

OAKLAND BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Oakland, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Oakland Board of Education
Oakland, New Jersey
For The Fiscal Year Ended June 30, 2015**

**Prepared by
Business Office**

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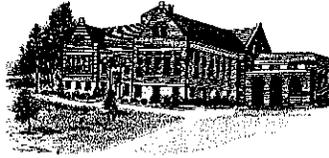
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INTRODUCTORY SECTION

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



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

December 16, 2015

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

RE: *Comprehensive Annual Financial Report – 2015*

Dear Board Members:

The comprehensive annual financial report of the Borough of Oakland School District for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon including the Management Discussion and Analysis. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the United States Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

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

The District provides a full range of educational services appropriate to grade levels kindergarten through eighth grade. These include regular, as well as special education for impaired and disabled students. The District completed the 2014/15 fiscal year with an average daily enrollment of 1,558 students, representing a decrease of 46 students from the previous year's enrollment.

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

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2014/15	1,558	(0.03%)
2013/14	1,604	(0.02%)
2012/13	1,636	(4.16%)
2011/12	1,707	.89%
2010/11	1,692	(.41%)
2009/10	1,699	1.19%
2008/09	1,679	1.88%
2007/08	1,648	(4.41%)
2006/07	1,724	2.93%
2005/06	1,675	1.23%

(2) ECONOMIC CONDITION AND OUTLOOK:

Oakland, a Bergen County suburban residential community situated on an 8.6 square mile land area in northwestern New Jersey, has a population of approximately 13,293 based upon population estimates as of July 2009. Adult residents are employed in various professions and diverse trades. The Borough's close proximity to New York City and its convenient access to major New Jersey highways enable most employed residents to easily work outside the Borough's borders.

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

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

Continued support for the Borough's local schools was again evidenced by voter approval for the 2015/16 Budget.

(3) MAJOR INITIATIVES:

TECHNOLOGY

During the 2014/2015 fiscal year, the Oakland School District has continued to expand its network capacities to meet the current and emerging learning needs of our students. In an effort to continue to provide a suitable environment for academic learning and testing, the following major areas of our network were reviewed, with actions taken in all areas:

- A) Bandwidth - Our 150 Mb circuit was upgraded to 300 Mb in the fall 2014, then to 500 Mb in the fall of 2015. As a result, connectivity and the ability to share data between all 4 buildings was also increased and enhanced.
- B) Learning Devices – The District continued to expand its Chromebook fleet by adding an additional 200 at the elementary schools.

We are in year three of our Valley Middle School 1:1 Learning Initiative where the students have access to their Chromebooks off campus as well as in school. Year one was a “Year of Discovery” where our staff participated in many facets of professional development in preparation for our Learning Initiative. In year two, our students were assigned Chromebooks for use in school only. Our elementary students are also using Chromebooks. Each year of the middle school 1:1 deployment, our elementary schools received additional Chromebooks. Currently, all students in grades three, four, and five have access to Chromebooks and Google Apps for Education as well as many of the online resources mentioned above. Moving forward, it is anticipated that we will continue expanding to grades K-2 over the next several years. Currently, we are piloting Chromebooks and Google Apps for Education in grade two at Dogwood Hill Elementary School.

In addition, our STEAM initiative is well underway at Valley Middle School. For next year, it is anticipated that the curriculum used in grades seven and eight will be expanded. We are also in the very early stages exploring a STEAM program for our elementary students.

Finally, thirty-eight first-generation SMART Boards were updated with the new projection devices, and eighty original iPad 2s were replaced in an effort to continue to have these be viable teaching tools in a 21st Century learning environment.

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

CURRICULUM

During the 2014-2015 school year, the Oakland Board of Education supported the Balanced Literacy initiative that was in its stages of preparing for implementation in the fall of the 2014 school year. A partnership was established with the Literacy Consultant, Jennifer Serravallo to begin her work for the following year, which enables teachers to be trained in the Reader's Workshop model. Leveled Libraries for all K-5 classrooms were purchased to support the Readers Workshop in the area of Balanced Literacy. In the Area of Mathematics, Common Assessments continued to be developed in the area of Mathematics for Grade 3 across the FLOW districts.

The 2014-2015 year also included continued work on the implementation of the Common Core State Standards in the Oakland Public Schools. Additionally, the District sponsored several Parent University Nights to acquaint parents with PARCC and SRI implementation, Four Years and Beyond Middle School Transition to High School and Math in Focus program.

During the 2014-2015 school year, the reading specialists continued to gain a better understanding of the Common Core State Standards in English Language Arts through research and by attending workshops. Curriculum changes that need to be made were identified, and a summer 2014 Curriculum Committee was scheduled to begin the revision of Oakland's curriculum. This broad project was far reaching, and affected many areas.

Our District's Library Services were sustained through the Follett's *Destiny* Library Manager Program. This system enables schools to have current inventories of books, in each library's collection would, when fully implemented, be available for browsing by students from remote locations with Internet access, including from one's home. Another benefit of this library manager program is that it has the potential to develop reading histories for individual students, including identifying those students who are not using the school's library. Lexile leveling was included and purchased as part of this program. This information will assist teachers to customize a literacy instruction to an individual's needs.

As part of the periodic review of District curriculum, and in response to the revision of the CCCS, content areas were revised during the summer of 2014. The District's summer 2014 Curriculum Review addressed the implementation of the 2014 Common Core State Standards. Curricula was restructured and aligned according to district goals, in the areas of:

- English Language Arts
- Science
- Social Studies
- Visual and Performing Arts
- Comprehensive Health and Physical Education
- Gifted and Talented
- Technology and 21st Century Life and Careers

Subsequently, the 2014 Common Core Standards in English Language Arts and Mathematics were also updated to meet the demands of the changing needs of today's learners.

BUILDINGS AND GROUNDS

The 2014/2015 School year saw a continuation of the Oakland Board of Education's strong commitment to maintaining an education environment conducive for teaching and learning for our staff and students.

Special projects included a complete upgrade of the Manito Elementary School electrical system. The \$21,000 project was a result of a collaborative effort from the principal and maintenance team.

The final phases of a drainage project at Heights School were completed for the amount of \$25,870. Older corrugated steel drainpipe that is prone to rot and decay was replaced with plastic pipe that will last longer and be easier to maintain. The improvements will allow for more efficient runoff of rain and snow when the roof is replaced.

The major project for the summer of 2014 was the successful partial replacement of the Heights School Roof. The 1.2 million dollar project was supported by a ROD Grant.

Dogwood Hill flooring maintenance was completed during the summer of 2014.

A new gymnasium curtain divider was installed in the amount of \$16,000 at the Valley Middle School.

Winter 2014/2015 was challenging for all districts in the State as Mother Nature hit the area especially hard. Thanks go to the maintenance and custodial teams as well as the Borough of Oakland Department of Public Works for keeping the parking lots and roads safe for everyone.

Summer 2014 included Heights Library renovation. The project was supported in large parts thanks to a generous donation from the Heights PTO.

LOOKING TO THE FUTURE

As a result of the Board's cost savings measures and careful implementation of the District financials, anticipated excess current revenue was expected at the end of the fiscal year. With uncertain school finance looming in the future, the Board, therefore, determined that such revenue generated in the 2014/2015 budget should be wisely invested. As a result, the Board planned a deposit into its existing Capital Reserve Account to fund future facility needs. With aged schools, including increasing infrastructure needs, this financial strategy would enable the Board to fund emergency repairs and renovations, while also protecting taxpayers from unexpected future tax increases.

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

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

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

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

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

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

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

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

(9) OTHER INFORMATION:

- A) Independent Audit - State statues require an annual audit be conducted by an independent certified public accountant. The accounting firm of Lerch, Vinci & Higgins, LLP was re-appointed at the Annual Reorganization Meeting as it pertains to the fiscal year 2014/2015 annual audit. In addition to meeting the requirements of the Single Audit Act and the related OMB Circular A-133 and State Treasury Circular Letter 15-08 OMB. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

(10) ACKNOWLEDGMENTS:

We express our appreciation to the Members of the Oakland Board of Education who successfully balance the funding realities of public education with the need to provide Oakland's students with a world-class

educational program. Our appreciation is also extended to the administrative team who is critical to the development and implementation of both the budget and the District's educational plan.

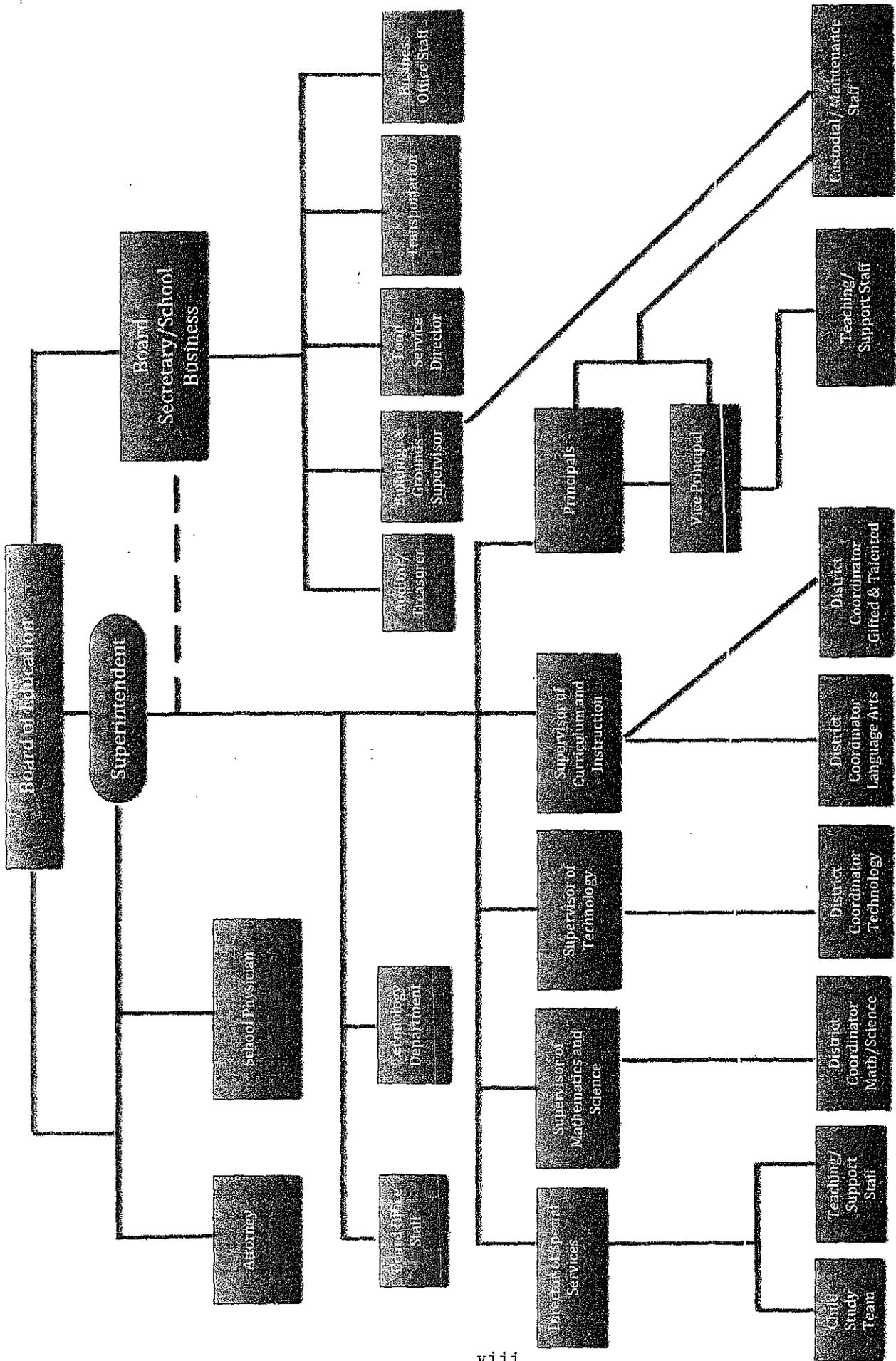
Respectfully submitted,



Dr. Gina M. Coffaro
Superintendent of Schools



Dr. Joseph R. Amatuzzi
Interim Business Administrator/
Board Secretary



The Oakland Public Schools

..... A learning community committed to excellence!

BOARD OF EDUCATION OAKLAND PUBLIC SCHOOL DISTRICT

BOARD OF EDUCATION OAKLAND PUBLIC SCHOOL DISTRICT

ROSTER OF OFFICIALS JUNE 30, 2015

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mr. James Gaffney, President	2017
Ms. Carita Shelkin, Vice President	2016
Ms. Lisa Cooper	2018
Mr. John Scerbo	2017
Mr. Robert Akovity	2018

OTHER OFFICIALS

Dr. Gina M. Coffaro, Superintendent of Schools

Mr. Kyle J. Bleeker, School Business Administrator/Board Secretary

Ms. Deanna Dugan, Treasurer of School Monies until May 2015

**BOARD OF EDUCATION
OAKLAND PUBLIC SCHOOL DISTRICT**

**ROSTER OF CONSULTANTS AND ADVISORS
JUNE 30, 2015**

Architect

DI CARA / RUBINO ARCHITECTS
30 Galesi Drive, Wayne, NJ 07470

Attorney

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

Auditor

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

Official Depository

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

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR’S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education as of and for the fiscal year ended June 30, 2015 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education as of June 30, 2015, 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, 2015, the Oakland Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for 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, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oakland Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Oakland Board of Education.

The combining 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 December 21, 2015 on our consideration of the Oakland Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Oakland Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 21, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2015

This discussion and analysis of the Oakland School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2015. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- District-wide – The governmental activities had \$34,517,775 in revenues, general revenues for governmental activities accounted for \$27,049,079 or 78 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$7,468,696 or 22 percent of total revenues of \$34,517,775.
- District-wide - The governmental activities had \$32,632,812 in expenses; only \$7,468,696 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$27,049,079 were adequate to provide for these programs.
- Fund Financials - Among governmental funds, the General Fund had \$30,280,166 in revenues and \$28,697,520 in expenditures. At the close of the fiscal year the General Fund's fund balance is \$5,206,117 an increase of \$697,251 from June 30, 2014.
- Fund Financials - At the end of June 30, 2015, the District's unassigned fund balance for the General Fund was \$275,449 an increase of \$22,780 from June 30, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

OAKLAND BOARD OF EDUCATION

**Management’s Discussion and Analysis
for the Fiscal Year Ended June 30, 2015**

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

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

District-wide Statements

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

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

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

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2015

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

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

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

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

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2015

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

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

Table A-1 provides a summary of the school district's net position as of June 30, 2015 and 2014.

Net Position. The District's combined net position as of June 30, 2015 and 2014 were \$3,554,566 and \$1,680,590, respectively.

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

Table A-1
Statement of Net Position
As of June 30, 2015 and 2014

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		(Restated)				(Restated)
Assets						
Current and Other Assets	\$ 6,735,145	\$ 5,549,226	\$ 30,598	\$ 36,838	\$ 6,765,743	\$ 5,586,064
Capital Assets	<u>6,995,325</u>	<u>6,374,439</u>	<u>10,624</u>	<u>3,639</u>	<u>7,005,949</u>	<u>6,378,078</u>
Total Assets	<u>13,730,470</u>	<u>11,923,665</u>	<u>41,222</u>	<u>40,477</u>	<u>13,771,692</u>	<u>11,964,142</u>
Deferred Outflows of Resources	<u>285,870</u>	-	-	-	<u>285,870</u>	-
Total Assets and Deferred Outflows	<u>14,016,340</u>	<u>11,923,665</u>	<u>41,222</u>	<u>40,477</u>	<u>14,057,562</u>	<u>11,964,142</u>
Liabilities						
Current Liabilities	1,013,961	1,111,642	18,618	7,030	1,032,579	1,118,672
Noncurrent Liabilities	<u>9,094,922</u>	<u>9,164,442</u>	-	-	<u>9,094,922</u>	<u>9,164,442</u>
Total Liabilities	<u>10,108,883</u>	<u>10,276,084</u>	<u>18,618</u>	<u>7,030</u>	<u>10,127,501</u>	<u>10,283,114</u>
Deferred Inflows of Resources	<u>374,913</u>	-	<u>582</u>	<u>438</u>	<u>375,495</u>	<u>438</u>
Total Liabilities and Deferred Inflows	<u>10,483,796</u>	<u>10,276,084</u>	<u>19,200</u>	<u>7,468</u>	<u>10,502,996</u>	<u>10,283,552</u>
Net Position						
Net Investment in Capital Assets	4,524,087	3,888,182	10,624	3,639	4,534,711	3,891,821
Restricted	4,877,374	4,002,988			4,877,374	4,002,988
Unrestricted	<u>(5,868,917)</u>	<u>(6,243,589)</u>	<u>11,398</u>	<u>29,370</u>	<u>(5,857,519)</u>	<u>(6,214,219)</u>
Total Net Position	<u>\$ 3,532,544</u>	<u>\$ 1,647,581</u>	<u>\$ 22,022</u>	<u>\$ 33,009</u>	<u>\$ 3,554,566</u>	<u>\$ 1,680,590</u>

OAKLAND BOARD OF EDUCATION

**Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015**

Governmental activities. Governmental activities net position increased by \$1,884,963. The increase in the net position is evident of the District's sound financial management and improved financial position. Key elements of this increase are as follows:

**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014**

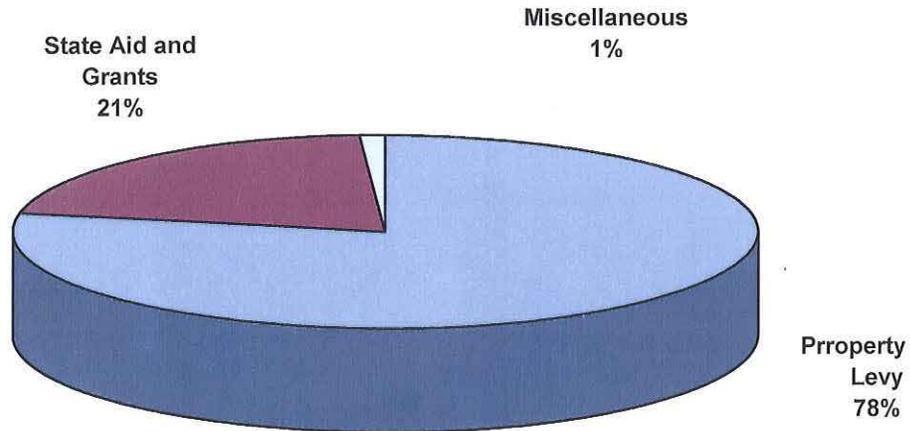
	Governmental Activities		Business-Type Activities		Total	
	2015	2014 (Restated)	2015	2014	2015	2014 (Restated)
Revenues						
Program Revenues						
Charges for Services	\$ 76,586	\$ 75,035	\$ 343,290	\$ 355,329	\$ 419,876	\$ 430,364
Operating Grants and Contributions	6,970,416	3,668,462	113,446	110,408	7,083,862	3,778,870
Capital Grants and Contributions	421,694	34,460			421,694	34,460
General Revenues						
Property Taxes	26,775,061	26,276,897			26,775,061	26,276,897
State Aid	119,213	119,191			119,213	119,191
Unrestricted State Aid	30,038				30,038	-
Other	124,767	137,553	-	338	124,767	137,891
Total Revenues	34,517,775	30,311,598	456,736	466,075	34,974,511	30,777,673
Expenses						
Instruction						
Regular	14,695,489	12,161,879			14,695,489	12,161,879
Special	4,845,084	4,118,511			4,845,084	4,118,511
Other Instruction	1,179,018	996,345			1,179,018	996,345
School Sponsored Activities and Ath.	129,096	129,637			129,096	129,637
Support Services						
Student and Instruction Related Serv.	4,434,399	4,005,463			4,434,399	4,005,463
School Administrative Services	2,032,124	1,989,232			2,032,124	1,989,232
General Administrative Services	978,813	707,879			978,813	707,879
Plant Operations and Maintenance	2,816,592	2,578,089			2,816,592	2,578,089
Pupil Transportation	886,397	924,731			886,397	924,731
Central Services	520,146	556,587			520,146	556,587
Food Service			467,723	468,397	467,723	468,397
Interest and Other Chgs. on Long-Term Debt	115,654	107,737	-	-	115,654	107,737
Total Expenses	32,632,812	28,276,090	467,723	468,397	33,100,535	28,744,487
Change in Net Position	1,884,963	2,035,508	(10,987)	(2,322)	1,873,976	2,033,186
Net Position, Beginning of Year	1,647,581	6,009,068	33,009	35,331	1,680,590	6,044,399
Prior Period Adjustment	-	(6,396,995)	-	-	-	(6,396,995)
Net Position, End of Year	\$ 3,532,544	\$ 1,647,581	\$ 22,022	\$ 33,009	\$ 3,554,566	\$ 1,680,590

OAKLAND BOARD OF EDUCATION

**Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015**

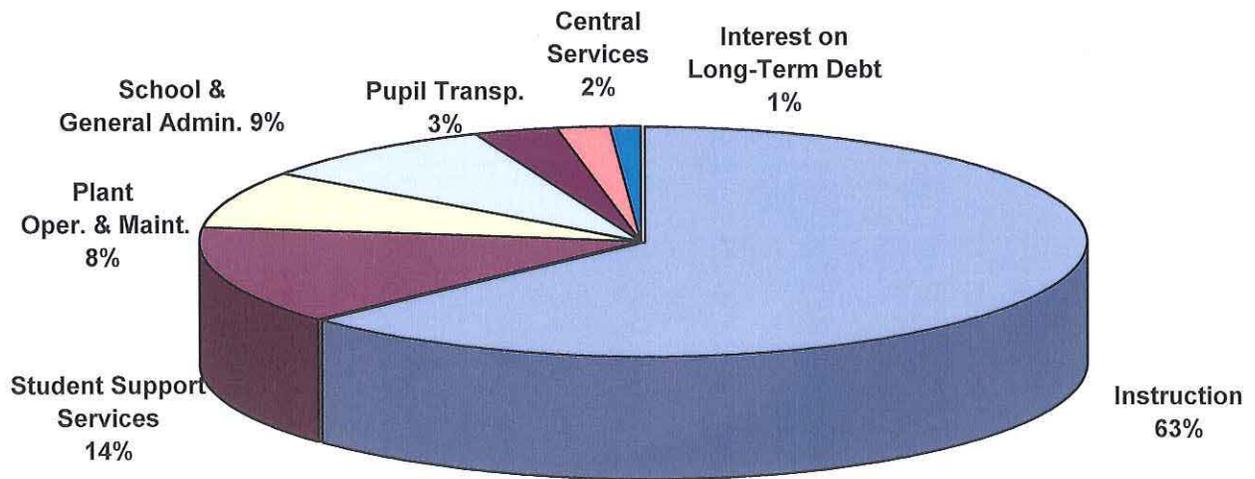
Governmental activities. The District's total governmental revenues were \$34,517,775. The local share of the revenues, that included property taxes, interest, and miscellaneous revenue, amounted to \$26,899,828 or 78% of total revenues. Funding from state and federal sources amounted to \$7,541,361 or 21%. Charges for services amounted to \$76,586 or less than 1%.

Table A-3 Revenues by Source- Governmental Activities
For Fiscal Year 2014/15



The District's governmental expenses are predominantly related to instruction and support services. Instruction totaled \$20,848,687 (64%) support services totaled \$11,668,471 (36%) and interest on long-term debt total \$115,654 (less than 1%) of total expenditures. (See Table A-5.)

Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2014/15



OAKLAND BOARD OF EDUCATION

**Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015**

Total Cost and Net Cost of Governmental Activities. The District's total cost of services was \$32,632,812. After applying program revenues, derived from operating and capital grants and contributions of \$7,392,110, and charges for services of \$76,586, the net cost of services of the District is \$25,164,116 for the fiscal year ended June 30, 2015.

**Table A-5
Cost of Services and Net Cost of Services - Governmental Activities
For the Fiscal Years Ended June 30, 2015 and 2014**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Governmental Activities				
Instruction				
Regular	\$ 14,695,489	\$ 12,161,879	\$ 11,054,059	\$ 10,652,247
Special Education	4,845,084	4,118,511	2,949,335	2,628,267
Other Instruction	1,179,018	996,345	881,892	869,534
School Sponsored Activities and Athletics	129,096	129,637	129,096	129,637
Support Services				
Student and Instruction Related Svcs.	4,434,399	4,005,463	3,905,258	3,772,301
School Administrative Services	2,032,124	1,989,232	1,644,264	1,825,108
General Administrative Services	978,813	707,879	843,569	651,893
Plant Operations and Maintenance	2,816,592	2,578,089	2,369,755	2,518,280
Pupil Transportation	886,397	924,731	751,088	786,542
Central Services	520,146	556,587	520,146	556,587
Interest and Other Chgs.on Long-Term Debt	115,654	107,737	115,654	107,737
Total Governmental Activities	\$ 32,632,812	\$ 28,276,090	\$ 25,164,116	\$ 24,498,133

For the fiscal year ended June 30, 2015, the total cost of governmental activities reflects the implementation of the new accounting standard GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The effect of implementing GASB 68 was to recognize additional pension expenses of \$2,920,802 for the PERS and on-behalf TPAF pension systems and additional state aid revenues for on-behalf TPAF pension contributions of \$2,870,648 for fiscal year 2015.

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2015 was \$467,723. These costs were funded by operating grants and charges for services (Detailed on Table A-2). The operations resulted in a decrease in net position of \$10,987.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$5,749,164. In 2013-2014 the fund balance was \$4,481,459, an increase of \$1,267,705.

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2015

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$31,647,126 and expenditures were \$30,812,626.

General Fund

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the general fund revenues for the fiscal year ended June 30, 2015 and 2014.

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources	\$ 26,763,610	\$ 26,259,583	\$ 504,027	1.92%
State Sources	<u>3,516,556</u>	<u>3,150,671</u>	<u>365,885</u>	<u>11.61%</u>
Total	<u>\$ 30,280,166</u>	<u>\$ 29,410,254</u>	<u>\$ 869,912</u>	2.96%

The following schedule represents a summary of general fund expenditures for the fiscal years ended June 30, 2015 and 2014.

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Current Expenditures				
Instruction	\$ 17,862,167	\$ 16,861,021	\$ 1,001,146	5.94%
Support Services	10,622,658	10,318,217	304,441	2.95%
Capital Outlay	80,545	212,794	(132,249)	-62.15%
Debt Service-				
Principal	131,171	17,418	113,753	653.08%
Interest	<u>979</u>	<u>1,449</u>	<u>(470)</u>	<u>-32.44%</u>
Total	<u>\$ 28,697,520</u>	<u>\$ 27,410,899</u>	<u>\$ 1,286,621</u>	4.69%

Budgetary Highlights

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

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

OAKLAND BOARD OF EDUCATION

**Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015**

Budgetary Highlights (Continued)

In this climate along with limited funding and diminishing revenues, the district finds itself relying more and more on the taxpayers in order to fund the tax levy established each year. As such, the Board of Education and Administration continues to explore cost saving initiatives designed to offset rising fixed costs associated with the general fund such as salaries, insurance, tuition, transportation and energy costs. Major initiatives in the 2014/15 year included:

- ◆ Renewed membership through various consortia and shared services designed to promote cost savings in areas such as energy, technology, transportation, special education services and general supplies. These activities include: ACES "Alliance for Competitive Energy Savings" and the "Middlesex Regional Educational Services Commission". The district is also a member of ACT, "Alliance for Competitive Telecommunication". In addition, the District participates in joint transportation agreements and shared services with 15 Bergen County districts, and continues participation in collective bids for savings in general supplies through Educational Data Services. In addition, membership in various technology purchasing consortia such as PEPPM, Keystone Purchasing Network and the Western states Contracting Alliance (WSCA) has been initiated.
- ◆ Expanded shared services with the Borough of Oakland receiving additional support for site conditions at all school properties, the mutual support of various social & sports programs for Oakland residents, and the continued exploration of possible cost saving initiatives in operational areas.
- ◆ Completed both drainage and paving projects at school sites. Completed the boiler repairs and replacement at school sites.

Special Education remains a significant expense even with a slight decline in enrollment. Many mandated services and requirements such as OT/PT (Occupation and Physical Therapy), speech, resource room, evaluations, one-on-one aides and other related services continue to be in demand.

Capital Assets and Debt Administration. The Oakland Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2015 and 2014 amounts to \$7,005,949 and \$6,378,078 (net of accumulated depreciation), respectively. This investment in capital assets includes land, construction in progress, buildings and building improvements, land improvements, machinery, equipment and vehicles.

**Table A-6
Capital Assets as of June 30, 2015 and 2014
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 131,987	\$ 131,987			\$ 131,987	\$ 131,987
Construction In Progress	1,057,508	3,274			1,057,508	3,274
Land Improvements	474,184	474,184			474,184	474,184
Buildings and Building Improvements	13,253,420	13,253,420			13,253,420	13,253,420
Machinery and Equipment	<u>2,403,256</u>	<u>2,315,885</u>	<u>\$ 110,714</u>	<u>\$ 98,380</u>	<u>2,513,970</u>	<u>2,414,265</u>
Total	17,320,355	16,178,750	110,714	98,380	17,431,069	16,277,130
Less: Accumulated Depreciation	<u>10,325,030</u>	<u>9,804,311</u>	<u>100,090</u>	<u>94,741</u>	<u>10,425,120</u>	<u>9,899,052</u>
Total	\$ <u>6,995,325</u>	\$ <u>6,374,439</u>	\$ <u>10,624</u>	\$ <u>3,639</u>	\$ <u>7,005,949</u>	\$ <u>6,378,078</u>

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

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2015

Debt Administration. As of June 30, 2015 and 2014 the school district had long-term debt and outstanding long-term liabilities in the amount of \$9,094,922 and \$9,164,442, respectively, as stated in Table A-7.

**Table A-7
Long-Term Debt
Outstanding Long-Term Liabilities
as of June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u> (Restated)
Bonds Payable	\$ 2,297,000	\$ 2,450,000
Capital Leases	241,291	36,257
Compensated Absences Payable	265,578	281,190
Net Pension Liability	<u>6,291,053</u>	<u>6,396,995</u>
Total	<u>\$ 9,094,922</u>	<u>\$ 9,164,442</u>

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

For the Future

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

Districts throughout the state find it increasingly difficult to fund capital expenditure debt within tightened operating budgets and diminished state aid. Having recognized this need in the wake of deteriorating buildings and inefficient mechanical/operating systems resulting from continuously deferred capital projects, the District successfully implemented a comprehensive five year facilities capital improvement plan begun in the 2004-2005 fiscal year, to address a wide range of critical issues. Items included: replacements of roofs, boilers, unit ventilation equipment, windows, exterior doors, and electrical upgrades at all schools.

During the 2014/15 school year, various drainage and paving projects were completed at Dogwood and Manito Schools. Also, there were boiler repairs and replacement at Heights, Manito, Valley Middle School and Dogwood.

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

OAKLAND BOARD OF EDUCATION

Management's Discussion and Analysis for the Fiscal Year Ended June 30, 2015

For the Future (Continued)

In addition to the potential Facilities concern, the district will continue to face budgetary obstacles in the ensuing years resulting from the passage of various State regulations and "cap" mandates. S-1701 required all districts to reduce surplus to the greater of 2% or \$100,000 in 2005-06. The law maintained a reduced surplus of 2% in the 2014-2015 fiscal year. In planning budgets, school districts take into the account the possibility of unanticipated costs – ranging from utility increases to the mid-year relocation into the community of those special education students who receive high-cost private school services. For many school districts, these unanticipated costs could outstrip the surplus permitted under S-1701. Since school districts cannot operate at a deficit, the only choice available to meet federal and state requirements and fixed costs (such as special education and heat/utilities) would be to cut other areas, such as regular education programming or maintenance.

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

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

Contacting the District's Financial Management

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

Dr. Joseph Amatuzzi
Interim Business Administrator/Board Secretary

At the:

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

BASIC FINANCIAL STATEMENTS

**OAKLAND BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,892,561	\$ 21,140	\$ 5,913,701
Receivables, net	842,584	4,994	847,578
Inventory		4,464	4,464
Capital Assets, net			
Being Depreciated	5,805,830	10,624	5,816,454
Not Being Depreciated	<u>1,189,495</u>	<u>-</u>	<u>1,189,495</u>
Total Assets	<u>13,730,470</u>	<u>41,222</u>	<u>13,771,692</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	67,053		67,053
Deferred Amounts on Net Pension Liability	<u>218,817</u>	<u>-</u>	<u>218,817</u>
Total Deferred Outflows of Resources	<u>285,870</u>	<u>-</u>	<u>285,870</u>
Total Assets and Deferred Outflows of Resources	<u>14,016,340</u>	<u>41,222</u>	<u>14,057,562</u>
LIABILITIES			
Accounts Payable	453,139	11,904	465,043
Payable to Other Governments	95,927		95,927
Accrued Interest Payable	27,980		27,980
Unearned Revenue	436,915	6,714	443,629
Noncurrent Liabilities			
Due Within One Year	754,161		754,161
Due Beyond One Year	<u>8,340,761</u>	<u>-</u>	<u>8,340,761</u>
Total Liabilities	<u>10,108,883</u>	<u>18,618</u>	<u>10,127,501</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		582	582
Deferred Amounts on Net Pension Liability	<u>374,913</u>	<u>-</u>	<u>374,913</u>
Total Deferred Inflows of Resources	<u>374,913</u>	<u>582</u>	<u>375,495</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,483,796</u>	<u>19,200</u>	<u>10,502,996</u>
NET POSITION			
Net Investment in Capital Assets	4,524,087	10,624	4,534,711
Restricted for			
Capital Projects	4,796,295		4,796,295
Debt Service	5,678		5,678
Other Purposes	75,401		75,401
Unrestricted	<u>(5,868,917)</u>	<u>11,398</u>	<u>(5,857,519)</u>
Total Net Position	<u>\$ 3,532,544</u>	<u>\$ 22,022</u>	<u>\$ 3,554,566</u>

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

OAKLAND BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 14,695,489		\$ 3,641,430		\$ (11,054,059)		\$ (11,054,059)
Special Education	4,845,084		1,895,749		(2,949,335)		(2,949,335)
Other Instruction	1,179,018		297,126		(881,892)		(881,892)
School Sponsored Activities and Athletics	129,096				(129,096)		(129,096)
Support Services							
Student and Instruction Related Services	4,434,399		529,141		(3,905,258)		(3,905,258)
School Administrative Services	2,032,124		387,860		(1,644,264)		(1,644,264)
General Administrative Services	978,813		135,244		(843,569)		(843,569)
Plant Operations and Maintenance	2,816,592		25,143	\$ 421,694	(2,369,755)		(2,369,755)
Pupil Transportation	886,397	\$ 76,586	58,723		(751,088)		(751,088)
Central Services	520,146				(520,146)		(520,146)
Interest and Other Charges on Long-Term Debt	115,654	-	-	-	(115,654)	-	(115,654)
Total Governmental Activities	32,632,812	76,586	6,970,416	421,694	(25,164,116)	-	(25,164,116)
Business-Type Activities							
Food Service	467,723	343,290	113,446	-	-	\$ (10,987)	(10,987)
Total Business-Type Activities	467,723	343,290	113,446	-	-	(10,987)	(10,987)
Total Primary Government	\$ 33,100,535	\$ 419,876	\$ 7,083,862	\$ 421,694	(25,164,116)	(10,987)	(25,175,103)
General Revenues							
Property Taxes, Levied for General Purposes					26,567,934		26,567,934
Property Taxes, Levied for Debt Service					207,127		207,127
State Aid Restricted for Debt Service					119,213		119,213
Unrestricted Grants and Contributions					30,038		30,038
Miscellaneous Income					124,767	-	124,767
Total General Revenues					27,049,079	-	27,049,079
Change in Net Position					1,884,963	(10,987)	1,873,976
Net Position, Beginning of Year - Restated					1,647,581	33,009	1,680,590
Net Position, End of Year					\$ 3,532,544	\$ 22,022	\$ 3,554,566

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FUND FINANCIAL STATEMENTS

**OAKLAND BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 5,619,633	\$ 136,221	\$ 131,029	\$ 5,678	\$ 5,892,561
Due from Other Funds	7,269				7,269
Receivables from Other Governments	5,590	14,175	814,400		834,165
Other Receivables	1,150	-	-	-	1,150
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ 5,633,642	\$ 150,396	\$ 945,429	\$ 5,678	\$ 6,735,145
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 273,418		\$ 49,814		\$ 323,232
Accrued Salaries	129,907				129,907
Payable to State Government		\$ 95,927			95,927
Unearned Revenue	24,200	54,469	358,246	-	436,915
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	427,525	150,396	408,060	-	985,981
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances					
Restricted					
Capital Reserve	3,209,026				3,209,026
Capital Reserve - Designated for Subsequent Year's Expenditures	1,049,900				1,049,900
Maintenance Reserve	75,401				75,401
Emergency Reserve	126,204				126,204
Capital Projects			537,369		537,369
Debt Service				\$ 5,678	5,678
Assigned					
Designated for Subsequent Year's Expenditures	100,000				100,000
Year-End Encumbrances	370,137				370,137
Unassigned	275,449	-	-	-	275,449
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	5,206,117	-	537,369	5,678	5,749,164
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	\$ 5,633,642	\$ 150,396	\$ 945,429	\$ 5,678	\$ 6,735,145
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**OAKLAND BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

Total Fund Balance - Governmental Funds (Exhibit B-1)	\$	5,749,164
<p>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$17,320,355 and the accumulated depreciation is \$10,325,030.</p>		6,995,325
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		67,053
<p>The District has financed capital assets through the issuance of Serial Bonds long-term lease obligations. The interest accrual at year end is:</p>		(27,980)
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows or resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
Deferred Outflows of Resources	\$	218,817
Deferred Inflows of Resources		(374,913)
		(156,096)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:</p>		
Bonds Payable		(2,297,000)
Capital Leases Payable		(241,291)
Compensated Absences		(265,578)
Net Pension Liability		(6,291,053)
		(9,094,922)
Net position of governmental activities (Exhibit A-1)	\$	<u>3,532,544</u>

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

**OAKLAND BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Levy	\$ 26,567,934			\$ 207,127	\$ 26,775,061
Transportation	76,586				76,586
Miscellaneous	119,090	\$ 122,787	-	5,677	247,554
Total - Local Sources	<u>26,763,610</u>	<u>122,787</u>	<u>-</u>	<u>212,804</u>	<u>27,099,201</u>
State Sources	3,516,556	86,954	\$ 421,694	119,213	4,144,417
Federal Sources	-	403,508	-	-	403,508
Total Revenues	<u>30,280,166</u>	<u>613,249</u>	<u>421,694</u>	<u>332,017</u>	<u>31,647,126</u>
EXPENDITURES					
Current					
Regular Instruction	12,596,803	163,130			12,759,933
Special Education Instruction	4,114,552	405,352			4,519,904
Other Instruction	1,021,630				1,021,630
School-Sponsored Activities and Athletics	129,182				129,182
Support Services					
Student and Instruction Related Services	4,129,686	37,941			4,167,627
School Administrative Services	1,960,177				1,960,177
General Administrative Services	723,585				723,585
Plant Operations and Maintenance	2,413,028				2,413,028
Pupil Transportation	877,585				877,585
Central Services	518,597				518,597
Debt Service					
Principal	131,171			250,000	381,171
Interest and Other Charges	979			100,623	101,602
Cost of Issuance				29,947	29,947
Advance Refunding Escrow				67,053	67,053
Capital Outlay	80,545	6,826	1,054,234	-	1,141,605
Total Expenditures	<u>28,697,520</u>	<u>613,249</u>	<u>1,054,234</u>	<u>447,623</u>	<u>30,812,626</u>
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	<u>1,582,646</u>	<u>-</u>	<u>(632,540)</u>	<u>(115,606)</u>	<u>834,500</u>
Other Financing Sources and (Uses)					
Non Budget Lease Proceeds	336,205				336,205
Refunding Bond Proceeds				1,200,000	1,200,000
Payment to Refunding Bond Escrow Agent				(1,103,000)	(1,103,000)
Transfer In			1,221,600	-	1,221,600
Transfer Out	(1,221,600)	-	-	-	(1,221,600)
Total Other Financing Sources and (Uses)	<u>(885,395)</u>	<u>-</u>	<u>1,221,600</u>	<u>97,000</u>	<u>433,205</u>
Net Change in Fund Balances	<u>697,251</u>	<u>-</u>	<u>589,060</u>	<u>(18,606)</u>	<u>1,267,705</u>
Fund Balance, Beginning of Year	4,508,866	-	(51,691)	24,284	4,481,459
Fund Balance, End of Year	<u>\$ 5,206,117</u>	<u>\$ -</u>	<u>\$ 537,369</u>	<u>\$ 5,678</u>	<u>\$ 5,749,164</u>

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

**OAKLAND BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,267,705

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

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

Capital Outlay	\$ 1,141,605	
Depreciation Expense	<u>(520,719)</u>	620,886

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

Decrease in Compensated Absences	15,612	
Increase in Net Pension Liability	<u>(50,154)</u>	(34,542)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Serial Bonds	250,000	
Capital Leases	<u>131,171</u>	381,171

The issuance of long-term debt provides current financial resources to governmental funds, but it increases long-term liabilities in the statement of net position and does not affect the statement of activities.

Capital Lease Proceeds		(336,205)
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The issuance of refunding bonds provides current financial resources to the governmental funds, while the repayment of the refunded bonds uses those current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Refunding Bond Proceeds	(1,200,000)	
Payments to Escrow Agent for Refunding	<u>1,170,053</u>	(29,947)

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

Decrease in Accrued Interest		<u>15,895</u>
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Change in net position of governmental activities (Exhibit A-2) \$ 1,884,963

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

**OAKLAND BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 21,140
Intergovernmental Receivable	
Federal	4,663
State	331
Inventories	<u>4,464</u>
Total Current Assets	<u>30,598</u>
Capital Assets	
Equipment	110,714
Less: Accumulated Depreciation	<u>(100,090)</u>
Total Capital Assets (net of accumulated depreciation)	<u>10,624</u>
Total Assets	<u>41,222</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	11,904
Unearned Revenue	<u>6,714</u>
Total Liabilities	<u>18,618</u>
DEFERRED INFLOWS OF RESOURCES	
Unused Commodities	<u>582</u>
Total Deferred Inflows of Resources	<u>582</u>
Total Liabilities and Deferred Inflows of Resources	<u>19,200</u>
NET POSITION	
Investment in Capital Assets	10,624
Unrestricted	<u>11,398</u>
Total Net Position	<u>\$ 22,022</u>

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

**OAKLAND BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 342,835
Special Functions	<u>455</u>
 Total Operating Revenues	 <u>343,290</u>
OPERATING EXPENSES	
Cost of Sales	210,875
Salaries and Employee Benefits	192,239
Management Fee	21,455
Supplies, Materials and Other Expenses	37,806
Depreciation	<u>5,348</u>
 Total Operating Expenses	 <u>467,723</u>
 Operating (Loss)	 <u>(124,433)</u>
NONOPERATING REVENUES	
Federal Sources	
National School Lunch Program	108,764
State Sources	
School Lunch Program	<u>4,682</u>
 Total Nonoperating Revenues	 <u>113,446</u>
 Change in Net Position	 (10,987)
 Total Net Position, Beginning of Year	 <u>33,009</u>
 Total Net Position, End of Year	 <u>\$ 22,022</u>

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

**OAKLAND BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 343,290
Cash Payments for Employees' Salaries and Benefits	(192,239)
Cash Payments to Suppliers for Goods and Services	<u>(216,545)</u>
Net Cash Used for Operating Activities	<u>(65,494)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>73,640</u>
Net Cash Provided by Noncapital Financing Activities	<u>73,640</u>
Cash Flows Capital and Related Financing Activities	
Purchase of Capital Assets	<u>(12,334)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(12,334)</u>
Net Decrease in Cash and Cash Equivalents	(4,188)
Cash and Cash Equivalents, Beginning of Year	<u>25,328</u>
Cash and Cash Equivalents, End of Year	<u>\$ 21,140</u>
Reconciliation of Operating (Loss) to Net Cash Used for Operating Activities	
Operating (Loss)	\$ (124,433)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	5,348
Non-Cash Assistance- Food Distribution Program	41,738
Change in Assets, Liabilities and Deferred Outflows	
(Increase)/Decrease in Inventories	120
Increase/(Decrease) in Unearned Revenue	(316)
Increase/(Decrease) in Accounts Payable	11,904
Increase/(Decrease) in Deferred Inflows of Resources	<u>145</u>
Total Adjustments	<u>58,939</u>
Net Cash Used for Operating Activities	<u>\$ (65,494)</u>
Non Cash Non Capital Financial Activities	
Value Received - Food Distribution Program	\$ 41,883

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

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	Unemployment Compensation <u>Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 211,168	\$ 119,181
Total Assets	<u>211,168</u>	<u>\$ 119,181</u>
 LIABILITIES		
Payroll Deductions and Withholdings		\$ 18,565
Due to Student Groups		77,433
Flex Spending Payable		15,914
Due to Other Funds	<u>-</u>	<u>7,269</u>
Total Liabilities	<u>-</u>	<u>\$ 119,181</u>
 NET POSITION		
Held in Trust for Unemployment Claims	<u>\$ 211,168</u>	
Held in Trust for Other Purposes		

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

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions	
District Contributions	\$ 50,000
Employee Contributions	<u>42,131</u>
Total Additions	<u>92,131</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>28,618</u>
Total Deductions	<u>28,618</u>
Change in Net Position	63,513
Net Position, Beginning of Year	<u>147,655</u>
Net Position, End of Year	<u>\$ 211,168</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Oakland Board of Education this includes general operations, food service, 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 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. 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 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. 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.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, 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.

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.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

When both restricted and unrestricted resources are available for use, it is the government'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 at year-end is reported as deferred inflows of resources.

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

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 government has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts 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.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 government has two types which arise only under the accrual basis of accounting that qualify for reporting in this category. One 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 at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed. The other item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated 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. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations (Continued)*

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

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 2.)

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

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

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

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

3. *Tuition Expenditures*

Tuition Expenditures - Tuition charges for the fiscal years 2013-2014 and 2014-2015 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 Non-Operating Revenues and Expenses*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$815,609. The increase was funded by additional surplus appropriated, 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.

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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, 2015 is as follows:

Balance, July 1, 2014	\$ 3,903,303
Increased by:	
Deposit Approved by Board Resolution	<u>\$ 1,577,223</u>
Total Increases	<u>1,577,223</u>
	5,480,526
Decreased by:	
Budgeted Withdrawal	800,000
Withdrawal Approved by Board Resolution	<u>421,600</u>
Balance, June 30, 2015	<u>\$ 4,258,926</u>
Capital Reserve	\$ 3,209,026
Capital Reserve - Designated for Subsequent year's Expenditures	<u>1,049,900</u>
Balance, June 30, 2015	<u>\$ 4,258,926</u>

The June 30, 2015 LRFP balance of local support costs of uncompleted capital projects is \$12,770,776. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 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, 2015 is as follows:

Balance, July 1, 2014	<u>\$ 75,401</u>
Balance, June 30, 2015	<u>\$ 75,401</u>

D. Emergency Reserve

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

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

The activity of the emergency reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	<u>\$ 126,204</u>
Balance, June 30, 2015	<u>\$ 126,204</u>

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), 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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$6,244,050 and bank and brokerage firm balances of the Board's deposits amounted to \$6,703,790. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>6,703,790</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, 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, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2015, the Board had no outstanding investments.

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

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

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

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2015 for the district’s individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 5,590	\$ 14,175	\$ 814,400	\$ 4,994	\$ 839,159
Other	<u>1,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,150</u>
Gross Receivables	6,740	14,175	814,400	4,994	840,309
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 6,740</u>	<u>\$ 14,175</u>	<u>\$ 814,400</u>	<u>\$ 4,994</u>	<u>\$ 840,309</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:

General Fund	
Unrealized Courtesy Bus Fees	\$ 24,200
Special Revenue Fund	
Unencumbered Grant Draw Downs	47,895
Grant Draw Downs Reserved for Encumbrances	6,574
Capital Projects Fund	
Unrealized School Facilities Grants	<u>358,246</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$436,915</u>

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance, July 1, 2014	Increases	Adjustments	Balance, June 30, 2015
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 131,987			\$ 131,987
Construction In Progress	3,274	\$ 1,054,234	-	1,057,508
Total Capital Assets, Not Being Depreciated	<u>135,261</u>	<u>1,054,234</u>	<u>-</u>	<u>1,189,495</u>
Capital Assets, Being Depreciated:				
Land Improvements	474,184			474,184
Buildings and Building Improvements	13,253,420			13,253,420
Machinery and Equipment	2,315,885	87,371	-	2,403,256
Total Capital Assets Being Depreciated	<u>16,043,489</u>	<u>87,371</u>	<u>-</u>	<u>16,130,860</u>
Less Accumulated Depreciation for:				
Land Improvements	(102,375)	(23,707)		(126,082)
Buildings and Building Improvements	(7,741,004)	(374,361)		(8,115,365)
Machinery and Equipment	(1,960,932)	(122,651)	-	(2,083,583)
Total Accumulated Depreciation	<u>(9,804,311)</u>	<u>(520,719)</u>	<u>-</u>	<u>(10,325,030)</u>
Total Capital Assets, Being Depreciated, Net	<u>6,239,178</u>	<u>(433,348)</u>	<u>-</u>	<u>5,805,830</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,374,439</u>	<u>\$ 620,886</u>	<u>\$ -</u>	<u>\$ 6,995,325</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 98,380	\$ 12,334	-	110,714
Total Capital Assets Being Depreciated	<u>98,380</u>	<u>12,334</u>	<u>-</u>	<u>110,714</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(94,742)	(5,348)	-	(100,090)
Total Accumulated Depreciation	<u>(94,742)</u>	<u>(5,348)</u>	<u>-</u>	<u>(100,090)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,638</u>	<u>6,986</u>	<u>-</u>	<u>10,624</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,638</u>	<u>\$ 6,986</u>	<u>\$ -</u>	<u>\$ 10,624</u>

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 96,462
Special Education	<u>684</u>

Total Instruction	<u>97,146</u>
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Support Services

Student and Instruction Related Services	7,828
School Administrative Services	299
Plant Operations and Maintenance	404,607
Pupil Transportation	8,945
Central Services	<u>1,894</u>

Total Support Services	<u>423,573</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 520,719</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 5,348</u>
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Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Roof Replacement at Heights Elementary	<u>\$ 1,054,234</u>	<u>\$ 5,190</u>
Total:	<u>\$ 1,054,234</u>	<u>\$ 5,190</u>

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Trust Fund	\$ 7,269
		<u>\$ 7,269</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

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

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2015 were \$31,668. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 31,668
2017	31,668
2018	<u>2,639</u>
Total Minimum Lease Payments	65,975
Less: Amount Representing Interest	<u>-</u>
Present Value of Minimum Lease Payments	<u>\$ 65,975</u>

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Capital Leases

The District is leasing a bus and Chromebooks totaling \$425,655 under capital leases. The leases are for terms of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 132,150
2017	<u>113,283</u>
Total Minimum Lease Payments	245,433
Less: Amount Representing Interest	<u>4,142</u>
Present Value of Minimum Lease Payments	<u>\$ 241,291</u>

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2015 are comprised of the following issues:

\$2,733,000, School Improvement Bonds, due in annual installments of \$190,000 to \$195,000 through August 1, 2016, interest at 4.00%	\$ 385,000
\$1,152,000, 2007 School Improvement Bonds, due in annual installments of \$70,000 to \$102,000 through February 1, 2023, interest at 4.25%	712,000
\$1,200,000, 2015 School Refunding Bonds, due in annual installments of \$25,000 to \$235,000 through February 1, 2021, interest at 4.25%	<u>1,200,000</u>
Total	<u>\$2,297,000</u>

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 290,000	\$ 59,406	\$ 349,406
2017	300,000	50,203	350,203
2018	310,000	40,791	350,791
2019	315,000	33,466	348,466
2020	320,000	25,888	345,888
2021-2024	<u>762,000</u>	<u>32,873</u>	<u>794,873</u>
Total	<u>\$ 2,297,000</u>	<u>\$ 242,627</u>	<u>\$ 2,539,627</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 70,501,583
Less: Net Debt	<u>2,298,121</u>
Remaining Borrowing Power	<u>\$ 68,203,462</u>

Advance and Current Refundings of Debt

On March 2, 2015, the District issued \$1,200,000 in School District Refunding Bonds having an interest rate of 4.25%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of various 2006 School District Bonds of the District. The total bond principal defeased was \$1,103,000 and the total interest payments defeased to the call date was \$72,435. The net proceeds of \$1,170,053 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$67,053. This amount has been reported as Deferred Outflows of Resources on the financial statements and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued.

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015, was as follows:

	Balance, July 1, 2014 (Restated)	Additions	Reductions	Balance, June 30, 2015	Due Within One Year
Governmental Activities:					
Bonds Payable	\$ 2,450,000	\$ 1,200,000	\$ 1,353,000	\$ 2,297,000	\$ 290,000
Capital Leases Payable	36,257	336,205	131,171	241,291	129,227
Compensated Absences	281,190	67,606	83,218	265,578	50,000
Net Pension Liability	6,396,995	50,154	156,096	6,291,053	284,934
Governmental Activity Long-Term Liabilities	<u>\$ 9,164,442</u>	<u>\$ 1,653,965</u>	<u>\$ 1,723,485</u>	<u>\$ 9,094,922</u>	<u>\$ 754,161</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015	\$ 50,000	\$ 42,131	\$ 28,618	\$ 211,168
2014	None	54,271	40,422	147,655
2013	115,490	7,366	63,596	133,169

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, 2015, 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, 2015, the District had no estimated arbitrage earnings due to the IRS.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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 and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

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 and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

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, 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.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

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

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 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, 2013 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 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 277,003	\$ 620,430	\$ 9,327
2014	252,198	495,087	6,204
2013	265,958	773,893	7,959

For fiscal years 2014/2015 and 2012/2013, the state contributed \$620,430 and \$773,893, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$495,087 for normal cost pension and NCGI premium.

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 No. 24. 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 \$920,518 during the fiscal year ended June 30, 2015 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. 24.

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$6,291,053 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 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, 2014, the District's proportionate share was .03360 percent, which was an increase of .00013 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$327,157 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 197,824	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 374,913
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>20,993</u>	<u>-</u>
Total	<u>\$ 218,817</u>	<u>\$ 374,913</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (53,505)
2017	(53,505)
2018	(53,505)
2019	(53,505)
2020	40,224
Thereafter	<u>17,700</u>
	<u>\$ (156,096)</u>

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

PERS

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2033

Municipal Bond Rate * From July 1, 2033
 and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	<u>(4.39%)</u>	<u>(5.39%)</u>	<u>(6.39%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 7,914,333</u>	<u>\$ 6,291,053</u>	<u>\$ 4,927,908</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2014. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey 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% 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, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,365,735 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$62,549,208. 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, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - June 30, 2012
Study Upon Which Actuarial Assumptions were Based	

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

**OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

OAKLAND BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

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

<u>TPAF</u>	
Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 4.29%. 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 4.68%, 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 (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	<u>1% Decrease (3.68%)</u>	<u>Current Discount Rate (4.68%)</u>	<u>1% Increase (5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 75,230,434</u>	<u>\$ 62,549,208</u>	<u>\$ 52,002,161</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program 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 state 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. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 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.

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, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**OAKLAND BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 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 who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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 to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$984,933, \$811,757 and \$875,079, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

For the fiscal year ended June 30, 2014, the District did not properly record Private Purpose Trust Donations in the Special Revenue Fund. The result of this restatement is to decrease the current assets and the net position in the Private Purpose Fund for \$118,000 and to increase the beginning balance in the Special Revenue Fund assets and deferred revenue for \$118,000.

On July 1, 2014, the Oakland Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Oakland Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$6,396,995. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$8,044,576 as originally reported to \$1,647,581 as adjusted for the effects of the change in accounting principle.

BUDGETARY COMPARISON SCHEDULES

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 26,567,934		\$ 26,567,934	\$ 26,567,934	
Transportation Individuals	70,000		70,000	76,586	\$ 6,586
Interest				12,462	12,462
Miscellaneous	11,750	-	11,750	106,628	94,878
Total Local Sources	26,649,684	-	26,649,684	26,763,610	113,926
State Sources					
Special Education Aid	554,666		554,666	554,666	
Transportation Aid	53,802		53,802	53,802	
Security Aid	25,460		25,460	25,460	
PARCC Readiness	16,140		16,140	16,140	
Per Pupil Growth	16,140		16,140	16,140	
Extraordinary Aid	225,000		225,000	258,195	33,195
Non Public Transportation				5,590	5,590
On-behalf TPAF Payments (Non-Budget)					
Pension Benefit Contribution					
Normal Cost				578,789	578,789
NCGI Premium				41,641	41,641
Post Retirement Medical Benefits				984,933	984,933
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	920,518	920,518
Total State Sources	891,208	-	891,208	3,455,874	2,564,666
Total Revenues	27,540,892	-	27,540,892	30,219,484	2,678,592
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	464,674	\$ 10,800	475,474	472,646	2,828
Grades 1-5	3,881,569	56,418	3,937,987	3,896,283	41,704
Grades 6-8	3,632,944	(100,913)	3,532,031	3,493,614	38,417
Instruction - Home					
Salaries of Teachers	10,000	1,501	11,501	11,500	1
Purchased Professional-Educational Services	3,000	(1,501)	1,499	652	847
Regular Programs- Undistributed Instruction					
Other Salaries for Instruction		1,200	1,200	100	1,100
Other Purchased Services	25,572	(40)	25,532	20,434	5,098
General Supplies	845,779	22,689	868,468	654,970	213,498
Rental - Lease Payments		113,283	113,283	113,283	
Textbooks	116,623	(42,670)	73,953	32,787	41,166
Other Objects	4,500	2,870	7,370	7,370	
Lease Purchase - Non Budget	-	-	-	336,205	(336,205)
Total Instruction - Regular	8,984,661	63,637	9,048,298	9,032,474	15,824
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	234,969	(1,300)	233,669	233,619	50
Other Salaries for Instruction	82,688	(3,000)	79,688	79,616	72
Purchased Professional-Educational Services	650		650	150	500
General Supplies	5,065		5,065	1,348	3,717
Textbooks	1,900		1,900	1,310	590
Other Objects	250	-	250	-	250
Total Learning and/or Language Disabilities	325,522	(4,300)	321,222	316,043	5,179
Resource Room/Resource Center					
Salaries of Teachers	1,058,372	72,370	1,130,742	1,117,775	12,967
Other Salaries for Instruction	145,688	352,791	498,479	497,193	1,286
General Supplies	13,947	200	14,147	9,064	5,083
Textbooks	2,000	(200)	1,800	-	1,800
Total Resource Room/Resource Center	1,220,007	425,161	1,645,168	1,624,032	21,136

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES					
Preschool Disabilities - Part-Time					
Salaries of Teachers	\$ 59,635	\$ (17,408)	\$ 42,227	\$ 40,441	\$ 1,786
Other Salaries for Instruction	63,788	(27,875)	35,913	35,853	60
General Supplies	2,142	-	2,142	1,045	1,097
Total Preschool Disabilities	<u>125,565</u>	<u>(45,283)</u>	<u>80,282</u>	<u>77,339</u>	<u>2,943</u>
Total Special Education	<u>1,671,094</u>	<u>375,578</u>	<u>2,046,672</u>	<u>2,017,414</u>	<u>29,258</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	628,775	(58,600)	570,175	567,149	3,026
Total Basic Skills/Remedial - Instruction	<u>628,775</u>	<u>(58,600)</u>	<u>570,175</u>	<u>567,149</u>	<u>3,026</u>
Bilingual Education - Instruction					
Salaries of Teachers	132,261	(25,466)	106,795	106,795	-
General Supplies	4,000	(625)	3,375	1,841	1,534
Textbooks	1,000	(800)	200	187	13
Total Bilingual Education - Instruction	<u>137,261</u>	<u>(26,891)</u>	<u>110,370</u>	<u>108,823</u>	<u>1,547</u>
School Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	59,980	11,975	71,955	71,953	2
Purchased Services	1,000		1,000	854	146
Supplies and Materials	2,500	(1,050)	1,450	396	1,054
Total School Sponsored Co/Extra Curricular Activities-It	<u>63,480</u>	<u>10,925</u>	<u>74,405</u>	<u>73,203</u>	<u>1,202</u>
School Sponsored Athletics - Instruction					
Salaries	23,620		23,620	18,368	5,252
Purchased Services	1,000	512	1,512	1,428	84
General Supplies	1,000		1,000	-	1,000
Other Objects	400	(42)	358	-	358
Total School Sponsored Athletics - Instruction	<u>26,020</u>	<u>470</u>	<u>26,490</u>	<u>19,796</u>	<u>6,694</u>
Other Instructional Programs - Instruction					
Salaries	20,000	2,000	22,000	21,914	86
Total Other Instructional Programs - Instruction	<u>20,000</u>	<u>2,000</u>	<u>22,000</u>	<u>21,914</u>	<u>86</u>
Community Shared Programs/Operations					
Purchased Services	5,000	500	5,500	200	5,300
Total Community Shared Programs/Operations	<u>5,000</u>	<u>500</u>	<u>5,500</u>	<u>200</u>	<u>5,300</u>
Total - Instruction	<u>11,536,291</u>	<u>367,619</u>	<u>11,903,910</u>	<u>11,840,973</u>	<u>62,937</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State-Special	386,600	225,318	611,918	600,482	11,436
Tuition to CSSD & Reg. Day Schools	117,700	3,300	121,000	120,915	85
Tuition to Private School for the Disabled W/I State	1,076,350	(388,706)	687,644	480,247	207,397
Total Undistributed Expenditures - Instruction	<u>1,580,650</u>	<u>(160,088)</u>	<u>1,420,562</u>	<u>1,201,644</u>	<u>218,918</u>
Attendance & Social Work					
Salaries	52,888	(100)	52,788	52,757	31
Total Undistributed Expenditures - Attendance & Social Work	<u>52,888</u>	<u>(100)</u>	<u>52,788</u>	<u>52,757</u>	<u>31</u>

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 318,923	\$ 6,384	\$ 325,307	\$ 323,411	\$ 1,896
Purchased Professional and Technical Services	1,000	(160)	840	840	-
Other Purchased Services	800	1,000	1,800	1,195	605
Supplies and Materials	8,790	1,335	10,125	9,424	701
Total Health Services	329,513	8,559	338,072	334,870	3,202
Speech, OT, PT & Related Services					
Salaries	260,755	91,405	352,160	351,679	481
Purchased Professional-Educational Services	117,117	131,400	248,517	210,753	37,764
Supplies and Materials	6,300	(335)	5,965	3,218	2,747
Total Speech, OT, PT & Related Services	384,172	222,470	606,642	565,650	40,992
Other Support Services - Extra Serv.					
Salaries	329,550	(155,400)	174,150	108,841	65,309
Purchased Professional-Educational Services	251,629	33,078	284,707	203,169	81,538
Supplies and Materials	-	3,610	3,610	3,375	235
Total Other Support Services - Extra Serv.	581,179	(118,712)	462,467	315,385	147,082
Guidance					
Salaries of Other Professional Staff	329,900	800	330,700	330,650	50
Supplies and Materials	200	-	200	100	100
Total Guidance	330,100	800	330,900	330,750	150
Child Study Teams					
Salaries of Other Professional Staff	559,476	(147,200)	412,276	410,372	1,904
Salaries of Secretarial & Clerical Assist.	120,693	(7,000)	113,693	113,017	676
Purchased Professional -Educational Services	45,000	10,000	55,000	47,329	7,671
Other Purchased Services	3,262	2,000	5,262	3,770	1,492
Supplies and Materials	32,150	(15,501)	16,649	8,226	8,423
Total Child Study Teams	760,581	(157,701)	602,880	582,714	20,166
Improvement of Instructional Service					
Salaries of Supervisor of Instruction		83,600	83,600	83,551	49
Salaries of Other Professional Staff	106,100	1,400	107,500	104,941	2,559
Salaries of Secretarial & Clerical Assist.	59,447	(1,300)	58,147	58,116	31
Purchased Professional-Educational Services	35,000	(14,000)	21,000		21,000
Other Purchased Professional and Technical Services	5,100		5,100	3,600	1,500
Other Purchased Services	11,262	5,700	16,962	16,065	897
Supplies and Materials	7,100	8,300	15,400	4,279	11,121
Other Objects	1,150	-	1,150	618	532
Total Improvement of Instructional Service	225,159	83,700	308,859	271,170	37,689
Educational Media Services/School Library					
Salaries	390,535	(28,000)	362,535	359,498	3,037
Salaries of Technology Coordinators	148,505	7,300	155,805	155,784	21
Purchased Professional and Technical Services		800	800	716	84
Other Purchased Services	3,000	(200)	2,800	2,800	-
Supplies and Materials	27,612	(693)	26,919	19,106	7,813
Communication/Telephone	112,200	-	112,200	75,265	36,935
Total Educational Media Services/School Library	681,852	(20,793)	661,059	613,169	47,890

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Instructional Staff Training Services					
Purchased Professional-Educational Services	\$ 6,000		\$ 6,000	\$ 2,558	\$ 3,442
Other Purchased Services	21,000	\$ (2,500)	18,500	1,408	17,092
Supplies and Materials	1,100	2,500	3,600	2,691	909
Total Instructional Staff Training Services	28,100	-	28,100	6,657	21,443
Support Services - General Administration					
Salaries	306,100	700	306,800	306,761	39
Legal Services	85,000	(7,500)	77,500	72,423	5,077
Audit Fees	30,000	21,390	51,390	26,390	25,000
Architectural/Engineering Services	12,500	22,900	35,400	24,475	10,925
Other Purchased Professional Services	58,000	19,875	77,875	57,959	19,916
Misc. Purchased Services	21,409		21,409	8,026	13,383
Communications/Telephone	21,000	16,300	37,300	13,992	23,308
BOE - Other Purchased Services	6,000		6,000	4,809	1,191
Supplies and Materials	14,250	7,500	21,750	5,834	15,916
Miscellaneous Expenditures	65,325	(18,070)	47,255	43,861	3,394
BOE Membership Dues	14,000	(300)	13,700	12,680	1,020
Total Support Services - General Administration	633,584	62,795	696,379	577,210	119,169
Support Services - School Administration					
Salaries of Principals/Asst. Principals	760,749	(3,999)	756,750	756,749	1
Salaries of Other Professional Staff	123,000		123,000	123,000	
Salaries of Secretarial and Clerical Assistants	436,075	(13,001)	423,074	422,421	653
Other Purchased Services	41,648	(72)	41,576	22,569	19,007
Supplies and Materials	18,500	1,822	20,322	18,131	2,191
Other Objects	42,685	72,250	114,935	37,196	77,739
Total Support Services - School Administration	1,422,657	57,000	1,479,657	1,380,066	99,591
Central Services					
Salaries	327,862	(21,000)	306,862	306,849	13
Miscellaneous Purchased Services	13,650	(595)	13,055	816	12,239
Supplies and Materials	13,500	61,000	74,500	7,991	66,509
Other Objects	7,000	-	7,000	2,357	4,643
Total Central Services	362,012	39,405	401,417	318,013	83,404
Admin. Info. Tech.					
Salaries	48,620	5,300	53,920	53,890	30
Supplies and Materials	44,000	-	44,000	2,178	41,822
Total Admin. Info. Tech.	92,620	5,300	97,920	56,068	41,852
Required Maintenance for School Facilities					
Salaries	118,000	(1,600)	116,400	116,148	252
Cleaning, Repair and Maintenance Service	120,850	77,385	198,235	150,156	48,079
General Supplies	84,688	(5,808)	78,880	61,244	17,636
Total Required Maintenance for School Facilities	323,538	69,977	393,515	327,548	65,967
Custodial Services					
Salaries	894,011	(22,632)	871,379	860,855	10,524
Salaries of Non-Instructional Aides	99,000	(4,050)	94,950	92,555	2,395
Purchased Professional and Technical Services	18,000	(8,800)	9,200	8,504	696
Cleaning, Repair, and Maintenance Services	100,000	9,340	109,340	108,951	389
Rental of Land and Bldgs Other than Lease Pur. Agrec.	1,000	-	1,000	800	200
Other Purchased Property Services	9,500	700	10,200	10,178	22
Insurance	125,600	(1,200)	124,400	120,599	3,801
Miscellaneous Purchased Services	12,820	(883)	11,937	5,602	6,335
General Supplies	67,250	7,620	74,870	68,557	6,313
Energy (Natural Gas)	166,000	(31,795)	134,205	131,474	2,731
Energy (Electricity)	219,000	(1,820)	217,180	177,417	39,763
Other Objects	1,025	1,070	2,095	1,909	186
Total Custodial Services	1,713,206	(52,450)	1,660,756	1,587,401	73,355

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Care and Upkeep of Grounds					
Salaries	\$ 25,000	\$ (4,400)	\$ 20,600	\$ 20,542	\$ 58
Cleaning, Repair, and Maintenance Svc.	30,000		30,000	24,103	5,897
General Supplies	3,950		3,950	3,197	753
Other Objects	1,200	-	1,200	-	1,200
Total Care and Upkeep of Grounds	60,150	(4,400)	55,750	47,842	7,908
Security					
Purchased Professional and Technical Services		15,000	15,000	13,535	1,465
General Supplies	30,000	(15,000)	15,000	-	15,000
Total Security	30,000	-	30,000	13,535	16,465
Student Transportation Services					
Salaries of Non-Instructional Aides		15,025	15,025	15,021	4
Salaries for Pupil Transportation (Between Home and School) - Regular	130,000	(5,600)	124,400	124,172	228
Salaries for Pupil Transportation (Between Home and School) - Special Education	22,857	(21,500)	1,357	52	1,305
Other Purchased Professional and Technical Services	4,950	500	5,450	5,438	12
Cleaning, Repair, and Maintenance Services	5,000	17,482	22,482	22,479	3
Rental Payments - School Buses	2,000	(2,000)			
Lease Purchase Payments - School Buses	38,867	(19,900)	18,967	18,867	100
Contracted Services - Aid-in-Lieu Payments-Non-Public	44,200	(14,160)	30,040	29,170	870
Contracted Services (Between Home and School) - Vendors	324,635	14,690	339,325	337,598	1,727
Contracted Services (Other Than Between Home and School) - Vendors	11,500	(4,000)	7,500	6,373	1,127
Contracted Services (Special Education Students) - Vendors	432,500	(65,278)	367,222	306,465	60,757
Supplies and Materials	3,000		3,000	835	2,165
Transportation Supplies	12,500		12,500	5,835	6,665
Other Objects	1,000	-	1,000	978	22
Total Student Transportation Services	1,033,009	(84,741)	948,268	873,283	74,985
Employee Benefits - Unallocated					
Group Insurance	3,650		3,650		3,650
Social Security Contributions	343,180	(1)	343,179	297,698	45,481
Other Retirement Contributions - PERS	310,000	(31,000)	279,000	277,003	1,997
Other Retirement Contributions - DCRP	17,600	871	18,471	9,327	9,144
Unemployment Compensation	135,000	(85,000)	50,000	50,000	-
Workmen's Compensation	196,700	-	196,700	173,401	23,299
Health Benefits	4,108,649	(247,771)	3,860,878	3,788,964	71,914
Tuition Reimbursement	70,000	(4,275)	65,725	41,288	24,437
Other Employee Benefits	203,350	-	203,350	153,606	49,744
Total Employee Benefits - Unallocated	5,388,129	(367,176)	5,020,953	4,791,287	229,666
On-Behalf TPAF Pension Contributions (Non-Budgeted)					
Normal Cost				578,789	(578,789)
Non-Contributory (NCGI)				41,641	(41,641)
Post-Retirement Medical Contribution				984,933	(984,933)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	920,518	(920,518)
Total	-	-	-	2,525,881	(2,525,881)
Total Undistributed Expenditures	16,013,099	(416,155)	15,596,944	16,772,900	(1,175,956)
Total Current Expenditures	27,549,390	(48,536)	27,500,854	28,613,873	(1,113,019)

(Continued)

**OAKLAND BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CAPITAL OUTLAY					
Equipment					
Undistributed					
Admin. Info. Tech.	\$ 13,400	\$ 4,285	\$ 17,685	\$ 17,683	\$ 2
Required Maintenance for School Facilities	75,000	(10)	74,990	25,312	49,678
School Buses - Regular	-	95,000	95,000	-	95,000
Total Undistributed Expenditures	<u>88,400</u>	<u>99,275</u>	<u>187,675</u>	<u>42,995</u>	<u>144,680</u>
Total Equipment	<u>88,400</u>	<u>99,275</u>	<u>187,675</u>	<u>42,995</u>	<u>144,680</u>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		550	550	550	
Construction Services	86,000		86,000	37,000	49,000
Other Objects	3,252	-	3,252	3,102	150
Total Facilities Acquis. and Const. Services	<u>89,252</u>	<u>550</u>	<u>89,802</u>	<u>40,652</u>	<u>49,150</u>
Total Capital Outlay	<u>177,652</u>	<u>99,825</u>	<u>277,477</u>	<u>83,647</u>	<u>193,830</u>
Total Expenditures - General Fund	<u>27,727,042</u>	<u>51,289</u>	<u>27,778,331</u>	<u>28,697,520</u>	<u>(919,189)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(186,150)	(51,289)	(237,439)	1,521,964	1,759,403
Other Financing Sources (Uses)					
Lease - Purchase Proceeds (Non Budget)				336,205	336,205
Transfer Out - Capital Reserve to Capital Projects Fund	(800,000)	(421,600)	(1,221,600)	(1,221,600)	-
Total Other Financing Sources (Uses)	<u>(800,000)</u>	<u>(421,600)</u>	<u>(1,221,600)</u>	<u>(885,395)</u>	<u>336,205</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(986,150)	(472,889)	(1,459,039)	636,569	2,095,608
Fund Balances, Beginning of Year	<u>4,874,025</u>	<u>-</u>	<u>4,874,025</u>	<u>4,874,025</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,887,875</u>	<u>\$ (472,889)</u>	<u>\$ 3,414,986</u>	<u>\$ 5,510,594</u>	<u>\$ 2,095,608</u>

Recapitulation of Fund Balances

Restricted	
Capital Reserve	\$ 3,209,026
Capital Reserve Designated for Subsequent Year's Expenditures	1,049,900
Emergency Reserve	126,204
Maintenance Reserve	75,401
Assigned	
Designated for Subsequent Year's Expenditures	100,000
Year-End Encumbrances	370,137
Unassigned	<u>579,926</u>
Fund Balance (Budgetary Basis)	5,510,594
Reconciliation to Government Funds Statements (GAAP)	
Final State Aid Payments Not Recognized on GAAP Basis	(46,282)
Extraordinary Aid Payment Not Recognized on GAAP Basis	<u>(258,195)</u>
Fund Balances Per Governmental Funds (GAAP Basis)	<u>\$ 5,206,117</u>

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 170,220	\$ 170,220	\$ 129,361	\$ (40,859)
State	\$ 179,000	3,881	182,881	86,954	(95,927)
Federal	244,000	168,619	412,619	403,508	(9,111)
Total Revenues	<u>423,000</u>	<u>342,720</u>	<u>765,720</u>	<u>619,823</u>	<u>(145,897)</u>
EXPENDITURES					
Instruction					
Purchased Professional & Technical Svcs.	-	39,588	39,588	31,372	8,216
Purchased Professional & Educational Svcs.	92,500	29,040	121,540	55,206	66,334
Tuition	-	349,866	349,866	349,866	-
Supplies and Materials	4,000	143,210	147,210	128,148	19,062
Textbooks	7,500	3,581	11,081	10,464	617
Total Instruction	<u>104,000</u>	<u>565,285</u>	<u>669,285</u>	<u>575,056</u>	<u>94,229</u>
Support Services					
Purchased Professional & Technical Svcs.	224,000	(220,839)	3,161	352	2,809
Purchased Professional & Educational Svcs.	95,000	(10,910)	84,090	35,453	48,637
Other Purchased Services	-	2,149	2,149	1,963	186
Supplies and Materials	-	209	209	173	36
Total Support Services	<u>319,000</u>	<u>(229,391)</u>	<u>89,609</u>	<u>37,941</u>	<u>51,668</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	6,826	6,826	6,826	-
Total Facilities Acquisition and Construction	<u>-</u>	<u>6,826</u>	<u>6,826</u>	<u>6,826</u>	<u>-</u>
Total Expenditures	<u>423,000</u>	<u>342,720</u>	<u>765,720</u>	<u>619,823</u>	<u>145,897</u>
Excess Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTETS TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**OAKLAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1) \$ 30,219,484	(C-2) \$ 619,823
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - June 30, 2015		(6,574)
- June 30, 2014		
State Aid (2013/2014) recognized for GAAP purposes and not recognized for budgetary statements.	365,159	
State Aid (2014/2015) recognized for budgetary purposes and not recognized for GAAP statements	<u>(304,477)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	(B-2) \$ <u>30,280,166</u>	(B-2) \$ <u>613,249</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 28,697,520	(C-2) \$ 619,823
Difference - Budget to GAAP:		
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and services are received for financial reporting purposes - June 30, 2015	<u>-</u>	(6,574)
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>28,697,520</u>	(B-2) \$ <u>613,249</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

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

Public Employees Retirement System

Last Two Fiscal Years*

	<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.03360	%	0.03347	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,291,053		\$ 6,396,995	
District's Covered-Employee Payroll	\$ 2,209,137		\$ 2,219,914	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	284.77	%	288.16	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08	%	48.72	%

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

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

OAKLAND BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Two Fiscal Years

	<u>2015</u>		<u>2014</u>
Contractually Required Contribution	\$ 277,003		\$ 252,198
Contributions in Relation to the Contractually Required Contribution	<u>277,003</u>		<u>252,198</u>
Contribution Deficiency (Excess)	<u>\$ -</u>		<u>\$ -</u>
District's Covered-Employee Payroll	\$2,209,137		\$2,219,914
Contributions as a Percentage of Covered-Employee Payroll	\$ 12.54 %		\$ 11.36 %

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

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

Teachers Pension and Annuity Fund

Last Two Fiscal Years*

	<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.00	%	0.00	%
District's Proportionate Share of the Net Pension Liability (Asset)	0.00	%	0.00	%
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 62,549,208</u>		<u>\$ 60,530,359</u>	
Total	<u>\$ 62,549,208</u>		<u>\$ 60,530,359</u>	
District's Covered-Employee Payroll	\$ 11,586,071		\$ 11,490,030	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00	%	0.00	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64	%	33.76	%

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

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

**OAKLAND BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Non-Public Auxiliary</u>		<u>Non-Public Handicapped</u>			<u>Total Exhibit</u>	<u>Totals</u>
	<u>Comp. Ed</u>	<u>ESL</u>	<u>Exam/ Classification</u>	<u>Corrective Speech</u>	<u>Suppl. Instruction</u>	<u>E1A</u>	
REVENUES							
Intergovernmental							
Local						\$ 129,361	\$ 129,361
State	\$ 10,839	\$ 3,654	\$ 15,671	\$ 16,345	\$ 7,769	32,676	86,954
Federal	-	-	-	-	-	403,508	403,508
Total Revenues	\$ 10,839	\$ 3,654	\$ 15,671	\$ 16,345	\$ 7,769	\$ 565,545	\$ 619,823
EXPENDITURES							
Instruction							
Purchased Professional & Technical Svcs.						\$ 31,372	\$ 31,372
Purchased Professional & Educational Svcs.	\$ 10,839	\$ 3,654		\$ 16,345	\$ 7,769	16,599	55,206
Tuition						349,866	349,866
Supplies and Materials						128,148	128,148
Textbooks	-	-	-	-	-	10,464	10,464
Total Instruction	10,839	3,654	-	16,345	7,769	536,449	575,056
Support Services							
Purchased Professional & Technical Svcs.						352	352
Purchased Professional & Educational Svcs.			\$ 15,671			19,782	35,453
Other Purchased Services						1,963	1,963
Supplies and Materials	-	-	-	-	-	173	173
Total Support Services	-	-	15,671	-	-	22,270	37,941
Facilities Acquisition and Construction							
Non Instructional Equipment	-	-	-	-	-	6,826	6,826
Total Facilities Acquisition and Construction	-	-	-	-	-	6,826	6,826
Total Expenditures	\$ 10,839	\$ 3,654	\$ 15,671	\$ 16,345	\$ 7,769	\$ 565,545	\$ 619,823

OAKLAND BOARD OF EDUCATION
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Non-Public Textbook</u>	<u>Non-Public Technology</u>	<u>Non-Public Nursing</u>	<u>IDEA Part B Preschool</u>	<u>IDEA Part B Basic</u>	<u>NCLB TITLE II A</u>	<u>Local Grants</u>	<u>Total Exhibit E-1A</u>
REVENUES								
Intergovernmental								
Local							\$ 129,361	\$ 129,361
State	\$ 10,464	\$ 5,613	\$ 16,599					32,676
Federal	-	-	-	\$ 18,807	\$ 362,783	\$ 21,918	-	403,508
	<u>10,464</u>	<u>5,613</u>	<u>16,599</u>	<u>18,807</u>	<u>362,783</u>	<u>21,918</u>	<u>129,361</u>	<u>565,545</u>
Total Revenues	<u>\$ 10,464</u>	<u>\$ 5,613</u>	<u>\$ 16,599</u>	<u>\$ 18,807</u>	<u>\$ 362,783</u>	<u>\$ 21,918</u>	<u>\$ 129,361</u>	<u>\$ 565,545</u>
EXPENDITURES								
Instruction								
Purchased Professional & Technical Svcs.					\$ 31,372			\$ 31,372
Purchased Professional & Educational Svcs.			\$ 16,599					16,599
Tuition				\$ 18,455	331,411			349,866
Supplies and Materials		\$ 5,613					\$ 122,535	128,148
Textbooks	\$ 10,464	-	-	-	-	-	-	10,464
	<u>10,464</u>	<u>5,613</u>	<u>16,599</u>	<u>18,455</u>	<u>362,783</u>	<u>-</u>	<u>122,535</u>	<u>536,449</u>
Total Instruction	<u>10,464</u>	<u>5,613</u>	<u>16,599</u>	<u>18,455</u>	<u>362,783</u>	<u>-</u>	<u>122,535</u>	<u>536,449</u>
Support Services								
Purchased Professional & Technical Svcs.				352				352
Purchased Professional & Educational Svcs.						\$ 19,782		19,782
Other Purchased Services						1,963		1,963
Supplies and Materials	-	-	-	-	-	173	-	173
	<u>-</u>	<u>-</u>	<u>-</u>	<u>352</u>	<u>-</u>	<u>21,918</u>	<u>-</u>	<u>22,270</u>
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>352</u>	<u>-</u>	<u>21,918</u>	<u>-</u>	<u>22,270</u>
Facilities Acquisition and Construction								
Non-Instructional Equipment	-	-	-	-	-	-	6,826	6,826
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,826</u>	<u>6,826</u>
Total Facilities Acquisition and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,826</u>	<u>6,826</u>
Total Expenditures	<u>\$ 10,464</u>	<u>\$ 5,613</u>	<u>\$ 16,599</u>	<u>\$ 18,807</u>	<u>\$ 362,783</u>	<u>\$ 21,918</u>	<u>\$ 129,361</u>	<u>\$ 565,545</u>

**OAKLAND BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**OAKLAND BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue/Project Title</u>	<u>Expenditures to Date</u>				<u>Balance, June 30, 2015</u>
	<u>Modified Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Cancelled</u>	
Renovations of The Valley Middle School and The Manito School	\$ 2,733,135	\$ 2,728,082		\$ 4,918	\$ 135
Fire Alarm Replacement at Valley Middle School and Electrical Upgrades at Valley Middle School, Manito, Heights and Dogwood Hills Elementary Schools	1,152,986	1,132,649		19,351	986
Roof Replacement - Heights Elementary School	<u>2,036,000</u>	<u>86,151</u>	<u>\$ 1,054,234</u>	<u>-</u>	<u>895,615</u>
Totals	<u>\$ 5,922,121</u>	<u>\$ 3,946,882</u>	<u>\$ 1,054,234</u>	<u>\$ 24,269</u>	<u>\$ 896,736</u>
Reconciliation to Fund Balance					
Project Appropriation Balance, June 30, 2015					\$ 896,736
Less: Bonds Authorized but not Issued					1,121
ROD Grant Revenue not realized under GAAP					<u>358,246</u>
Fund Balance, June 30, 2015 (GAAP Basis)					<u>\$ 537,369</u>

**OAKLAND 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, 2015**

Revenues and Other Financing Sources

Transfer from Capital Reserve	<u>\$ 1,221,600</u>
Total Revenues and Other Financing Sources	<u>1,221,600</u>

Expenditures and Other Financing Uses

Construction Services	1,039,075
Architectural and Engineering Services	<u>15,159</u>
Total Expenditures and Other Financing Uses	<u>1,054,234</u>

Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	167,366
--	---------

Fund Balance, Beginning of Year - Budgetary Basis	<u>728,249</u>
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Fund Balance, End of Year - Budgetary Basis	<u>\$ 895,615</u>
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Reconciliation to Governmental Fund Statements(GAAP)

Fund Balance - End of Year - Budgetary Basis	\$ 895,615
--	------------

Less Unearned Revenue	<u>(358,246)</u>
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Fund Balance - End of Year - GAAP	<u>\$ 537,369</u>
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**OAKLAND BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND PROJECT BALANCES
BUDGETARY BASIS
RENOVATIONS OF THE VALLEY MIDDLE SCHOOL AND THE MANITO SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Serial Bonds Issued	\$ 2,733,000	-	\$ 2,733,000	\$ 2,733,135
Total Revenues	<u>2,733,000</u>	<u>-</u>	<u>2,733,000</u>	<u>2,733,135</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	212,806		212,806	212,806
Construction Services	<u>2,520,194</u>		<u>2,520,194</u>	<u>2,520,194</u>
Total Expenditures	<u>2,733,000</u>	<u>-</u>	<u>2,733,000</u>	<u>2,733,000</u>
Excess (Deficiency) or Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135</u>

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	4/18/2006
Bonds Authorized	\$ 2,733,135
Bonds Issued	2,733,000
Original Authorized Cost	2,733,135
Additional (Reduced) Authorized Cost	
Revised Authorized Cost	2,733,000
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original Target Completion Date	6/30/2007
Revised Target Completion Date	6/30/2008

**OAKLAND BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND PROJECT BALANCES
BUDGETARY BASIS**

**FIRE ALARM REPLACEMENT AT VALLEY MIDDLE SCHOOL AND ELECTRICAL UPGRADES
AT VALLEY MIDDLE SCHOOL, MANITO, HEIGHTS AND DOGWOOD HILLS ELEMENTARY SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Serial Bonds Issued	\$ 1,152,000	-	\$ 1,152,000	\$ 1,152,986
Total Revenues	1,152,000	-	1,152,000	\$ 1,152,986
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	121,135	-	121,135	118,935
Construction Services	1,030,865	-	1,030,865	1,033,065
Total Expenditures	1,152,000	-	1,152,000	1,152,000
Excess (Deficiency) or Revenues over (under) Expenditures	\$ -	\$ -	\$ -	\$ 986

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	4/17/2007
Bonds Authorized	\$ 1,152,986
Bonds Issued	1,152,000
Original Authorized Cost	1,152,986
Additional Authorized Cost	N/A
Revised Authorized Cost	N/A
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	100%
Original Target Completion Date	12/31/2008
Revised Target Completion Date	12/31/2008

**OAKLAND BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES AND PROJECT BALANCES
BUDGETARY BASIS
ROOF REPLACEMENT AT HEIGHTS ELEMENTARY SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 814,400		\$ 814,400	\$ 814,400
Transfer from Capital Reserve		\$ 1,221,600	1,221,600	1,221,600
	<u>814,400</u>	<u>1,221,600</u>	<u>2,036,000</u>	<u>2,036,000</u>
Expenditures and Other Financing Uses				
Architectural/Engineering Svcs	86,151	15,159	101,310	106,500
Construction Services	-	1,039,075	1,039,075	1,929,500
	<u>86,151</u>	<u>1,054,234</u>	<u>1,140,385</u>	<u>2,036,000</u>
Excess (Deficiency) or Revenues over (under) Expenditures	<u>\$ 728,249</u>	<u>\$ 167,366</u>	<u>\$ 895,615</u>	<u>\$ -</u>

Additional Project Information:

Project Number	SDA#3760-050-14-1001-G04
Grant Date	12/4/2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,036,000
Percentage Increase over Original Authorized Cost	N/A
Percentage completion	56.01%
Original Target Completion Date	6/30/2015
Revised Target Completion Date	6/30/2015

PROPRIETARY FUNDS

**OAKLAND BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

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

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

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

EXHIBIT G-4

**OAKLAND BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-5

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**INTERNAL SERVICE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**OAKLAND BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 77,433	\$ 41,748	\$ 119,181
Total Assets	<u>\$ 77,433</u>	<u>\$ 41,748</u>	<u>\$ 119,181</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 18,565	\$ 18,565
Due to Student Groups	\$ 77,433		77,433
Flex Spending Payable		15,914	15,914
Due to Other Funds	<u>-</u>	<u>7,269</u>	<u>7,269</u>
Total Liabilities	<u>\$ 77,433</u>	<u>\$ 41,748</u>	<u>\$ 119,181</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**OAKLAND BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance, July 1, <u>2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2015</u>
SCHOOLS				
Dogwood Hills	\$ 1,683	\$ 7,106	\$ 7,987	\$ 802
Heights	12,551	11,449	10,279	13,721
Manito	2,970	8,738	8,731	2,977
Valley Middle	20,432	197,568	189,279	28,721
General Organization, Account	<u>32,458</u>	<u>9,043</u>	<u>10,289</u>	<u>31,212</u>
Total All Schools	<u>\$ 70,094</u>	<u>\$ 233,904</u>	<u>\$ 226,565</u>	<u>\$ 77,433</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance, July 1, <u>2014</u>	Cash <u>Receipt</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2015</u>
Payroll Deductions and Withholdings	\$ 252,838	\$ 7,555,254	\$ 7,789,527	\$ 18,565
Accrued Salaries and Wages	(1,071)	10,107,914	10,106,843	-
Flex Spending Payable	20,546	71,861	76,493	15,914
Due to Other Funds	<u>10,038</u>	<u>504,150</u>	<u>506,919</u>	<u>7,269</u>
Total	<u>\$ 282,351</u>	<u>\$ 18,239,179</u>	<u>\$ 18,479,782</u>	<u>\$ 41,748</u>

LONG-TERM DEBT

**OAKLAND BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>					
School Improvements	8/1/2006	\$ 2,733,000	8/1/2015	\$ 190,000	4.00%	\$ 1,668,000		\$ 1,283,000	\$ 385,000
			8/1/2016	195,000	4.00%				
School Improvements	8/15/2007	\$ 1,152,000	2/1/2016	75,000	4.25%	782,000	-	70,000	712,000
			2/1/2017	80,000	4.25%				
			2/1/2018	85,000	4.25%				
			2/1/2019-20	90,000	4.25%				
			2/1/2021-22	95,000	4.25%				
			2/1/2023	102,000	4.25%				
Refunding Bonds	3/2/2015	\$ 1,200,000	8/1/2015-16	25,000	4.25%	-	\$ 1,200,000	-	1,200,000
			8/1/2017-18	225,000	4.25%				
			8/1/2019	230,000	4.25%				
			8/1/2020-21	235,000	4.25%				
						<u>\$ 2,450,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,353,000</u>	<u>\$ 2,297,000</u>

Paid by Budget Appropriation	\$ 250,000
Paid by Refunding Bond Proceeds	<u>1,103,000</u>
	<u>\$ 1,353,000</u>

**OAKLAND BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

85	<u>Description</u>	<u>Interest Rate</u>	<u>Amount of Original Obligation</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
	2013 Student Transportation	2.70%	\$ 89,450	\$ 36,257		\$ 17,888	\$ 18,369
	2014 Chromebooks	1.09%	\$ 336,205	-	\$ 336,205	113,283	222,922
				<u>\$ 36,257</u>	<u>\$ 336,205</u>	<u>\$ 131,171</u>	<u>\$ 241,291</u>

**OAKLAND PUBLIC SCHOOLS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjust</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 207,127		\$ 207,127	\$ 207,127	
State Sources					
State Aid	119,213	-	119,213	119,213	
Miscellaneous	-	-	-	5,677	\$ 5,677
	<u>326,340</u>	<u>-</u>	<u>326,340</u>	<u>332,017</u>	<u>5,677</u>
Total Revenues					
EXPENDITURES					
Regular Debt Service					
Redemption of Principal	250,000		250,000	250,000	
Interest	100,623	-	100,623	100,623	
Cost of Issuance				29,947	\$ (29,947)
Advance Refunding Escrow	-	-	-	67,053	(67,053)
	<u>350,623</u>	<u>-</u>	<u>350,623</u>	<u>447,623</u>	<u>(97,000)</u>
Total Expenditures					
Excess Revenues Over Expenditures	<u>(24,283)</u>	<u>-</u>	<u>(24,283)</u>	<u>(115,606)</u>	<u>102,677</u>
Other Financing Sources and (Uses)					
Refunding Bond Proceeds				1,200,000	(1,200,000)
Payment to Refunded Bond Escrow Agent	-	-	-	(1,103,000)	1,103,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,000</u>	<u>(97,000)</u>
Total Other Financing Sources and (Uses)					
Deficiency of Revenues Under Expenditures					
Financing Sources Under Expenditures	(24,283)	-	(24,283)	(18,606)	5,677
Fund Balance, Beginning of Year	<u>24,284</u>	<u>-</u>	<u>24,284</u>	<u>24,284</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 5,678</u>	<u>\$ 5,677</u>

Analysis of Restricted Fund Balance

Available for Future Debt Service \$ 5,678

\$ 5,678

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
						(1)			(2)	
Governmental Activities										
Net Investment in Capital Assets	\$ 1,236,022	\$ 2,093,548	\$ 2,136,381	\$ 2,679,617	\$ 3,290,956	\$ 3,415,505	\$ 3,660,995	\$ 3,897,925	\$ 3,888,182	\$ 4,524,087
Restricted	168,545	175,599	279,995	401,985	379,559	705,637	846,077	2,076,088	4,002,988	4,877,374
Unrestricted	884,503	571,564	799,023	478,277	137,134	280,973	714,773	35,055	(6,243,589)	(5,868,917)
Total Governmental Activities Net Position	\$ 2,289,070	\$ 2,840,711	\$ 3,215,399	\$ 3,559,879	\$ 3,807,649	\$ 4,402,115	\$ 5,221,845	\$ 6,009,068	\$ 1,647,581	\$ 3,532,544
Business-Type Activities										
Net Investment in Capital Assets	\$ 21,922	\$ 18,992	\$ 26,757	\$ 41,004	\$ 36,728	\$ 31,662	\$ 18,906	\$ 7,650	\$ 3,639	\$ 10,624
Restricted										
Unrestricted	60,195	61,480	70,026	26,889	15,534	32,147	32,695	27,681	29,370	11,398
Total Business-Type Activities Net Position	\$ 82,117	\$ 80,472	\$ 96,783	\$ 67,893	\$ 52,262	\$ 63,809	\$ 51,601	\$ 35,331	\$ 33,009	\$ 22,022
District-Wide										
Net Investment in Capital Assets	\$ 1,257,944	\$ 2,112,540	\$ 2,163,138	\$ 2,720,621	\$ 3,327,684	\$ 3,447,167	\$ 3,679,901	\$ 3,905,575	\$ 3,891,821	\$ 4,534,711
Restricted	168,545	175,599	279,995	401,985	379,559	705,637	846,077	2,076,088	4,002,988	4,877,374
Unrestricted	944,698	633,044	869,049	505,166	152,668	313,120	747,468	62,736	(6,214,219)	(5,857,519)
Total District Net Position	\$ 2,371,187	\$ 2,921,183	\$ 3,312,182	\$ 3,627,772	\$ 3,859,911	\$ 4,465,924	\$ 5,273,446	\$ 6,044,399	\$ 1,680,590	\$ 3,554,566

Source: District's Financial Records

(1) - Net Position at June 30, 2012 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 "Items Previously Reported in Assets and Liabilities".

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 10,865,582	\$ 11,296,717	\$ 12,007,085	\$ 11,392,432	\$ 11,434,244	\$ 10,915,332	\$ 11,126,135	\$ 11,886,076	\$ 12,161,879	\$ 14,695,489
Special Education	2,690,361	3,806,029	3,965,860	3,940,882	4,636,266	4,644,511	4,755,652	4,780,729	4,118,511	4,845,084
Other Instruction	1,213,989	1,178,446	1,080,196	1,143,596	1,053,860	1,143,529	1,222,301	975,349	996,345	1,179,018
School Sponsored Activities And Athletics	130,892	159,033	149,942	143,175	115,105	135,976	113,039	124,434	129,637	129,096
Support Services:										
Student & Instruction Related Services	2,957,276	3,263,208	3,376,824	3,405,387	3,347,440	3,366,039	3,664,302	4,122,196	4,005,463	4,434,399
School Administrative Services	1,604,154	1,737,937	1,819,559	1,814,113	2,029,477	2,046,884	2,171,503	2,143,676	1,989,232	2,032,124
General Administration	794,865	656,437	703,446	655,409	695,851	754,063	782,208	851,380	707,879	978,813
Central Services	406,150	485,907	516,275	505,830	529,887	523,739	547,983	579,648	556,587	2,816,592
Plant Operations And Maintenance	1,993,547	2,059,701	2,089,468	2,140,268	2,451,387	2,231,788	2,761,464	2,635,520	2,578,089	886,397
Pupil Transportation	835,122	936,539	975,503	996,221	1,063,089	1,066,892	956,185	976,888	924,731	520,146
Interest and Other Charges On Long-Term Debt	53,104	104,366	191,421	181,936	163,761	149,455	137,789	121,481	107,737	115,654
Total Governmental Activities Expenses	23,545,042	25,684,320	26,875,579	26,319,249	27,520,367	26,978,208	28,238,561	29,197,377	28,276,090	32,632,812
Business-Type Activities:										
Food Service	398,795	434,503	401,628	466,428	448,841	416,961	470,995	459,438	468,397	467,723
Total Business-Type Activities Expense	398,795	434,503	401,628	466,428	448,841	416,961	470,995	459,438	468,397	467,723
Total District Expenses	\$ 23,943,837	\$ 26,118,823	\$ 27,277,207	\$ 26,785,677	\$ 27,969,208	\$ 27,395,169	\$ 28,709,556	\$ 29,656,815	\$ 28,744,487	\$ 33,100,535
Program Revenues										
Governmental Activities:										
Charges For Services:										
Pupil Transportation	\$ 82,964	\$ 84,313	\$ 81,747	\$ 81,241	\$ 92,437	\$ 76,579	\$ 86,593	\$ 82,457	\$ 75,035	\$ 76,586
Operating Grants And Contributions	3,462,972	4,319,136	4,426,097	3,237,328	3,801,833	2,761,993	3,518,780	3,945,602	3,668,462	6,970,416
Capital Grants And Contributions	292,838	-	-	-	34,144	-	-	-	34,460	421,694
Total Governmental Activities Program Revenues	3,838,774	4,403,449	4,507,844	3,318,569	3,928,414	2,838,572	3,605,373	4,028,059	3,777,957	7,468,696
Business-Type Activities:										
Charges For Services:										
Food Service	356,722	371,347	357,638	364,580	344,450	345,329	354,694	342,384	355,329	343,290
Operating Grants And Contributions	58,524	61,511	60,301	72,958	88,455	82,792	103,809	100,499	110,408	113,446
Total Business Type Activities Program Revenues	415,246	432,858	417,939	437,538	432,905	428,121	458,503	442,883	465,737	456,736
Total District Program Revenues	\$ 4,254,020	\$ 4,836,307	\$ 4,925,783	\$ 3,756,107	\$ 4,361,319	\$ 3,266,693	\$ 4,063,876	\$ 4,470,942	\$ 4,243,694	\$ 7,925,432
Net (Expense)/Revenue										
Governmental Activities	\$ (19,706,268)	\$ (21,280,871)	\$ (22,367,735)	\$ (23,000,680)	\$ (23,591,953)	\$ (24,139,636)	\$ (24,633,188)	\$ (25,169,318)	\$ (24,498,133)	\$ (25,164,116)
Business-Type Activities	16,451	(1,645)	16,311	(28,890)	(15,936)	11,160	(12,492)	(16,555)	(2,660)	(10,987)
Total District-Wide Net Expense	\$ (19,689,817)	\$ (21,282,516)	\$ (22,351,424)	\$ (23,029,570)	\$ (23,607,889)	\$ (24,128,476)	\$ (24,645,680)	\$ (25,185,873)	\$ (24,500,793)	\$ (25,175,103)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Property Taxes	\$ 20,112,523	\$ 21,459,443	\$ 22,363,595	\$ 23,142,022	\$ 23,662,652	\$ 24,534,386	\$ 25,265,844	\$ 25,768,681	\$ 26,276,897	\$ 26,775,061
Unrestricted Grants And Contributions	127,438	128,213	157,656	44,325						30,038
State Aid Restricted for Debt Service			121,072	148,430	140,348	118,174	118,650	118,998	119,191	119,213
Miscellaneous Income	97,151	244,856	100,100	10,383	39,723	81,542	68,424	68,862	137,553	124,767
Total Governmental Activities	20,337,112	21,832,512	22,742,423	23,345,160	23,842,723	24,734,102	25,452,918	25,956,541	26,533,641	27,049,079
Business-Type Activities:										
Investment Earnings	-	-	-	-	305	387	284	285	338	-
Total Business-Type Activities	-	-	-	-	305	387	284	285	338	-
Total District-Wide	\$ 20,337,112	\$ 21,832,512	\$ 22,742,423	\$ 23,345,160	\$ 23,843,028	\$ 24,734,489	\$ 25,453,202	\$ 25,956,826	\$ 26,533,979	\$ 27,049,079
Change in Net Position										
Governmental Activities	\$ 630,844	\$ 551,641	\$ 374,688	\$ 344,480	\$ 250,770	\$ 594,466	\$ 819,730	\$ 787,223	\$ 2,035,508	\$ 1,884,963
Business-Type Activities	16,451	(1,645)	16,311	(28,890)	(15,631)	11,547	(12,208)	(16,270)	(2,322)	(10,987)
Total District	\$ 647,295	\$ 549,996	\$ 390,999	\$ 315,590	\$ 235,139	\$ 606,013	\$ 807,522	\$ 770,953	\$ 2,033,186	\$ 1,873,976

Source: District's Financial Records

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$1,203,128	\$ 720,941	\$ 915,303	\$ 933,248	\$619,696					
Unreserved	256,768	425,658	430,287	264,430	314,166					
Restricted						\$ 748,425	\$ 1,113,871	\$2,074,604	\$ 4,104,908	\$ 4,460,531
Committed						26,200	62,776	6,278	-	-
Assigned						349,841	514,030	159,870	151,289	470,137
Unassigned	-	-	-	-	-	234,720	261,312	268,759	252,669	275,449
Total General Fund	<u>\$1,459,896</u>	<u>\$1,146,599</u>	<u>\$1,345,590</u>	<u>\$1,197,678</u>	<u>\$933,862</u>	<u>\$1,359,186</u>	<u>\$ 1,951,989</u>	<u>\$2,509,511</u>	<u>\$ 4,508,866</u>	<u>\$ 5,206,117</u>
All Other Governmental Funds										
Reserved	\$2,270,854	\$ 839,973	\$ 62,456	\$ 61,395						
Unreserved	(2,341,326)	(565,188)	188,139	28,343	\$ 21,088					
Restricted	-	-	-	-	-	\$ 24,329	\$ 24,323	\$ 25,753	\$ (27,407)	\$ 543,047
Total All Other Governmental Funds	<u>\$ (70,472)</u>	<u>\$ 274,785</u>	<u>\$ 250,595</u>	<u>\$ 89,738</u>	<u>\$ 21,088</u>	<u>\$ 24,329</u>	<u>\$ 24,323</u>	<u>\$ 25,753</u>	<u>\$ (27,407)</u>	<u>\$ 543,047</u>

Source: District's Financial Records

Beginning with Fiscal Year 2012, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$20,112,523	\$ 21,459,443	\$ 22,363,595	\$23,142,022	\$ 23,662,652	\$ 24,534,386	\$25,265,844	\$25,768,681	\$ 26,276,897	\$ 26,775,061
Miscellaneous	180,115	329,169	292,347	153,032	163,154	189,643	291,779	152,290	212,646	324,140
State Sources	3,507,491	4,039,686	4,178,049	2,959,530	3,316,475	2,285,064	3,015,077	3,622,483	3,425,462	4,144,417
Federal Sources	375,757	407,663	416,276	409,145	628,856	563,581	485,591	441,146	396,593	403,508
Total Revenue	24,175,886	26,235,961	27,250,267	26,663,729	27,771,137	27,572,674	29,058,291	29,984,600	30,311,598	31,647,126
Expenditures										
Instruction										
Regular Instruction	10,860,566	11,233,924	11,872,320	11,293,485	11,356,810	10,863,967	11,068,183	11,828,154	12,075,876	12,759,933
Special Education Instruction	2,689,188	3,791,480	3,936,494	3,914,772	4,631,449	4,648,299	4,751,682	4,778,098	4,125,009	4,519,904
Other Instruction	1,213,381	1,171,557	1,067,962	1,132,710	1,052,093	1,145,532	1,220,887	974,669	999,461	1,021,630
School Sponsored Activities and Athletics	130,809	158,278	148,534	141,442	114,909	136,171	112,909	124,364	129,997	129,182
Support Services:										
Student and Inst. Related Services	2,951,075	3,243,741	3,341,576	3,373,905	3,329,952	3,358,370	3,658,415	4,117,692	4,010,266	4,167,627
General Administration	790,443	653,954	1,798,279	650,780	695,061	704,713	786,189	851,003	709,229	723,585
School Administrative Services	1,603,338	1,728,040	698,081	1,795,779	2,017,179	2,043,546	2,168,243	2,141,489	1,994,902	1,960,177
Central Services	401,826	481,470	511,123	500,657	528,328	522,661	546,049	577,985	556,408	518,597
Plant Operations And Maintenance	1,979,321	2,045,506	2,076,220	2,126,359	2,285,592	2,080,089	2,315,914	2,175,777	2,179,456	2,413,028
Pupil Transportation	833,587	934,835	973,729	994,203	1,041,432	1,045,976	930,144	967,796	916,425	877,585
Employee Benefits										
Capital Outlay	872,738	3,339,836	1,528,318	489,988	518,063	84,231	463,249	412,449	298,945	1,141,605
Bond Issuance Costs										
Debt Service:										
Principal	241,730	123,695	320,591	353,714	364,408	356,940	391,527	347,364	257,418	381,171
Interest and Other Charges	40,082	30,685	192,544	204,704	168,327	153,614	141,553	128,808	112,012	101,602
Cost of Issuance										29,947
Advance Refunding Escrow	-	-	32,967	-	-	-	-	-	-	67,053
Total Expenditures	24,608,084	28,937,001	28,498,738	26,972,498	28,103,603	27,144,109	28,554,944	29,425,648	28,365,404	30,812,626
Excess (Deficiency) of Revenues Over (Under) Expenditures	(432,198)	(2,701,040)	(1,248,471)	(308,769)	(332,466)	428,565	503,347	558,952	1,946,194	834,500
Other Financing Sources (Uses)										
Proceed From Sale of Bonds		2,733,000	1,152,000							1,200,000
Payment of Refunding Bond Escrow Agent										(1,103,000)
Capital Leases (Non-Budgeted)	58,979		271,272				89,450	-	-	336,205
Transfers In	67,303	64,131	29,944	49,066	11,600	27	27	14	24,269	1,221,600
Transfers Out	(67,303)	(64,131)	(29,944)	(49,066)	(11,600)	(27)	(27)	(14)	(24,269)	(1,221,600)
Total Other Financing Sources (Uses)	58,979	2,733,000	1,423,272	-	-	-	89,450	-	-	433,205
Net Change in Fund Balances	\$ (373,219)	\$ 31,960	\$ 174,801	\$ (308,769)	\$ (332,466)	\$ 428,565	\$ 592,797	\$ 558,952	\$ 1,946,194	\$ 1,267,705
Debt Service as a Percentage of Noncapital Expenditures	1.02%	0.48%	1.31%	1.34%	1.32%	1.32%	1.39%	1.20%	0.92%	1.51%

Source: District's Financial Records

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Transportation Fees	\$ 82,964	\$ 84,313	\$ 81,747	\$ 81,241	\$ 92,437	\$ 76,579	\$ 86,593	\$ 82,457	\$ 75,035	\$ 76,586
Interest Earnings	76,627	93,747	55,583	8,597		20,902	8,498	13,364	21,833	12,462
Interest Capital Reserve	3,471	7,053			2,094	2,837	276	-	-	-
Prior Years Refunds					23,439	48,231	7,849	477	72,628	6,269
Rentals	3,001	3,000	3,000		4,000	4,525	5,250	5,250	5,400	5,400
Miscellaneous	8,279	76,925	11,573	-	10,158	20	46,524	49,757	37,692	94,959
	<u>\$ 174,342</u>	<u>\$ 265,038</u>	<u>\$ 151,903</u>	<u>\$ 89,838</u>	<u>\$ 132,128</u>	<u>\$ 153,094</u>	<u>\$ 154,990</u>	<u>\$ 151,305</u>	<u>\$ 212,588</u>	<u>\$ 195,676</u>

Source: District Financial Records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2006	\$ 50,027,500	\$ 2,120,500,400	\$ 3,578,600	\$ 25,800	\$ 174,877,400	\$ 172,195,400		\$ 2,521,205,100	\$ 3,708,659	\$ 2,524,913,759	\$ 2,390,253,357	\$ 0.823
2007	45,082,600	2,128,715,000	3,578,600	25,800	172,988,100	172,016,600		2,522,406,700	4,588,960	2,526,995,660	2,540,298,167	0.871
2008	44,786,500	2,135,944,700	3,578,600	65,800	173,664,700	174,344,700		2,532,385,000	4,422,455	2,536,807,455	2,671,143,488	0.896
2009	42,396,400	2,141,264,100	3,305,200	65,800	176,488,900	173,344,700		2,536,865,100	5,707,334	2,542,572,434	2,775,734,176	0.921
2010	42,187,500	2,142,909,700	2,982,300	22,700	182,765,500	174,344,700		2,545,212,400	5,049,895	2,550,262,295	2,678,697,472	0.946
2011 ^b	28,272,400	1,798,418,300	2,557,300	25,900	173,457,800	168,479,300		2,171,211,000	100	2,171,211,100	2,370,838,202	1.147
2012	26,098,000	1,800,660,000	2,577,300	25,900	172,464,500	170,032,900		2,171,858,600	100	2,171,858,700	2,456,287,818	1.175
2013	24,211,200	1,802,856,800	2,885,500	39,900	171,359,400	169,098,100		2,170,450,900	91	2,170,450,991	2,397,105,440	1.199
2014	23,633,700	1,808,154,900	2,885,500	39,900	170,811,100	168,454,500		2,173,979,600	-	2,173,979,600	2,329,348,120	1.220
2015	24,381,700	1,809,728,300	2,885,500	39,900	170,363,300	165,125,700		2,172,524,400	-	2,172,524,400	2,336,550,226	1.246

Source: County Abstract of Ratables

^a Tax rates are per \$100

^b Borough undertook a re-assessment of property in 2012

^c Borough undertook a revaluation of real property in 2005

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

Assessment Year	Oakland School District	Borough of Oakland	Regional H.S. District	Bergen County	Total
2006	\$ 0.823	\$ 0.427	\$ 0.632	\$ 0.168	\$ 2.050
2007	0.871	0.464	0.379	0.196	1.910
2008	0.896	0.510	0.382	0.195	1.983
2009	0.921	0.531	0.390	0.210	2.052
2010	0.946	0.537	0.398	0.217	2.098
2011	** 1.147	0.612	0.465	0.227	2.451
2012	1.175	0.610	0.456	0.249	2.490
2013	1.199	0.650	0.463	0.254	2.566
2014	1.220	0.646	0.485	0.260	2.611
2015	1.246	0.657	0.494	0.269	2.666

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

** - The Borough undertook a re-assessment of property in 2012

Source: Abstract of Ratables, County Board of Taxation.

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

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Jayare Associates, LLC	\$ 15,500,000	0.71%	\$ 14,035,900	0.56%
Washington Square Owner, LLC	13,500,000	0.62%	16,737,600	0.66%
40 Potash Road Associates, LLC	12,084,100	0.56%	13,688,900	0.54%
Shiseido America Inc			12,766,900	0.51%
Unicorn Real Estate Investment, LLC	11,511,700	0.53%	-	0.00%
BD Oakland Owner, LLC	10,216,600	0.47%		0.00%
5 Thornton Road Associates, LLC	8,750,000	0.40%	10,203,700	0.40%
Oakland Care Ctr Real Estate Co, LLC	9,725,000	0.45%	12,476,600	0.49%
The Realty Associates Fund VII LP			10,117,000	0.40%
Lincoln Realty Associates Fund	7,427,000	0.34%		0.00%
Public Service & Electric	-	0.00%	7,611,800	0.30%
1 Raritan Road Realty LLC	6,235,900	0.29%		0.00%
Rampo Valley Resources	6,087,700	0.28%	6,864,100	0.27%
Dewey Electronics Corporation			6,692,100	0.27%
	\$ 101,038,000	4.65%	111,194,600	4.40%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 20,112,523	\$ 20,112,523	100.00%	-
2007	21,459,443	21,459,443	100.00%	-
2008	22,363,595	22,363,595	100.00%	-
2009	23,142,022	23,142,022	100.00%	-
2010	23,662,652	23,662,652	100.00%	-
2011	24,534,386	24,534,386	100.00%	-
2012	25,265,844	25,265,844	100.00%	-
2013	25,768,681	25,768,681	100.00%	-
2014	26,276,897	26,276,897	100.00%	-
2015	26,775,061	26,775,061	100.00%	-

Source: District's Financial Records

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Bond Anticipation Notes (BANs)</u>			
2006		\$ 753,192	\$ 2,733,000	\$ 3,486,192	13,415	\$ 262
2007	\$ 2,733,000	629,497		3,362,497	13,270	252
2008	3,750,000	715,178		4,465,178	13,254	335
2009	3,555,000	556,464		4,111,464	13,249	309
2010	3,350,000	400,056		3,750,056	13,293	282
2011	3,140,000	253,116		3,393,116	12,768	266
2012	2,920,000	171,039		3,091,039	12,836	241
2013	2,690,000	53,675		2,743,675	12,873	213
2014	2,450,000	36,257		2,486,257	13,046	191
2015	2,297,000	241,291		2,538,291	13,046 *	195

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

* Estimated

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2006	None		None	N/A	N/A
2007	\$ 2,733,000		\$ 2,733,000	0.11%	\$ 206
2008	3,750,000		3,750,000	0.10%	283
2009	3,555,000		3,555,000	0.14%	268
2010	3,350,000		3,350,000	0.13%	252
2011	3,140,000		3,140,000	0.14%	246
2012	2,920,000		2,920,000	0.13%	227
2013	2,690,000		2,690,000	0.12%	209
2014	2,450,000		2,450,000	0.11%	189
2015	2,297,000		2,297,000	0.11%	177

Source: District Financial Records and Apportionment of Taxes

OAKLAND BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR THE YEAR ENDED DECEMBER 31, 2014
(Unaudited)

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Oakland	\$ 21,590,708	\$ 3,546,488	\$ 18,044,220
Borough of Oakland School District	2,450,000	2,450,000	
Ramapo Indian Hills Regional High School	<u>21,215,000</u>	<u>21,215,000</u>	<u>-</u>
	<u>\$ 45,255,708</u>	<u>\$ 27,211,488</u>	<u>\$ 18,044,220</u>
			18,044,220
Overlapping Debt Apportioned to the Municipality:			
Bergen County (2);(A):			<u>13,396,495</u>
 Total Direct and Overlapping Debt			 <u>\$ 31,440,715</u>

(A) The debt for this entity was apportioned to the Borough of Oakland by dividing the Municipality's 2014 equalized value by the total 2014 equalized value for Bergen County.

Sources:

- (1) Borough of Oakland 2014 Annual Debt Statement
- (2) Bergen County 2014 Annual Debt Statement

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

	2005	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 56,172,479	\$ 70,397,150	\$ 76,208,945	\$ 79,978,732	\$ 80,650,042	\$ 79,781,165	\$ 76,699,218	\$ 74,037,997	\$ 71,615,364	\$ 70,501,583
Total Net Debt Applicable to Limit	-	3,886,121	3,751,121	3,556,121	3,351,121	3,141,121	2,921,121	2,691,121	2,451,121	2,298,121
Legal Debt Margin	<u>\$ 56,172,479</u>	<u>\$ 66,511,029</u>	<u>\$ 72,457,824</u>	<u>\$ 76,422,611</u>	<u>\$ 77,298,921</u>	<u>\$ 76,640,044</u>	<u>\$ 73,778,097</u>	<u>\$ 71,346,876</u>	<u>\$ 69,164,243</u>	<u>\$ 68,203,462</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	5.52%	4.92%	4.45%	4.16%	3.94%	3.81%	3.63%	3.42%	3.26%

Legal Debt Margin Calculation for Fiscal Year 2014

Equalized Valuation Basis	
2014	\$ 2,338,115,294
2013	2,319,601,261
2012	2,392,441,727
	<u>\$ 7,050,158,282</u>
Average Equalized Valuation of Taxable Property	\$ 2,350,052,761
Debt Limit (3 % of Average Equalization Value)	70,501,583
Total Net Debt Applicable to Limit	<u>2,298,121</u>
Legal Debt Margin	<u>\$ 68,203,462</u>

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>Population</u>
2005	2.60%	\$ 57,745	13,415
2006	2.80%	63,166	13,270
2007	2.50%	67,606	13,254
2008	3.30%	67,375	13,249
2009	5.96%	63,862	13,293
2010	6.10%	63,950	12,768
2011	6.00%	67,240	12,836
2012	6.10%	69,919	12,873
2013	6.10%	69,495	12,959
2014	5.50%	69,495 *	13,046

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

(1) Represents County information

* Estimate

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

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	124.6	124.6	124.6	126.6	114.8	115.5	99.0	96.2	103.0	102.0
Special Education	47.0	47.0	47.0	47.0	50.5	50.0	50.5	54.9	47.0	56.0
Support Services:										
Student and Instruction Related Services	21.2	21.2	21.2	21.2	35.5	33.5	34.0	32.0	31.5	31.6
General Administration	4.0	4.0	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0
School Administrative Services	15.0	15.0	15.0	15.0	15.0	15.0	15.0	16.0	15.0	16.0
Central Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.8
Plant Operations And Maintenance	20.3	20.3	20.3	20.3	20.6	18.5	24.1	18.0	18.0	18.0
Pupil Transportation	3.6	3.6	4.0	4.0	5.0	4.0	4.0	4.5	4.5	4.5
Total	<u>240.7</u>	<u>240.7</u>	<u>241.1</u>	<u>243.1</u>	<u>249.4</u>	<u>244.5</u>	<u>234.6</u>	<u>229.6</u>	<u>227.0</u>	<u>235.9</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2006	1,692	\$ 23,735,346	\$ 14,028	8.93%	248	11.7:1	10.4:1	1,675	1,599	1.23%	95.47%
2007	1,724	25,597,165	14,848	5.84%	152	N/A	N/A	1,724	1,655	2.93%	96.00%
2008	1,648	26,424,318	16,034	7.99%	152	11.6:1	10.2:1	1,648	1,570	-4.41%	95.27%
2009	1,672	25,924,092	15,505	-3.30%	154	11.5:1	10.1:1	1,679	1,608	1.88%	95.77%
2010	1,697	27,221,132	16,041	3.46%	152	11.9:1	9.9:1	1,699	1,633	1.19%	96.12%
2011	1,718	26,549,324	15,454	-3.66%	154	11.8:1	9.8:1	1,692	1,625	-0.41%	96.04%
2012	1,741	27,700,168	15,910	2.96%	147	10.5:1	10.9:1	1,707	1,644	0.89%	96.31%
2013	1,676	28,537,027	17,027	7.02%	143	10.8:1	11.9:1	1,636	1,567	-3.31%	95.78%
2014	1,637	27,697,029	16,919	-0.63%	160	10.1:1	9.9:1	1,604	1,538	0.00%	95.89%
2015	1,499	28,456,524	18,984	12.20%	143	10.8:1	11.9:1	1,578	1,514	-1.68%	96.00%

Sources: District records

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District Building										
Elementary										
Dogwood Hill										
Square Feet	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180	35,180
Capacity (students)	286	286	286	286	286	286	286	286	286	286
Enrollment	305	305	305	320	319	314	305	282	277	277
Heights										
Square Feet	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548	32,548
Capacity (students)	418	418	418	418	418	418	418	418	418	418
Enrollment	422	422	422	435	459	465	455	396	389	389
Manito										
Square Feet	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162	41,162
Capacity (students)	324	324	324	324	324	324	324	324	324	324
Enrollment	400	400	400	367	347	331	322	305	306	306
Middle School										
Valley										
Square Feet	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557	87,557
Capacity (students)	648	648	648	648	648	648	648	648	648	648
Enrollment	594	594	594	570	573	582	627	662	638	638
Number of Schools at June 30, 2015										
Elementary =	3	3	3	3	3	3	3	3	3	3
Middle School =	1	1	1	1	1	1	1	1	1	1
Senior High School =	N/A	N	N							
Other =	0	0	0	0	0	0	0	0	0	0

Source: District Records

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
School Facilities										
Dogwood Hill School	\$ 38,277	\$ 43,117	\$ 40,567	\$ 54,274	\$ 27,398	\$ 28,177	\$ 31,727	\$ 29,672	\$ 63,280	\$ 53,667
Heights School	48,289	54,395	52,266	69,925	39,067	32,946	60,669	33,652	44,162	74,364
Manito School	38,768	43,670	41,438	55,439	30,295	23,379	42,727	33,334	40,437	71,738
Valley Middle School	<u>80,010</u>	<u>90,127</u>	<u>90,102</u>	<u>120,544</u>	<u>124,333</u>	<u>73,390</u>	<u>116,831</u>	<u>140,594</u>	<u>61,598</u>	<u>127,779</u>
Grand Total	<u>\$ 205,344</u>	<u>\$ 231,309</u>	<u>\$ 224,373</u>	<u>\$ 300,182</u>	<u>\$ 221,093</u>	<u>\$ 157,892</u>	<u>\$ 251,954</u>	<u>\$ 237,252</u>	<u>\$ 209,477</u>	<u>\$ 327,548</u>

Source: School District's Financial Statements

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2015
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Property - Blanket Building & Contents	\$ 55,625,378	\$ 5,000
Comprehensive General Liability	1,000,000	
Comprehensive Automobile Liability	1,000,000	
School District/ Educators Legal Liability	1,000,000	5,000
Computer and Scheduled Equipment		
Great American Insurance Co.		
Data Processing Equipment	2,500,000	
Equipment Breakdown- Great American Ins Company	Included	
Umbrella Liability - Great American Ins Company	9,000,000	10,000
Cap Excess Umbrella - Fireman's Fund	50,000,000	
Public Employees' Faithful Performance		
Position Bond - Selective Ins. Co. Of America - Treasurer	231,000	
Position Bond - Selective Ins. Co of America - Business Administrator	210,000	
Workers Compensation - ERIC/NJSBA	1,000,000	
Workers Compensation Supplemental - NJSBA	Included	
Student Accident Policy - Bollinger	5,000,000	
Crime Policy Selective Insurance Co. of America		
Public Employee Dishonesty (Primary)	\$ 100,000	\$ 5,000
Public Employee Dishonesty (Excess)	\$ 400,000	
	\$ 50,000	\$ 1,000
Environmental Pollution Liability - Ace American Ins. Co.	\$ 4,000,000	\$ 15,000

Source: School District's records

SINGLE AUDIT SECTION



CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oakland Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Oakland Board of Education’s basic financial statements and have issued our report thereon dated December 21, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the schedule of findings and questioned costs as item 2015-002 that we consider to be significant deficiencies in internal control over financial reporting.

Compliance and Other Matters

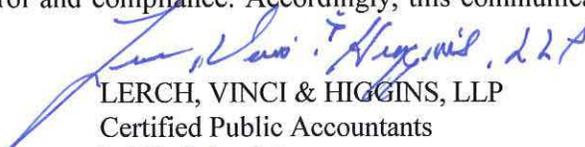
As part of obtaining reasonable assurance about whether the Oakland Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 and which are described in the accompanying schedule of findings and questioned costs as item 2015-001.

Oakland Board of Education's Responses to Findings

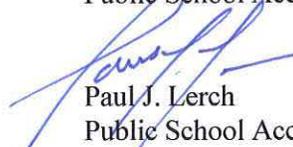
The Oakland Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Oakland Board of Education's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 21, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**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
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Oakland Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Oakland Board of Education's major federal and state programs for the fiscal year ended June 30, 2015. The Oakland 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 laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Oakland 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; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars 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 Oakland Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Oakland Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Oakland Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Oakland Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 U.S. OMB Circular A-133 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 Oakland Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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.

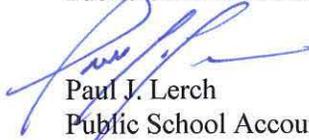
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 U.S. OMB Circular A-133 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 U.S. OMB Circular A-133 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 Oakland Board of Education as of and for the fiscal year ended June 30, 2015 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 December 21, 2015, 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 U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 21, 2015

OAKLAND BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance, June 30, 2014			Deferred Revenue Carryover Amount	Accounts Receivable Carryover Amount	Cash Received	Budgetary Expenditures	Balance, June 30, 2015			Memo GAAP Receivable
				(Account Receivable)	Unearned Revenue	Due to Grantor					(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
Passed-through State Department of Education														
Non-Cash Assistance- Food Distribution Program	10.550	7/1/14-6/30/15	\$ 41,883					\$ 41,883	\$ 41,301		\$ 582			*
Non-Cash Assistance- Food Distribution Program	10.550	7/1/13-6/30/14	32,812		\$ 438				438					*
National School Lunch Program	10.555	7/1/14-6/30/15	67,025					62,362	67,025		\$ (4,663)		\$ (4,663)	*
National School Lunch Program	10.555	7/1/13-6/30/14	70,845	\$ (6,158)	-	-	-	6,158	-		-	-	-	*
Total U.S. Department of Agriculture				(6,158)	438	-	-	110,403	108,764		(4,663)	582	-	(4,663)
U.S. Department of Education														
Passed-through State Department of Education														
NCLB Title II A	84.367A	9/1/14-8/31/15	21,715				\$ 425	\$ (425)	21,918	21,918	(222)	222		*
NCLB Title II A	84.367A	7/1/13-6/30/14	21,317	(14,965)	425		(425)	425	14,540					*
IDEA Part B	84.027	9/1/14-8/31/15	370,999					348,608	362,783		(22,391)	8,216	(14,175)	*
IDEA Part B	84.027	7/1/13-6/30/14	356,157	(80,111)				80,111						*
IDEA Preschool	84.173	9/1/14-8/31/15	19,480	-	-	-	-	18,807	18,807		(673)	673	-	*
Total U.S. Department of Education				(95,076)	425	-	-	483,984	403,508		(23,286)	9,111	-	(14,175)
Total				\$ (101,234)	\$ 863	\$ -	\$ -	\$ 594,387	\$ 512,272		\$ (27,949)	\$ 9,693	\$ -	\$ (18,838)

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OAKLAND BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014			Cash Received	Budgetary Expenditures	Refund of Prior Year's Balances	Balance, June 30, 2015			Memo Only	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education														
<i>General Fund</i>														
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 554,666				\$ 516,133	\$ 554,666		\$ (38,533)			\$	554,666
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	554,666	\$ (31,641)			31,641							
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	25,460				23,691	25,460		(1,769)				25,460
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	25,460	(1,452)			1,452							
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	16,140				15,019	16,140		(1,121)				16,140
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	16,140				15,019	16,140		(1,121)				16,140
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	258,195					258,195		(258,195)				258,195
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	328,997	(328,997)			328,997							
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	53,802				50,064	53,802		(3,738)				53,802
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	53,802	(3,069)			3,069							
Non-Public Transportation Aid	Not Available	7/1/14-6/30/15	5,590					5,590		(5,590)		\$	(5,590)	5,590
Non-Public Transportation Aid	Not Available	7/1/13-6/30/14	9,634	(9,634)			9,634							
On-Behalf TPAF Pension and Annuity Aid-														
Pension Contribution - Normal Cost	15-495-034-5094-006	7/1/14-6/30/15	578,789				578,789	578,789						578,789
Non-Contributory (NCGI)	15-495-034-5094-007	7/1/14-6/30/15	41,641				41,641	41,641						41,641
Post Retirement Medical Contributions	15-495-034-5094-001	7/1/14-6/30/15	984,933				984,933	984,933						984,933
On-Behalf TPAF Social Security Aid	15-495-034-5094-003	7/1/14-6/30/15	920,518				920,518	920,518						920,518
On-Behalf TPAF Social Security Aid	14-495-034-5095-002	7/1/13-6/30/14	894,181	(45,002)			45,002							
Total General Fund				(419,795)	-	-	3,565,602	3,455,874	-	(310,067)	-	-	(5,590)	3,455,874
<i>Special Revenue Fund</i>														
New Jersey Non Public Aid:														
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	11,081				\$ 11,081	\$ 10,464				\$ 617		10,464
Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	13,273		\$ 1,161				\$ 1,161					
Nursing	15-100-034-5120-070	7/1/14-6/30/15	17,642				17,642	16,599			1,043			16,599
Technology	15-100-034-5120-373	7/1/14-6/30/15	5,952				5,952	5,613			339			5,613
Technology	14-100-034-5120-373	7/1/13-6/30/14	4,840			586			586					
<i>Auxiliary Services:</i>														
ESL	15-100-034-5120-067	7/1/14-6/30/15	8,222				8,222	3,654			4,568			3,654
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	55,540				55,540	10,839			44,701			10,839
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	68,478			40,316			40,316					
<i>Handicapped Services:</i>														
Exam and Class	15-100-034-5120-066	7/1/14-6/30/15	44,308				44,308	15,671			28,637			15,671
Exam and Class	14-100-034-5120-066	7/1/13-6/30/14	42,832			15,283			15,283					
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	22,088				22,088	16,345			5,743			16,345
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	20,311			5,781			5,781					
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	18,048				18,048	7,769			10,279			7,769
Supplemental Instruction	14-100-034-5120-066	7/1/13-6/30/14	19,428			6,314			6,314					
Total Special Revenue Fund				-	-	69,441	182,881	86,954	69,441	-	-	95,927	-	86,954
State of New Jersey Educational Facilities Construction and Financing														
Roof Replacement at Heights Elementary	3760-050-14-1001-G04	N/A	814,400	(814,400)	\$ 779,940	-		421,694		(814,400)	\$ 358,246			456,154
				(814,400)	779,940	-		421,694		(814,400)	358,246			456,154
State Department of Education Debt Service Aid														
Debt Service Aid	14-495-034-5120-075	7/1/13-6/30/14	119,213				119,213	119,213						119,213
Total Debt Service Fund				-	-	-	119,213	119,213	-	-	-	-	-	119,213
State Department of Agriculture National School Lunch Program														
National School Lunch Program	13-100-010-3350-023	7/1/14-6/30/15	4,682				4,351	4,682		(331)			(331)	4,682
National School Lunch Program	14-100-010-3360-023	7/1/13-6/30/14	5,959	(768)			768							
Total Enterprise Fund				(768)	-	-	5,119	4,682	-	(331)	-	-	(331)	4,682
Grand Total				\$ (1,234,963)	\$ 779,940	\$ 69,441	\$ 3,872,815	\$ 4,088,417	\$ 69,441	\$ (1,124,798)	\$ 358,246	\$ 95,927	\$ (5,921)	\$ 4,122,877
Less On-Behalf TPAF Pension and Annuity Aid														
Pension Contribution								\$ 578,789						
Non-Contributory (NCGI)								41,641						
Post Retirement Medical Contributions								984,933						
								1,605,363						
Total for State Financial Assistance Determination								\$ 2,483,054						

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

**OAKLAND BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" 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 \$60,682 for the general fund and a decrease of \$6,574 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		\$ 3,516,556	\$ 3,516,556
Special Revenue Fund	\$ 403,508	86,954	490,462
Capital Projects Fund		421,694	421,694
Debt Service Fund		119,213	119,213
Food Service Fund	<u>108,764</u>	<u>4,682</u>	<u>113,446</u>
Total Financial Assistance	<u>\$ 512,272</u>	<u>\$ 4,149,099</u>	<u>\$ 4,661,371</u>

**OAKLAND BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$920,518 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, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$620,430 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$984,933 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits 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.

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over compliance

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

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

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes X no

Identification of major federal programs:

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

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

OAKLAND BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I – Summary of Auditor's Results

State Awards Section

Internal Control over compliance:

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

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. OMB Circular 15-08? _____ yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>15-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>15-495-034-5120-084</u>	<u>Security Aid</u>
<u>15-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>15-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>15-495-034-5094-003</u>	<u>TPAF Social Security</u>
<u>Various</u>	<u>State of New Jersey Educational Facilities</u>
	<u>Construction and Financing - SDA</u>

Dollar threshold used to distinguish Type A and Type B programs: \$ 300,000

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

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

Finding 2015-001

Our audit of expenditures revealed the following misclassified and misbudgeted expenditures:

- Lease payments for Chromebooks were charged to general supplies in the General Fund; the expenditure and related appropriation was reclassified to object code (440) rentals.
- Internet services were charged to miscellaneous expenditures in the General Fund; the expenditure and related appropriation was reclassified to object code (530) communications/telephone.
- A 3D printer and a LED scoreboard were charged to general supplies in the Special Revenue Fund; the expenditure and related appropriation was reclassified to "Capital Outlay" (732) non instructional equipment.
- The Heights Elementary School roof project was charged to cleaning, repair and maintenance services in the Capital Projects Fund; the expenditure was reclassified to construction services.

Criteria or specific requirement:

The Uniform Minimum Chart of Accounts for New Jersey Public Schools Edition and NJAC 6A:23-2.2(f).

Condition:

Line item account determinations were not being carefully reviewed and/or monitored, which resulted in certain misclassifications.

Context:

General Fund lease payment of \$113,283 was miscoded to general supplies and internet services of \$108,789 was miscoded to miscellaneous expenditures. Special Revenue Fund equipment of \$6,826 was miscoded to general supplies. Capital Projects Fund Heights Roof Construction for \$1,039,075 was miscoded to cleaning, repairs and maintenance.

Effect:

None - Financial statements have been adjusted for audit presentation for lease equipment and construction.

Cause:

Unknown.

Recommendation:

The District to reference The Uniform Minimum Chart of Accounts for New Jersey Public Schools, Edition for the proper classifications required to be in compliance with N.J.A.C. 6A:23A.16.2 (f).

Management's Response:

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

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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.

Finding 2015-002

Our audit of the open purchase orders at June 30th revealed the following:

- General Fund encumbrances included \$117,205 for salaries and wages that were invalid. The financial statements have been adjusted to reflect these cancelled encumbrances at June 30th.
- Special Revenue Fund encumbrances included \$95,928 for amounts due back to the grantor for Chapter 192/193. The financial statements have been adjusted to reflect these amounts due back to the grantor for the unspent Chapter 192/193 funds at June 30th.
- Capital Projects Fund encumbrances included an amount due to the contractor for the Heights Elementary School roof project; however this project was completed as of April 2015. The financial statements have been adjusted to reflect this amount due to the contractor as an accounts payable at June 30th.

Criteria or specific requirement:

GAAP Technical Manual

Condition:

Outstanding purchase orders were incorrectly classified at year end.

Context:

General Fund Reserve for Encumbrances were over-stated in the amount of \$117,205, Special Revenue Fund Intergovernmental Payables didn't reflect amounts due back to grantor and Capital Projects Fund expenditures were understated for the amount due to the contractor at June 30th.

Effect:

The financial statements have been adjusted to reflect the correct amounts at June 30th.

Cause:

Outstanding purchase orders were not reviewed at year end for proper classification between accounts payable and encumbrances and a determination wasn't made for purchase orders that would not be liquidated within the suggested time frame of 60 to 90 days.

Recommendation:

It is recommended that purchase orders should be reviewed for proper classification at June 30th as accounts payable or reserve for encumbrances based upon whether the goods have been received or the services rendered. All purchase orders that will not be liquidated within the suggested time frame of 60 to 90 days of year-end should be cancelled.

Management's Response:

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

**OAKLAND BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**OAKLAND BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

There were none.