATION

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

#### District-wide financial statements (continued)

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

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

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aids finance most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund and Community School programs are included under this category.

#### Fund financial statements

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

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.

# TEANECK BOARD OF EDUCATION

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

### Fund financial statements (continued)

*Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has two enterprise funds:

- Food Service (Cafeteria)
- Community School

• *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

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

### Other Information

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

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

### DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,730,959 as of June 30, 2018.

**TEANECK BOARD OF EDUCATION**

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

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>						
Current Assets	\$ 13,548,426	\$ 9,777,496	\$ 1,184,002	\$ 949,712	\$ 14,732,428	\$ 10,727,208
Capital Assets	<u>45,473,346</u>	<u>48,658,675</u>	<u>21,137</u>	<u>27,769</u>	<u>45,494,483</u>	<u>48,686,444</u>
<b>Total Assets</b>	<u>59,021,772</u>	<u>58,436,171</u>	<u>1,205,139</u>	<u>977,481</u>	<u>60,226,911</u>	<u>59,413,652</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amount on Refunding of Debt	284,864	330,166	-	-	284,864	330,166
Deferred Amounts on Net Pension Liability	<u>4,656,356</u>	<u>8,674,771</u>	<u>-</u>	<u>-</u>	<u>4,656,356</u>	<u>8,674,771</u>
<b>Total Deferred Outflows</b>	<u>4,941,220</u>	<u>9,004,937</u>	<u>-</u>	<u>-</u>	<u>4,941,220</u>	<u>9,004,937</u>
<b>Total Assets and Deferred Outflows</b>	<u>63,962,992</u>	<u>67,441,108</u>	<u>1,205,139</u>	<u>977,481</u>	<u>65,168,131</u>	<u>68,418,589</u>
<b>Liabilities</b>						
Other Liabilities	1,633,330	2,220,266	318,280	321,552	1,951,610	2,541,818
Long-Term Liabilities	<u>40,319,338</u>	<u>55,513,966</u>	<u>-</u>	<u>-</u>	<u>40,319,338</u>	<u>55,513,966</u>
<b>Total Liabilities</b>	<u>41,952,668</u>	<u>57,734,232</u>	<u>318,280</u>	<u>321,552</u>	<u>42,270,948</u>	<u>58,055,784</u>
<b>Deferred Inflows of Resources</b>						
Deferred Commodities Revenue			6,304	10,975	6,304	10,975
Deferred Amounts on Net Pension Liability	<u>12,159,920</u>	<u>4,836,738</u>	<u>-</u>	<u>-</u>	<u>12,159,920</u>	<u>4,836,738</u>
<b>Total Deferred Inflows</b>	<u>12,159,920</u>	<u>4,836,738</u>	<u>6,304</u>	<u>10,975</u>	<u>12,166,224</u>	<u>4,847,713</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>54,112,588</u>	<u>62,570,970</u>	<u>324,584</u>	<u>332,527</u>	<u>54,437,172</u>	<u>62,903,497</u>
<b>Net Position</b>						
Net Investment in Capital Assets	30,166,456	31,428,231	21,137	27,769	30,187,593	31,456,000
Restricted	5,380,642	1,788,028			5,380,642	1,788,028
Unrestricted	<u>(25,696,694)</u>	<u>(28,346,121)</u>	<u>859,418</u>	<u>617,185</u>	<u>(24,837,276)</u>	<u>(27,728,936)</u>
<b>Total Net Position</b>	<u>\$ 9,850,404</u>	<u>\$ 4,870,138</u>	<u>\$ 880,555</u>	<u>\$ 644,954</u>	<u>\$ 10,730,959</u>	<u>\$ 5,515,092</u>

**TEANECK BOARD OF EDUCATION**

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

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 139,948	\$ 176,152	\$ 1,542,000	\$ 1,506,003	\$ 1,681,948	\$ 1,682,155
Operating Grants and Contributions	37,121,970	34,763,640	794,663	757,303	37,916,633	35,520,943
Capital Grants and Contributions	27,229	64,475			27,229	64,475
General Revenues						
Property Taxes	88,655,985	87,068,117			88,655,985	87,068,117
Other	317,682	613,503	-	-	317,682	613,503
	<u>126,262,814</u>	<u>122,685,887</u>	<u>2,336,663</u>	<u>2,263,306</u>	<u>128,599,477</u>	<u>124,949,193</u>
<b>Expenses</b>						
Instruction						
Regular	49,686,728	47,544,166			49,686,728	47,544,166
Special Education	25,491,773	25,413,050			25,491,773	25,413,050
Other Instruction	5,580,493	5,257,184			5,580,493	5,257,184
Support Services						
Student and Instruction Related Serv.	16,090,033	17,174,153			16,090,033	17,174,153
General Administrative Services	1,566,309	1,377,257			1,566,309	1,377,257
School Administrative Services	5,574,062	6,205,382			5,574,062	6,205,382
Central and Other Support Services	1,992,964	2,533,001			1,992,964	2,533,001
Plant Operations and Maintenance	9,722,253	7,926,277			9,722,253	7,926,277
Pupil Transportation	5,232,574	5,276,477			5,232,574	5,276,477
Interest on Long-Term Debt	445,359	503,691			445,359	503,691
Food Services			1,371,517	1,335,533	1,371,517	1,335,533
Community School	-	-	629,545	644,259	629,545	644,259
	<u>121,382,548</u>	<u>119,210,638</u>	<u>2,001,062</u>	<u>1,979,792</u>	<u>123,383,610</u>	<u>121,190,430</u>
<b>Increase (Decrease) in Net Position Before Transfers</b>	4,880,266	3,475,249	335,601	283,514	5,215,867	3,758,763
<b>Transfers</b>	100,000	-	(100,000)	-	-	-
<b>Change in Net Position</b>	4,980,266	3,475,249	235,601	283,514	5,215,867	3,758,763
<b>Net Position, Beginning of Year</b>	4,870,138	1,394,889	644,954	361,440	5,515,092	1,756,329
<b>Net Position, End of Year</b>	<u>\$ 9,850,404</u>	<u>\$ 4,870,138</u>	<u>\$ 880,555</u>	<u>\$ 644,954</u>	<u>\$ 10,730,959</u>	<u>\$ 5,515,092</u>

# TEANECK BOARD OF EDUCATION

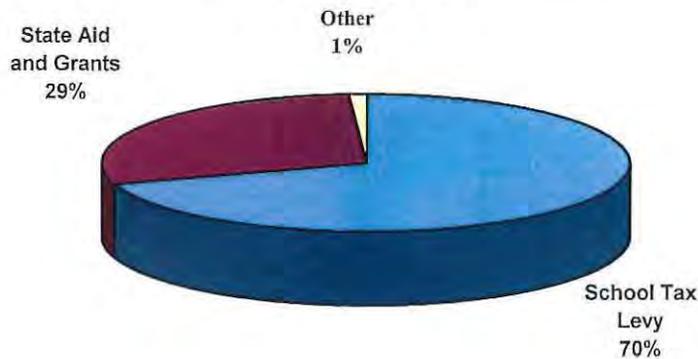
## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$126,262,814 for the year ended June 30, 2018. Property taxes of \$88,655,985 represented 70% of revenues. Another significant portion of revenues is intergovernmental aid; total State, Federal and local aid was \$37,149,199. Another source of revenues is miscellaneous income of \$317,682 which includes items such as prior year refunds, interest income and other miscellaneous items. The balance of the revenues is comprised of charges from tuition to other school districts of \$139,948.

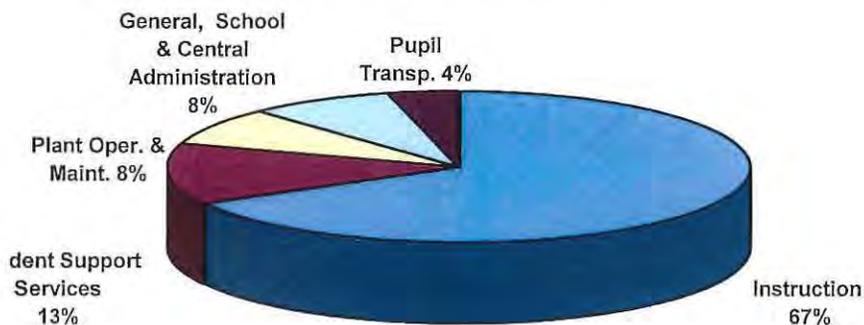
The total cost of all governmental activities programs and services was \$121,382,548. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$80,758,994 or 67% of total expenses. Support services totaled \$40,178,195 or 33% of total expenses.

Total governmental activities revenues and transfers surpassed expenses, increasing net position \$4,980,266 from the previous year. This increase is predominantly due to the reduction in the District's net pension liability and related pension expense from the previous year.

Revenues by Source- Governmental Activities  
For Fiscal Year 2018



Expenses by Type- Governmental Activities  
For Fiscal Year 2018



## TEANECK BOARD OF EDUCATION

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

**Total Cost and Net Cost of Governmental Activities.** The District's total cost of services was \$121,382,548 for the fiscal year ended June 30, 2018. After applying program revenues derived from charges for services of \$139,948 and operating and capital grants and contributions of \$37,149,199, the net cost of services of the District was \$84,093,401 for the fiscal year ended June 30, 2018.

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

	<u>Total Cost of Services</u>		<u>Net(Revenue) Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction				
Regular	\$ 49,686,728	\$ 47,544,166	\$ 32,546,926	\$ 31,073,537
Special Education	25,491,773	25,413,050	14,943,169	15,222,331
Other Instruction	5,580,493	5,257,184	3,370,541	3,219,359
Support Services				
Student and Instruction Related Svcs.	16,090,033	17,174,153	13,515,245	15,238,517
General Administrative Services	1,566,309	1,377,257	1,525,850	(86,003)
School Administrative Services	5,574,062	6,205,382	4,057,225	5,477,454
Central and Other Support Services	1,992,964	2,533,001	1,812,221	2,429,818
Plant Operations and Maintenance	9,722,253	7,926,277	8,777,062	5,851,190
Pupil Transportation	5,232,574	5,276,477	3,099,803	5,276,477
Interest on Long-Term Debt	445,359	503,691	445,359	503,691
<b>Total</b>	<b><u>\$ 121,382,548</u></b>	<b><u>\$ 119,210,638</u></b>	<b><u>\$ 84,093,401</u></b>	<b><u>\$ 84,206,371</u></b>

**Business-Type Activities** – The District's total business-type activities revenues were \$2,336,663 for the fiscal year ended June 30, 2018. Charges for services accounted for \$1,542,000 or 66% of total revenues. Operating grants and contributions accounted for \$794,663 or 34% of total revenue for the year.

The total cost of all business-type activities programs and services was \$2,001,062 for the fiscal year ended June 30, 2018. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District (69%) and the operation of the Community School programs (31%). In addition, a transfer of \$100,000 was made from the Community School to government activities.

Total business-type activities revenues surpassed expenses and transfer by \$235,601 increasing net position from \$644,954 at June 30, 2017 to \$880,555 at June 30, 2018.

# TEANECK BOARD OF EDUCATION

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

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

#### Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$12,142,415, an increase of \$4,341,420 from the June 30, 2017 fund balance of \$7,800,995. This increase is predominately attributable to General Fund revenues exceeding expenditures for the current year.

Revenues for the District's governmental funds were \$110,101,704, while total expenses were \$105,860,284. The net change in the fund balances for the year was an increase of \$4,341,420 as previously discussed.

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

The following schedule presents a comparison of General Fund Revenues (GAAP basis) for the fiscal years ended June 30, 2018 and 2017:

	<b>Fiscal Year Ended <u>June 30, 2018</u></b>	<b>Fiscal Year Ended <u>June 30, 2017</u></b>	<b>Amount of Increase <u>(Decrease)</u></b>	<b>Percent <u>Change</u></b>
Local Sources				
Property Tax Levy	\$ 87,319,046	\$ 85,606,908	\$ 1,712,138	2%
Miscellaneous	450,806	788,002	(337,196)	-43%
State Sources	17,829,650	16,163,142	1,666,508	10%
Federal Sources	<u>125,519</u>	<u>146,955</u>	<u>(21,436)</u>	-15%
 Total General Fund Revenues	 <u>\$ 105,725,021</u>	 <u>\$ 102,705,007</u>	 <u>\$ 3,020,014</u>	 3%

Total General Fund revenues increased by \$3,020,014 or 3% over the previous year.

Local property taxes increased by \$1,712,138 or 2% for fiscal year 2018 to finance the District's operating costs. State revenues increased \$1,666,508 or 10%. The increase in State aid revenues is predominantly attributable to increases in the on-behalf contributions for TPAF pension benefits made by the State for the District's teaching staff. Miscellaneous revenues decreased from the previous year primarily due to a reduction in amounts received from energy performance rebates.

## TEANECK BOARD OF EDUCATION

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

The following schedule presents a comparison of General Fund expenditures (GAAP basis) for the fiscal years ended June 30, 2018 and 2017:

	<u>Fiscal Year Ended June 30, 2018</u>	<u>Fiscal Year Ended June 30, 2017</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
Instruction	\$ 65,080,491	\$ 62,393,663	\$ 2,686,828	4%
Support Services	34,259,318	35,031,733	(772,415)	-2%
Debt Service	1,658,526	1,796,261	(137,735)	-8%
Capital Outlay	<u>484,704</u>	<u>401,822</u>	<u>82,882</u>	21%
Total Expenditures	<u>\$ 101,483,039</u>	<u>\$ 99,623,479</u>	<u>\$ 1,859,560</u>	2%

Total General Fund expenditures increased \$1,859,560 or 2% from the previous year. The District experienced increases in expenditures for regular education and other instruction costs, as well as plant operation and maintenance support costs and capital outlay. These increases were offset by decreases in student and instruction related services support costs and debt service costs.

In 2017-2018 General Fund revenues and other financing sources exceeded expenditures by \$4,341,982. As a result, total fund balance increased to \$12,075,324 at June 30, 2018. After deducting restricted and assigned fund balances, the unassigned fund balance increased \$41,195 from a fund balance of \$679,845 at June 30, 2017 to a fund balance of \$721,040 at June 30, 2018. In addition, restricted fund balances for capital reserve, maintenance reserve, tuition reserve and reserved excess surplus increased by \$4,446,124 at June 30, 2018.

**Special Revenue Fund** - The Special Revenue Fund includes all restricted Federal, State and Local sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$3,032,920, for the year ended June 30, 2018. Federal sources accounted for 64% of the total Special Revenue Fund revenue for the year. Total Special Revenue Fund revenues decreased \$79,331 from the previous year. State sources increased \$134,031 while Federal sources increased \$82,205 and local sources decreased \$295,567.

Expenditures of the Special Revenue Fund were \$3,032,920. Instructional expenditures were \$1,593,669 and expenditures for student and instruction related services were \$1,361,007 for the year ended June 30, 2018. Transportation expenditures totaled \$51,015 and capital outlay \$27,229.

**Capital Projects** - The capital projects revenues exceeded expenditures by \$6,824 resulting in a fund balance of \$63,250 at June 30, 2018. This increase is a result of interest in the amount of \$6,824 from unexpended project funds.

## TEANECK BOARD OF EDUCATION

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

#### Proprietary Funds

The District maintains an Enterprise Fund to account for activities which are supported in part through user fees.

**Enterprise Fund** - The District uses Enterprise Funds to report activities related to the Food Services program as well the community school program activities. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the budgetary basis of revenue, expenditures and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the 2018 school year, the School District amended its General Fund budget as needed. The School District uses program-based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the School Business Administrator, Superintendent and Board of Education. Transfers were necessitated by:

- Staffing changes based on student needs.
- Additional requirements for maintenance of school facilities costs.
- Additional needs for capital outlay projects and purchases.
- Changes in appropriations to prevent budget overruns.

For the fiscal year ended June 30, 2018, General Fund budgetary revenues and other financing sources exceeded the expenditures increasing budgetary fund balance by \$4,284,415 from the previous year. After deducting fund balances restricted and assigned, the unassigned budgetary fund balance decreased \$16,372 from \$2,054,449 at June 30, 2017 to \$2,038,077 at June 30, 2018, the maximum statutorily permitted unassigned fund balance at year end. In addition, the District ended the year with balances in reserved excess surplus of \$1,942,818, excess surplus designated for subsequent years expenditures of \$1,583,223, capital reserves of \$4,075,801, maintenance reserve of \$1,201,000 and tuition reserve of \$100,000 at June 30, 2018.

# TEANECK BOARD OF EDUCATION

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

### CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2018 amounts to \$45,494,483 (net of accumulated depreciation). The capital assets consist of land, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2017-2018 amounted to \$3,697,262 for governmental activities and \$6,632 for business-type activities.

Capital Assets at June 30, 2018 and 2017  
(Net of Accumulated Depreciation)

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 1,601,471	\$ 1,601,471			\$ 1,601,471	\$ 1,601,471
Building and Building Improvements	39,804,026	42,606,079			39,804,026	42,606,079
Improvements Other Than Buildings	1,387,263	1,597,363			1,387,263	1,597,363
Machinery and Equipment	<u>2,680,586</u>	<u>2,853,762</u>	\$ 21,137	\$ 27,769	<u>2,701,723</u>	<u>2,881,531</u>
<b>Total Capital Assets, Net</b>	<b>\$ 45,473,346</b>	<b>\$ 48,658,675</b>	<b>\$ 21,137</b>	<b>\$ 27,769</b>	<b>\$ 45,494,483</b>	<b>\$ 48,686,444</b>

Additional information on the District's capital assets is presented in the "Notes to the Financial Statements".

### LONG TERM LIABILITIES

At year end, the District's long-term liabilities amounted to \$40,319,338 and consisted of bonds payable of \$14,923,879 (including premiums), lease purchase agreements and capital lease obligations of \$2,333,063, compensated absences of \$2,976,436, and net pension liability of \$20,085,960. The District's total outstanding long-term liabilities decreased by \$15,194,628 during the current fiscal year.

Additional information of the District's long-term liabilities is presented in the "Notes to the Financial Statements".

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2017-2018 budget. The primary factors included the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2018-2019. Budgeted expenditures in the General Fund increased approximately 2.9% to \$98,967,556 for fiscal year 2018-2019.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator/Board Secretary, Teaneck Board of Education, One Merrison Street, Teaneck, NJ 07666.

## **FINANCIAL STATEMENTS**

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 12,556,938	\$ 890,724	\$ 13,447,662
Receivables, net	991,488	278,711	1,270,199
Inventories		14,567	14,567
Capital Assets			
Not Being Depreciated	1,601,471		1,601,471
Being Depreciated, Net	43,871,875	21,137	43,893,012
Total Assets	<u>59,021,772</u>	<u>1,205,139</u>	<u>60,226,911</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Refunding of Debt	284,864		284,864
Deferred Amounts on Net Pension Liability	4,656,356	-	4,656,356
Total Deferred Outflows of Resources	<u>4,941,220</u>	<u>-</u>	<u>4,941,220</u>
Total Assets and Deferred Outflows of Resources	<u>63,962,992</u>	<u>1,205,139</u>	<u>65,168,131</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	1,229,997	74,973	1,304,970
Accrued Interest Payable	227,319		227,319
Intergovernmental Payables	86,333		86,333
Unearned Revenue	89,681	243,307	332,988
Noncurrent Liabilities			
Due Within One Year	2,529,014		2,529,014
Due Beyond One Year	37,790,324	-	37,790,324
Total Liabilities	<u>41,952,668</u>	<u>318,280</u>	<u>42,270,948</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue		6,304	6,304
Deferred Amounts on Net Pension Liability	12,159,920	-	12,159,920
Total Deferred Inflows of Resources	<u>12,159,920</u>	<u>6,304</u>	<u>12,166,224</u>
Total Liabilities and Deferred Inflows of Resources	<u>54,112,588</u>	<u>324,584</u>	<u>54,437,172</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	30,166,456	21,137	30,187,593
Restricted for			
Capital Projects	4,075,801		4,075,801
Plant Maintenance	1,201,000		1,201,000
Other Purposes	103,841		103,841
Unrestricted	(25,696,694)	859,418	(24,837,276)
Total Net Position	<u>\$ 9,850,404</u>	<u>\$ 880,555</u>	<u>\$ 10,730,959</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 49,686,728	\$ 139,948	\$ 16,972,625	\$ 27,229	\$ (32,546,926)		\$ (32,546,926)
Special Education	25,491,773		10,548,604		(14,943,169)		(14,943,169)
Other Instruction	5,580,493		2,209,952		(3,370,541)		(3,370,541)
Support Services							
Student and Instruction Related Services	16,090,033		2,574,788		(13,515,245)		(13,515,245)
General Administrative Services	1,566,309		40,459		(1,525,850)		(1,525,850)
School Administrative Services	5,574,062		1,516,837		(4,057,225)		(4,057,225)
Central and Other Support Services	1,992,964		180,743		(1,812,221)		(1,812,221)
Plant Operations and Maintenance	9,722,253		945,191		(8,777,062)		(8,777,062)
Pupil Transportation	5,232,574		2,132,771		(3,099,803)		(3,099,803)
Interest and Other Charges on Long-Term Debt	445,359	-	-	-	(445,359)	-	(445,359)
<b>Total Governmental Activities</b>	<b>121,382,548</b>	<b>139,948</b>	<b>37,121,970</b>	<b>27,229</b>	<b>(84,093,401)</b>	<b>-</b>	<b>(84,093,401)</b>
<b>Business-Type Activities</b>							
Food Service	1,371,517	698,064	794,663			\$ 121,210	121,210
Community School	629,545	843,936	-	-	-	214,391	214,391
<b>Total Business-Type Activities</b>	<b>2,001,062</b>	<b>1,542,000</b>	<b>794,663</b>	<b>-</b>	<b>-</b>	<b>335,601</b>	<b>335,601</b>
<b>Total Primary Government</b>	<b>\$ 123,383,610</b>	<b>\$ 1,681,948</b>	<b>\$ 37,916,633</b>	<b>\$ 27,229</b>	<b>(84,093,401)</b>	<b>335,601</b>	<b>(83,757,800)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property Taxes, Levied for General Purposes					87,319,046		87,319,046
Property Taxes Levied for Debt Service					1,336,939		1,336,939
Investment Earnings					73,568		73,568
Miscellaneous Income					244,114		244,114
<b>Transfers</b>					100,000	(100,000)	-
<b>Total General Revenues and Transfers</b>					<b>89,073,667</b>	<b>(100,000)</b>	<b>88,973,667</b>
<b>Change in Net Position</b>					<b>4,980,266</b>	<b>235,601</b>	<b>5,215,867</b>
<b>Net Position, Beginning of Year</b>					<b>4,870,138</b>	<b>644,954</b>	<b>5,515,092</b>
<b>Net Position, End of Year</b>					<b>\$ 9,850,404</b>	<b>\$ 880,555</b>	<b>\$ 10,730,959</b>

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

**FUND FINANCIAL STATEMENTS**

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 12,489,847		\$ 63,250	\$ 3,841	\$ 12,556,938
Receivables					
Intergovernmental Receivables	372,155	\$ 609,333			981,488
Due from Other Funds	<u>234,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,412</u>
Total Assets	<u>\$ 13,096,414</u>	<u>\$ 609,333</u>	<u>\$ 63,250</u>	<u>\$ 3,841</u>	<u>\$ 13,772,838</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 992,421	\$ 204,960			\$ 1,197,381
Accrued Salaries and Wages	28,669	3,947			32,616
Due to Other Funds		224,412			224,412
Intergovernmental Payable - State		86,333			86,333
Unearned Revenue	<u>-</u>	<u>89,681</u>	<u>-</u>	<u>-</u>	<u>89,681</u>
Total Liabilities	<u>1,021,090</u>	<u>609,333</u>	<u>-</u>	<u>-</u>	<u>1,630,423</u>
<b>Fund Balances</b>					
<b>Restricted</b>					
Capital Reserve	4,075,801				4,075,801
Maintenance Reserve	1,201,000				1,201,000
Tuition Reserve	100,000				100,000
Excess Surplus	1,942,818				1,942,818
Excess Surplus - Designated for Subsequent Year's Expenditures	1,583,223				1,583,223
Capital Projects			\$ 63,250		63,250
Debt Service				\$ 3,841	3,841
<b>Assigned</b>					
Year End Encumbrances	1,971,684				1,971,684
Designated for Subsequent Year's Expenditures	479,758				479,758
Unassigned	<u>721,040</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>721,040</u>
Total Fund Balances	<u>12,075,324</u>	<u>-</u>	<u>63,250</u>	<u>3,841</u>	<u>12,142,415</u>
Total Liabilities and Fund Balances	<u>\$ 13,096,414</u>	<u>\$ 609,333</u>	<u>\$ 63,250</u>	<u>\$ 3,841</u>	<u>\$ 13,772,838</u>

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

**Total Fund Balances - Governmental Funds (Exhibit B-1)** \$ 12,142,415

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$78,174,630 and the accumulated depreciation is \$32,701,284. 45,473,346

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. 284,864

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

Deferred Outflows of Resources	\$	4,656,356	
Deferred Inflows of Resources		<u>(12,159,920)</u>	
			(7,503,564)

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (227,319)

Long-term liabilities, including bonds payable and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds. See Note 2 (40,319,338)

**Net Position of Governmental Activities (Exhibit A-1)** \$ 9,850,404

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 87,319,046			\$ 1,336,939	\$ 88,655,985
Tuition	139,948				139,948
Interest	66,744		\$ 6,824		73,568
Miscellaneous	244,114	\$ 48,662	-	-	292,776
<b>Total - Local Sources</b>	<b>87,769,852</b>	<b>48,662</b>	<b>6,824</b>	<b>1,336,939</b>	<b>89,162,277</b>
State Sources	17,829,650	1,054,648			18,884,298
Federal Sources	125,519	1,929,610	-	-	2,055,129
<b>Total Revenues</b>	<b>105,725,021</b>	<b>3,032,920</b>	<b>6,824</b>	<b>1,336,939</b>	<b>110,101,704</b>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	39,502,322	731,009			40,233,331
Special Education Instruction	21,263,969	862,660			22,126,629
Other Instruction	4,314,200				4,314,200
Support Services					
Student and Instruction Related Services	14,131,284	1,361,007			15,492,291
General Administrative Services	1,439,293				1,439,293
School Administrative Services	4,921,124				4,921,124
Central and Other Support Services	1,978,763				1,978,763
Plant Operations and Maintenance	6,643,839				6,643,839
Pupil Transportation	5,145,015	51,015			5,196,030
Debt Service					
Principal	1,343,414			1,065,000	2,408,414
Interest and Other Charges	315,112			279,325	594,437
Capital Outlay	484,704	27,229	-	-	511,933
<b>Total Expenditures</b>	<b>101,483,039</b>	<b>3,032,920</b>	<b>-</b>	<b>1,344,325</b>	<b>105,860,284</b>
Excess (Deficiency) of Revenues Over Expenditures	4,241,982	-	6,824	(7,386)	4,241,420
<b>OTHER FINANCING SOURCES</b>					
Transfers In	100,000	-	-	-	100,000
<b>Total Other Financing Sources</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>
<b>Net Change in Fund Balances</b>	<b>4,341,982</b>	<b>-</b>	<b>6,824</b>	<b>(7,386)</b>	<b>4,341,420</b>
Fund Balance, Beginning of Year	7,733,342	-	56,426	11,227	7,800,995
<b>Fund Balance, End of Year</b>	<b>\$ 12,075,324</b>	<b>\$ -</b>	<b>\$ 63,250</b>	<b>\$ 3,841</b>	<b>\$ 12,142,415</b>

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

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

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ 4,341,420**

Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the period.

Capital Outlays	\$ 511,933	
Depreciation Expense	<u>(3,697,262)</u>	(3,185,329)

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.

Bond Principal	1,530,000	
Lease Purchase Agreement Principal	127,335	
Capital Lease Obligation Principal	<u>751,079</u>	2,408,414

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The decrease in the accrued interest is an addition in the reconciliation.

16,446

Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Original Issuance Premium	177,934	
Amortization - Deferred Amount on Refunding of Debt	<u>(45,302)</u>	132,632

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

Increase in Compensated Absences	(180,371)	
Decrease in Net Pension Liability	<u>1,447,054</u>	<u>1,266,683</u>

**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ 4,980,266**

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

	<b>Business-Type Activities- Enterprise Funds</b>		
	<u>Food Services</u>	<u>Community School</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 39,701	\$ 851,023	\$ 890,724
Intergovernmental Accounts Receivable	271,822	-	271,822
Other Accounts Receivables	6,889	-	6,889
Inventories	14,567	-	14,567
Total Current Assets	<u>332,979</u>	<u>851,023</u>	<u>1,184,002</u>
Capital Assets			
Machinery and Equipment	401,778	9,607	411,385
Less: Accumulated Depreciation	<u>(380,641)</u>	<u>(9,607)</u>	<u>(390,248)</u>
Total Capital Assets	<u>21,137</u>	<u>-</u>	<u>21,137</u>
Total Assets	<u>354,116</u>	<u>851,023</u>	<u>1,205,139</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	73,731	1,242	74,973
Unearned Revenue	<u>15,178</u>	<u>228,129</u>	<u>243,307</u>
Total Current Liabilities	<u>88,909</u>	<u>229,371</u>	<u>318,280</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue	<u>6,304</u>	<u>-</u>	<u>6,304</u>
Total Deferred Inflows of Resources	<u>6,304</u>	<u>-</u>	<u>6,304</u>
Total Liabilities and Deferred Inflows of Resources	<u>95,213</u>	<u>229,371</u>	<u>324,584</u>
<b>NET POSITION</b>			
Investment in Capital Assets	21,137	-	21,137
Unrestricted	<u>237,766</u>	<u>621,652</u>	<u>859,418</u>
Total Net Position	<u>\$ 258,903</u>	<u>\$ 621,652</u>	<u>\$ 880,555</u>

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

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

	Business-Type Activities- Enterprise Funds		Totals
	Food Services	Community School	
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales-Reimbursable Programs	\$ 399,714		\$ 399,714
Daily Sales - Non-Reimbursable Programs	213,948		213,948
Special Functions	74,307		74,307
Vending Sales	10,095		10,095
Program Fees	-	\$ 843,936	843,936
Total Operating Revenues	<u>698,064</u>	<u>843,936</u>	<u>1,542,000</u>
<b>OPERATING EXPENSES</b>			
Salaries and Employee Benefits	602,572	523,202	1,125,774
Cost of Sales - Reimbursable Programs	614,913		614,913
Cost of Sales - Non Reimbursable Programs	32,228		32,228
Purchased Professional and Technical Services		12,972	12,972
Purchased Management Services	60,600		60,600
Other Purchased Services	14,874	50,393	65,267
Contracted Services- Transportation		7,920	7,920
Communications/ Telephone		2,238	2,238
Supplies and Materials	9,374	14,982	24,356
Miscellaneous	30,324	17,838	48,162
Depreciation	6,632	-	6,632
Total Operating Expenses	<u>1,371,517</u>	<u>629,545</u>	<u>2,001,062</u>
Operating Income (Loss)	<u>(673,453)</u>	<u>214,391</u>	<u>(459,062)</u>
<b>NONOPERATING REVENUES</b>			
State Sources			
School Lunch Program	15,213		15,213
Federal Sources			
School Breakfast Program	106,899		106,899
National School Lunch Program	560,831		560,831
Food Distribution Program	111,720	-	111,720
Total Nonoperating Revenues	<u>794,663</u>	<u>-</u>	<u>794,663</u>
Income Before Transfers	121,210	214,391	335,601
Transfers Out	-	(100,000)	(100,000)
Change in Net Position	121,210	114,391	235,601
Total Net Position, Beginning of Year	<u>137,693</u>	<u>507,261</u>	<u>644,954</u>
Total Net Position, End of Year	<u>\$ 258,903</u>	<u>\$ 621,652</u>	<u>\$ 880,555</u>

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

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

	<b>Business-Type Activities- Enterprise Funds</b>		
	<u>Food Services</u>	<u>Community School</u>	<u>Totals</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Customers	\$ 694,567	\$ 837,235	\$ 1,531,802
Cash Payments to Employees' Salaries and Benefits	(602,572)	(523,202)	(1,125,774)
Cash Payments to Suppliers for Goods and Services	(637,176)	(117,874)	(755,050)
Net Cash Provided by (Used for) Operating Activities	<u>(545,181)</u>	<u>196,159</u>	<u>(349,022)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Cash Received from State and Federal Subsidy Reimbursements	462,625	-	462,625
Cash Payments to Other Funds	-	(100,000)	(100,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>462,625</u>	<u>(100,000)</u>	<u>362,625</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(82,556)	96,159	13,603
Cash and Cash Equivalents, Beginning of Year	<u>122,257</u>	<u>754,864</u>	<u>877,121</u>
Cash and Cash Equivalents, End of Year	<u>\$ 39,701</u>	<u>\$ 851,023</u>	<u>\$ 890,724</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	\$ (673,453)	\$ 214,391	\$ (459,062)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	6,632		6,632
USDA Commodities (Food Distribution Program)	111,720		111,720
Change in Assets, Liabilities and Deferred Inflows of Resources			
(Increase)/Decrease in Other Accounts Receivable	(6,889)		(6,889)
(Increase)/Decrease in Inventories	6,520		6,520
Increase/(Decrease) in Accounts Payable	11,568	(11,531)	37
Increase/(Decrease) in Unearned Revenue	3,392	(6,701)	(3,309)
Increase/(Decrease) in Deferred Commodities Revenue	(4,671)	-	(4,671)
Total Adjustments	<u>128,272</u>	<u>(18,232)</u>	<u>110,040</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (545,181)</u>	<u>\$ 196,159</u>	<u>\$ (349,022)</u>
<b>Noncash Investing, Capital and Financing Activities</b>			
Value Received - Food Distribution Program	\$ 107,049		

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

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

	<b>Private Purpose <u>Scholarships Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 118,602	\$ 1,363,767
Total Assets	<u>118,602</u>	<u>\$ 1,363,767</u>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings		\$ 558,568
Summer Savings Plan		628,065
Flexible Spending Program		34,413
Accrued Salaries & Wages		2,989
Due to Other Funds		10,000
Due to Student Groups	<u>-</u>	<u>129,732</u>
Total Liabilities	<u>-</u>	<u>\$ 1,363,767</u>
<b>NET POSITION</b>		
Held in Trust for Other Purposes	<u>\$ 118,602</u>	

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

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

	<b>Private Purpose Scholarships <u>Fund</u></b>
<b>ADDITIONS</b>	
Contributions	
Donations	\$ 2,005
Investment Earnings	
Interest	<u>549</u>
Total Additions	<u>2,554</u>
<b>DEDUCTIONS</b>	
Scholarships Awards	<u>7,625</u>
Total Deductions	<u>7,625</u>
Change in Net Position	(5,071)
Net Position, Beginning of Year	<u>123,673</u>
Net Position, End of Year	<u>\$ 118,602</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Teaneck 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 Teaneck Board of Education this includes general operations, food service, community school programs and student related activities of the District.

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

**B. New Accounting Standards**

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

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

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

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

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

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

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

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

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

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

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

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

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

The *community school fund* accounts for the activities of the District's community school which provides for the operation of the before and after child care program, summer camp program and adult education programs.

Additionally, the government reports the following fund types:

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

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

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

Reclassifications

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

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.

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

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

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

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

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

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

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

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

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

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

***2. Receivables***

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

***3. Inventories***

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

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

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

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

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

**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>
Buildings	50
Building Improvements	15-45
Improvements Other Than Buildings	15-20
Heavy Equipment and Vehicles	8-15
Office Equipment and Furniture	10-15
Computer Equipment	5-7

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

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

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

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

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types which arise only under the accrual basis of accounting that qualify for reporting in this category. One item, is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

***6. Compensated Absences***

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

***7. Pensions***

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

*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 3C).

*Tuition Reserve* – This restriction was created in accordance with NJAC 6A:23A-17.1(F)8 to represent foreseeable future tuition adjustments for the 2017/2018 contract year and is required to be liquidated in the second year following the contract year with any remaining balance related to that contract year to be reserved and budgeted for property tax relief.

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

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

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

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

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

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

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

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

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

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

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

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

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

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

***10. Fund Balance Policies***

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District had no committed fund balances at June 30, 2018.

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.

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

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

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

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

***2. Property Taxes***

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund, and of the community school 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.

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

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

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$40,319,338 difference are as follows:

Bonds Payable (Including Unamortized Premiums)	\$ 14,923,879
Lease Purchase Agreements	56,029
Capital Lease Obligations	2,277,034
Compensated Absences	2,976,436
Net Pension Liability	<u>20,085,960</u>
 Net Adjustment to Reduce Fund Balance -	
Total Governmental Funds to Arrive at	
Net Position - Governmental Activities	<u>\$ 40,319,338</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.

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

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

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

**A. Budgetary Information (Continued)**

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$3,790,236. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**B. Capital Reserve**

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

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

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

Balance, July 1, 2017	\$ 1,575,801
Increased by:	
Deposit Approved by Board Resolution	2,500,000
Balance, June 30, 2018	\$ 4,075,801

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

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

**C. Maintenance Reserve**

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

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

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

Balance, July 1, 2017	\$ 201,000
Increased by:	
Deposit Approved by Board Resolution	1,000,000
Balance, June 30, 2018	\$ 1,201,000

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$3,690,321.

**D. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$3,526,041. Of this amount, \$1,583,223 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$1,942,818 will be appropriated in the 2019/2020 original budget certified for taxes.

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

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

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

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

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$14,930,031 and bank and brokerage firm balances of the Board's deposits amounted to \$17,793,720. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ 17,777,520
Uninsured and Collateralized	<u>16,200</u>
	<u>\$ 17,793,720</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board's bank balance of \$16,200 was exposed to custodial credit risk as follows:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Uninsured and Collateralized:	
Collateral held by pledging financial institution's trust department but not in the Board's name	<u>\$ 16,200</u>

**Investments**

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

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

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

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

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 529,347	\$ 265,968	\$ 795,315
State	\$ 320,315	42,190	5,854	368,359
Local	51,840	37,796	-	89,636
Accounts	-	-	6,889	6,889
	<hr/>	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$ 372,155</u>	<u>\$ 609,333</u>	<u>\$ 278,711</u>	<u>\$ 1,260,199</u>

C. Unearned Revenue

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered Grant Drawdowns	\$ 88,291
Grant Draw Downs Reserved for Encumbrances	1,390
	<hr/>
Total Unearned Revenue for Governmental Funds	<u>\$ 89,681</u>

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

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

**D. Capital Assets**

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

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,601,471			\$ 1,601,471
Construction in Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	<u>1,601,471</u>	<u>-</u>	<u>-</u>	<u>1,601,471</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	61,277,993	\$ 48,638		61,326,631
Improvements Other Than Buildings	5,311,060			5,311,060
Machinery and Equipment	<u>9,472,173</u>	<u>463,295</u>	<u>-</u>	<u>9,935,468</u>
Total Capital Assets Being Depreciated	<u>76,061,226</u>	<u>511,933</u>	<u>-</u>	<u>76,573,159</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(18,671,914)	(2,850,691)		(21,522,605)
Improvements Other Than Buildings	(3,713,697)	(210,100)		(3,923,797)
Machinery and Equipment	<u>(6,618,411)</u>	<u>(636,471)</u>	<u>-</u>	<u>(7,254,882)</u>
Total Accumulated Depreciation	<u>(29,004,022)</u>	<u>(3,697,262)</u>	<u>-</u>	<u>(32,701,284)</u>
Total Capital Assets, Being Depreciated, Net	<u>47,057,204</u>	<u>(3,185,329)</u>	<u>-</u>	<u>43,871,875</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,658,675</u>	<u>\$ (3,185,329)</u>	<u>\$ -</u>	<u>\$ 45,473,346</u>

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

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

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 411,385	-	-	\$ 411,385
Total Capital Assets Being Depreciated	<u>411,385</u>	<u>-</u>	<u>-</u>	<u>411,385</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(383,616)</u>	\$ (6,632)	-	<u>(390,248)</u>
Total Accumulated Depreciation	<u>(383,616)</u>	<u>(6,632)</u>	<u>-</u>	<u>(390,248)</u>
Total Capital Assets, Being Depreciated, Net	<u>27,769</u>	<u>(6,632)</u>	<u>-</u>	<u>21,137</u>
Business-Type Activities Capital Assets, Net	<u>\$ 27,769</u>	<u>\$ (6,632)</u>	<u>\$ -</u>	<u>\$ 21,137</u>

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

<b>Governmental Activities:</b>	
Instruction	
Regular Instruction	\$ <u>82,895</u>
Total Instruction	<u>82,895</u>
Support Services	
Student and Instruction Related Services	468,196
Plant Operations and Maintenance	3,107,519
Pupil Transportation	<u>38,652</u>
Total Support Services	<u>3,614,367</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,697,262</u>
<b>Business-Type Activities:</b>	
Food Service Fund	\$ <u>6,632</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 6,632</u>

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

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

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

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

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 224,412
General Fund	Payroll Agency Fund	10,000
		<u>\$ 234,412</u>

The above balances are the result of covering cash balances which were in an overdraft position.

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

**Interfund transfers**

<u>Transfer Out:</u>	<u>Transfer In:</u> General <u>Fund</u>
Community School Enterprise Fund	\$ 100,000
	<u>\$ 100,000</u>

The above transfer is the result of fund balance available in one fund to finance expenditures in another fund.

**F. Leases**

**Capital Leases**

The District is leasing computers (general supplies) totaling \$219,994 under capital leases. The leases are for terms of 5 years.

The District has also entered into capital lease obligations totaling \$4,263,729 for capital improvements to Hawthorne and Bryant Elementary Schools Roof Projects, district-wide copiers and technology upgrades and network wiring. The lease terms are for 5 years.

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

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

**F. Leases (Continued)**

**Capital Leases (Continued)**

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

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>		
	<u>Lease-Purchase Agreements</u>	<u>Capital Leases</u>	<u>Total</u>
2019	58,260	761,915	820,175
2020		731,024	731,024
2021		466,481	466,481
2022	-	443,644	443,644
Total Minimum Lease Payments	58,260	2,403,064	2,461,324
Less: Amount Representing Interest	(2,231)	(126,030)	(128,261)
Present Value of Minimum Lease Payments	<u>\$ 56,029</u>	<u>\$ 2,277,034</u>	<u>\$ 2,333,063</u>

The capital assets acquired through capital leases are as follows:

Building Improvements	\$3,750,000
Equipment	<u>513,729</u>
	<u>\$ 4,263,729</u>

**G. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities, other capital assets and other purposes provided under 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, 2018 are comprised of the following issues:

\$8,180,000, 2012 School Energy Savings Obligation Refunding Bonds, due in annual installments of \$500,000 to \$805,000 through April 1, 2027, interest at 3.00% to 4.50%	\$5,775,000
\$3,325,000, 2013 Pension Refunding Bonds (ERIP) due in annual installments of \$485,000 to \$515,000 through July 1, 2020, interest at 2.70% to 3.50%	1,500,000
\$7,615,000, 2016 Refunding Bonds, due in annual installments of \$465,000 to \$580,000 through July 15, 2030, interest at 2.00% to 4.00%	<u>6,840,000</u>
Total	<u>\$14,115,000</u>

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

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

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

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

**Governmental Activities:**

Fiscal Year Ended <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 1,565,000	\$ 486,673	\$ 2,051,673
2020	1,625,000	437,626	2,062,626
2021	1,685,000	381,613	2,066,613
2022	1,200,000	330,100	1,530,100
2023	1,135,000	291,750	1,426,750
2024-2028	5,470,000	807,300	6,277,300
2029-2033	<u>1,435,000</u>	<u>75,074</u>	<u>1,510,074</u>
	<u>\$ 14,115,000</u>	<u>\$ 2,810,136</u>	<u>\$ 16,925,136</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 217,488,318
Less: Net Debt	<u>6,840,000</u>
Remaining Borrowing Power	<u>\$ 210,648,318</u>

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

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

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

	Balance, <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2018</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 15,645,000		\$ 1,530,000	\$ 14,115,000	\$ 1,565,000
Add: Premium	986,813	-	177,934	808,879	-
	<u>16,631,813</u>	<u>-</u>	<u>1,707,934</u>	<u>14,923,879</u>	<u>1,565,000</u>
Lease Purchase Agreement	183,364		127,335	56,029	56,029
Capital Lease Obligations	3,028,113		751,079	2,277,034	707,985
Compensated Absences	2,796,065	\$ 356,801	176,430	2,976,436	200,000
Net Pension Liability	<u>32,874,611</u>	<u>-</u>	<u>12,788,651</u>	<u>20,085,960</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 55,513,966</u>	<u>\$ 356,801</u>	<u>\$ 15,551,429</u>	<u>\$ 40,319,338</u>	<u>\$ 2,529,014</u>

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

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims. In addition, the Group proved various types of insurance coverages for its member including commercial property, general liability and automobile liability coverages.

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

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

**B. Contingent Liabilities**

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

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

**C. Federal Arbitrage Regulations**

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

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

**Plan Descriptions and Benefits Provided**

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

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

The following represents the membership tiers for PERS:

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

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

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

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

The following represent then 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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

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

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

**Other Pension Funds**

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

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

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Plan Amendments**

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress**

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

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

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

**Actuarial Methods and Assumptions**

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

**Employer and Employee Pension Contributions**

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

**Annual Pension Costs (APC)**

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2018	\$ 799,346	\$ 5,231,033
2017	986,096	3,915,537
2016	1,153,249	2,617,192

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$7,822 and \$4,770, respectively for PERS and the State contributed \$5,340 and \$5,475, 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 \$2,575,986 during the fiscal year ended June 30, 2018 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

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

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$20,085,960 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District’s proportionate share was .08629 percent, which was a decrease of .02471 percent from its proportionate share measured as of June 30, 2016 of .11100 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) a credit in pension expense of \$630,818 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 472,955	
Changes of Assumptions	4,046,629	\$ 4,031,793
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	136,772	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	8,128,127
Total	<u>\$ 4,656,356</u>	<u>\$ 12,159,920</u>

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

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

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ (1,547,301)
2020	(1,151,074)
2021	(1,474,842)
2022	(2,306,222)
2023	<u>(1,024,125)</u>
	<u>\$ (7,503,564)</u>

***Actuarial Assumptions***

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

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

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

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

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

*Long-Term Expected Rate of Return*

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

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

*Discount Rate*

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

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



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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

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

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$16,259,343 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$234,707,436. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .34811 percent, which was an increase of .02122 percent from its proportionate share measured as of June 30, 2016 of .32689 percent.

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

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

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

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

**Actuarial Assumptions**

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

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

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

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

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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

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

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

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

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

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

***Discount Rate***

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

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

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

**Period of Projected Benefit**

Payments for which the Following  
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

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

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	<b>1% Decrease (3.25%)</b>	<b>Current Discount Rate (4.25%)</b>	<b>1% Increase (5.25%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 278,839,796</u>	<u>\$ 234,707,436</u>	<u>\$ 198,351,006</u>

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

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

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

**Plan Description and Benefits Provided**

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

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

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Plan Membership**

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

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$3,378,613, \$3,232,534 and \$3,116,353, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$8,511,413. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$154,357,308. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .28777 percent, which was a decrease of .00096 percent from its proportionate share measured as of June 30, 2016 of .28873 percent.

**Actuarial Assumptions**

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

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Actuarial Assumptions (Continued)**

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

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

**Long-Term Expected Rate of Return**

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

**Discount Rate**

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

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>166,980,269</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 5,742,154
Interest on the Total OPEB Liability	4,906,873
Changes of Assumptions	(20,392,834)
Gross Benefit Payments	(2,989,225)
Contributions from the Member	<u>110,071</u>
<b>Net Changes</b>	<b>\$ <u>(12,622,961)</u></b>
Balance, June 30, 2017 Measurement Date	\$ <u>154,357,308</u>

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

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

**Sensitivity of OPEB Liability**

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

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>183,233,261</u>	\$ <u>154,357,308</u>	\$ <u>131,452,628</u>

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability (Continued)

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>126,943,964</u>	\$ <u>154,357,308</u>	\$ <u>190,761,906</u>

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

F. Tax Abatements

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

For the Teaneck 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**

**TEANECK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>REVENUES</b>					
<b>Local Sources</b>					
Local Property Tax Levy	\$ 87,319,046		\$ 87,319,046	\$ 87,319,046	
Tuition - LEA	67,912		67,912	139,948	\$ 72,036
Interest	6,010		6,010	66,744	60,734
Rentals			-	18,448	18,448
Miscellaneous	245,118	-	245,118	225,666	(19,452)
Total Local Sources	<u>87,638,086</u>	<u>-</u>	<u>87,638,086</u>	<u>87,769,852</u>	<u>131,766</u>
<b>State Sources</b>					
Transportation Aid	1,909,231		1,909,231	1,909,231	
Special Education Aid	2,596,036		2,596,036	2,686,168	90,132
Security Aid	730,240		730,240	730,240	
PARCC Aid	40,420		40,420	40,420	-
Per Pupil Growth Aid	40,420		40,420	40,420	-
Professional Learning Community Aid	39,700		39,700	39,700	-
Extraordinary Aid	875,000		875,000	940,134	65,134
Non Public Transportation				167,102	167,102
Homeless Tuition				21,414	21,414
Lead Testing State Aid				6,282	6,282
TPAF Pension Contributions - Normal Costs and Accrued Liability (Non-Budget)				5,107,097	5,107,097
TPAF Pension Contributions - NCGI Premium (Non-Budget)				123,936	123,936
TPAF - Post Retirement Medical (Non-Budget)				3,378,613	3,378,613
TPAF - Long Term Disability				5,340	5,340
TPAF Social Security Reimbursements (Non-Budget)	-	-	-	2,575,986	2,575,986
Total State Sources	<u>6,231,047</u>	<u>-</u>	<u>6,231,047</u>	<u>17,772,083</u>	<u>11,541,036</u>
<b>Federal Sources</b>					
Medicaid Reimbursement Program	92,958	-	92,958	125,519	32,561
Total Federal Sources	<u>92,958</u>	<u>-</u>	<u>92,958</u>	<u>125,519</u>	<u>32,561</u>
Total Revenues	<u>93,962,091</u>	<u>-</u>	<u>93,962,091</u>	<u>105,667,454</u>	<u>11,705,363</u>
<b>CURRENT EXPENDITURES</b>					
<b>Regular Programs - Instruction</b>					
<b>Salaries of Teachers</b>					
Kindergarten	1,246,392	\$ (23,700)	1,222,692	1,216,648	6,044
Grades 1-5	5,919,230	308,024	6,227,254	6,225,960	1,294
Grades 6-8	5,563,630	(147,185)	5,416,445	5,363,418	53,027
Grades 9-12	8,644,168	(137,139)	8,507,029	8,434,055	72,974
Regular Programs - Home Instruction					
Salaries of Teachers	1,523	-	1,523		1,523
Regular Programs - Undistributed Instruction					
Purchased Professional-Educational Svcs.	10,000	(10,000)			-
Purchased Technical Services	95,527	-	95,527	76,861	18,666
Other Purchased Services	194,300	-	194,300	143,719	50,581
General Supplies	1,385,733	(9,721)	1,376,012	1,250,199	125,813
Textbooks	77,526	314,122	391,648	386,731	4,917
Total Regular Programs	<u>23,138,029</u>	<u>294,401</u>	<u>23,432,430</u>	<u>23,097,591</u>	<u>334,839</u>
<b>Special Education Learning / Language Disabilities</b>					
Salaries of Teachers	1,433,500	16,500	1,450,000	1,294,699	155,301
Purchased Professional-Educational Svcs.	668,885	12,905	681,790	496,953	184,837
General Supplies	1,000	-	1,000	-	1,000
Total Learning / Language Disabilities	<u>2,103,385</u>	<u>29,405</u>	<u>2,132,790</u>	<u>1,791,652</u>	<u>341,138</u>

**TEANECK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Behavioral Disabilities					
Salaries of Teachers	\$ 278,600	-	\$ 278,600	\$ 278,600	-
Purchased Professional-Educational Svcs.	170,675	-	170,675	66,634	\$ 104,041
Total Behavioral Disabilities	449,275	-	449,275	345,234	104,041
Multiple Disabilities					
Salaries of Teachers	698,700	\$ 14,200	712,900	712,900	-
Purchased Professional-Educational Svcs.	853,375	-	853,375	635,208	218,167
General Supplies	50,000	-	50,000	25,184	24,816
Total Multiple Disabilities	1,602,075	14,200	1,616,275	1,373,292	242,983
Resource Room / Resource Center					
Salaries of Teachers	5,029,278	11,533	5,040,811	4,963,684	77,127
Purchased Professional-Educational Svcs.	614,430	-	614,430	437,887	176,543
General Supplies	28,000	-	28,000	-	28,000
Total Resource Room / Resource Center	5,671,708	11,533	5,683,241	5,401,571	281,670
Preschool Disabilities - Part - Time					
Salaries of Teachers	292,700	-	292,700	292,700	-
General Supplies	1,500	-	1,500	686	814
Total Preschool Disabilities - Part - Time	294,200	-	294,200	293,386	814
Preschool Disabilities - Full - Time					
Salaries of Teachers	120,500	-	120,500	120,500	-
Purchased Professional-Educational Svcs.	307,215	-	307,215	215,945	91,270
General Supplies	5,000	(1,997)	3,003	-	3,003
Total Preschool Disabilities - Full - Time	432,715	(1,997)	430,718	336,445	94,273
Home Instruction					
Salaries of Teachers	75,000	9,877	84,877	84,877	-
Purchased Professional-Educational Svcs.	50,000	(7,879)	42,121	30,763	11,358
Total Home Instruction	125,000	1,998	126,998	115,640	11,358
Total Special Education	10,678,358	55,139	10,733,497	9,657,220	1,076,277

**TEANECK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Basic Skills/Remedial					
Salaries of Teachers	\$ 1,677,340	\$ 23,700	\$ 1,701,040	\$ 1,591,714	\$ 109,326
Total Basic Skills/Remedial	<u>1,677,340</u>	<u>23,700</u>	<u>1,701,040</u>	<u>1,591,714</u>	<u>109,326</u>
Bilingual Education					
Salaries of Teachers	414,678	-	414,678	414,678	-
Purchased Professional-Educational Svcs.	70,000	(65,933)	4,067		4,067
General Supplies	-	8,000	8,000	6,402	1,598
Total Bilingual Education	<u>484,678</u>	<u>(57,933)</u>	<u>426,745</u>	<u>421,080</u>	<u>5,665</u>
School Sponsored Co-Curricular Activities					
Salaries	234,368	1	234,369	231,949	2,420
Purchased Services	3,600	-	3,600	2,240	1,360
Supplies and Materials	52,000	(6,434)	45,566	6,014	39,552
Other Objects	12,000	8,332	20,332	20,332	-
Total School Sponsored Co-Curricular Activities	<u>301,968</u>	<u>1,899</u>	<u>303,867</u>	<u>260,535</u>	<u>43,332</u>
School Sponsored Athletics - Instruction					
Salaries	724,026	-	724,026	677,192	46,834
Purchased Services	56,002	-	56,002	51,762	4,240
Supplies and Materials	120,000	-	120,000	119,831	169
Other Objects	27,602	12,000	39,602	34,959	4,643
Transfers to Cover Deficit	70,070	-	70,070	56,628	13,442
Total School Sponsored Athletics - Instruction	<u>997,700</u>	<u>12,000</u>	<u>1,009,700</u>	<u>940,372</u>	<u>69,328</u>
Total - Instruction	<u>37,278,073</u>	<u>329,206</u>	<u>37,607,279</u>	<u>35,968,512</u>	<u>1,638,767</u>
Undistributed Expenditures					
Instruction					
Tuition - Other LEA's Within State - Special	1,860,165	(137,168)	1,722,997	1,710,817	12,180
Tuition to County Voc. School Dist.-Regular	596,484	33,823	630,307	600,424	29,883
Tuition to County Voc. School Dist.-Special	335,400	223	335,623	323,440	12,183
Tuition to CSSD & Reg. Day Schools	2,470,000	(445,567)	2,024,433	1,448,866	575,567
Tuition to Private Schools - Disabled Within State	3,044,167	462,413	3,506,580	2,980,668	525,912
Tuition to Priv. Sch. Disabled & Other LEAs - Spl, O/S State	780,752	(180,593)	600,159	594,349	5,810
Tuition - State Facilities	101,369	-	101,369	101,369	-
Total Undistributed Expenditures - Instruction	<u>9,188,337</u>	<u>(266,869)</u>	<u>8,921,468</u>	<u>7,759,933</u>	<u>1,161,535</u>

**TEANECK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 223,466	\$ (503)	\$ 222,963	\$ 213,905	\$ 9,058
Purchased Professional and Technical Svcs.	60,000	-	60,000	42,030	17,970
Other Purchased Services	930	1,325	2,265	2,265	-
Total Attendance and Social Work Services	<u>284,396</u>	<u>832</u>	<u>285,228</u>	<u>258,200</u>	<u>27,028</u>
Health Services					
Salaries	576,154	(11,830)	564,324	514,676	49,648
Purchased Professional and Technical Svcs.	250,000	69,855	319,855	223,726	96,129
Other Purchased Services	2,000	1,000	3,000	494	2,506
Supplies and Materials	14,961	(1,000)	13,961	9,504	4,457
Total Health Services	<u>843,115</u>	<u>58,025</u>	<u>901,140</u>	<u>748,400</u>	<u>152,740</u>
Other Support Services - Students - Speech, OT, PT and Related Services					
Salaries	642,778	-	642,778	592,178	50,600
Purchased Professional-Educational Services	1,709,600	(9,401)	1,700,199	1,463,625	236,574
Supplies and Materials	5,000	-	5,000	136	4,864
Total Other Support Services - Students - Speech, OT, PT and Related Services	<u>2,357,378</u>	<u>(9,401)</u>	<u>2,347,977</u>	<u>2,055,939</u>	<u>292,038</u>
Other Support Services-Students-Extra Serv.					
Salaries	164,500	(3,425)	161,075	156,350	4,725
Purchased Professional-Educational Services	1,645,200	3,425	1,648,625	1,480,663	167,962
Total Other Support Services-Extra Serv.	<u>1,809,700</u>	<u>-</u>	<u>1,809,700</u>	<u>1,637,013</u>	<u>172,687</u>
Other Support Services-Students-Guidance					
Salaries of Other Professional Staff	1,507,746	(1,074)	1,506,672	1,463,562	43,110
Salaries of Secretarial and Clerical Assistants	267,496	1,074	268,570	251,084	17,486
Other Salaries	83,095	-	83,095	81,454	1,641
Travel - All Other	1,000	-	1,000	-	1,000
Supplies and Materials	11,000	-	11,000	6,306	4,694
Total Other Support Services-Students-Guidance	<u>1,870,337</u>	<u>-</u>	<u>1,870,337</u>	<u>1,802,406</u>	<u>67,931</u>
Other Support Services - Students - Child Study Team					
Salaries of Other Professional Staff	1,554,500	7,290	1,561,790	1,539,490	22,300
Salaries of Secretarial and Clerical Assistants	205,691	(5,321)	200,370	200,370	-
Unused Vacation Payment to Terminated/Retired Staff	6,500	-	6,500	-	6,500
Purchased Professional-Educational Services	450,000	29,611	479,611	478,936	675
Other Purchased Prof. and Tech. Services	6,000	(1,580)	4,420	-	4,420
Other Purchased Services	42,530	1,551	44,081	31,834	12,247
Supplies and Materials	45,000	(1,128)	43,872	29,837	14,035
Other Objects	500	-	500	289	211
Total Other Support Services - Students - Child Study Team	<u>2,310,721</u>	<u>30,423</u>	<u>2,341,144</u>	<u>2,280,756</u>	<u>60,388</u>

**TEANECK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Improvement of Instructional Services					
Salaries of Supervisors of Instruction	\$ 403,744	-	\$ 403,744	\$ 355,128	\$ 48,616
Salaries of Secretarial and Clerical Assistants	177,396	-	177,396	158,209	19,187
Other Salaries	2,900	-	2,900	300	2,600
Purchased Professional-Educational Services	175,000	\$ (10,704)	164,296	104,475	59,821
Other Purchased Services	7,895	2,704	10,599	5,586	5,013
Supplies and Materials	35,000	(4,200)	30,800	28,111	2,689
<b>Total Improvement of Instruction Services</b>	<b>801,935</b>	<b>(12,200)</b>	<b>789,735</b>	<b>651,809</b>	<b>137,926</b>
Educational Media Services/School Library					
Salaries	481,256	(10,000)	471,256	455,899	15,357
Purchased Professional and Technical Services	45,000	4,450	49,450	49,446	4
Supplies and Materials	51,000	(5,010)	45,990	13,404	32,586
<b>Total Educational Media Services/School Library</b>	<b>577,256</b>	<b>(10,560)</b>	<b>566,696</b>	<b>518,749</b>	<b>47,947</b>
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	408,814	-	408,814	355,128	53,686
Salaries of Other Professional Staff	305,700	-	305,700	121,697	184,003
Salaries of Secretarial and Clerical Assistants	136,390	-	136,390	105,400	30,990
Purchased Professional-Educational Svcs.	5,000	-	5,000	5,000	5,000
Travel - All Other	26,900	(4,450)	22,450	8,607	13,843
Supplies and Materials	4,000	-	4,000	2,251	1,749
Other Objects	5,400	-	5,400	4,269	1,131
<b>Total Instructional Staff Training Services</b>	<b>892,204</b>	<b>(4,450)</b>	<b>887,754</b>	<b>597,352</b>	<b>290,402</b>
Support Services General Administration					
Salaries	345,500	12,500	358,000	350,704	7,296
Legal Services	275,000	(525)	274,475	210,553	63,922
Audit Fees	48,000	525	48,525	47,328	1,197
Architectural/Engineering Services	5,000	6,000	11,000	11,000	11,000
Other Purchased Professional Services	-	79,800	79,800	79,800	-
Communications/Telephone	99,509	37,952	137,461	119,644	17,817
BOE Other Purchased Services	11,550	-	11,550	7,379	4,171
Miscellaneous Purchased Services	182,815	1,703	184,518	152,372	32,146
Travel - All Other	-	2,000	2,000	342	1,658
General Supplies	5,000	-	5,000	2,338	2,662
BOE In-House Training/Meeting Supplies	6,500	-	6,500	1,324	5,176
Judgments Against the School District	169,500	(39,431)	130,069	117,705	12,364
Miscellaneous Expenditures	15,982	609	16,591	8,671	7,920
BOE Membership Dues and Fees	35,000	(283)	34,717	29,163	5,554
<b>Total Support Services General Administration</b>	<b>1,199,356</b>	<b>100,850</b>	<b>1,300,206</b>	<b>1,127,323</b>	<b>172,883</b>

**TEANECK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services School Administration					
Salaries of Principals/Asst. Principals/Prog Dir	\$ 1,833,655	-	\$ 1,833,655	\$ 1,821,843	\$ 11,812
Salaries of Other Professional Staff	132,842	\$ (6,647)	126,195	112,645	13,550
Salaries of Secretarial and Clerical Assistants	1,058,651	6,647	1,065,298	1,065,298	-
Other Purchased Service	40,500	-	40,500	26,530	13,970
Supplies and Materials	48,276	13,626	61,902	52,153	9,749
Other Objects	11,500	(117)	11,383	8,970	2,413
<b>Total Support Services School Administration</b>	<b>3,125,424</b>	<b>13,509</b>	<b>3,138,933</b>	<b>3,087,439</b>	<b>51,494</b>
Central Services					
Salaries	841,114	-	841,114	750,167	90,947
Purchased Technical Services	72,300	(15,723)	56,577	55,565	1,012
Travel - All Other	-	4,000	4,000	2,445	1,555
Misc. Purchased Services	95,600	(4,894)	90,706	45,546	45,160
Supplies and Materials	28,800	4,897	33,697	21,788	11,909
Interest on Lease Purchase Agreements	11,890	-	11,890	11,889	1
Miscellaneous Expenditures	2,000	275	2,275	2,034	241
<b>Total Central Services</b>	<b>1,051,704</b>	<b>(11,445)</b>	<b>1,040,259</b>	<b>889,434</b>	<b>150,825</b>
Admin. Info. Tech					
Salaries	283,755	(247,074)	36,681	36,681	-
Purchased Professional Services	360,000	178,467	538,467	528,540	9,927
Purchased Technical Services	7,350	44,378	51,728	40,662	11,066
Supplies and Materials	127,900	(28,850)	99,050	67,302	31,748
<b>Total Admin. Info. Tech.</b>	<b>779,005</b>	<b>(53,079)</b>	<b>725,926</b>	<b>673,185</b>	<b>52,741</b>
Required Maintenance for School Facilities					
Salaries	650,734	8,959	659,693	659,693	-
Cleaning, Repair & Maintenance Services	425,500	343,906	769,406	768,431	975
General Supplies	160,000	53,805	213,805	206,660	7,145
<b>Total Required Maintenance for School Facilities</b>	<b>1,236,234</b>	<b>406,670</b>	<b>1,642,904</b>	<b>1,634,784</b>	<b>8,120</b>
Custodial Services					
Salaries	815,077	(29,629)	785,448	780,032	5,416
Salaries of Non-Instructional Aides	-	4,275	4,275	4,275	-
Purchased Professional and Technical Services	20,100	(4,617)	15,483	-	15,483
Cleaning, Repair & Maintenance Services	1,693,314	796,037	2,489,351	1,699,156	790,195
Other Purchased Property Services	80,000	(3,704)	76,296	76,296	-
Insurance	407,765	7,693	415,458	415,458	-
Travel - All Other	-	350	350	350	-
Miscellaneous Purchased Services	391,350	7,260	398,610	397,536	1,074
General Supplies	197,000	32,763	229,763	229,451	312
Energy (Natural Gas)	600,000	(288,463)	311,537	309,609	1,928
Energy (Electricity)	600,000	(235,623)	364,377	364,356	21
Interest - Energy Savings Impr Prog Bonds	247,900	-	247,900	247,900	-
Other Objects	6,000	1,712	7,712	7,697	15
Principal-Energy Savings Impr. Prog. Bonds	465,000	-	465,000	465,000	-
<b>Total Custodial Services</b>	<b>5,523,506</b>	<b>288,054</b>	<b>5,811,560</b>	<b>4,997,116</b>	<b>814,444</b>

**TEANECK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Care and Upkeep of Grounds					
Salaries	\$ 312,999	\$ (69,734)	\$ 243,265	\$ 243,265	-
Total Care and Upkeep of Grounds	<u>312,999</u>	<u>(69,734)</u>	<u>243,265</u>	<u>243,265</u>	<u>-</u>
Security					
Salaries	122,000	7,897	129,897	129,897	-
Total Security	<u>122,000</u>	<u>7,897</u>	<u>129,897</u>	<u>129,897</u>	<u>-</u>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	70,140	-	70,140	68,962	\$ 1,178
Salaries for Pupil Transportation (Between Home and School) - Special	12,000	-	12,000		12,000
Other Purchased Prof. and Technical Serv.	16,593	24,599	41,192	41,192	-
Contracted Services - Aid in Lieu of Payments - Non-Public Schools	390,000	88	390,088	358,504	31,584
Contracted Services (Between Home and School) - Vendors	1,868,156	(37,750)	1,830,406	1,825,299	5,107
Contracted Services (Other Than Between Home and School) - Vendors	263,288	(21,397)	241,891	221,131	20,760
Contracted Services (Spec Ed) - Vendors	1,236,500	(106,076)	1,130,424	1,089,364	41,060
Contracted Services (Reg. Students) - ESCs & CTSAs	173,265	64,940	238,205	237,719	486
Contracted Services (Spl. Ed. Students)-ESCs & CTSAs	1,440,000	(119,125)	1,320,875	1,266,255	54,620
General Supplies	500	-	500	-	500
Total Student Transportation Services	<u>5,470,442</u>	<u>(194,721)</u>	<u>5,275,721</u>	<u>5,108,426</u>	<u>167,295</u>
Allocated Benefits					
Regular Programs - Instruction - Employee Benefits					
Health Benefits	3,287,092	-	3,287,092	3,287,092	-
Total Regular Programs - Instruction - Employee Benefits	<u>3,287,092</u>	<u>-</u>	<u>3,287,092</u>	<u>3,287,092</u>	<u>-</u>
Special Programs - Instruction - Employee Benefits					
Health Benefits	1,892,568	772	1,893,340	1,892,568	772
Unused Sick Payment to Terminated/Retired Staff	77,600	-	77,600	-	77,600
Total Special Programs - Instruction - Employee Benefits	<u>1,970,168</u>	<u>772</u>	<u>1,970,940</u>	<u>1,892,568</u>	<u>78,372</u>
Child Study Team - Employee Benefits					
Unused Sick Payment to Terminated/Retired Staff	12,000	-	12,000	-	12,000
Total Child Study Team - Employee Benefits	<u>12,000</u>	<u>-</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>

**TEANECK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
Operation & Maintenance of Plant-Employee Benefits					
Unused Sick Payment to Terminated/Retired Staff	9,000	-	9,000	-	9,000
Total Operation & Maintenance of Plant - Employee Benefits	9,000	(3,227)	5,773	-	5,773
Total Allocated Benefits - Employee Benefits	5,278,260	(2,455)	5,275,805	5,179,660	96,145
Unallocated Benefits					
Group Insurance	210,476	-	210,476	203,541	6,935
Social Security Contributions	872,723	-	872,723	720,259	152,464
Other Retirement Contributions - PERS	907,937	(13,256)	894,681	823,685	70,996
Unemployment Compensation	125,195	13,256	138,451	138,451	-
Workmen's Compensation	394,200	(153,948)	240,252	240,252	-
Health Benefits	4,781,224	(263,057)	4,518,167	3,611,777	906,390
Tuition Reimbursement	3,800	-	3,800	3,500	300
Other Employee Benefits	332,800	135,433	468,233	467,806	427
Total Unallocated Benefits	7,628,355	(281,572)	7,346,783	6,209,271	1,137,512
TPAF Pension Contributions					
Normal Costs and Accrued Liability (Non-Budget)				5,107,097	(5,107,097)
TPAF Pension Contributions - NCGI Premium (Non Budget)				123,936	(123,936)
TPAF - Post Retirement Medical (Non-Budget)				3,378,613	(3,378,613)
TPAF - Long Term Disability				5,340	(5,340)
TPAF Social Security Reimbursements (Non-Budget)	-	-	-	2,575,986	(2,575,986)
Total On-Behalf Contributions/Reimbursements	-	-	-	11,190,972	(11,190,972)
Total Undistributed Expenditures	52,662,664	(10,226)	52,652,438	58,781,329	(6,128,891)
Total Current Expenditures	89,940,737	318,980	90,259,717	94,749,841	(4,490,124)
<b>CAPITAL OUTLAY EXPENDITURES</b>					
Equipment					
Undistributed Expenditures					
Instruction		51,946	51,946	51,515	431
Central Services		23,292	23,292	7,569	15,723
Admin. Info. Tech.		22,763	22,763	22,763	-
Required Maint. For School Facilities		370,715	370,715	361,689	9,026
Custodial Services		704,990	704,990	41,168	663,822
Transportation	-	65,618	65,618	-	65,618
Total Equipment	-	1,239,324	1,239,324	484,704	754,620
Facilities Acquisition and Construction Serv.					
Lease Purchase Agreements - Principal	249,941		249,941	249,940	1
Other Objects	128,662	-	128,662	128,662	-
Total Facilities Acquisition and Construction Serv.	378,603	-	378,603	378,602	1
Interest Maintenance Reserve	10		10		10
Interest Deposit to Capital Reserve	6,000	-	6,000	-	6,000
	6,010	-	6,010	-	6,010
Total Capital Outlay	384,613	1,239,324	1,623,937	863,306	760,631
Transfer of Funds to Charter Schools	5,871,910	-	5,871,910	5,869,892	2,018
Total Expenditures	96,197,260	1,558,304	97,755,564	101,483,039	(3,727,475)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,235,169)	(1,558,304)	(3,793,473)	4,184,415	7,977,888

**TEANECK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
Other Financing Sources (Uses)					
Transfer In - Capital Projects Fund	100,000	-	100,000	100,000	-
 Total Other Financing Sources (Uses)	 100,000	 -	 100,000	 100,000	 -
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,135,169)	(1,558,304)	(3,693,473)	4,284,415	7,977,888
Fund Balances, Beginning of Year	9,107,946	-	9,107,946	9,107,946	-
Fund Balances, End of Year	<u>\$ 6,972,777</u>	<u>\$ (1,558,304)</u>	<u>\$ 5,414,473</u>	<u>\$ 13,392,361</u>	<u>\$ 7,977,888</u>
<b>Recapitulation</b>					
<b>Restricted</b>					
Capital Reserve				\$ 4,075,801	
Maintenance Reserve				1,201,000	
Tuition Reserve - 2017/2018				100,000	
Excess Surplus				1,942,818	
Excess Surplus - Designated for Subsequent Year Expenditures				1,583,223	
<b>Assigned</b>					
Year End Encumbrances				1,971,684	
Designated for Subsequent Year's Expenditures				479,758	
Unassigned				<u>2,038,077</u>	
				13,392,361	
 <b>Reconciliation to Governmental Funds Statements (GAAP)</b>					
2017/2018 State Aid Payments Not Recognized on GAAP Basis				<u>(1,317,037)</u>	
				<u>\$ 12,075,324</u>	
Fund Balance Per Governmental Funds (GAAP)					

**TEANECK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 161,052	\$ 1,026,574	\$ 1,187,626	\$ 1,054,648	\$ (132,978)
Federal	1,151,743	1,094,352	2,246,095	1,929,610	(316,485)
Local Sources					
Miscellaneous	-	111,006	111,006	50,052	(60,954)
Total Revenues	<u>1,312,795</u>	<u>2,231,932</u>	<u>3,544,727</u>	<u>3,034,310</u>	<u>(510,417)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	334,993	88,023	423,016	334,552	88,464
Purchased Professional/Educational Services		128,676	128,676	88,265	40,411
Purchased Technical Services		11,138	11,138	6,155	4,983
Tuition	737,845	153,095	890,940	860,639	30,301
General Supplies	6,759	344,471	351,230	214,690	136,540
Textbooks	18,537	38,652	57,189	55,378	1,811
Miscellaneous	-	8,027	8,027	4,837	3,190
Total Instruction	<u>1,098,134</u>	<u>772,082</u>	<u>1,870,216</u>	<u>1,564,516</u>	<u>305,700</u>
Student Support Services					
Salaries		434,523	434,523	405,977	28,546
Purchased Professional/Educational Services	135,756	603,971	739,727	652,468	87,259
Purchased Prof. and Technical Services	78,905	14,667	93,572	78,793	14,779
Travel		51,788	51,788	33,910	17,878
Other Purchased Services		171,772	171,772	156,875	14,897
Supplies and Materials		50,098	50,098	31,984	18,114
Miscellaneous Expenditures	-	5,124	5,124	1,000	4,124
Total Student Support Services	<u>214,661</u>	<u>1,331,943</u>	<u>1,546,604</u>	<u>1,361,007</u>	<u>185,597</u>
Transportation					
Contracted Services	-	62,935	62,935	51,015	11,920
Unallocated Benefits					
Employee Benefits	-	37,484	37,484	30,543	6,941
Capital Outlay					
Instructional Equipment	-	27,488	27,488	27,229	259
Total Capital Outlay	<u>-</u>	<u>27,488</u>	<u>27,488</u>	<u>27,229</u>	<u>259</u>
Total Expenditures	<u>1,312,795</u>	<u>2,231,932</u>	<u>3,544,727</u>	<u>3,034,310</u>	<u>510,417</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**TEANECK BOARD OF EDUCATION  
GENERAL AND SPECIAL REVENUE FUNDS  
NOTES TO BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 105,667,454	\$ 3,034,310
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2017 (net of cancellations)		(1,390)
Encumbrances, June 30, 2018		(1,390)
The last two State Aid payments are recognized as revenue for budgetary purposes. This differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenditure (GASB No. 33)		
State Aid payments recognized for GAAP purposes not recognized for Budgetary statements (2016/2017 State Aid)	1,374,604	
State Aid payments recognized for budgetary purposes not recognized for GAAP statements (2017/2018 State Aid)	<u>(1,317,037)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 105,725,021</u>	<u>\$ 3,032,920</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 101,483,039	\$ 3,034,310
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2017 (net of cancellations)		(1,390)
Encumbrances, June 30, 2018	<u>-</u>	<u>(1,390)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 101,483,039</u>	<u>\$ 3,032,920</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

**AND**

**OTHER POST-EMPLOYMENT BENEFITS INFORMATION**

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

**Public Employees Retirement System**

**Last Five Fiscal Years\*  
(Dollar amounts in thousands)**

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
District's Proportionate Share of the Net Position Liability (Asset)	0.08630	%	0.11100	%	0.13414	%	0.14205	%	0.14279
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 20,085,960		\$ 32,874,611		\$ 30,111,866		\$ 26,594,811		\$ 27,289,537
District's Covered-Employee Payroll	\$ 5,382,195		\$ 5,608,033		\$ 8,183,038		\$ 9,132,014		\$ 9,766,548
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	373.19	%	586.21	%	367.98	%	291.23	%	279.42
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10	%	40.14	%	47.93	%	52.08	%	48.72

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

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

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

**Public Employees Retirement System**

**Last Five Fiscal Years  
(Dollar amounts in thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 799,346	\$ 986,096	\$ 1,153,249	\$ 1,171,003	\$1,075,875
Contributions in Relation to the Contractually Required Contribution	<u>799,346</u>	<u>986,096</u>	<u>1,153,249</u>	<u>1,171,003</u>	<u>1,075,875</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$5,382,195	\$5,608,033	\$ 8,183,038	\$ 9,132,014	\$9,766,548
Contributions as a Percentage of Covered-Employee Payroll	14.85 %	17.58 %	14.09 %	12.82 %	11.02 %

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.

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

**Teachers Pension and Annuity Fund**

**Last Five Fiscal Years\*  
(Dollar amounts in thousands)**

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.00	%	0.00	%	0.00	%	0.00	%	0.00	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 0		\$ 0		\$ 0		\$ 0		\$ 0	
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 234,707,436</u>		<u>\$ 257,150,800</u>		<u>\$ 219,371,309</u>		<u>\$ 192,933,307</u>		<u>\$ 183,130,122</u>	
Total	<u>\$ 234,707,436</u>		<u>\$ 257,150,800</u>		<u>\$ 219,371,309</u>		<u>\$ 192,933,307</u>		<u>\$ 183,130,122</u>	
District's Covered-Employee Payroll	\$ 34,841,100		\$ 35,395,251		\$ 35,294,602		\$ 33,506,107		\$ 34,862,168	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00	%	0.00	%	0.00	%	0.00	%	0.00	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41	%	22.33	%	28.71	%	33.64	%	33.76	%

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

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

**TEANECK BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5D.

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

**Postemployment Health Benefit Plan**

**Last One Fiscal Year\***

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 5,742,154
Interest on Total OPEB Liability	4,906,873
Changes of Assumptions	(20,392,834)
Gross Benefit Payments	(2,989,225)
Contribution from the Member	110,071
<b>Net Change in Total OPEB Liability</b>	(12,622,961)
<b>Total OPEB Liability - Beginning</b>	166,980,269
<b>Total OPEB Liability - Ending</b>	\$ 154,357,308
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	154,357,308
<b>Total OPEB Liability - Ending</b>	\$ 154,357,308
District's Covered-Employee Payroll	\$ 40,223,295
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

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

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

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

**TEANECK BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

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

**SCHOOL LEVEL SCHEDULES**

**GENERAL FUND**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

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

	IDEA Part B- Basic	IDEA Part B Preschool	ESEA Title I	ESEA Title II A	ESEA Title III	ESEA Title IV	Total Exhibit E-1a	Total Exhibit E-1b	Totals
<b>REVENUES</b>									
Intergovernmental									
State							\$ 986,108	\$ 68,540	\$ 1,054,648
Federal	\$ 1,003,960	\$ 26,972	\$ 682,774	\$ 195,708	\$ 19,262	\$ 934			1,929,610
Other	-	-	-	-	-	-	-	50,052	50,052
<b>Total Revenues</b>	<b>\$ 1,003,960</b>	<b>\$ 26,972</b>	<b>\$ 682,774</b>	<b>\$ 195,708</b>	<b>\$ 19,262</b>	<b>\$ 934</b>	<b>\$ 986,108</b>	<b>\$ 118,592</b>	<b>\$ 3,034,310</b>
<b>EXPENDITURES</b>									
Instruction									
Salaries of Teachers			\$ 273,984		\$ 4,225		544	\$ 55,799	\$ 334,552
Purchased Prof and Educ Svcs			88,265					-	88,265
Purchased Technical Services								6,155	6,155
Tuition	860,639								860,639
General Supplies	2,021		161,490		9,538	\$ 589	\$ 29,100	11,952	214,690
Textbooks							55,378		55,378
Miscellaneous	-	-	-	-	-	-	-	4,837	4,837
<b>Total Instruction</b>	<b>862,660</b>	<b>-</b>	<b>523,739</b>	<b>-</b>	<b>13,763</b>	<b>589</b>	<b>85,022</b>	<b>78,743</b>	<b>1,564,516</b>
Support Services									
Salaries			65,997	5,600	700		311,839	21,841	405,977
Personal Svcs. -Emp. Benefits								3,729	3,729
Other Emp. Benefits			26,009	428	377				26,814
Purchased Prof & Educ Svcs				158,874			493,594		652,468
Purchased Technical Services		\$ 26,972					51,821	-	78,793
Other Purchase Services	141,300						15,575	-	156,875
Contracted Svcs. -Transportation			35,014		3,060			12,941	51,015
Purchased Property Services								-	-
Travel			1,650	30,806	1,109	345		-	33,910
Supplies and Materials			3,136		253		28,257	338	31,984
Miscellaneous	-	-	-	-	-	-	-	1,000	1,000
<b>Total Support Services</b>	<b>141,300</b>	<b>26,972</b>	<b>131,806</b>	<b>195,708</b>	<b>5,499</b>	<b>345</b>	<b>901,086</b>	<b>39,849</b>	<b>1,442,565</b>
Equipment	-	-	27,229	-	-	-	-	-	27,229
<b>Total Facilities Acquisition</b>	<b>-</b>	<b>-</b>	<b>27,229</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,229</b>
<b>Total Expenditures</b>	<b>\$ 1,003,960</b>	<b>\$ 26,972</b>	<b>\$ 682,774</b>	<b>\$ 195,708</b>	<b>\$ 19,262</b>	<b>\$ 934</b>	<b>\$ 986,108</b>	<b>\$ 118,592</b>	<b>\$ 3,034,310</b>

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

	<u>NonPublic Chapter 193</u>			Nonpublic <u>Nursing</u>	Nonpublic <u>Textbook Aid</u>	Nonpublic <u>Technology Aid</u>	Nonpublic <u>Security Aid</u>	Nonpublic <u>Home Instruction Aid</u>	<u>NonPublic Chapter 192</u>			School <u>Based Youth Services</u>	Total <u>Exhibit E-1a</u>
	<u>Exam. &amp; Class.</u>	<u>Corrective Speech</u>	<u>Supp. Instr.</u>						<u>ESL</u>	<u>Transportation Aid</u>	<u>Compensatory Education Services</u>		
<b>REVENUES</b>													
Intergovernmental													
State	\$ 160,158	\$ 41,069	\$ 87,702	\$ 98,962	\$ 55,378	\$ 29,900	\$ 77,342	\$ 3,299	\$ 22,855	\$ 15,575	\$ 82,029	\$ 311,839	\$ 986,108
Federal	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>\$ 160,158</b>	<b>\$ 41,069</b>	<b>\$ 87,702</b>	<b>\$ 98,962</b>	<b>\$ 55,378</b>	<b>\$ 29,900</b>	<b>\$ 77,342</b>	<b>\$ 3,299</b>	<b>\$ 22,855</b>	<b>\$ 15,575</b>	<b>\$ 82,029</b>	<b>\$ 311,839</b>	<b>\$ 986,108</b>
<b>EXPENDITURES</b>													
Instruction													
Salaries of Teachers	-	-	-	-	-	-	-	544	-	-	-	-	\$ 544
General Supplies	-	-	-	-	-	\$ 29,100	-	-	-	-	-	-	29,100
Other Objects	-	-	-	-	-	-	-	-	-	-	-	-	-
Textbooks	-	-	-	-	\$ 55,378	-	-	-	-	-	-	-	55,378
<b>Total Instruction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,378</b>	<b>29,100</b>	<b>-</b>	<b>544</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,022</b>
Support Services													
Salaries	-	-	-	-	-	-	-	-	-	-	-	\$ 311,839	311,839
Personal Svcs. -Emp. Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchased Prof & Technical Service	-	-	-	-	-	800	\$ 51,021	-	-	-	-	-	51,821
Purchased Prof & Educ Svcs.	\$ 160,158	\$ 41,069	\$ 87,702	\$ 97,026	-	-	-	\$ 2,755	\$ 22,855	-	\$ 82,029	-	493,594
Other Purchased Services	-	-	-	-	-	-	-	-	-	\$ 15,575	-	-	15,575
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies and Materials	-	-	-	1,936	-	-	26,321	-	-	-	-	-	28,257
Indirect Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Support Services</b>	<b>160,158</b>	<b>41,069</b>	<b>87,702</b>	<b>98,962</b>	<b>-</b>	<b>800</b>	<b>77,342</b>	<b>2,755</b>	<b>22,855</b>	<b>15,575</b>	<b>82,029</b>	<b>311,839</b>	<b>901,086</b>
Facilities Acquisition													
Instructional Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Facilities Acquisition</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>\$ 160,158</b>	<b>\$ 41,069</b>	<b>\$ 87,702</b>	<b>\$ 98,962</b>	<b>\$ 55,378</b>	<b>\$ 29,900</b>	<b>\$ 77,342</b>	<b>\$ 3,299</b>	<b>\$ 22,855</b>	<b>\$ 15,575</b>	<b>\$ 82,029</b>	<b>\$ 311,839</b>	<b>\$ 986,108</b>

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

	Other Local Grants	Forum Twp Funds	Forum Juvenile Justice FY17	Juvenile Justice FY18	TWT/ Work Success	Total Exhibit E-1b
<b>REVENUES</b>						
Intergovernmental						
State			\$ 50,220	\$ 18,320		\$ 68,540
Federal						
Other	\$ 3,228	\$ 46,824	-	-	\$ -	50,052
Total Revenues	<u>\$ 3,228</u>	<u>\$ 46,824</u>	<u>\$ 50,220</u>	<u>\$ 18,320</u>	<u>\$ -</u>	<u>\$ 118,592</u>
<b>EXPENDITURES</b>						
Instruction						
Salaries of Teachers	\$ 1,500	\$ 10,799	\$ 34,250	\$ 9,250		\$ 55,799
Salaries of Other Prof Staff						-
Purchased Prof and Educ Svcs						-
Purchased Prof and Tech Svcs		1,710	2,420	2,025		6,155
Tuition						-
Other Purchased Services						-
General Supplies	\$ 1,390	4,677	3,539	2,346		11,952
Textbooks						
Miscellaneous	-	4,837	-	-	-	4,837
Total Instruction	<u>2,890</u>	<u>22,023</u>	<u>40,209</u>	<u>13,621</u>	<u>-</u>	<u>78,743</u>
Support Services						
Salaries		21,841				21,841
Personal Svcs. -Emp. Benefits			2,956	773		3,729
Purchased Prof and Educ Svcs.						-
Purchased Prof and Tech Svcs						-
Travel						-
Contracted Svcs. -Transportation		1,960	7,055	3,926		12,941
Purchased Property Services						-
Other Purchased Services						-
Supplies and Materials	338					338
Miscellaneous		1,000				1,000
Total Support Services	<u>338</u>	<u>24,801</u>	<u>10,011</u>	<u>4,699</u>	<u>-</u>	<u>39,849</u>
Facilities Acquisition						
Equipment	-	-	-	-	-	-
Total Facilities Acquisition	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 3,228</u>	<u>\$ 46,824</u>	<u>\$ 50,220</u>	<u>\$ 18,320</u>	<u>\$ -</u>	<u>\$ 118,592</u>

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

THIS SCHEDULE IS NOT APPLICABLE

**CAPITAL PROJECTS FUND**

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

<u>Project Title/Description</u>	<u>Modified Appropriations</u>	<u>Expenditures to Date</u>		<u>Transfers Out</u>		<u>Balance June 30, 2018</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Prior Years</u>	<u>Current Year</u>	
Energy Savings Improvement Program	\$ 8,878,088	\$ 7,213,376		\$ 1,645,000		\$ 19,712
Hawthorne School Roof Replacement	1,163,613	1,127,914				35,699
Technology Upgrade/Network Wiring	<u>2,507,839</u>	<u>2,500,000</u>	\$ -	-	-	<u>7,839</u>
	<u>\$ 12,549,540</u>	<u>\$ 10,841,290</u>	<u>\$ -</u>	<u>\$ 1,645,000</u>	<u>\$ -</u>	<u>\$ 63,250</u>

**Reconciliation of Fund Balance, June 30, 2018**

Fund Balance, June 30, 2018 - GAAP Basis \$ 63,250

**Analysis of Fund Balance (GAAP)**

Restricted for Capital Projects:

    Available For Capital Projects Expenditures \$ 63,250

Total Fund Balance - Restricted For Capital Projects \$ 63,250

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

<b>Revenues and Other Financing Sources</b>	
Interest Income	\$ 6,824
Other Financing Sources	
Capital Lease Proceeds	<u>-</u>
Total Revenues and Other Financing Sources	<u>6,824</u>
<b>Expenditures and Other Financing Uses</b>	
Capital Outlay	
Construction Services	
Other Financing Uses	
Transfers out - General Fund	<u>-</u>
Total Expenditures and Other Financing Uses	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,824
Fund Balance - Beginning of Year	<u>56,426</u>
Fund Balance - End of Year	<u>\$ 63,250</u>

**TEANECK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
ENERGY SAVINGS IMPROVEMENT PROGRAM  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Other Sources - Premium on Bonds	\$ 698,088		\$ 698,088	\$ 698,088
Bond Proceeds	8,180,000	-	8,180,000	8,180,000
Total Revenues	<u>8,878,088</u>	<u>-</u>	<u>8,878,088</u>	<u>8,878,088</u>
 <b>Expenditures and Other Financing Uses</b>				
Salaries	5,000		5,000	5,000
Purchased Professional and Technical Services	1,070,613		1,070,613	1,079,136
Construction Services	6,137,763		6,137,763	6,148,952
Project Balances Transferred:				
General Fund	1,645,000	\$ -	1,645,000	1,645,000
Total Expenditures and Other Financing Uses	<u>8,858,376</u>	<u>-</u>	<u>8,858,376</u>	<u>8,878,088</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 19,712</u>	<u>\$ -</u>	<u>\$ 19,712</u>	<u>\$ -</u>
 <b>Additional Project Information:</b>				
Project Number	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	\$ 8,180,000			
Original Authorized Cost	8,878,088			
Additional Authorized Cost				
Revised Authorized Cost	\$ 8,878,088			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	2012/2013			
Revised Target Completion Date	2012/2013			

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

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grant	\$ 451,544		\$ 451,544	\$ 451,544
Local Share - Capital Lease	711,346		711,346	711,346
Interest Income	421	\$ 302	723	723
	<u>1,163,311</u>	<u>302</u>	<u>1,163,613</u>	<u>1,163,613</u>
<b>Total Revenues</b>				
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	53,937		53,937	53,937
Construction Services	1,073,977	-	1,073,977	1,109,676
	<u>1,127,914</u>	<u>-</u>	<u>1,127,914</u>	<u>1,163,613</u>
<b>Total Expenditures and Other Financing Uses</b>				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 35,397</u>	<u>\$ 302</u>	<u>\$ 35,699</u>	<u>\$ -</u>
<b>Additional Project Information:</b>				
DOE Project Number	5150-110-14-1002			
SDA Project Number	5150-110-14-G1HO			
Grant Number	G5-4942			
Grant Date	1/16/2015			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,072,187			
Additional Authorized Cost	91,426			
Revised Authorized Cost	\$ 1,163,613			
<b>Percentage Increase over Original Authorized</b>				
Cost	9%			
Percentage Completion	100%			
Original Target Completion Date	9/30/2015			
Revised Target Completion Date	9/30/2015			

**TEANECK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
TECHNOLOGY UPGRADE/NETWORK WIRING  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Local Share - Capital Lease Proceeds	\$ 2,500,000		\$ 2,500,000	\$ 2,500,000
Interest Income	1,317	6,522	7,839	7,839
<b>Total Revenues</b>	<u>2,501,317</u>	<u>6,522</u>	<u>2,507,839</u>	<u>2,507,839</u>
<b>Expenditures and Other Financing Uses</b>				
Construction Services	\$ 2,500,000	\$ -	2,500,000	2,507,839
<b>Total Expenditures and Other Financing Uses</b>	<u>2,500,000</u>	<u>-</u>	<u>2,500,000</u>	<u>2,507,839</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>\$ 1,317</u>	<u>\$ 6,522</u>	<u>\$ 7,839</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,500,000
Additional Authorized Cost	1,317
Revised Authorized Cost	\$ 2,501,317

## Percentage Increase over Original Authorized

Cost	0%
Percentage Completion	100%
Original Target Completion Date	6/30/2017
Revised Target Completion Date	6/30/2017

**PROPRIETARY FUNDS**

**TEANECK BOARD OF EDUCATION  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

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

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

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

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**AGENCY FUNDS**

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 129,732	\$ 1,234,035	\$ 1,363,767
Total Assets	<u>\$ 129,732</u>	<u>\$ 1,234,035</u>	<u>\$ 1,363,767</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 558,568	\$ 558,568
Summer Savings Plan		628,065	628,065
Flexible Spending Program		34,413	34,413
Accrued Salaries & Wages		2,989	2,989
Due to Other Funds		10,000	10,000
Due to Student Groups	\$ 129,732	-	129,732
Total Liabilities	<u>\$ 129,732</u>	<u>\$ 1,234,035</u>	<u>\$ 1,363,767</u>

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

NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

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

	<b>Balance, July 1, <u>2017</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2018</u></b>
<b>ELEMENTARY SCHOOLS</b>				
Hawthorne	\$ 5,308	\$ 17,564	\$ 17,635	\$ 5,237
Bryant	4,989	7,397	11,269	1,117
Lowell	<u>1,975</u>	<u>8,086</u>	<u>7,977</u>	<u>2,084</u>
Total Elementary Schools	<u>12,272</u>	<u>33,047</u>	<u>36,881</u>	<u>8,438</u>
<b>MIDDLE SCHOOLS</b>				
Thomas Jefferson	11,495	50,436	41,902	20,029
Benjamin Franklin	<u>27,794</u>	<u>22,872</u>	<u>18,755</u>	<u>31,911</u>
Total Middle Schools	<u>39,289</u>	<u>73,308</u>	<u>60,657</u>	<u>51,940</u>
<b>HIGH SCHOOL</b>				
Teaneck High School	<u>56,218</u>	<u>138,599</u>	<u>134,085</u>	<u>60,732</u>
<b>OTHER</b>				
Athletic	3,931			3,931
Music	<u>4,121</u>	<u>1,850</u>	<u>1,280</u>	<u>4,691</u>
Total Other	<u>8,052</u>	<u>1,850</u>	<u>1,280</u>	<u>8,622</u>
Total All Schools	<u>\$ 115,831</u>	<u>\$ 246,804</u>	<u>\$ 232,903</u>	<u>\$ 129,732</u>

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

	<b>Balance, July 1, <u>2017</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2018</u></b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 479,107	\$ 50,736,226	\$ 49,981,298	\$ 1,234,035
Total Assets	<u>\$ 479,107</u>	<u>\$ 50,736,226</u>	<u>\$ 49,981,298</u>	<u>\$ 1,234,035</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 437,551	\$ 23,732,268	\$ 23,611,251	\$ 558,568
Summer Savings Plan		628,065		628,065
Flexible Spending Deposits	21,556	146,930	134,073	34,413
Accrued Salaries and Wages		26,196,963	26,193,974	2,989
Due to Other Funds	<u>20,000</u>	<u>32,000</u>	<u>42,000</u>	<u>10,000</u>
Total Liabilities	<u>\$ 479,107</u>	<u>\$ 50,736,226</u>	<u>\$ 49,981,298</u>	<u>\$ 1,234,035</u>

## **LONG-TERM DEBT**

TEANECK BOARD OF EDUCATION  
 SCHEDULE OF BONDS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance, July 1, 2017	Issued	Paid	Balance, June 30, 2018
			Date	Amount					
School Energy Savings Obligation Refunding Bonds	4/15/2012	\$ 8,180,000	4/1/19	\$ 500,000	3.00 %				
			4/1/20	545,000	4.00				
			4/1/21	600,000	4.00				
			4/1/22	645,000	4.00				
			4/1/23	590,000	4.50				
			4/1/24	640,000	4.00				
			4/1/25	700,000	4.00				
			4/1/26	750,000	4.00				
			4/1/27	805,000	4.00				
Pension Refunding Bonds (ERIP)	8/7/2013	3,325,000	7/1/18	485,000	2.70 %				
			7/1/19	500,000	3.20				
			7/1/20	515,000	3.50				
					1,970,000		470,000	1,500,000	
School Refunding Bonds	4/27/2016	7,615,000	7/15/18-19	580,000	3.00/2.00 %				
			7/15/20	570,000	4.00				
			7/15/21	555,000	2.56				
			7/15/22	545,000	2.00				
			7/15/23-24	525,000	2.00/4.00				
			7/15/25	515,000	4.00				
			7/15/26	510,000	4.00				
			7/15/27	500,000	4.00				
			7/15/28	490,000	3.75				
			7/15/29	480,000	3.50				
			7/15/30	465,000	3.50				
Totals						\$ 15,645,000	\$ -	\$ 1,530,000	\$ 14,115,000

Paid by Debt Service Fund Budget Appropriation	\$ 1,065,000
Paid by General Fund Budget Appropriation	465,000
	<u>\$ 1,530,000</u>

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

<u>Description</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance, June 30, 2018</u>
<b><u>Capital Leases</u></b>							
Hawthorne & Bryant Elementary School Roof Improvements	9/25/2014	\$ 1,250,000	1.56%	\$ 761,586		\$ 249,940	\$ 511,646
Savin Copiers	8/14/2013	392,535	5.08%	115,980		86,671	29,309
Savin Copiers	10/28/2014	8,959	2.63%	4,327		1,822	2,505
Savin Copiers	4/11/2016	112,235	4.18%	89,864		21,567	68,297
Technology Upgrade/Network Wiring	9/1/2016	2,500,000	2.59%	<u>2,056,356</u>	<u>\$ -</u>	<u>391,079</u>	<u>1,665,277</u>
Total Capital Leases				<u>3,028,113</u>	<u>-</u>	<u>751,079</u>	<u>2,277,034</u>
<b><u>Lease-Purchase Agreements</u></b>							
Computers (Supplies)	7/15/2014	292,031	1.24%	73,451		73,451	-
Computers - Dell (Supplies)	8/1/2015	219,994	3.98%	<u>109,913</u>	<u>-</u>	<u>53,884</u>	<u>56,029</u>
Total Lease-Purchase Agreements				<u>183,364</u>	<u>-</u>	<u>127,335</u>	<u>56,029</u>
Total				<u>\$ 3,211,477</u>	<u>\$ -</u>	<u>\$ 878,414</u>	<u>\$ 2,333,063</u>



## STATISTICAL SECTION

This part of the Teaneck 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.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012 (1)	2013	2014 (2)	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 26,966,982	\$ 27,900,242	\$ 27,808,537	\$ 29,832,741	\$ 27,689,490	\$ 30,923,632	\$ 31,030,357	\$ 31,076,698	\$ 31,428,231	\$ 30,166,456
Restricted	1,975,666	899,886	643,243	1,191,255	3,236,970	571,338	324,625	833,187	1,788,028	5,380,642
Unrestricted	(1,778,289)	(3,820,722)	(1,782,172)	(2,316,760)	(1,892,086)	(29,821,336)	(33,550,664)	(30,514,996)	(28,346,121)	(25,696,694)
<b>Total Governmental Activities Net Position</b>	<u>\$ 27,164,359</u>	<u>\$ 24,979,406</u>	<u>\$ 25,669,608</u>	<u>\$ 28,707,236</u>	<u>\$ 29,034,374</u>	<u>\$ 1,673,634</u>	<u>\$ (2,195,682)</u>	<u>\$ 1,394,889</u>	<u>\$ 4,870,138</u>	<u>\$ 9,850,404</u>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 136,574	\$ 132,953	\$ 101,233	\$ 81,353	\$ 67,630	\$ 55,021	\$ 45,373	\$ 35,613	\$ 27,769	\$ 21,137
Restricted										
Unrestricted	275,705	123,100	76,294	(33,550)	84,428	140,807	201,619	325,827	617,185	859,418
<b>Total Business-Type Activities Net Position</b>	<u>\$ 412,279</u>	<u>\$ 256,053</u>	<u>\$ 177,527</u>	<u>\$ 47,803</u>	<u>\$ 152,058</u>	<u>\$ 195,828</u>	<u>\$ 246,992</u>	<u>\$ 361,440</u>	<u>\$ 644,954</u>	<u>\$ 880,555</u>
<b>District-wide</b>										
Net Investment in Capital Assets	\$ 27,103,556	\$ 28,033,195	\$ 27,909,770	\$ 29,914,094	\$ 27,757,120	\$ 30,978,653	\$ 31,075,730	\$ 31,112,311	\$ 31,456,000	\$ 30,187,593
Restricted	1,975,666	899,886	643,243	1,191,255	3,236,970	571,338	324,625	833,187	1,788,028	5,380,642
Unrestricted	(1,502,584)	(3,697,622)	(1,705,878)	(2,350,310)	(1,807,658)	(29,680,529)	(33,349,045)	(30,189,169)	(27,728,936)	(24,837,276)
<b>Total District Net Position</b>	<u>\$ 27,576,638</u>	<u>\$ 25,235,459</u>	<u>\$ 26,847,135</u>	<u>\$ 28,755,039</u>	<u>\$ 29,186,432</u>	<u>\$ 1,869,462</u>	<u>\$ (1,948,690)</u>	<u>\$ 1,756,329</u>	<u>\$ 5,515,092</u>	<u>\$ 10,730,959</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".

Source: District Records

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 32,850,320	\$ 34,139,305	\$ 30,421,657	\$ 32,671,988	\$ 33,576,131	\$ 33,856,291	\$ 45,216,191	\$ 43,078,084	\$ 47,544,166	\$ 49,686,728
Special Education	15,424,664	16,598,057	17,263,704	16,711,830	17,934,087	9,680,177	22,910,881	22,521,039	25,413,050	25,491,773
Other Special Instruction	4,490,700	4,861,567	3,382,495	4,061,728	4,049,272	3,273,279	5,104,799	4,899,904	5,257,184	5,580,493
<b>Support Services:</b>										
Student & Instruction Related Services	13,209,300	14,235,446	13,183,619	14,361,913	14,780,095	17,404,977	15,985,738	17,767,423	17,174,153	16,090,033
General Administration	1,789,267	1,410,162	1,122,333	1,080,471	1,494,069	1,014,942	1,346,018	1,238,269	1,377,257	1,566,309
School Administrative Services	4,088,235	4,200,508	4,416,827	4,189,822	4,257,991	3,040,882	4,797,201	5,504,071	6,205,382	5,574,062
Central and Other Support Services	1,376,200	1,790,946	1,982,452	1,993,106	2,125,032	1,481,017	2,162,372	2,550,972	2,533,001	1,992,964
Plant Operations and Maintenance	10,340,866	9,631,766	10,012,275	9,025,685	8,314,322	7,707,536	8,742,070	7,863,553	7,926,277	9,722,253
Pupil Transportation	5,101,656	5,134,633	4,853,999	4,696,541	4,567,081	4,395,157	5,090,466	5,261,919	5,276,477	5,232,574
Charter Schools	3,913,381	4,274,546	4,322,115	4,363,312	4,815,127					
Employee Benefits						12,735,510				
Depreciation Expense						1,734,667				
Interest and Other Charges on Long-Term Debt	887,725	847,364	833,217	920,530	1,129,319	820,419	682,245	556,367	503,691	445,359
<b>Total Governmental Activities Expenses</b>	<b>93,472,314</b>	<b>97,124,300</b>	<b>91,794,693</b>	<b>94,076,926</b>	<b>97,042,526</b>	<b>97,144,854</b>	<b>112,037,981</b>	<b>111,241,601</b>	<b>119,210,638</b>	<b>121,382,548</b>
<b>Business-Type Activities:</b>										
Food Service	1,316,617	1,350,203	1,325,864	1,397,117	1,202,883	1,479,468	1,420,191	1,466,292	1,335,533	1,371,517
Community School	747,254	884,402	859,294	858,905	708,373	564,347	498,633	526,953	644,259	629,545
<b>Total Business-Type Activities</b>	<b>2,063,871</b>	<b>2,234,605</b>	<b>2,185,158</b>	<b>2,256,022</b>	<b>1,911,256</b>	<b>2,043,815</b>	<b>1,918,844</b>	<b>1,993,245</b>	<b>1,979,792</b>	<b>2,001,062</b>
<b>Total District Expenses</b>	<b>\$ 95,536,185</b>	<b>\$ 99,358,905</b>	<b>\$ 93,979,851</b>	<b>\$ 96,332,948</b>	<b>\$ 98,953,782</b>	<b>\$ 99,188,669</b>	<b>\$ 113,956,825</b>	<b>\$ 113,234,846</b>	<b>\$ 121,190,430</b>	<b>\$ 123,383,610</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Instruction (Tuition)										
Special Education (Tuition)	\$ 122,388	\$ 187,773	\$ 183,867	\$ 205,243	\$ 139,183	\$ 67,734	\$ 8,034	\$ 113,759	\$ 176,152	\$ 139,948
Rentals						40,427				
Student and Instruction Related Services					27,470					
Pupil Transportation	6,913	1,391				7,620				
Operating Grants and Contributions	14,893,154	13,382,713	13,896,066	16,260,691	17,291,743	13,364,250	25,289,979	28,102,362	34,763,640	37,121,970
Capital Grants and Contributions	77,089	417,097	202,209	504,250	-	-	186,499	675,233	64,475	27,229
<b>Total Governmental Activities Program Revenues</b>	<b>15,099,544</b>	<b>13,988,974</b>	<b>14,282,142</b>	<b>16,970,184</b>	<b>17,458,396</b>	<b>13,480,031</b>	<b>25,484,512</b>	<b>28,891,354</b>	<b>35,004,267</b>	<b>37,289,147</b>
<b>Business-Type Activities:</b>										
<b>Charges for Services</b>										
Food Service	794,154	751,458	714,849	685,717	664,678	744,639	642,602	648,851	649,016	698,064
Community School	672,503	697,946	750,363	784,134	686,002	637,055	594,605	675,314	856,987	843,936
Operating Grants and Contributions	535,659	628,975	641,420	656,447	664,831	705,891	732,801	783,528	757,303	794,663
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>2,002,316</b>	<b>2,078,379</b>	<b>2,106,632</b>	<b>2,126,298</b>	<b>2,015,511</b>	<b>2,087,585</b>	<b>1,970,008</b>	<b>2,107,693</b>	<b>2,263,306</b>	<b>2,336,663</b>
<b>Total District Program Revenues</b>	<b>\$ 17,101,860</b>	<b>\$ 16,067,353</b>	<b>\$ 16,388,774</b>	<b>\$ 19,096,482</b>	<b>\$ 19,473,907</b>	<b>\$ 15,567,616</b>	<b>\$ 27,454,520</b>	<b>\$ 30,999,047</b>	<b>\$ 37,267,573</b>	<b>\$ 39,625,810</b>

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (78,372,770)	\$ (83,135,326)	\$ (77,512,551)	\$ (77,106,742)	\$ (79,584,130)	\$ (83,664,823)	\$ (86,553,469)	\$ (82,350,247)	\$ (84,206,371)	\$ (84,093,401)
Business-Type Activities	(61,555)	(156,226)	(78,526)	(129,724)	104,255	43,770	51,164	114,448	283,514	335,601
<b>Total District-Wide Net Expense</b>	<u>\$ (78,434,325)</u>	<u>\$ (83,291,552)</u>	<u>\$ (77,591,077)</u>	<u>\$ (77,236,466)</u>	<u>\$ (79,479,875)</u>	<u>\$ (83,621,053)</u>	<u>\$ (86,502,305)</u>	<u>\$ (82,235,799)</u>	<u>\$ (83,922,857)</u>	<u>\$ (83,757,800)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 75,400,085	\$ 77,384,174	\$ 77,452,263	\$ 77,452,263	\$ 77,760,542	\$ 78,926,950	\$ 80,505,489	\$ 83,928,341	\$ 85,606,908	\$ 87,319,046
Property Taxes Levied for Debt Service	1,768,016	1,758,616	1,441,802	1,782,863	1,785,784	1,789,891	1,845,977	1,489,284	1,461,209	1,336,939
Federal and State Aid - Restricted										
Federal and State Aid - Unrestricted	1,376,462	1,684,442	180,939			1,684,983				
Investment Earnings	68,258	34,349	51,159	19,927	82,082	61,893	24,538	17,195	24,426	73,568
Miscellaneous Income	172,932	88,792	192,205	262,013	282,860	694,931	308,149	505,998	589,077	244,114
Adjustments to Capital Assets						520,199				
Transfers										100,000
<b>Total Governmental Activities</b>	<u>78,785,753</u>	<u>80,950,373</u>	<u>79,318,368</u>	<u>79,517,066</u>	<u>79,911,268</u>	<u>83,678,847</u>	<u>82,684,153</u>	<u>85,940,818</u>	<u>87,681,620</u>	<u>89,073,667</u>
Business-Type Activities:										
Miscellaneous Income										(100,000)
Transfers										(100,000)
<b>Total Business-Type Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
<b>Total District-Wide</b>	<u>\$ 78,785,753</u>	<u>\$ 80,950,373</u>	<u>\$ 79,318,368</u>	<u>\$ 79,517,066</u>	<u>\$ 79,911,268</u>	<u>\$ 83,678,847</u>	<u>\$ 82,684,153</u>	<u>\$ 85,940,818</u>	<u>\$ 87,681,620</u>	<u>\$ 88,973,667</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 412,983	\$ (2,184,953)	\$ 1,805,817	\$ 2,410,324	\$ 327,138	\$ 14,024	\$ (3,869,316)	\$ 3,590,571	\$ 3,475,249	\$ 4,980,266
Business-Type Activities	(61,555)	(156,226)	(78,526)	(129,724)	104,255	43,770	51,164	114,448	283,514	235,601
<b>Total District</b>	<u>\$ 351,428</u>	<u>\$ (2,341,179)</u>	<u>\$ 1,727,291</u>	<u>\$ 2,280,600</u>	<u>\$ 431,393</u>	<u>\$ 57,794</u>	<u>\$ (3,818,152)</u>	<u>\$ 3,705,019</u>	<u>\$ 3,758,763</u>	<u>\$ 5,215,867</u>

Source: District Records

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 5,974,960	\$ 3,704,385								
Unreserved	2,534,923	678,054								
Restricted			\$ 2,721,849	\$ 5,565,249	\$ 7,175,206	\$ 1,968,780	\$ 324,592	\$ 1,922,495	\$ 4,456,718	\$ 8,902,842
Committed			120,305	79,970	82,118					
Assigned			2,943,508	3,389,790	1,301,033	3,965,257	1,420,357	1,569,653	2,596,779	2,451,442
Unassigned			1,087,713	(79,344)	320,670	767,775	(435,844)	499,672	679,845	721,040
<b>Total General Fund</b>	<b>\$ 8,509,883</b>	<b>\$ 4,382,439</b>	<b>\$ 6,873,375</b>	<b>\$ 8,955,665</b>	<b>\$ 8,879,027</b>	<b>\$ 6,701,812</b>	<b>\$ 1,309,105</b>	<b>\$ 3,991,820</b>	<b>\$ 7,733,342</b>	<b>\$ 12,075,324</b>
All Other Governmental Funds										
Reserved	\$ 1,214,258	\$ 290,768								
Unreserved	(853,564)	539,451								
Restricted	-	-	\$ 1,307,769	\$ 7,795,275	\$ 1,516,881	\$ 1,224,801	\$ 1,647,932	\$ 502,159	\$ 67,653	\$ 67,091
<b>Total All Other Governmental Funds</b>	<b>\$ 360,694</b>	<b>\$ 830,219</b>	<b>\$ 1,307,769</b>	<b>\$ 7,795,275</b>	<b>\$ 1,516,881</b>	<b>\$ 1,224,801</b>	<b>\$ 1,647,932</b>	<b>\$ 502,159</b>	<b>\$ 67,653</b>	<b>\$ 67,091</b>

Source: District Records

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Property Tax Levy	\$ 77,168,101	\$ 79,142,790	\$ 78,894,065	\$ 79,235,126	\$ 79,546,326	\$ 80,716,841	\$ 82,351,466	\$ 85,417,625	\$ 87,068,117	\$ 88,655,985
Tuition Charges	122,388	187,773	183,867	205,243	139,183	67,734	8,034	113,759	176,152	139,948
Transportation	6,913	1,391				7,620				
Rentals					27,470	40,427	24,813			
Interest Earnings	68,258	34,349	51,159	19,927	82,082	61,893	24,538	17,195	24,426	73,568
Miscellaneous	402,246	329,281	456,835	638,879	692,169	694,931	606,879	872,144	933,306	292,776
State Sources	13,758,044	12,419,416	11,081,930	13,905,994	14,908,247	13,336,840	14,883,649	15,871,490	17,083,759	18,884,298
Federal Sources	2,359,347	2,824,347	2,932,654	2,482,081	1,848,522	1,712,393	1,764,121	1,762,558	1,994,360	2,055,129
<b>Total Revenues</b>	<b>93,885,297</b>	<b>94,939,347</b>	<b>93,600,510</b>	<b>96,487,250</b>	<b>97,243,999</b>	<b>96,638,679</b>	<b>99,663,500</b>	<b>104,054,771</b>	<b>107,280,120</b>	<b>110,101,704</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	32,639,028	34,144,175	30,353,393	32,515,309	33,564,746	33,967,601	39,789,210	36,630,907	38,013,929	40,233,331
Special Education Instruction	15,436,454	16,597,980	17,264,938	16,713,108	17,934,087	9,680,177	21,234,038	20,203,902	21,979,369	22,126,629
Other Special Instruction	4,494,747	4,859,251	3,383,004	4,062,282	4,049,272	3,273,279	4,350,846	3,998,073	4,004,204	4,314,200
<b>Support Services:</b>										
Student & Inst. Related Services	13,220,248	14,226,151	13,080,340	14,251,100	14,645,500	17,404,977	15,491,161	16,922,739	16,013,238	15,492,291
General Administration	1,488,827	1,508,645	1,172,764	1,074,120	1,552,943	945,329	1,388,638	1,264,599	1,355,640	1,439,293
School Administrative Services	4,022,602	4,155,819	4,397,523	4,179,353	4,275,614	3,040,882	4,340,892	4,799,231	5,181,268	4,921,124
Central and Other Support Services	1,377,927	1,790,932	1,982,676	1,993,324	2,125,032	1,481,017	2,075,126	2,448,307	2,362,775	1,978,763
Plant Operations and Maintenance	9,309,473	8,520,674	8,937,828	7,849,296	7,047,981	7,707,536	7,334,229	6,337,644	6,306,791	6,643,839
Pupil Transportation	5,101,986	5,134,631	4,854,016	4,696,557	4,567,081	4,395,157	5,086,630	5,243,572	5,255,958	5,196,030
Charter Schools	3,913,381	4,274,546	4,322,115	4,363,312	4,815,127					
Capital Outlay	2,183,219	1,608,203	728,345	2,820,781	6,190,573	3,672,844	992,268	1,839,461	2,966,297	511,933
Unallocated Employee Benefits						12,735,510				
<b>Debt Service:</b>										
Principal	900,000	945,000	1,015,177	1,350,245	1,580,573	1,625,000	2,210,634	2,162,849	2,708,873	2,408,414
Interest and Other Charges	868,016	831,259	800,597	833,259	1,250,502	959,960	822,229	786,133	544,756	594,437
Cost of Issuance			19,698	93,496				117,364		
<b>Total Expenditures</b>	<b>94,955,908</b>	<b>98,597,266</b>	<b>92,312,414</b>	<b>96,795,542</b>	<b>103,599,031</b>	<b>100,889,269</b>	<b>105,115,901</b>	<b>102,754,781</b>	<b>106,693,098</b>	<b>105,860,284</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(1,070,611)	(3,657,919)	1,288,096	(308,292)	(6,355,032)	(4,250,590)	(5,452,401)	1,299,990	587,022	4,241,420

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Other Financing Sources (Uses)</b>										
Lease-Purchase/Capital Leases (non-budgeted)			\$ 1,680,390			\$ 684,949	\$ 1,550,990	\$ 112,235	\$ 2,719,994	
Cancellation of Prior Year Receivables						(69,613)				
Proceeds from Sale of Bonds				\$ 8,180,000				7,615,000		
Premium on Sale of Bonds				698,088		63,870		642,071		
Payment to Refunded Bond Escrow Agent								(8,132,354)		
Transfers In	\$ 2,426,254	\$ 1,640,502	556,255	339,572	\$ 431,605		718,431	1,001,453	440,000	100,000
Transfers Out	(2,426,254)	(1,640,502)	(556,255)	(339,572)	(431,605)		(718,431)	(1,001,453)	(440,000)	
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>1,680,390</u>	<u>8,878,088</u>	<u>-</u>	<u>679,206</u>	<u>1,550,990</u>	<u>236,952</u>	<u>2,719,994</u>	<u>100,000</u>
<b>Net Change in Fund Balances</b>	<u>\$ (1,070,611)</u>	<u>\$ (3,657,919)</u>	<u>\$ 2,968,486</u>	<u>\$ 8,569,796</u>	<u>\$ (6,355,032)</u>	<u>\$ (3,571,384)</u>	<u>\$ (3,901,411)</u>	<u>\$ 1,536,942</u>	<u>\$ 3,307,016</u>	<u>\$ 4,341,420</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	1.91%	1.83%	1.98%	2.32%	2.91%	2.66%	2.91%	2.92%	3.14%	2.85%

\* Noncapital expenditures are total expenditures less capital outlay.

Source: District Records

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

<b>Fiscal Year Ended June 30,</b>	<b><u>Tuition</u></b>	<b><u>Interest Earned</u></b>	<b><u>Transportation</u></b>	<b><u>Prior Year Refunds/Reimb</u></b>	<b><u>Energy Performance Rebates</u></b>	<b><u>Rentals</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
2009	\$ 122,388	\$ 68,081	\$ 6,913	\$ 440		\$ 27,800	\$ 144,692	\$ 370,314
2010	187,773	34,349	1,391			23,166	65,626	312,305
2011	183,867	51,095		75,817		35,651	80,737	427,167
2012	205,243	19,927		26,325		36,496	199,192	487,183
2013	139,183	82,082		67,832		27,470	215,028	531,595
2014	67,734	61,893	7,620			40,427	195,976	373,650
2015	8,034	24,444	12,900	79,909		24,813	190,527	340,627
2016	113,759	17,119	5,280	122,866	\$ 278,268	16,907	82,677	636,876
2017	176,152	22,773	66,295	110,870	295,402	23,470	93,040	788,002
2018	139,948	66,744	3,840	177,050	\$ 1,953	18,448	42,823	450,806

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Memo Only Tax Exempt Property	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2009	\$ 32,595,400	\$ 5,238,910,900	\$ 577,547,800	\$ 45,721,800	\$ 192,381,500	\$ 6,087,157,400	\$ 560,482,500	\$ 5,181,164	\$ 6,092,338,564	\$ 6,378,073,477	\$ 1.282
2010	28,599,600	5,250,478,800	572,256,800	42,596,300	191,725,400	6,085,656,900	565,901,000	7,236,257	6,092,893,157	6,130,053,183	1.297
2011	25,463,300	5,243,263,500	565,495,900	42,596,300	184,038,300	6,060,857,300	567,130,600	5,815,726	6,066,673,026	5,834,628,366	1.306
2012	23,156,300	5,202,928,400	557,720,900	41,484,700	186,093,300	6,011,383,600	570,785,800	5,549,185	6,016,932,785	5,786,499,545	1.322
2013	24,818,100	5,069,989,600	553,520,800	41,343,700	219,962,200	5,909,634,400	571,155,900	5,307,402	5,914,941,802	5,456,608,194	1.365
2014	26,244,900	4,980,162,600	550,175,000	40,204,300	219,780,400	5,816,567,200	567,515,209	5,516,191	5,822,083,391	5,133,113,007	1.415
2015 (1)	24,888,700	4,197,404,500	523,577,300	36,765,600	233,785,900	5,016,422,000	561,714,200	4,691,390	5,021,113,390	5,082,712,384	1.701
2016	28,296,600	4,199,996,400	516,527,300	36,765,600	231,869,900	5,013,455,800	561,310,100	4,418,973	5,017,874,773	5,298,002,372	1.735
2017	30,694,700	4,217,971,300	502,513,400	34,805,600	231,198,700	5,017,183,700	571,641,300	4,301,902	5,021,485,602	5,498,094,904	1.766
2018	28,885,600	4,241,567,100	501,407,900	34,805,600	229,331,700	5,035,997,900	582,199,700	4,471,088	5,040,468,988	5,600,641,438	1.803

Source: County Abstract of Ratables

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

(1) The Township of Teaneck undertook a revaluation of real property values effective for the calendar year 2015.

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

Calendar Year	Total Direct School Tax Rate	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County of Bergen	
2009	\$ 1.282	\$ 0.797	\$ 0.202	\$ 2.281
2010	1.297	0.834	0.197	2.328
2011	1.306	0.858	0.199	2.363
2012	1.322	0.865	0.210	2.397
2013	1.365	0.912	0.209	2.486
2014	1.415	0.925	0.231	2.571
2015 (1)	1.701	1.095	0.251	3.047
2016	1.735	1.092	0.269	3.096
2017	1.766	1.092	0.285	3.143
2018	1.803	1.089	0.281	3.173

Source: County Abstract of Ratables

(1) The Township of Teaneck undertook a revaluation of real property values effective for calendar year 2015.

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

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
A. Sanzari Enterprises	\$ 46,631,600	0.93 %		
Glenpointe Associates			\$ 56,210,100	0.92 %
A. Sanzari Enterprises	46,508,500	0.92		
A. Sanzari Enterprises	33,800,400	0.67		
SNH Teaneck Properties, LLC	32,122,000	0.64		
CRP Heritage Pointe LLC	31,685,000	0.63		
A. Sanzari Enterprises	25,922,800	0.51		
Teaneck Garden Owners Corp.	17,257,000	0.34	16,500,000	0.27
A. Sanzari Enterprises	11,175,200	0.22		
Cedar Holding Assoc.	10,500,000	0.21		
Care One at Teaneck, LLC	10,486,000	0.21	14,568,000	0.24
Teaneck Limited PTNP			44,400,000	0.73
Glenpointe Associates III			43,186,000	0.71
Glenpointe Associates II			40,714,500	0.67
Glenpointe Associates			31,324,200	0.51
Givaudan-Roure Fragrance Corp			15,266,400	0.25
Glenpoint Associates II			13,469,200	0.22
Individual Taxpayer			11,348,700	0.19
	<u>\$ 266,088,500</u>	<u>\$ 5.28 %</u>	<u>\$ 286,987,100</u>	<u>\$ 4.71 %</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 77,168,101	\$ 77,168,101	100%	N/A
2010	79,142,790	79,142,790	100%	N/A
2011	78,894,065	78,894,065	100%	N/A
2012	79,235,126	79,235,126	100%	N/A
2013	79,546,326	79,546,326	100%	N/A
2014	80,716,841	80,716,841	100%	N/A
2015	82,351,466	82,351,466	100%	N/A
2016	85,417,625	85,417,625	100%	N/A
2017	87,068,117	87,068,117	100%	N/A
2018	88,655,985	88,655,985	100%	N/A

N/A - Not Applicable

Source: District records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases/ Lease Purchase Agreements</u>			
2009	\$ 18,490,000		\$ 18,490,000	38,633	\$ 479
2010	17,545,000		17,545,000	39,842	440
2011	16,565,000	\$1,645,213	18,210,213	40,170	453
2012	23,710,000	1,329,968	25,039,968	40,389	620
2013	22,330,000	1,003,730	23,333,730	40,582	575
2014	20,810,000	1,219,379	22,029,379	40,751	541
2015	19,075,000	2,165,970	21,240,970	40,933	519
2016	17,300,000	1,545,356	18,845,356	41,147	458
2017	15,645,000	3,211,477	18,856,477	41,311	456
2018	14,115,000	2,333,063	16,448,063	41,311 *	398

Source: District records

\* Estimated

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 18,490,000		\$ 18,490,000	0.30	\$ 479
2010	17,545,000		17,545,000	0.29	440
2011	16,565,000		16,565,000	0.27	412
2012	23,710,000		23,710,000	0.39	587
2013	22,330,000		22,330,000	0.38	550
2014	20,810,000		20,810,000	0.36	511
2015	19,075,000		19,075,000	0.38	466
2016	17,300,000		17,300,000	0.34	420
2017	15,645,000		15,645,000	0.31	379
2018	14,115,000		14,115,000	0.28	342

Source: District records

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

	<b><u>Total Debt</u></b>
Direct Debt:	
Teaneck Board of Education (as of June 30, 2018)	\$ 14,115,000
Township of Teaneck (1)	<u>43,041,007</u>
	<u>57,156,007</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	40,398,525
Bergen County Utilities Authority - Water Pollution (B)	<u>10,556,707</u>
	<u>50,955,232</u>
Total Direct and Overlapping Debt	<u>\$ 108,111,239</u>

## Source:

(1) Township of Teaneck's 2017 Annual Debt Statement

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

(B) The debt was computed based upon usage

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 242,359,877	\$ 247,887,546	\$ 243,822,451	\$ 236,575,160	\$ 228,885,336	\$ 220,359,706	\$ 211,547,745	\$ 208,277,979	\$ 212,020,125	\$ 217,488,318
Total Net Debt Applicable to Limit	<u>13,630,000</u>	<u>12,980,000</u>	<u>16,565,000</u>	<u>23,710,000</u>	<u>22,330,000</u>	<u>20,810,000</u>	<u>9,115,000</u>	<u>8,190,000</u>	<u>7,435,000</u>	<u>6,840,000</u>
Legal Debt Margin	<u>\$ 228,729,877</u>	<u>\$ 234,907,546</u>	<u>\$ 227,257,451</u>	<u>\$ 212,865,160</u>	<u>\$ 206,555,336</u>	<u>\$ 199,549,706</u>	<u>\$ 202,432,745</u>	<u>\$ 200,087,979</u>	<u>\$ 204,585,125</u>	<u>\$ 210,648,318</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.62%	5.24%	6.79%	10.02%	9.76%	9.44%	4.31%	3.93%	3.51%	3.14%

Source: Annual Debt Statements

Legal Debt Margin Calculation June 30, 2018

	Equalized Valuation Basis
	2017 \$ 5,557,974,632
	2016 5,473,205,022
	2015 <u>5,280,444,211</u>
	<u>\$ 16,311,623,865</u>
Average Equalized Valuation of Taxable Property	\$ 5,437,207,955
Debt Limit (4 % of average equalization value)	217,488,318
Less: Total Net Debt Applicable to Limit	<u>6,840,000</u>
Legal Debt Margin	<u>\$ 210,648,318</u>

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

<u>Fiscal Year Ended June 30,</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	38,633	\$ 65,097	7.50%
2010	39,842	66,080	7.40%
2011	40,170	69,044	7.00%
2012	40,389	71,953	7.60%
2013	40,582	71,449	6.50%
2014	40,751	73,293	5.20%
2015	40,933	76,388	4.40%
2016	41,147	77,187	4.20%
2017	41,311	N/A	3.90%
2018	41,311 *	N/A	N/A

Source: New Jersey State Department of Education

N/A - Information was not available.

\* - Estimate

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

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

Not Available

\*\* Estimated

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	296.5	296.9	236.6	246.2	239.0	241.0	245.8	236.0	225.0	228.0
Special Education	127.5	132.6	123.4	137.4	140.8	143.8	136.0	107.8	104.0	112.0
Other Instruction	1.0	1.0	1.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Support Services:										
Student & Instruction Related Services	101.8	96.8	95.0	92.0	91.5	89.0	79.0	76.8	74.0	73.0
General Administration	3.3	4.3	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
School Administrative Services	36.0	36.0	35.0	34.0	33.0	31.0	32.0	30.0	33.0	30.0
Plant Operations and Maintenance	110.5	108.5	96.5	98.0	95.5	83.5	60.0	27.0	23.0	22.0
Pupil Transportation	9.0	11.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Business and Other Support Services	13.0	16.0	15.0	15.0	14.0	14.0	15.0	12.0	8.0	8.0
Community School	4.5	6.0	6.0	3.7	2.0	1.0	2.0	1.0	1.0	2.0
Total	<u>703.00</u>	<u>708.99</u>	<u>612.54</u>	<u>634.30</u>	<u>623.79</u>	<u>611.30</u>	<u>577.8</u>	<u>498.6</u>	<u>476.0</u>	<u>483.0</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teacher/Pupil Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2009	4,284	\$ 91,004,673	\$ 21,243	1.70%	432.80	10.7	8.5	10	3,940	3,731	-2.02%	94.70%
2010	4,192	89,768,295	21,414	0.81%	433.40	11.6	8.8	9.5	4,020	3,786	2.03%	94.18%
2011	4,308	89,748,597	20,833	-2.71%	385.00	11.4	9.1	10.4	3,955	3,769	-1.62%	95.30%
2012	4,196	91,697,761	21,854	4.90%	391.00	11.0	8.9	9.8	3,875	3,706	-2.02%	95.64%
2013	4,131	94,577,383	22,895	4.76%	395.80	11.1	8.2	9.4	3,791	3,685	-2.17%	97.20%
2014	4,098	97,216,425	23,723	3.62%	387.80	14.1	8.0	8.0	3,745	3,656	-1.21%	97.62%
2015	4,071	101,090,770	24,832	4.67%	447.90	8.4	7.4	8.9	3,604	3,500	-3.77%	97.11%
2016	4,018	97,848,974	24,353	-1.93%	460.10	8.9	7.8	9.6	3,604	3,500	0.00%	97.11%
2017	3,953	100,473,172	25,417	4.37%	408.00	9.7	8.7	10.6	3,498	3,397	-2.94%	97.11%
2018	3,575	102,345,500	28,628	12.63%	405.00	9	8.3	9.0	3,554	3,461	1.60%	97.38%

Sources: District records

- Note:
- a Resident student 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.

TEANECK BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>District Building</b>										
<u>Elementary</u>										
Bryant-Kindergarten/Pre-K (1926)										
Square Feet	47,438	47,438	47,438	47,438	47,338	47,338	47,338	47,338	47,338	47,338
Capacity (students)	475	475	475	475	475	314	314	314	314	314
Enrollment	292	367	366	352	328	345	299	289	273	296
Whittier (1921)										
Square Feet	55,118	55,118	55,118	55,118	55,118	55,118	55,118	55,118	55,118	55,118
Capacity (students)	656	656	656	656	656	375	375	375	375	375
Enrollment	385	406	380	365	339	411	376	364	352	329
Hawthorne (1925)										
Square Feet	49,373	49,373	49,373	49,373	49,373	49,373	49,373	49,373	49,373	49,373
Capacity (students)	648	648	648	648	648	322	322	322	322	322
Enrollment	354	347	319	346	391	374	356	331	304	300
Lowell (1934)										
Square Feet	47,106	47,106	47,106	47,106	47,106	47,106	47,106	47,106	47,106	47,106
Capacity (students)	536	536	536	536	536	321	321	321	321	321
Enrollment	305	321	352	309	335	375	317	303	317	343
<u>Middle School</u>										
Thomas Jefferson M.S. (1958)										
Square Feet	105,216	105,216	105,216	105,216	105,216	105,216	105,216	105,216	105,216	105,216
Capacity (students)	894	894	894	894	894	676	676	676	676	676
Enrollment	626	624	614	598	577	690	582	541	548	547
Ben Franklin M.S. (1957)										
Square Feet	100,202	100,202	100,202	100,202	100,202	100,202	100,202	100,202	100,202	100,202
Capacity (students)	727	727	727	727	727	641	641	641	641	641
Enrollment	555	576	560	570	525	611	513	503	510	542
Teaneck High School (1926)										
Square Feet	215,808	215,808	215,808	215,808	215,808	215,808	215,808	215,808	215,808	215,808
Capacity (students)	1,625	1,625	1,625	1,625	1,625	1,203	1,203	1,203	1,203	1,203
Enrollment	1,398	1,369	1,336	1,298	1,272	1,459	1,280	1,304	1,250	1,218
Eugene Field School (1955)										
Square Feet	24,877	24,877	24,877	24,877	24,877	24,877	24,877	24,877	24,877	24,877
Capacity (students)	25	25	25	25	25	25	25	25	25	25
Number of Schools at June 30, 2018:										
Elementary = 4										
Middle School = 2										
High School = 1										
Other = 1										

Source: District Records

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

<u>School Facilities</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Teaneck Sr. High (#050)	\$ 526,983	\$ 477,898	\$ 392,018	\$ 454,271	\$ 414,218	\$ 435,390	\$ 373,186	\$ 425,165	\$ 409,111	\$ 541,534
Benjamin Franklin Middle School (#060)	238,789	185,205	161,360	177,288	172,698	187,865	164,120	197,409	188,668	255,142
Thomas Jefferson Middle School (#070)	267,972	199,156	179,666	186,301	196,548	197,230	189,742	207,287	197,709	267,909
Bryant (#080)	108,934	94,760	73,689	83,199	81,183	93,155	87,910	93,261	88,352	120,535
Hawthorne (#110)	115,099	96,526	92,565	95,720	95,253	95,680	113,518	97,270	92,022	125,717
Lowell (#130)	124,384	89,683	73,332	83,997	110,949	93,635	75,399	92,804	87,934	119,945
Whittier (#150)	120,333	102,949	85,635	96,002	102,111	103,225	88,223	108,588	103,380	140,345
Eugene Field (#999)	65,148	50,985	40,248	43,544	54,733	57,813	54,466	49,253	45,970	63,657
District-Wide Total	<u>\$ 1,567,642</u>	<u>\$ 1,297,162</u>	<u>\$ 1,098,513</u>	<u>\$ 1,220,322</u>	<u>\$ 1,227,693</u>	<u>\$ 1,263,993</u>	<u>\$ 1,146,564</u>	<u>\$ 1,271,037</u>	<u>\$ 1,213,146</u>	<u>\$ 1,634,784</u>

Source: District Records

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Grant American Insurance Co.		
Property-Blanket Building/Contents	\$ 179,771,729	\$ 5,000
Earthquake/Flood (Outside Zones A & V)	5,000,000	50,000
Flood Zones A & V	1,000,000	500,000
Comprehensive General Liability	2,000,000	
Comprehensive Crime Coverage	100,000 Per Employee/ 500,000 Per Loss	5,000 100,000
Automobile Coverage - Great American Insurance Co.	1,000,000	
Umbrella Liability - Great American Insurance Co.	9,000,000	10,000 Retention
Excess Liability Umbrella - (Fireman's Fund)	50,000,000 Group Agg	
Educator's Legal Liability - Greenwich Insurance Co.	1,000,000	
Employers Liability Coverage - Safety National Ins.	1,000,000	
Pollution Coverage - Chubb/Ace American	4,000,000	15,000
Surety Bond Coverage - Selective Insurance Co.		
Anthony Bianchi, Treasurer of School Monies	425,000	
Melissa Simmons, School Business Administrator/ Board Secretary	280,000	

Source: NESBIG/Burton Agency

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

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Education  
Teaneck Board of Education  
Teaneck, 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 Teaneck Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Teaneck Board of Education's basic financial statements and have issued our report thereon dated January 18, 2019.

**Internal Control Over Financial Reporting**

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Teaneck Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated January 18, 2019.

**Purpose of this Report**

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

Fair Lawn, New Jersey  
January 18, 2019

*LERCH, VINCI & HIGGINS, LLP*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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ROBERT LERCH, CPA  
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 Education  
Teaneck Board of Education  
Teaneck, New Jersey

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

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

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

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

### ***Other Matters***

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

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

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

Management of the Teaneck 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 Teaneck 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 Teaneck Board of Education's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Teaneck Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 18, 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*

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



Jeffrey C. Bliss  
Public School Accountant  
PSA Number CS00932

Fair Lawn, New Jersey  
January 18, 2019

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017	Carryover Deferred Revenue	Carryover Accounts Receivable	Cash Received	Budgetary Expenditures	Funds Released		Balance, June 30, 2018			MEMO GAAP Receivable
											AR Adjustment	Def Rev Adjustment	(Accounts Receivable)	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Education</b>																
<b>Passed-through State Department of Education</b>																
<u>Special Revenue Fund:</u>																
ESEA Title I	84.010A	S010A170030	NCLB031345-18	9/1/17-8/31/18	\$ 689,866		\$ 103,868	\$ (103,868)	\$ 410,654	\$ 682,774			\$ (383,080)	\$ 110,960		\$ (272,120)
NCLB Title I	84.010A	S010A160030	NCLB031345-17	9/1/16-8/31/17	\$ 692,454	(230,723)	(103,868)	103,868	230,723	-	222,383	(222,383)	-	-	-	-
						(230,723)	-	-	641,377	682,774	222,383	(222,383)	(383,080)	110,960	-	(272,120)
ESSA Title II- Part A	84.367A	S367A170029	NCLB031345-18	9/1/17-8/31/18	137,914		94,479	(94,479)	104,917	195,708	\$ (102)	\$ 102	(127,578)	36,787		(90,791)
NCLB Title II- Part A	84.367A	S367A160029	NCLB031345-17	9/1/16-8/31/17	105,244	(15,683)	(94,479)	94,479	15,683	-	-	-	-	-	-	-
						(15,683)	-	-	120,600	195,708	(102)	102	(127,578)	36,787	-	(90,791)
ESSA Title III	84.365A	S365A170030	ESEA031345-18	9/1/17-8/31/18	35,449		21,607	(21,607)	1,736	19,262			(55,320)	37,794		(17,526)
NCLB Title III	84.365A	S365A160030	NCLB031345-17	9/1/16-8/31/17	33,124	(6,452)	(21,607)	21,607	6,452	-	-	-	-	-	-	-
ESSA Title III Immigrant	84.365A	S365A170030	ESEA031345-18	9/1/17-8/31/18	10,190	-	11,608	(11,608)	-	-	11,608	(11,608)	(10,190)	10,190	-	-
NCLB Title III Immigrant	84.365A	S365A160030	NCLB031345-17	9/1/16-8/31/17	12,901	-	(11,608)	11,608	-	-	-	-	-	-	-	-
Total ESSA Title III Cluster						(6,452)	-	-	8,188	19,262	11,608	(11,608)	(65,510)	47,984	-	(17,526)
ESEA Title IV	84.365A	S365A160030	NCLB031345-17	9/1/17-8/31/18	10,000	-	-	-	934	934	-	-	(9,066)	9,066	-	-
IDEA Part B Basic	84.027	H027A170100	IDEA-1345-18	9/1/17-8/31/18	1,047,867		56,173	(56,173)	855,937	1,003,960			(248,103)	100,080		(148,023)
IDEA Part B Basic	84.027	H027A160100	IDEA-1345-17	9/1/16-8/31/17	1,031,956	(69,480)	(56,173)	56,173	69,480	-	-	-	-	-	-	-
IDEA Part B Preschool	84.173	H173A170114	IDEA-1345-18	9/1/17-8/31/18	26,927	-	45	(45)	26,085	26,972	-	-	(887)	-	-	(887)
IDEA Part B Preschool	84.173	H173A160114	IDEA-1345-17	9/1/16-8/31/17	26,790	-	(45)	45	-	-	-	-	-	-	-	-
Total Special Education Cluster						(69,480)	-	-	951,502	1,030,932	-	-	(248,990)	100,080	-	(148,910)
Total Special Revenue Fund						(322,338)	-	-	1,722,601	1,929,610	233,889	(233,889)	(834,224)	304,877	-	(529,347)
<b>U.S. Department of Agriculture</b>																
<b>Passed-through State Department of Education</b>																
<u>Enterprise Fund:</u>																
School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	106,899				60,736	106,899			(46,163)			(46,163)
School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	106,317	(9,512)			9,512	-	-	-	-	-	-	-
NSLP - Cash Assistance	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	560,831				341,026	560,831			(219,805)			(219,805)
NSLP - Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	559,678	(40,966)			40,966	-	-	-	-	-	-	-
NSLP - Non Cash Assistance	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	107,049				107,049	100,745	-	-	-	6,304	-	-
NSLP - Non Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	87,930	10,975			-	10,975	-	-	-	-	-	-
Total Child Nutrition Program Cluster / Enterprise Fund						(39,503)	-	-	559,289	779,450	-	-	(265,968)	6,304	-	(265,968)
<b>U.S. Department of Health and Human Services</b>																
<b>Passed-through State Department of Education</b>																
<u>General Fund:</u>																
Medicaid Reimbursement Program (SEMI)	93.778	1805NJSMP	N/A	7/1/17-6/30/18	125,519	-	-	-	125,519	125,519	-	-	-	-	-	-
Total General Fund						-	-	-	125,519	125,519	-	-	-	-	-	-
Total Federal Financial Awards						\$ (361,841)	\$ -	\$ -	\$ 2,407,409	\$ 2,834,579	\$ 233,889	\$ (233,889)	\$ (1,100,192)	\$ 311,181	-	\$ (795,315)

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of the Statement

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

Federal/Grantor/Pass-Through Grantor/ State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017	Cash Received	Budgetary Expenditures	Refund Prior Year's Balances	Balance, June 30, 2018			MEMO	
								(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Accounts Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>												
<b>General Fund:</b>												
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 2,686,168		\$ 2,500,271	\$ 2,686,168		\$ (185,897)				\$ 2,686,168
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	2,596,036	(176,215)	176,215							
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	730,240		679,704	730,240		(50,536)				730,240
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	730,240	(49,568)	49,568							-
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	40,420		37,623	40,420		(2,797)				40,420
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	40,420	(2,744)	2,744							-
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	40,420		37,623	40,420		(2,797)				40,420
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	40,420	(2,743)	2,743							-
Prof Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	39,700		36,952	39,700		(2,748)				39,700
Prof Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	39,700	(2,695)	2,695							-
Total State Aid Public Cluster				(233,965)	3,526,138	3,536,948	-	(244,775)	-	-	-	3,536,948
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	1,909,231		1,777,103	1,909,231		(132,128)				1,909,231
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	1,909,231	(129,596)	129,596							-
Nonpublic Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	167,102		167,102	167,102		(167,102)				167,102
Nonpublic Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	124,010	(124,010)	124,010							-
Total Transportation Cluster				(253,606)	2,030,709	2,076,333	-	(299,230)	-	-	-	2,076,333
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	940,134		940,134	940,134		(940,134)				940,134
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	1,011,043	(1,011,043)	1,011,043							-
Homeless Tuition	N/A	7/1/17-6/30/18	21,414		21,414	21,414		(21,414)				21,414
Homeless Tuition	N/A	7/1/16-6/30/17	47,011	(47,011)	47,011							-
Homeless Tuition	N/A	7/1/14-6/30/15	159,661	(3,426)				(3,426)				-
Lead Testing for Schools Aid	18-495-034-5120-102	7/1/17-6/30/18	6,282		6,282	6,282						6,282
On Behalf TPAF Pension System Contribution	18-495-034-5094-002	7/1/17-6/30/18	5,107,097		5,107,097	5,107,097						5,107,097
On Behalf TPAF NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18	123,936		123,936	123,936						123,936
On Behalf TPAF Post Retirement Medical Contrib	18-495-034-5094-001	7/1/17-6/30/18	3,378,613		3,378,613	3,378,613						3,378,613
On Behalf TPAF Long Term Liability	18-495-034-5094-004	7/1/17-6/30/18	5,340		5,340	5,340						5,340
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	2,575,986		2,447,613	2,575,986		(128,373)				2,575,986
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/17-6/30/18	2,500,160	(124,116)	124,116							-
Total General Fund				(1,673,167)	17,807,898	17,772,083	-	(1,637,352)	-	-	-	17,772,083
<b>Special Revenue Fund:</b>												
<b>Auxiliary Services Chpt 192:</b>												
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	88,672		88,672	82,029				\$ 6,643		82,029
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	66,289	3,852			\$ 3,852					-
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	32,521		32,521	22,855				9,666		22,855
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	26,858	2,924			2,924					-
Transportation	18-100-034-5120-067	7/1/17-6/30/18	15,575		15,575	15,575						15,575
Transportation	17-100-034-5120-067	7/1/16-6/30/17	15,750	3,510			3,510					-
Home Instruction	18-100-034-5120-067	7/1/17-6/30/18	3,299		3,299	3,299		(3,299)				3,299
Home Instruction	17-100-034-5120-067	7/1/16-6/30/17	349	(349)	349							-
Total Auxiliary Services (Chpt 192) Cluster				9,937	137,117	123,758	10,286	(3,299)	-	16,309	(3,299)	123,758
<b>Handicapped Services Chpt 193:</b>												
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	167,261		167,261	160,158				7,103		160,158
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	113,461	1,260			1,260					-
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	43,211		43,211	41,069				2,142		41,069
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	39,758	2,121			2,121					-
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	101,023		101,023	87,702				13,321		87,702
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	82,316	8,240			8,240					-
Total Handicapped Services (Chpt 192) Cluster				11,621	311,495	288,929	11,621	-	-	22,566	-	288,929
<b>New Jersey Nonpublic Aid</b>												
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	57,189		57,189	55,378				1,811		55,378
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	54,587	11,152			11,152					-
Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	119,601		119,601	98,962				20,639		98,962
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	101,070	641			641					-
Nonpublic Technology	18-100-034-5120-373	7/1/17-6/30/18	38,628		38,628	29,900				8,728		29,900
Nonpublic Technology	17-100-034-5120-373	7/1/16-6/30/17	24,622	1,714			1,714					-
Nonpublic Security	18-100-034-5120-084	7/1/17-6/30/18	92,475		92,475	77,342				15,133		77,342
Nonpublic Security	17-100-034-5120-084	7/1/16-6/30/17	56,150	4,073			4,073					-
<b>Department of Children and Families</b>												
School Based Youth Services	YFS2310-01-17/17ALPB	7/1/17-6/30/18	315,839		312,671	311,839				832		311,839
School Based Youth Services	16ALPB	7/1/15-6/30/16	308,892	(2,169)	2,169							-
School Based Youth Services	14ALBP	7/1/13-6/30/14	307,616	315						315		-
Subtotal Special Revenue Fund				37,284	1,071,345	986,108	39,487	(3,299)	-	86,333	(3,299)	986,108

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of the Statement

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

Federal/Grantor/Pass-Through Grantor/ State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2018						MEMO	
				Balance July 1, 2017	Cash Received	Budgetary Expenditures	Refund Prior Year's Balances	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Accounts Receivable
Special Revenue Fund (Continued):											
Department of Law and Public Safety (Passed thru County of Bergen)											
Juvenile Justice Partnership Grant	TPS-S17	1/1/18-12/31/18	\$ 61,435		\$ 38,953	\$ 18,320		\$ (22,482)	\$ 43,115		\$ 18,320
Juvenile Justice Partnership Grant	TPS-S17	1/1/17-12/31/17	70,796	(19,898)	31,227	50,220		(39,569)	678		\$ (38,891) \$ 50,220
Juvenile Justice Partnership Grant	TPS-S16	1/1/16-12/31/16	70,796	(24,615)	24,615	-		-	-		-
Total Juvenile Justice Partnership Grant				(44,513)	94,795	68,540		(62,031)	43,793		(38,891) 68,540
Total Special Revenue Fund				\$ (7,229)	1,166,140	1,054,648	\$ 39,487	(65,350)	43,793	\$ 86,333	(42,190) 1,054,648
State Department of Agriculture											
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	15,213		9,359	15,213		(5,854)			(5,854) 15,213
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	14,353	(1,026)	1,026	-		-	-		-
Total Enterprise Fund				(1,026)	10,385	15,213		(5,854)	-		(5,854) 15,213
Sub-Total State Financial Assistance				(1,681,422)	18,984,423	18,841,944	39,487	(1,708,556)	43,793	86,333	(368,359) 18,841,944
Less: On-Behalf TPAF Contributions Not Subject to Single Audit and Major Program Determination											
TPAF Pension System Contributions	18-485-034-5094-002	7/1/17-6/30/18	5,107,097		(5,107,097)	(5,107,097)					(5,107,097)
TPAF Pension - NCGI Premium	18-485-034-5094-004	7/1/17-6/30/18	123,936		(123,936)	(123,936)					(123,936)
TPAF Post Retirement Medical	18-495-034-5094-001	7/1/17-6/30/18	3,378,613		(3,378,613)	(3,378,613)					(3,378,613)
TPAF Pension - Long Term Liability	18-485-034-5094-004	7/1/17-6/30/18	5,340		(5,340)	(5,340)					(5,340)
Total State Financial Assistance Subject to Single Audit and Major Program Determination				\$ (1,681,422)	\$ 10,369,437	\$ 10,226,958	\$ 39,487	\$ (1,708,556)	\$ 43,793	\$ 86,333	\$ (368,359) \$ 10,226,958

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of the Statement

**TEANECK BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$57,567 for the general fund and a decrease of \$1,390 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	\$ 125,519	\$ 17,829,650	\$ 17,955,169
Special Revenue Fund	1,929,610	1,054,648	2,984,258
Food Service Fund	<u>779,450</u>	<u>15,213</u>	<u>794,663</u>
Total Awards Financial Assistance	<u>\$ 2,834,579</u>	<u>\$ 18,899,511</u>	<u>\$ 21,734,090</u>

**TEANECK BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$2,575,986 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$5,231,033, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$3,378,613 and TPAF Long-Term Disability Insurance in the amount of \$5,340 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

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

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness(es) identified        yes   X   no
- 2) Were significant deficiency(ies) identified that were not considered to be material weakness(es)?        yes   X   none reported

Noncompliance material to basic financial statements noted?        yes   X   no

**Federal Awards Section**

Internal Control over compliance:

- 1) Material weakness(es) identified        yes   X   no
- 2) Were significant deficiency(ies) identified that were not considered to be material weakness(es)?        yes   X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section 516(a) of the 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>10.553</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>      </u>	<u>      </u>

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

Auditee qualified as low-risk auditee?   x   yes        no

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

*Part I – Summary of Auditor’s Results*

**State Awards Section**

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

\$750,000

Auditee qualified as low-risk auditee?        X   yes             no

Internal Control over compliance:

1) Material weakness(es) identified             yes        X   no

2) Were significant deficiency(ies) identified  
that were not considered to be material  
weakness(es)?             yes        X   none reported

Type of auditor's report on compliance for  
major programs

Unmodified

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

  X   yes             no

Identification of major state programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
18-495-034-5120-014	Transportation Aid/Non-Public Transportation Aid
18-495-034-5120-089	Special Education Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-098	PARCC Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-101	Professional Learning Community Aid
18-495-034-5094-003	Reimbursement TPAF Social Security
18-495-034-5120-044	Extraordinary Aid

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

*Part 2 – Schedule of Financial Statement Findings*

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

There are none.

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

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

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

**CURRENT YEAR FEDERAL AWARDS**

There are none.

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

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

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

**CURRENT YEAR STATE AWARDS**

**Finding 2018-001**

Our audit of TPAF FICA reimbursements revealed the financial accounting software vendor did not revise the payroll program on January 1, 2018 to address the calculation of the amounts requested for reimbursement.

**State Program Information**

Reimbursed TPAF Social Security Contributions	495-034-5094-003
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**Criteria or Specific Requirement**

State Grant Compliance Supplement

**Condition**

See Finding 2018-001.

**Questioned Costs**

Unknown.

**Context**

Payroll software was scheduled to be revised effective January 1, 2018, however, the software vendor did not revise the program as instructed by the District.

**Effect**

Software program does not accurately calculate FICA paid on TPAF members' pensionable wages.

**Cause**

See context.

**Recommendation**

We noted the financial accounting software vendor did revise the payroll software program effective January 1, 2019 to address the TPAF FICA calculation. Therefore, no recommendation is deemed warranted.

**View of Responsible Officials and Planned Corrective Action**

Management agrees with this finding and had taken corrective action effective January 1, 2019.

**TEANECK BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2017-001:**

Purchases of various goods and services were made which were not in accordance with the procedures specified in the Public School Contracts Law.

**Current Status**

Corrective action was taken.

**Finding 2017-002:**

Salaries used to determine state reimbursements for FICA paid for T.P.A.F. members included certain non-pensionable wages.

**Current Status:**

Corrective action was taken. See Finding 2018-001.