

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

Lyndhurst, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Lyndhurst Board of Education

Lyndhurst, New Jersey

For The Fiscal Year Ended June 30, 2018

Prepared by

Business Office

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INTRODUCTORY SECTION



Lyndhurst Public Schools

BOARD OF EDUCATION

420 Fern Avenue ♦ Lyndhurst, NJ 07071

Ph: 201.438.5683 Fax: 201.896.2118 ♦ www.lyndhurstschools.net

ANTHONY GRIECO

Superintendent of Schools

JOSEPH A. DECORSO

Director of Curriculum and Instruction

SCOTT T. BISIG, M.ED.

*School Business Administrator
Board Secretary*

January 23, 2019

Honorable President and
Members of the Board of Education
Lyndhurst Board of Education
County of Bergen, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Lyndhurst School District (District) for the fiscal year ending June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of 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 aspects and is reported in a manner design to 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 District as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. 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 organization 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. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Uniform Guidance 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 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 of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include both regular and special education for learning disabled students. The District completed the 2017-2018 fiscal year with an average daily enrollment 2,507 students.

Average Daily Enrollment
(ADE)

<u>Fiscal Year</u>	<u>Student Enrollment</u>
2017-2018	2,507
2016-2017	2,468
2015-2016	2,385
2014-2015	2,390
2013-2014	2,312
2012-2013	2,240
2011-2012	2,336
2010-2011	2,312
2009-2010	2,308
2008-2009	2,505

2) ECONOMIC CONDITIONS AND OUTLOOK: The Lyndhurst area is substantially developed with both residential and industrial taxpayers. The situation is expected to continue, which suggests that its tax base will remain stable moving forward. However, the Lyndhurst Public School is now under State control for our current fiscal situation which has a cumulative two-year deficit for SY 16-17 & SY 17-18 in the amount of \$4,470,851.

3) MAJOR INITIATIVES UNDERTAKING DURING 2017 – 2018: The Lyndhurst Public School District is proud of all that it accomplished during the 2017-2018 school year. The following is a sampling of the District's achievements:

- Improved parent communication and involvement through district outreach efforts.
- Improved website/social media.
- Encouraged parents/care givers to use the parent-portal
- Created additional parent surveys to gather feedback about school operations, and topics of interest.
- Host Parent Academies that will discuss relevant topics and address areas of concern that parents may have. These may be incorporated into PTA Meetings.
- Improve student achievement on NJSL-Assessments, PSAT, SAT, ACT, and selected proprietary and locally designed assessments.
- Continued revisions and updates of curricula
- Improved observations of teachers in classroom which will include providing feedback that teachers can use to improve student achievement.
- Analyzed test data to address individualized needs of ALL students.

- Researched and implement a cohesive streamlined approach to NJDOE mandated professional development trainings.
- Implemented programs that will track, assign, and centrally manage all faculty training professional development.

4) INTERNAL ACCOUNTING GOALS: 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 benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

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

6) 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 based on funds and account groups. These funds are explained in "Notes to the Financial Statement."

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements." The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA").

GUDPA was enacted in 1970 to protect Governmental Unit from a loss of funds on deposit with a failed banking institution on New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

9) INDEPENDENT AUDIT: State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was appointed by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related U.S. Uniform Guidance and State Treasury Circular Letter OMB 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

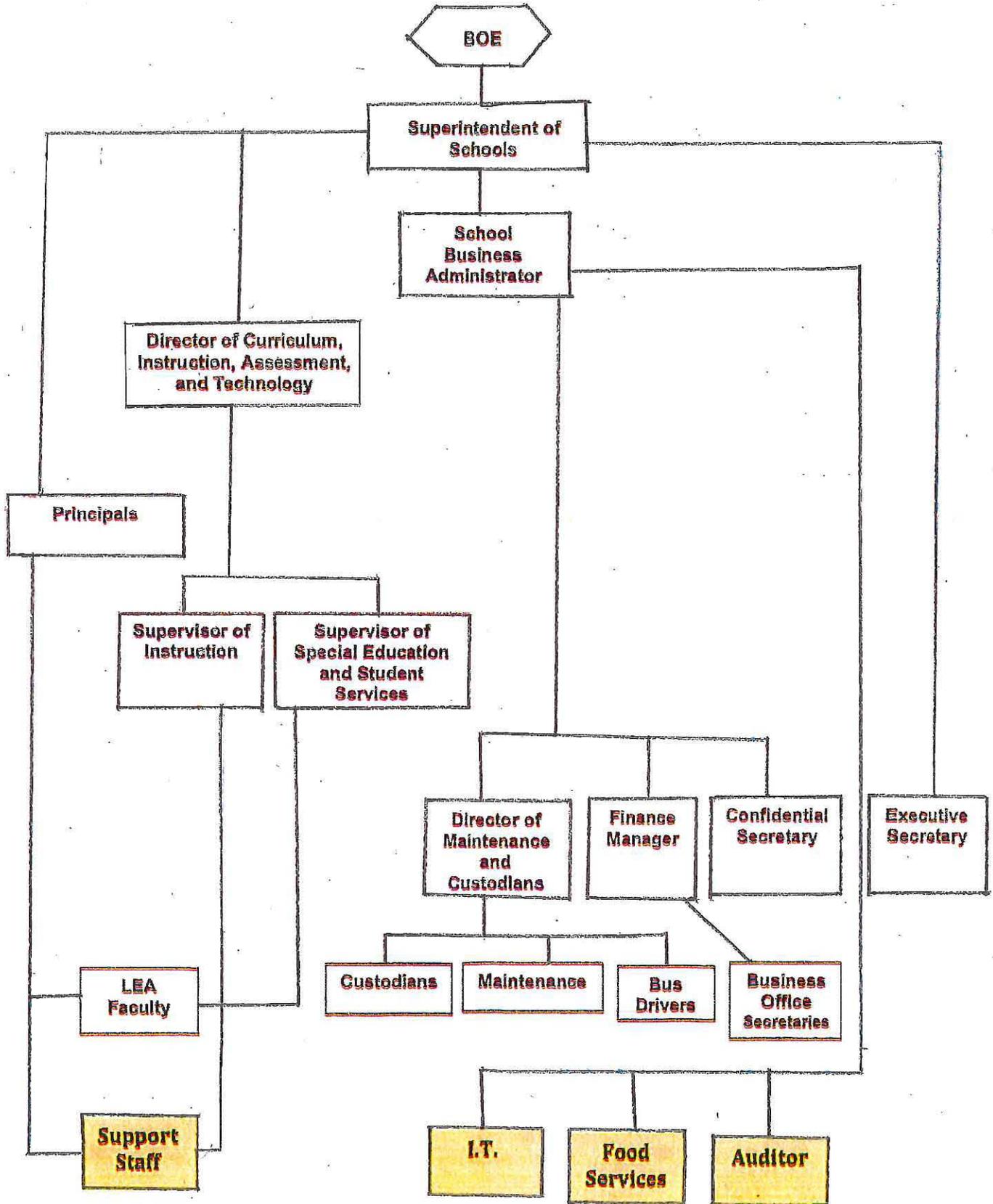
Respectfully submitted,



Scott T. Bisig, M. Ed.
School Business Administrator

LYNDHURST BOARD OF EDUCATION

ORGANIZATIONAL CHART



**LYNDHURST BOARD OF EDUCATION
BERGEN COUNTY, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2018**

President	<u>Term Expires</u>
James Vuono	2020
Vice President	
Ronald Grillo	2018
Members of Board of Education	
Joseph Abruscato	2020
Susan Alcuri	2019
Christopher Adrinopolous	2019
James Donovan	2019
Shari Jarvis	2018
Erin Keefe	2020
Josephine Malaniak	2018

Other Officials

Superintendent	Shauna C. Demarco
School Business Administrator/ Board Secretary	Scott T. Bisig
Finance Manager	Valerie Tronccone

**Lyndhurst Board of Education
Consultants and Advisors
as of June 30, 2018**

Audit Firm

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

Attorney

Sciarrillo, Cornell, Merlino, McKeever and Osbourne, LLC
238 St. Paul Street
Westfield, NJ 07090

Office Depository

Investor's Bank
123 Ridge Rd.
Lyndhurst, NJ 07071

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion on Governmental Activities

We were unable to audit the financial activities of the general capital assets used in governmental activities because information to support land, building and building improvement values and related depreciation expenses was not available for audit. General capital asset financial activities are included in the District-wide financial statements as governmental activities and represent 67 percent, 13,537 percent and less than 1 percent of the assets, net position and expenses respectively, of the Lyndhurst Board of Education's governmental activities. We were unable to satisfy ourselves about the general capital asset financial activities by means of other auditing procedures.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects the respective financial position of the governmental activities of the Lyndhurst Board of Education, as of June 30, 2018, and the changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

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

Emphasis of Matter

Adoption of New Accounting Pronouncement

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 2019 on our consideration of the Lyndhurst Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lyndhurst Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Lyndhurst Board of Education's internal control over financial reporting and compliance.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 23, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

This section of the Lyndhurst Board of Education's (District or Board) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements and the notes to the financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

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

- The assets and deferred outflows of resources of the Lyndhurst Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$141,399 (net position).
- The District's overall net position decreased \$1,536,850.
- Overall District revenues were \$56,211,418. General revenues accounted for \$38,063,009 or 68% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18,148,409 or 32% of total revenues.
- The School District had \$56,550,379 in expenses for governmental activities; \$17,464,857 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$38,062,611 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund deficit of \$6,049,544.
- The General Fund unassigned fund deficit at June 30, 2018 was \$4,927,771, an increase in the deficit of \$2,080,292 when compared to the previous year's unassigned fund deficit of \$2,847,479.
- The General Fund unassigned budgetary fund deficit at June 30, 2018 was \$4,470,851 which represents an increase in the deficit of \$1,739,486 when compared to the ending unassigned budgetary fund deficit at June 30, 2017 of \$2,731,365.
- The District's total outstanding long-term liabilities decreased \$3,767,505 during the current fiscal year.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

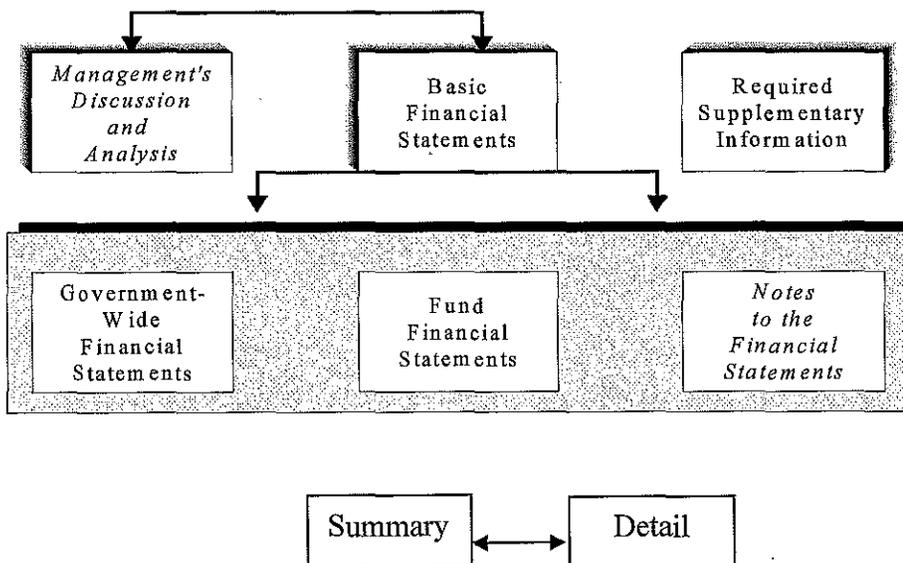
**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

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

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as Regular and Special Education Instruction and Building maintenance	Activities the district operates similar to private businesses: Enterprise Fund	Instances in which the district administers resources held in trust, Such as Scholarship Funds, Payroll Agency and Student Activities
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and changes in fund balances	Statement of Net Position Statement of revenue, expenses, and changes in fund net position Statement of cash flows	Statements of Fiduciary net position Statement of changes in fiduciary net position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset; liability; deferred outflow and inflow of resources information	All assets, liabilities, and deferred outflows/inflows of resources both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon there after; no capital assets or long-term liabilities included	All assets, liabilities, and deferred outflows/inflows of resources both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, funds do not currently contain capital assets.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

District-Wide Financial Statements

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

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

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

District-Wide Financial Statements (continued)

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

- Food Service (Cafeteria)
- Preschool Program

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

Fund Financial Statements (continued)

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the financial statements.

Other Information

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

Combining statements and schedules are presented immediately following the major budgetary comparisons and pension and postemployment benefits information, including the budgetary comparison statement for the Debt Service Fund.

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$141,399 and \$1,678,249 as of June 30, 2018 and 2017, respectively.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position represent amounts reserved for specific purposes by outside parties or statutory requirements. Unrestricted net position represent amounts available to the government that are neither restricted nor invested in capital assets.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current Assets	\$ 10,525,303	\$ 1,190,308	\$ 77,766	\$ 66,600	\$ 10,603,069	\$ 1,256,908
Capital Assets	<u>21,085,806</u>	<u>20,057,723</u>	<u>2,030</u>	<u>3,295</u>	<u>21,087,836</u>	<u>20,061,018</u>
Total Assets	<u>31,611,109</u>	<u>21,248,031</u>	<u>79,796</u>	<u>69,895</u>	<u>31,690,905</u>	<u>21,317,926</u>
Deferred Outflows of Resources	<u>2,386,910</u>	<u>3,701,298</u>	<u>-</u>	<u>-</u>	<u>2,386,910</u>	<u>3,701,298</u>
Liabilities						
Long-Term Liabilities	14,432,045	18,199,550			14,432,045	18,199,550
Other Liabilities	<u>16,727,910</u>	<u>4,730,447</u>	<u>68,437</u>	<u>87,900</u>	<u>16,796,347</u>	<u>4,818,347</u>
Total Liabilities	<u>31,159,955</u>	<u>22,929,997</u>	<u>68,437</u>	<u>87,900</u>	<u>31,228,392</u>	<u>23,017,897</u>
Deferred Inflows of Resources	<u>2,707,036</u>	<u>323,078</u>	<u>988</u>	<u>-</u>	<u>2,708,024</u>	<u>323,078</u>
Net Position:						
Net Investment in Capital Assets	17,736,926	17,450,063	2,030	3,295	17,738,956	17,453,358
Restricted	45,650				45,650	-
Unrestricted	<u>(17,651,548)</u>	<u>(15,753,809)</u>	<u>8,341</u>	<u>(21,300)</u>	<u>(17,643,207)</u>	<u>(15,775,109)</u>
Total Net Position	<u>\$ 131,028</u>	<u>\$ 1,696,254</u>	<u>\$ 10,371</u>	<u>\$ (18,005)</u>	<u>\$ 141,399</u>	<u>\$ 1,678,249</u>

The District's total net position of \$141,399 at June 30, 2018 represents a \$1,536,850 or 92% decrease from the prior year. The following presents the changes in net position for the fiscal years ended June 30, 2018 and 2017, respectively.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
Revenues	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Program Revenues						
Charges for Services	\$ 113,029		\$ 400,077	\$ 190,928	\$ 513,106	\$ 190,928
Operating Grants and Contributions	17,351,828	\$ 14,662,579	283,475	258,067	17,635,303	14,920,646
Capital Grants and Contributions					-	-
General Revenues						
Property Taxes	37,500,802	36,576,884			37,500,802	36,576,884
State Aid - Unrestricted	428,077	1,784,790			428,077	1,784,790
Other	133,732	325,617	398	121	134,130	325,738
Total Revenues	<u>55,527,468</u>	<u>53,349,870</u>	<u>683,950</u>	<u>449,116</u>	<u>56,211,418</u>	<u>53,798,986</u>
Expenses						
Instruction						
Regular	24,875,552	12,301,676			24,875,552	12,301,676
Special Education	9,527,569	3,740,517			9,527,569	3,740,517
Other Instruction	1,538,544	785,683			1,538,544	785,683
School Sponsored Activities and Ath.	1,129,029	793,920			1,129,029	793,920
Support Services						
Student and Instruction Related Serv.	7,771,240	4,381,210			7,771,240	4,381,210
General Administrative Services	1,330,676	1,151,908			1,330,676	1,151,908
School Administrative Services	3,388,005	1,862,961			3,388,005	1,862,961
Central and Other Support Services	1,126,547	735,536			1,126,547	735,536
Plant Operations and Maintenance	4,459,533	3,780,148			4,459,533	3,780,148
Pupil Transportation	1,217,608	1,361,325			1,217,608	1,361,325
Unallocated		25,558,417				25,558,417
Interest on Long Term Debt	186,076	23,643			186,076	23,643
Food Services			802,711	791,406	802,711	791,406
Preschool Program	-	-	395,178	329	395,178	329
Total Expenses	<u>56,550,379</u>	<u>56,476,944</u>	<u>1,197,889</u>	<u>791,735</u>	<u>57,748,268</u>	<u>57,268,679</u>
Increase (Decrease) in Net Position						
Before Transfers	(1,022,911)	(3,127,074)	(513,939)	(342,619)	(1,536,850)	(3,469,693)
Transfers	(542,315)	(320,500)	542,315	320,500	-	-
Increase (Decrease) in Net Position	(1,565,226)	(3,447,574)	28,376	(22,119)	(1,536,850)	(3,469,693)
Net Position, Beginning of Year	1,696,254	7,005,448	(18,005)	819	1,678,249	7,006,267
Prior Period Adjustment	-	(1,861,620)	-	3,295	-	(1,858,325)
Net Position, End of Year	<u>\$ 131,028</u>	<u>\$ 1,696,254</u>	<u>\$ 10,371</u>	<u>\$ (18,005)</u>	<u>\$ 141,399</u>	<u>\$ 1,678,249</u>

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

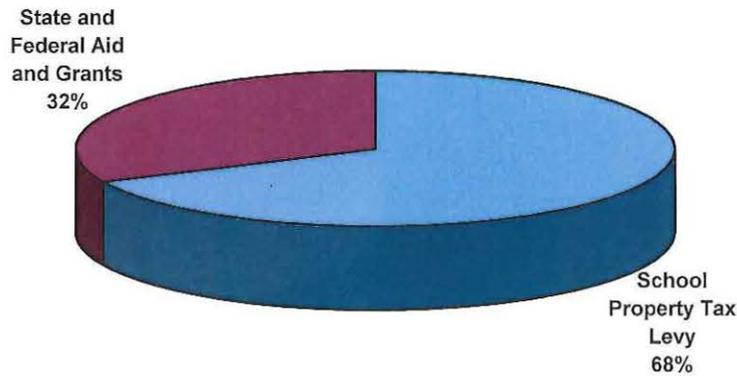
Governmental Activities. The District's total governmental activities' revenues, which includes State and Federal grants, were \$55,527,468 for the fiscal year ended June 30, 2018, property taxes of \$37,500,802 represented 68% of revenues. Another significant portion of revenues came from grants and aid; total State, Federal and local grants and aid was \$17,779,905 represented 32% of revenues. In addition charges for services from tuition and transportation and other miscellaneous revenue was earned which includes items such as interest, prior year refunds and other miscellaneous income items.

The total cost of all governmental activities programs and services was \$56,550,379 for the fiscal year ended June 30, 2018. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$37,070,694 (66%) of total expenses. Support services totaled \$19,293,609 (34%) of total expenses. Interest charges for long-term debt represents less than 1% of governmental expenses.

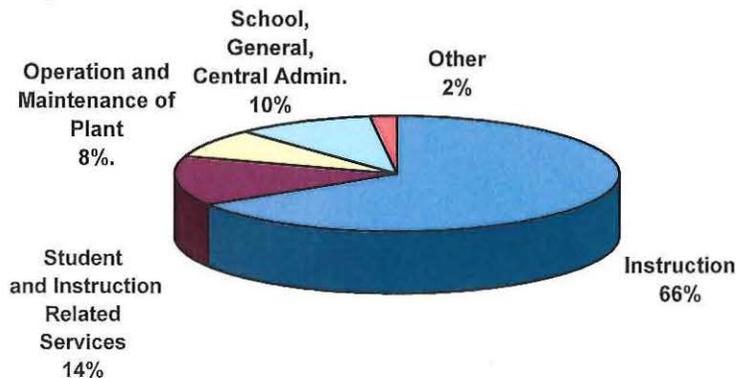
The District had transfers out of governmental activities in the amount of \$542,315.

Total governmental activities expenses and transfers exceeded revenues decreasing net position \$1,565,226 from the previous year.

**Revenues by Source- Governmental Activities
For Fiscal Year 2018**



**Expenses by Type- Governmental Activities
For Fiscal Year 2018**



**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

Total and Net Cost of Governmental Activities. The District's total cost of services was \$56,550,379 for the fiscal year ended June 30, 2018. After applying program revenues, derived from charges for services of \$113,029, operating and capital grants and contributions of \$17,351,828, the net cost of services of the District is \$39,085,522.

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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction				
Regular	\$ 24,875,552	\$ 12,301,676	\$ 15,802,842	\$ 12,301,676
Special Education	9,527,569	3,740,517	5,165,739	1,974,914
Other Instruction	1,538,544	785,683	957,061	785,683
School Sponsored Activities and Athletics	1,129,029	793,920	1,055,354	793,920
Support Services				
Student and Instruction Related Svcs.	7,771,240	4,381,210	5,935,569	4,381,210
General Administrative Services	1,330,676	1,151,908	1,273,771	1,151,908
School Administrative Services	3,388,005	1,862,961	2,431,008	1,862,961
Central and Other Support Services	1,126,547	735,536	1,059,290	735,536
Plant Operations and Maintenance	4,459,533	3,780,148	4,190,626	3,705,042
Pupil Transportation	1,217,608	1,361,325	1,028,186	1,299,657
Unallocated Expenditures		25,558,417		12,798,215
Interest on Long Term Debt	186,076	23,643	186,076	23,643
Total	<u>\$ 56,550,379</u>	<u>\$ 56,476,944</u>	<u>\$ 39,085,522</u>	<u>\$ 41,814,365</u>

Business-Type Activities – The District's total business-type activities revenues were \$683,950 for the fiscal year ended June 30, 2018. Charges for services accounted for 59% or \$400,077 of total revenues for the year. Operating grants and contributions accounted for 41% or \$283,475 of total revenues for the year. In addition, miscellaneous revenue was earned from interest income which represented less than one percent of revenues for the year.

The total cost of all business-type activities programs and services was \$1,197,889. The District's expenses are related to Food Service programs provided to all students, teachers and administrators within the District at a total cost of \$802,711 (67%) and the Preschool Program which offers education to resident children between the ages of 3 and 4 years old at a total cost of \$395,178 (33%).

The District had transfers into business-type activities in the amount of \$542,315.

Total business-type activities revenues and transfers surpassed expenses increasing net position by \$28,376 from the previous year.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund deficit of \$6,049,544. The prior year fund deficit at June 30, 2017 was \$3,540,139. The net increase in the deficit for the year ended June 30, 2018 was \$2,509,405.

Revenues for the District's governmental funds were \$46,916,982 while total expenses were \$48,933,732 for the year ended June 30, 2018. The governmental funds also had other financing sources of \$133,919 and other financing uses of \$626,574.

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

The following schedule presents a summary of General Fund Revenues.

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Local Sources:				
Property Tax Levy	\$ 36,860,579	\$ 35,958,241	\$ 902,338	3%
Other	212,162	312,193	(100,031)	-32%
State Sources	7,840,348	7,284,201	556,147	8%
Federal Sources	<u>56,350</u>	<u>60,568</u>	<u>(4,218)</u>	-7%
 Total General Fund Revenues	 <u>\$ 44,969,439</u>	 <u>\$ 43,615,203</u>	 <u>\$ 1,354,236</u>	 3%

Total General Fund Revenues increased by \$1,354,236 or 3% over the previous year. Local property taxes increased by \$902,338 or 3% over the previous year primarily to offset increases in operating costs. Miscellaneous revenues decreased 32%. In addition, State aid revenues increased \$556,147 or 8% largely due to an increase in on-behalf State aid for teachers' pension contributions paid by the State on behalf of the District's teaching professionals. Federal aid revenues decreases by 7% due to a decrease in Medicaid reimbursements.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

The following schedule presents a summary of General Fund expenditures.

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Instruction	\$ 29,102,751	\$ 16,384,034	\$ 12,718,717	78%
Support Services	16,784,367	27,976,015	(11,191,648)	-40%
Debt Services	7,450		7,450	100%
Capital Outlay	<u>-</u>	<u>157,378</u>	<u>(157,378)</u>	-100%
Total Expenditures	<u>\$ 45,894,568</u>	<u>\$ 44,517,427</u>	<u>\$ 1,377,141</u>	3%

Total General Fund expenditures increased \$1,377,141 or approximately 3% from the previous year. The increase was due to increases in contractual salary and related employee benefit costs.

For the fiscal year ended June 30, 2018 General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$1,428,835. As a result, the total fund deficit increased to \$4,276,314 at June 30, 2018. After deducting restricted and assigned fund balances, the unassigned fund deficit increased by \$2,080,292 to \$4,927,771 at June 30, 2018 from a fund deficit of \$2,847,479 at June 30, 2017. Restricted fund balance increased by \$301,224 and assigned fund balances increased by \$350,233.

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

Revenues of the Special Revenue Fund were \$1,272,721 for the year ended June 30, 2018. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 84% or \$1,071,597 of the total revenue for the year. State sources accounted for 16% or \$201,124 of the total revenue for the year.

Expenditures of the Special Revenue Fund were \$1,272,721. Instructional expenditures were \$954,289 or 75% and expenditures for support services were \$318,432 or 25% of the total amount expended for the year ended June 30, 2017.

Capital Projects Fund - The capital project expenditures and other financing uses exceeded revenues and other financing sources by \$1,126,220 resulting in a fund deficit of \$1,818,880 at June 30, 2018. This decrease was the result of expenditures related to the 2016 voter approved referendum projects for improvements to various schools. The voters approved and authorized the issuance of \$19,873,807 in bonds which have not been issued by the District as of June 30, 2018.

Proprietary Funds

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

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

Enterprise Fund - The District uses an Enterprise Fund to report activities related to the Food Services and Preschool programs. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories:

- Implementing budgets for specially funded projects, which include both federal and state grants.

Revisions in the budget were also made through budget transfer.

General Fund budgetary expenditures and other financing uses exceeded budgetary revenues and other financing sources increasing the budgetary fund deficit by \$1,088,029 from the previous year. After deducting restricted and assigned fund balances, the unassigned budgetary fund deficit increased \$1,739,486 from \$2,731,365 at June 30, 2017 to \$4,470,851 at June 30, 2018.

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$21,085,806 (net of accumulated depreciation). The capital assets consist of land, construction in progress, buildings, building improvements, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2017-2018 amounted to \$98,137 for governmental activities.

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

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 18,803,100	\$ 18,803,100			\$ 18,803,100	\$ 18,803,100
Construction in Progress	1,818,880	692,660			1,818,880	692,660
Machinery and Equipment	<u>463,826</u>	<u>561,963</u>	<u>\$ 2,030</u>	<u>\$ 3,295</u>	<u>465,856</u>	<u>565,258</u>
Total Capital Assets, Net	<u>\$ 21,085,806</u>	<u>\$ 20,057,723</u>	<u>\$ 2,030</u>	<u>\$ 3,295</u>	<u>\$ 21,087,836</u>	<u>\$ 20,061,018</u>

Additional information on the District's capital assets are presented in the Notes of this report.

**LYNDHURST BOARD OF EDUCATION
LYNDHURST, NEW JERSEY**

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

LONG TERM LIABILITIES

At June 30, 2018 the District had \$14,432,045 of long term liabilities. Of this amount \$1,565,000 is for serial bonds; \$2,573,376 is for compensated absences; \$64,129 is for deferred pension obligation; \$970,000 is for accrued liability for insurance claims; and \$9,259,540 is for the District's net pension liability. For fiscal year 2018 total outstanding long-term liabilities decreased by \$3,767,505. The following is a comparison of the June 30, 2018 and 2017 balances.

**Long-Term Liabilities Outstanding
as of June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Bond Payable	\$ 1,565,000	\$ 2,130,000
Compensated Absences Payable	2,573,376	2,243,290
Deferred Pension Obligation	64,129	73,249
Accrued Liability for Insurance Claims	970,000	972,000
Net Pension Liability	<u>9,259,540</u>	<u>12,781,011</u>
 Total	 <u>\$ 14,432,045</u>	 <u>\$ 18,199,550</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

While many factors influence the district's future, the availability of funding for special education needs, student enrollment, condition of school facilities, financial condition of the District and the economy will have the most impact on educational and fiscal decisions in the future.

Many factors were considered by the District's administration during the process of developing the fiscal year 2018-2019 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were considered when adopting the budget for fiscal year 2018-2019. Budgeted expenditures in the General Fund increased approximately 3% to \$40,826,939 in fiscal year 2018-2019.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, Lyndhurst Board of Education, 420 Fern Avenue, Lyndhurst, NJ 07071.

DISTRICT-WIDE FINANCIAL STATEMENTS

LYNDHURST BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 10,304,003	\$ 35,879	\$ 10,339,882
Receivables, Net	225,300	27,960	253,260
Internal Balances	(4,000)	4,000	-
Inventory		9,927	9,927
Capital Assets, Not Being Depreciated	20,621,980		20,621,980
Capital Assets, Being Depreciated, Net	<u>463,826</u>	<u>2,030</u>	<u>465,856</u>
Total Assets	<u>31,611,109</u>	<u>79,796</u>	<u>31,690,905</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>2,386,910</u>	-	<u>2,386,910</u>
Total Deferred Outflows of Resources	<u>2,386,910</u>	-	<u>2,386,910</u>
Total Assets and Deferred Outflows of Resources	<u>33,998,019</u>	<u>79,796</u>	<u>34,077,815</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	4,406,548	52,859	4,459,407
Payable to Other Governments	46,367		46,367
Accrued Interest Payable	133,207		133,207
Unearned Revenue		15,578	15,578
Loans Payable	121,932		121,932
Notes Payable	12,019,856		12,019,856
Noncurrent Liabilities			
Due within one year	514,327		514,327
Due beyond one year	<u>13,917,718</u>	-	<u>13,917,718</u>
Total Liabilities	<u>31,159,955</u>	<u>68,437</u>	<u>31,228,392</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	2,707,036		2,707,036
Deferred Commodities Revenue	-	988	988
Total Deferred Inflows of Resources	<u>2,707,036</u>	<u>988</u>	<u>2,708,024</u>
Total Liabilities and Deferred Inflows of Resources	<u>33,866,991</u>	<u>69,425</u>	<u>33,936,416</u>
NET POSITION			
Net Investment in Capital Assets	17,736,926	2,030	17,738,956
Restricted for			
Debt Service	45,650		45,650
Unrestricted	<u>(17,651,548)</u>	<u>8,341</u>	<u>(17,643,207)</u>
Total Net Position	<u>\$ 131,028</u>	<u>\$ 10,371</u>	<u>\$ 141,399</u>

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities							
Instruction							
Regular	\$ 24,875,552	\$ 40,171	\$ 9,032,539		\$ (15,802,842)		\$ (15,802,842)
Special Education	9,527,569		4,361,830		(5,165,739)		(5,165,739)
Other Instruction	1,538,544		581,483		(957,061)		(957,061)
School Sponsored Activities and Athletics	1,129,029		73,675		(1,055,354)		(1,055,354)
Support Services							
Student and Instruction Related Services	7,771,240		1,835,671		(5,935,569)		(5,935,569)
General Administrative Services	1,330,676		56,905		(1,273,771)		(1,273,771)
School Administrative Services	3,388,005		956,997		(2,431,008)		(2,431,008)
Central and Other Support Services	1,126,547		67,257		(1,059,290)		(1,059,290)
Plant Operations and Maintenance	4,459,533		268,907		(4,190,626)		(4,190,626)
Pupil Transportation	1,217,608	72,858	116,564		(1,028,186)		(1,028,186)
Interest on Long-Term Debt	186,076	-	-	-	(186,076)	-	(186,076)
Total Governmental Activities	56,550,379	113,029	17,351,828	-	(39,085,522)	-	(39,085,522)
Business-Type Activities							
Food Service	802,711	164,716	283,475	-	-	\$ (354,520)	(354,520)
Preschool Program	395,178	235,361	-	-	-	(159,817)	(159,817)
Total Business-Type Activities	1,197,889	400,077	283,475	-	-	(514,337)	(514,337)
Total Primary Government	\$ 57,748,268	\$ 513,106	\$ 17,635,303	\$ -	(39,085,522)	(514,337)	(39,599,859)

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Continued

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

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenues			
Taxes			
Property Taxes Levied for General Purposes	\$ 36,860,579		\$ 36,860,579
Property Taxes Levied for Debt Service	640,223		640,223
State Aid -Unrestricted	428,077		428,077
Investment Earnings	58,222	\$ 398	58,620
Miscellaneous Income	75,510		75,510
Transfers	(542,315)	542,315	-
Total General Revenues	37,520,296	542,713	38,063,009
Change in Net Position	(1,565,226)	28,376	(1,536,850)
Net Position, Beginning of Year (Restated)	1,696,254	(18,005)	1,678,249
Net Position, End of Year	\$ 131,028	\$ 10,371	\$ 141,399

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 51	\$ 4,752	\$ 10,299,200		\$ 10,304,003
Intergovernmental Receivables	92,301	131,607			223,908
Other Accounts Receivables	1,392				1,392
Due from Other Funds	<u>30,909</u>	<u>601,142</u>	<u>-</u>	<u>\$ 45,650</u>	<u>677,701</u>
Total Assets	<u>\$ 124,653</u>	<u>\$ 737,501</u>	<u>\$ 10,299,200</u>	<u>\$ 45,650</u>	<u>\$ 11,207,004</u>
LIABILITIES					
Liabilities					
Accounts Payable	\$ 3,502,149	\$ 691,134	\$ 41,521		\$ 4,234,804
Accrued Salaries and Wages	28,331				28,331
Compensated Absences Payable	117,362				117,362
Payable to State Government		46,367			46,367
Due to Other Funds	631,142		76,559		707,701
Other Current Liabilities	51	-	-	-	51
Loans Payable	121,932				121,932
Notes Payable	<u>-</u>	<u>-</u>	<u>12,000,000</u>	<u>-</u>	<u>12,000,000</u>
Total Liabilities	<u>4,400,967</u>	<u>737,501</u>	<u>12,118,080</u>	<u>-</u>	<u>17,256,548</u>
FUND BALANCES (DEFICITS)					
Fund Balances (Deficits)					
Restricted					
Legally Restricted - Disallowed Grant Costs	301,224				301,224
Debt Service				\$ 45,650	45,650
Assigned					
Year End Encumbrances	350,233				350,233
Unassigned	<u>(4,927,771)</u>	<u>-</u>	<u>(1,818,880)</u>	<u>-</u>	<u>(6,746,651)</u>
Total Fund Balances (Deficits)	<u>(4,276,314)</u>	<u>-</u>	<u>(1,818,880)</u>	<u>45,650</u>	<u>(6,049,544)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 124,653</u>	<u>\$ 737,501</u>	<u>\$ 10,299,200</u>	<u>\$ 45,650</u>	<u>\$ 11,207,004</u>

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

Total Fund Balances (Exhibit B-1) \$ (6,049,544)

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$36,635,761 and the accumulated depreciation is \$15,549,955. 21,085,806

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

	Deferred Outflows of Resources	\$ 2,386,910
	Deferred Inflows of Resources	<u>(2,707,036)</u>
		(320,126)

The District has financed capital assets through the issuance of long-term bonds and short-term notes. The interest accrual at year end is: (133,207)

Premiums received on bond anticipation notes are deferred and amortized over the life of the note. (19,856)

Long-term liabilities, including bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

	Bonds Payable	(1,565,000)
	Compensated Absences	(2,573,376)
	Deferred Pension Obligation	(64,129)
	Accrued Liability for Insurance Claims	(970,000)
	Net Pension Liability	<u>(9,259,540)</u>
		(14,432,045)

Net Position of Governmental Activities (Exhibit A-1) \$ 131,028

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

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 36,860,579			\$ 640,223	\$ 37,500,802
Tuition	40,171				40,171
Transportation Fees	72,858				72,858
Interest	23,623		\$ 34,599		58,222
Miscellaneous - Unrestricted	<u>75,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,510</u>
Total - Local Sources	37,072,741	-	34,599	640,223	37,747,563
State Sources	7,840,348	\$ 201,124			8,041,472
Federal Sources	<u>56,350</u>	<u>1,071,597</u>	<u>-</u>	<u>-</u>	<u>1,127,947</u>
Total Revenues	<u>44,969,439</u>	<u>1,272,721</u>	<u>34,599</u>	<u>640,223</u>	<u>46,916,982</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	19,343,967	331,224			19,675,191
Special Education Instruction	7,543,878	609,795			8,153,673
Other Instruction	1,184,733	13,270			1,198,003
School-Sponsored Activities and Athletics	1,030,173				1,030,173
Support Services					
Student and Instruction Related Services	6,363,375	318,432			6,681,807
General Administrative Services	1,254,322				1,254,322
School Administrative Services	2,755,784				2,755,784
Central and Other Support Service	1,036,303				1,036,303
Plant Operations and Maintenance	4,202,357				4,202,357
Student Transportation	1,172,226				1,172,226
Debt Service					
Principal				565,000	565,000
Interest and Other Charges	7,450			75,223	82,673
Capital Outlay	<u>-</u>	<u>-</u>	<u>1,126,220</u>	<u>-</u>	<u>1,126,220</u>
Total Expenditures	<u>45,894,568</u>	<u>1,272,721</u>	<u>1,126,220</u>	<u>640,223</u>	<u>48,933,732</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(925,129)</u>	<u>-</u>	<u>(1,091,621)</u>	<u>-</u>	<u>(2,016,750)</u>
OTHER FINANCING SOURCES (USES)					
Premiums on Notes			49,660		49,660
Transfers In	38,609			45,650	84,259
Transfers Out	<u>(542,315)</u>	<u>-</u>	<u>(84,259)</u>	<u>-</u>	<u>(626,574)</u>
Total Other Financing Sources and Uses	<u>(503,706)</u>	<u>-</u>	<u>(34,599)</u>	<u>45,650</u>	<u>(492,655)</u>
Net Change in Fund Balances	(1,428,835)	-	(1,126,220)	45,650	(2,509,405)
Fund Balance (Deficits), Beginning of Year (Restated)	<u>(2,847,479)</u>	<u>-</u>	<u>(692,660)</u>	<u>-</u>	<u>(3,540,139)</u>
Fund Balance (Deficits), End of Year	<u>\$ (4,276,314)</u>	<u>\$ -</u>	<u>\$ (1,818,880)</u>	<u>\$ 45,650</u>	<u>\$ (6,049,544)</u>

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

**LYNDHURST BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (2,509,405)

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 of net position 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 Outlays	\$ 1,126,220	
Depreciation Expense	<u>(98,137)</u>	
		1,028,083

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of principal of long term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Repayment of Bond Principal		565,000
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The premiums received on short-term notes provides current financial resources to the governmental funds but they are deferred on the statement of net position and amortized over the life of the notes on the statement of activities.

Premium on Bond Anticipation Notes	(49,660)	
Amortization of Premium on Notes	<u>29,804</u>	
		(19,856)

by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Compensated Absences	(330,086)	
Decrease in Deferred Pension Obligations	9,120	
Decrease in Accrued Liability for Insurance Claims	2,000	
Increase in Pension Expense	<u>(176,875)</u>	
		(495,841)

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

Increase in Accrued Interest		<u>(133,207)</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ (1,565,226)

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

	Business-Type Activities Enterprise Funds		
	<u>Food Service</u>	<u>Preschool Program</u>	<u>Total</u>
ASSETS			
Cash	\$ 33,968	\$ 1,911	\$ 35,879
Intergovernmental Receivable, Net:	19,607		19,607
Accounts Receivable, Net	5,565	2,788	8,353
Due from Other Funds	4,000		4,000
Inventory	9,927	-	9,927
Total Current Assets	73,067	4,699	77,766
Capital Assets			
Equipment	39,465		39,465
Accumulated Depreciation	37,435	-	37,435
Total Capital Assets, Net	2,030	-	2,030
Total Assets	75,097	4,699	79,796
LIABILITIES			
Current Liabilities			
Accounts Payable	52,859		52,859
Unearned Revenue	15,578	-	15,578
Total Current Liabilities	68,437	-	68,437
DEFERRED INFLOW OF RESOURCES			
Deferred Commodities Revenue	988	-	988
Total Liabilities and Deferred Inflow of Resources	69,425	-	69,425
NET POSITION			
Investment in Capital Assets	2,030	-	2,030
Unrestricted	3,642	4,699	8,341
Total Net Position	\$ 5,672	\$ 4,699	\$ 10,371

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

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

**Business-Type Activities
 Enterprise Funds**

	<u>Food Service</u>	<u>Preschool Program</u>	<u>Total</u>
OPERATING REVENUES			
Local Sources			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 142,191		\$ 142,191
Daily Sales - Non-Reimbursable Program	22,525		22,525
Program Fees	-	\$ 235,361	235,361
Total Operating Revenues	<u>164,716</u>	<u>235,361</u>	<u>400,077</u>
OPERATING EXPENSES			
Cost of Sales - Reimbursable Programs	218,504		218,504
Cost of Sales - Non-Reimbursable Programs	10,344		10,344
Salaries	455,514	347,704	803,218
Employee Benefits	42,217	40,341	82,558
Purchased Management Services	21,676		21,676
Insurance	13,307		13,307
Other Purchased Services	24,252	7,133	31,385
Repair and Maintenance	3,939		3,939
Supplies and Materials	1,016		1,016
Miscellaneous	10,677		10,677
Depreciation	1,265	-	1,265
Total Operating Expenses	<u>802,711</u>	<u>395,178</u>	<u>1,197,889</u>
Operating (Loss)	<u>(637,995)</u>	<u>(159,817)</u>	<u>(797,812)</u>
NONOPERATING REVENUES			
State Sources			
State School Lunch Program	5,341		5,341
Federal Sources			
National School Breakfast Program	20,062		20,062
National School Lunch Program	229,988		229,988
Food Distribution Program	28,084		28,084
Interest Income	368	30	398
Total Nonoperating Revenues	<u>283,843</u>	<u>30</u>	<u>283,873</u>
Changes in Net Position Before Transfers	(354,152)	(159,787)	(513,939)
Transfers In	<u>378,000</u>	<u>164,315</u>	<u>542,315</u>
Net Change in Net Position	23,848	4,528	28,376
Total Net Position, Beginning of Year (Restated)	<u>(18,176)</u>	<u>171</u>	<u>(18,005)</u>
Total Net Position, End of Year	<u>\$ 5,672</u>	<u>\$ 4,699</u>	<u>\$ 10,371</u>

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

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

	Business-Type Activities Enterprise Funds		
	Food Service	Preschool Program	Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 174,729	\$ 232,573	\$ 407,302
Cash Payments for Employees Salaries and Benefits	(497,731)	(388,045)	(885,776)
Cash Payments to Suppliers for Goods and Services	(319,611)	(7,133)	(326,744)
Net Cash (Used for) Operating Activities	(642,613)	(162,605)	(805,218)
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	276,543	-	276,543
Cash Received from Other Funds	374,000	164,315	538,315
Net Cash Provided by Noncapital Financing Activities	650,543	164,315	814,858
Cash Flows from Investing Activities			
Interest Received	368	30	398
Net Cash Provided by Investing Activities	368	30	398
Net Increase in Cash	8,298	1,740	10,038
Cash, Beginning of Year	45,277	171	45,448
Cash, End of Year	\$ 53,575	\$ 1,911	\$ 55,486
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities			
Operating (Loss)	\$ (637,995)	\$ (159,817)	\$ (797,812)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities			
Depreciation	1,265	-	1,265
Non-Cash Federal Assistance-Food Distribution Program	28,084	-	28,084
Change in Assets, Liabilities and Deferred Inflows of Resources			
(Increase)/Decrease in Accounts Receivable	(5,565)	(2,788)	(8,353)
(Increase)/Decrease in Inventory	(9,927)	-	(9,927)
Increase/(Decrease) in Accounts Payable	(35,041)	-	(35,041)
Increase/(Decrease) in Unearned Revenue	15,578	-	15,578
Increase/(Decrease) in Deferred Commodities Revenue	988	-	988
Total Adjustments	(4,618)	(2,788)	(7,406)
Net Cash (Used for) Operating Activities	\$ (642,613)	\$ (162,605)	\$ (805,218)
Non-Cash Investing, Capital and Financing Activities:			
Value Received - Food Distribution Program	\$ 29,072	-	-

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

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

	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash	\$ 67,801	\$ 1,584,463
Due from Other Funds	<u>-</u>	<u>26,000</u>
Total Assets	<u>67,801</u>	<u>\$ 1,610,463</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 80,004
Employee Deposits Payable		1,204,678
Due to Student Groups	<u>-</u>	<u>325,781</u>
Total Liabilities	<u>-</u>	<u>\$ 1,610,463</u>
NET POSITION		
Held in Trust for Scholarship Awards	<u>\$ 67,801</u>	

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

	<u>Private Purpose Scholarship Fund</u>
ADDITIONS	
Investment Earnings	
Interest	\$ 762
Total Additions	762
DEDUCTIONS	
Scholarship Awards	-
Change in Net Position	762
Net Position, Beginning of the Year	<u>67,039</u>
Net Position, End of the Year	<u>\$ 67,801</u>

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

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

C. Basis of Presentation - Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

The *preschool fund* accounts for the activities of the District's preschool program which provides a learning environment and educational programs to resident children between the ages of 3 and 4 years old.

Additionally, the government reports the following fund types:

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

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

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

Reclassifications

Certain amounts presented in the prior year data 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	20-50
Heavy Equipment and Vehicles	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5-7

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items which arises 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 inventory 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Compensated Absences*

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

7. *Pensions*

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

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

8. *Long-Term Obligations and Note Premiums*

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. Note premiums are deferred and amortized over the life of the notes using the effective interest method. Notes payable are reported with the unamortized note premium.

In the fund financial statements, governmental fund types recognize note premiums during the current period. Premiums received on debt issuances are reported as other financing sources.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

District-Wide Statements (Continued)

- **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.

Legally Restricted – Disallowed Grant Costs – This restriction was created to represent the amount of prior years’ expenditures paid from federal grant programs that were determined to be unallowable as a result of an audit performed by the grantor agencies. These disallowed grant costs are currently under appeal by the District.

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Fund Balance Policies*

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

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and preschool enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services and administrative expenses. 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.

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$342,552. The increase was funded by additional grant awards.

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

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

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. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<u>General Fund</u>			
Undistributed Expenditures			
Health Services			
Purchased Professional/Technical Services	\$ 103,165	\$ 103,949	\$ (784)
Speech, OT, PT & Related Services			
Purchased Professional/Educational Services	484,477	587,272	(102,795)
General Administration			
Communications/Telephone	156,727	171,274	(14,547)
Miscellaneous Expenditures	3,283	3,533	(250)
Central Services			
Purchased Technical Services	217,147	222,147	(5,000)
Interest on Bond Anticipation Notes (BANs)		7,450	(7,450)
Required Maintenance for School Facilities			
Cleaning, Repair and Maintenance Services	486,776	501,875	(15,099)
General Supplies	28,163	31,426	(3,263)
Custodial Services			
Salaries	941,647	1,058,773	(117,126)
General Supplies	81,238	88,289	(7,051)
Energy (Natural Gas)	120,545	123,927	(3,382)
Energy (Electricity)	237,517	254,546	(17,029)
Other Objects	2,886	3,776	(890)
Care and Upkeep of Grounds			
Cleaning, Repair and Maintenance Services	30,166	31,545	(1,379)
Student Transportation Services			
Sal. For Pupil Transportation (Bet. Home & Sch)-Reg.	83,705	90,751	(7,046)
Sal. For Pupil Transportation (Other Than Bet. Home & Sch)	56,000	63,565	(7,565)
Cleaning, Repair and Maintenance Services	60,018	80,938	(20,920)
Contr. Serv. (Other Than Bet Home & Sch)-Vendor	42,776	50,981	(8,205)
Contr. Serv. (Bet. Home & Sch)-Joint Agreements	39,517	44,227	(4,710)

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations (Continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<u>General Fund</u>			
Unallocated Employee Benefits			
Social Security Contributions	455,000	500,311	(45,311)
Other Retirement Contributions - PERS	364,627	374,993	(10,366)
Unemployment Compensation	75,000	87,153	(12,153)
Health Benefits	4,038,719	5,112,211	(1,073,492)
Unused Sick Payments to Terminated/Retired Staff	238,256	343,212	(104,956)
Other Financing Uses			
Transfer Out - Food Service Fund	290,000	378,000	(88,000)

In addition to the individual budget account line overexpenditures noted above, the District's total actual budget expenditures exceeded the total approved budget appropriations by \$958,895 for the fiscal year ended June 30, 2018.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$4,927,771 in the General Fund as of June 30, 2018 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2017/2018 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$4,927,771 in the General Fund is more than the delayed state aid payments.

The deficit is the result of both the delayed state aid payments in the amount of \$456,920 and a deficit in general fund operations in the amount of \$4,470,851. For the fiscal year ended June 30, 2018, the portion of the deficit resulting from general fund operations is a violation of New Jersey statutes and budget regulations and therefore, requires a corrective action plan to be submitted by the District to the State Department of Education. In addition, as a result of the general fund deficit the State Department of Education appointed a state fiscal monitor in September of 2018 to oversee the financial activities of the District.

The District has an accumulated deficit in fund balance of \$1,818,880 in the Capital Projects Fund as of June 30, 2018. This deficit is the result of the District utilizing temporary financing to fund expenditures for certain capital projects. As the District permanently finances these appropriations the District will realize as revenues the proceeds of the long-term financing. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$11,992,146 and bank and brokerage firm balances of the Board's deposits amounted to \$12,700,648. The Board's deposits which are displayed on the various fund balance sheets as "cash" are categorized as:

Depository Account

Insured	<u>\$ 12,700,648</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, 2018 the Board's bank balance was not exposed to custodial credit risk.

Investments

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

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

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

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Preschool Program</u>	<u>Total</u>
Receivables:					
Intergovernmental					
State	\$ 92,301	\$ 1,341	\$ 414		\$ 94,056
Federal		130,266	19,193		149,459
Accounts	<u>1,392</u>	<u>-</u>	<u>5,565</u>	<u>\$ 2,788</u>	<u>9,745</u>
Gross Receivables	93,693	131,607	25,172	2,788	253,260
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 93,693</u>	<u>\$ 131,607</u>	<u>\$ 25,172</u>	<u>\$ 2,788</u>	<u>\$ 253,260</u>

C. Capital Assets

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

	<u>Balance, July 1, 2017 (Restated)</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2018</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 18,803,100			\$ 18,803,100
Construction in Progress	<u>692,660</u>	<u>\$ 1,126,220</u>	<u>-</u>	<u>1,818,880</u>
Total Capital Assets, Not Being Depreciated	<u>19,495,760</u>	<u>1,126,220</u>	<u>-</u>	<u>20,621,980</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	13,456,100			13,456,100
Machinery and Equipment	<u>2,557,681</u>	<u>-</u>	<u>-</u>	<u>2,557,681</u>
Total Capital Assets Being Depreciated	<u>16,013,781</u>	<u>-</u>	<u>-</u>	<u>16,013,781</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(13,456,100)			(13,456,100)
Machinery and Equipment	<u>(1,995,718)</u>	<u>(98,137)</u>	<u>-</u>	<u>(2,093,855)</u>
Total Accumulated Depreciation	<u>(15,451,818)</u>	<u>(98,137)</u>	<u>-</u>	<u>(15,549,955)</u>
Total Capital Assets, Being Depreciated, Net	<u>561,963</u>	<u>(98,137)</u>	<u>-</u>	<u>463,826</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,057,723</u>	<u>\$ 1,028,083</u>	<u>\$ -</u>	<u>\$ 21,085,806</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance, <u>July 1, 2017</u> (Restated)	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 39,465	-	-	\$ 39,465
Total Capital Assets Being Depreciated	<u>39,465</u>	-	-	<u>39,465</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(36,170)	\$ (1,265)	-	(37,435)
Total Accumulated Depreciation	<u>(36,170)</u>	<u>(1,265)</u>	-	<u>(37,435)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,295</u>	<u>(1,265)</u>	-	<u>2,030</u>
Business-Type Activities Capital Assets, Net	<u>\$ 3,295</u>	<u>\$ (1,265)</u>	<u>\$ -</u>	<u>\$ 2,030</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 46,082
Special Education	13,408
Other Instruction	3,018
School Sponsored Activities and Athletics	<u>2,354</u>
Total Instruction	<u>64,862</u>
Support Services	
Students and Instruction Related Services	14,917
General Administrative Services	1,818
School Administrative Services	7,187
Central and Other Support Services	2,149
Plant Operations and Maintenance	6,123
Pupil Transportation	<u>1,081</u>
Total Support Services	<u>33,275</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 98,137</u>
Business-Type Activities:	
Food Service	<u>\$ 1,265</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 1,265</u>

Construction Commitments

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
High School Interior Renovations Project	<u>\$ 1,308,783</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 30,909
Special Revenue Fund	General Fund	601,142
Debt Service Fund	Capital Projects Fund	45,650
Food Service Fund	General Fund	4,000
Payroll Agency Fund	General Fund	<u>26,000</u>
		<u>\$ 707,701</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 to cover cash balances which were in an overdraft position.

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

Interfund transfers

	<u>Transfer In:</u>				<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Food Service Fund</u>	<u>Preschool Program Fund</u>	
Transfer Out:					
General Fund			\$ 378,000	\$ 164,315	\$ 542,315
Capital Projects Fund	\$ 38,609	\$ 45,650	-	-	<u>84,259</u>
Total	<u>\$ 38,609</u>	<u>\$ 45,650</u>	<u>\$ 378,000</u>	<u>\$ 164,315</u>	<u>\$ 626,574</u>

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt

General Obligation Bonds

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

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

\$2,030,000, 2003 Pension Refunding Bonds, due in annual installments of \$35,000 through April 1, 2019, interest at 5.65%	\$35,000
\$2,270,000, 2016 Refunding Bonds, due in annual installments of \$375,000 to \$390,000 through July 1, 2021, interest at 3.00% to 4.00%	<u>1,530,000</u>
Total	<u>\$1,565,000</u>

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

Governmental Activities:

Fiscal Year Ended June 30,	Serial Bonds		Total
	Principal	Interest	
2019	\$ 425,000	\$ 53,428	\$ 478,428
2020	385,000	37,900	422,900
2021	380,000	22,600	402,600
2022	<u>375,000</u>	<u>7,500</u>	<u>382,500</u>
	<u>\$ 1,565,000</u>	<u>\$ 121,428</u>	<u>\$ 1,686,428</u>

Statutory Borrowing Power

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

4% of Equalized Valuation Basis (Municipal)	\$ 123,269,568
Less: Net Debt Issued And Debt Authorized But Not Issued	<u>21,403,807</u>
Remaining Borrowing Power	<u>\$ 101,865,761</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Other Long-Term Liabilities

Deferred Pension Obligation

During the 2008/2009 school year the Board elected to contribute only 50% of its normal and accrued liability components of the Public Employee Retirement System (PERS) obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$90,663 and is being paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.00% effective July 1, 2017), at June 30, 2018 is \$64,129.

Changes in Long-Term Liabilities

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

	Balance, <u>July 1, 2017</u> (Restated)	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2018</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds Payable	\$ 2,130,000		\$ 565,000	\$ 1,565,000	\$ 425,000
Compensated Absences	2,243,290	\$ 734,035	403,949	2,573,376	75,000
Deferred Pension Obligation	73,249	5,128	14,248	64,129	14,327
Accrued Liability for Insurance Claims	972,000	6,180,639	6,182,639	970,000	
Net Pension Liability	<u>12,781,011</u>	<u>-</u>	<u>3,521,471</u>	<u>9,259,540</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 18,199,550</u>	<u>\$ 6,919,802</u>	<u>\$ 10,687,307</u>	<u>\$ 14,432,045</u>	<u>\$ 514,327</u>

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2018 was as follows:

Bond Anticipation Notes/Loans Payable

The Board issues Bond Anticipation Notes ("Project Notes") to interim finance Capital Projects. The Board issues loans to temporarily finance the delayed state aid payment received subsequent to the fiscal year end. The Board's short-term debt activity for the fiscal year ended June 30, 2018 was as follows:

<u>Purpose</u>	<u>Rate %</u>	<u>Maturity Date</u>	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2018</u>
Bond Anticipation Notes:						
2016 Referendum Projects	2.00	9/14/2018	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
2016 Referendum Projects	2.75	9/14/2018		11,000,000		11,000,000
Add: Premiums			-	49,660	29,804	19,856
Total Bond Anticipation Notes			1,000,000	12,049,660	1,029,804	12,019,856
Delayed State Aid Loan	2.15	7/11/2018	-	121,932	-	121,932
			<u>\$ 1,000,000</u>	<u>\$ 12,171,592</u>	<u>\$ 1,029,804</u>	<u>\$ 12,141,788</u>

State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date; provided however that notes are not renewed beyond the third anniversary date of the originals unless an amount of such notes equal to the first legally payable installment of the bonds such notes were issued in anticipation of are paid and retired in each subsequent year.

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 has established a group medical and prescription drug benefits insurance plan for its employees and their eligible dependents. Transactions related to the plan are accounted for in the General Fund. This District and its employees contribute to fund the entire cost of the plan. Claims are paid directly by the plan without a maximum per person lifetime benefit. Annual claims in excess of \$125,000 per individual are reimbursed through a Re-Insurance Agreement with Sun Life Financial. The re-insurance policy also contains an annual aggregate loss provision in the amount of \$1,000,000 for aggregate losses up to the \$125,000 individual stop loss deductible per person based on an aggregate loss provision factor of \$1,831.51 per employee per month. A contingent liability exists with respect to reinsurance, which would become an accrual liability in the event the reinsuring company may not be able to meet their obligations to the District under existing reinsurance agreements.

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

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

Estimates of claims incurred, but not reported (IBNR) at June 30, 2018, are reported as accrued liability for insurance claims. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$970,000 reported at June 30, 2018 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the group medical and prescription drug benefits plan for the fiscal years ended June 30, 2018 are as follows:

	<u>Year Ended June 30, 2018</u>
Unpaid Claims, beginning of fiscal year	\$ 972,000
Incurred claims (including IBNR's)	6,180,639
Claim payments	<u>6,182,639</u>
Unpaid claims, end of fiscal year	<u>970,000</u>

The District is a member of the School Alliance Insurance Fund (SAIF or Fund). The Fund is a risk sharing public entity pool, established for the purpose of insuring against property, liability, student activity worker's compensation claims and surety bond claims.

The relationship between the Board and the 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.

The SAIF 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 Fund are on file with the School's Business Administrator.

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

B. Contingent Liabilities

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities (Continued)

On January 26, 2018 the District was notified by the New Jersey Department of Education, Office of Fiscal Accountability and Compliance of its findings of an audit of the Districts No Child Left Behind Act (NCLB) Title I programs for the period July 1, 2014 through June 30, 2015. The result of the audit sought a recovery of disallowed grant expenditures due to the State in the amount of \$301,224. The District subsequently filed an appeal to the State’s audit findings and request for recovery of disallowed grant expenditures. As of the date of audit the District has not received a response to its appeal. The District has restricted fund balance of \$301,224 in the General Fund pending the outcome of its appeal.

C. Federal Arbitrage Regulations

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

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

The following represents the membership tiers for PERS:

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

The following represent the membership tiers for TPAF:

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

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

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

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

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

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

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

Annual Pension Costs (APC)

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

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

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 368,495	\$ 2,617,939	\$ 37,055
2017	383,375	1,964,264	
2016	383,771	1,328,908	

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$4,758 and \$1,733, respectively for PERS and the State contributed \$5,601 and \$6,159, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,409,718 during the fiscal year ended June 30, 2018 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

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

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

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

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)

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

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$9,259,540 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District's proportionate share was .03978 percent, which was a decrease of .00337 percent from its proportionate share measured as of June 30, 2016 of .04315 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$545,370 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 218,030	
Changes of Assumptions	1,865,478	\$ 1,858,639
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	63,051	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>240,351</u>	<u>848,397</u>
Total	<u>\$ 2,386,910</u>	<u>\$ 2,707,036</u>

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 117,236
2020	234,429
2021	63,533
2022	(459,878)
2023	<u>(275,446)</u>
	<u>\$ (320,126)</u>

Actuarial Assumptions

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

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

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

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

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

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, 2017 are summarized in the following table:

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

Discount Rate

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

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

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's Proportionate Share of the PERS Net Pension Liability	\$ 11,487,088	\$ 9,259,540	\$ 7,403,717

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

Pension Plan Fiduciary Net Position

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$8,156,644 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$117,743,077. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .17463 percent, which was an increase of .08865 percent from its proportionate share measured as of June 30, 2016 of .16598 percent.

**LYNDHURST BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

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

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

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

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

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, 2017 are summarized in the following table:

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

**LYNDHURST BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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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>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

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

Period of Projected Benefit

Payments for which the Following Rates were Applied:

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

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

Sensitivity of Net Pension Liability

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

	<u>1% Decrease (3.25%)</u>	<u>Current Discount Rate (4.25%)</u>	<u>1% Increase (5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 139,882,469</u>	<u>\$ 117,743,077</u>	<u>\$ 99,504,550</u>

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

**LYNDHURST BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

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

Plan Description and Benefits Provided

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Funded Status and Funding Progress

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

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

Post-Retirement Medical Benefits Contributions

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

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$1,690,871, \$1,636,679 and \$1,582,363, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$4,762,652. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$76,918,649. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .14340 percent, which was a decrease of .00034 percent from its proportionate share measured as of June 30, 2016 of .14374 percent.

Actuarial Assumptions

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

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

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

Long-Term Expected Rate of Return

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

Discount Rate

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

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

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>83,127,346</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 3,385,082
Interest on the Total OPEB Liability	2,442,776
Changes of Assumptions	(10,162,066)
Gross Benefit Payments	(1,946,151)
Contributions from the Member	71,662
Net Changes	<u>\$ (6,208,697)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>76,918,649</u>

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

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

Sensitivity of OPEB Liability

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

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>91,307,986</u>	\$ <u>76,918,649</u>	\$ <u>65,504,890</u>

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability (Continued)

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$ 63,258,153	\$ 76,918,649	\$ 95,059,627

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

F. Tax Abatements

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

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

NOTE 5 RESTATEMENTS

The financial statements as of June 30, 2017 have been adjusted to reflect certain unrecorded transactions and corrections to account balances from the amounts reported in previously issued financial statements as follows.

Governmental Activities

The financial statement as of June 30, 2017 of the governmental activities have been restated to reflect the adjustments of unrecorded capital assets and correction to accumulated depreciation in the amount of \$799,607, correction of an invalid current receivable in the amount of \$19,873,807, unrecorded current liabilities in the amount of \$1,615,978 and unrecorded long-term liabilities of \$1,045,249. The effect of these restatements is to decrease net position of governmental activities by \$21,735,427 from \$23,431,681 as previously reported to \$1,696,254 as of June 30, 2017.

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

NOTE 5 RESTATEMENTS (Continued)

Business-Type Activities and Proprietary Funds

The financial statements as of June 30, 2017 of the Business-Type activities and Proprietary Funds were restated to reflect the adjustments of unrecorded food service capital assets and related accumulated depreciation. The effect of this restatement is to increase business-type activities and total proprietary funds net position by \$3,295 from \$(21,300) as previously reported to \$(18,005) as of June 30, 2017.

Governmental Funds

The financial statements as of June 30, 2017 of the governmental funds have been restated to reflect the adjustments for an invalid accounts receivable in the Capital Projects Fund of \$19,873,807 and unrecorded liabilities in the General Fund of \$1,615,978. The effect of these restatements is to decrease fund balances of governmental funds by \$21,489,785 from \$17,949,646 as previously reported to a fund deficit of \$(3,540,139) as of June 30, 2018.

NOTE 6 SUBSEQUENT EVENTS

Project Notes

On September 14, 2018 the District issued \$12,000,000 of project notes to temporarily finance expenditures related to the 2016 referendum capital improvement projects. The District awarded the sale of said notes to Jefferies LLC at an interest rate of 3.00%. These notes dated September 14, 2018 will mature on September 13, 2019.

REQUIRED SUPPLEMENTARY INFORMATION - PART II
BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Adjustments	Final Budget	Actual	variance Final To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 36,860,579		\$ 36,860,579	\$ 36,860,579	
Tuition from Individuals	206,335		206,335	13,988	\$ (192,347)
Tuition from Other LEAs within the State	18,213		18,213	12,533	(5,680)
Tuition from Other Government within the State	26,707		26,707	13,650	(13,057)
Transportation from Individuals	72,000		72,000	72,858	858
Interest Income				23,623	23,623
Miscellaneous	188,000	-	188,000	75,510	(112,490)
Total Local	37,371,834	-	37,371,834	37,072,741	(299,093)
State Sources					
Special Education Aid	1,439,268		1,439,268	1,484,288	45,020
Equalization Aid	404,524		404,524	404,524	-
Extraordinary Aid	290,000		290,000	334,988	44,988
Security Aid	75,106		75,106	75,106	-
Transportation Aid	61,668		61,668	61,668	-
Additional Adjustment Aid	1		1	1	-
PARCC Readiness Aid	24,220		24,220	24,220	-
Per Pupil Growth Aid	24,220		24,220	24,220	-
Professional Learning Community Aid	24,590		24,590	24,590	-
Non-Public Transportation Aid				21,170	21,170
Lead Testing for Schools Aid				2,250	2,250
On-behalf TPAF Contributions (Nonbudgeted)					
Pension Benefit Contribution				2,555,913	2,555,913
Pension - NCGI Premium				62,026	62,026
Post Retirement Medical Benefit Contribution				1,690,871	1,690,871
Long-Term Disability Insurance Premium				5,601	5,601
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	-	-	-	1,409,718	1,409,718
Total State	2,343,597	-	2,343,597	8,181,154	5,837,557
Federal Sources					
Medicaid Reimbursement	38,428	-	38,428	56,350	17,922
Total Federal Sources	38,428	-	38,428	56,350	17,922
Total Revenues	39,753,859	-	39,753,859	45,310,245	5,556,386
CURRENT EXPENDITURES					
Regular Programs-Instruction					
Salaries of Teachers:					
Preschool	211,518	\$ (199,065)	12,453	88	12,365
Kindergarten	775,782	(101,449)	674,333	657,580	16,753
Grades 1-5	3,552,951	36,941	3,589,892	3,507,940	81,952
Grades 6-8	2,557,125	(18,075)	2,539,050	2,470,229	68,821
Grades 9-12	4,163,981	323,062	4,487,043	4,374,347	112,696
Regular Programs-Home Instruction					
Salaries of Teachers	25,000	8,083	33,083	33,083	-
Regular Programs-Undistributed Instruction					
Other Salaries for Instruction	279,373	41,521	320,894	320,894	
Purchased Professional Educational Services	20,000	875	20,875	20,874	1
Other Purchased Services	485,672	67,547	553,219	503,136	50,083
General Supplies	271,720	15,233	286,953	282,952	4,001
Textbooks	26,762	41,734	68,496	66,495	2,001
Total Regular Programs	12,369,884	216,407	12,586,291	12,237,618	348,673

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CURRENT EXPENDITURES (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 244,771	\$ 278,191	\$ 522,962	\$ 516,212	\$ 6,750
Other Salaries for Instruction	90,018	136,568	226,586	226,586	-
General Supplies	1,000	5,516	6,516	6,516	-
Textbooks	1,000	(1,000)	-	-	-
Other Objects	1,500	(230)	1,270	1,270	-
Total Language and/or Language Disabilities	<u>338,289</u>	<u>419,045</u>	<u>757,334</u>	<u>750,584</u>	<u>6,750</u>
Multiple Disabilities					
Salaries of Teachers	205,069	(205,069)	-	-	-
Other Salaries for Instruction	74,000	(74,000)	-	-	-
General Supplies	1,000	(1,000)	-	-	-
Total Multiple Disabilities	<u>280,069</u>	<u>(280,069)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Resource Room/Resource Center					
Salaries of Teachers	2,177,407	(56,224)	2,121,183	2,069,664	51,519
Other Salaries for Instruction	177,300	(42,025)	135,275	135,275	-
General Supplies	3,400	397	3,797	3,796	1
Textbooks	4,000	(4,000)	-	-	-
Total Resource Room/Resource Center	<u>2,362,107</u>	<u>(101,852)</u>	<u>2,260,255</u>	<u>2,208,735</u>	<u>51,520</u>
Preschool Disabilities - Part-Time					
Salaries of Teachers	104,171	(2,941)	101,230	100,480	750
Other Salaries for Instruction	18,500	37	18,537	18,537	-
General Supplies	-	237	237	237	-
Total Preschool Disabilities - Part-Time	<u>122,671</u>	<u>(2,667)</u>	<u>120,004</u>	<u>119,254</u>	<u>750</u>
Preschool Disabilities - Full-Time					
Salaries of Teachers	136,396	3,011	139,407	135,677	3,730
Other Salaries for Instruction	104,808	(780)	104,028	104,027	1
General Supplies	-	803	803	802	1
Total Preschool Disabilities - Full-Time	<u>241,204</u>	<u>3,034</u>	<u>244,238</u>	<u>240,506</u>	<u>3,732</u>
Home Instruction					
Purchased Professional Educational Service	22,688	13,497	36,185	36,185	-
Total Home Instruction	<u>22,688</u>	<u>13,497</u>	<u>36,185</u>	<u>36,185</u>	<u>-</u>
Total Special Education	<u>3,367,028</u>	<u>50,988</u>	<u>3,418,016</u>	<u>3,355,264</u>	<u>62,752</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	620,604	(86,102)	534,502	513,962	20,540
General Supplies	-	1,466	1,466	1,465	1
Total Basic Skills/Remedial - Instruction	<u>620,604</u>	<u>(84,636)</u>	<u>535,968</u>	<u>515,427</u>	<u>20,541</u>
Bilingual Education - Instruction					
Salaries of Teachers	221,719	16,274	237,993	230,208	7,785
General Supplies	-	94	94	94	-
Total Bilingual Education - Instruction	<u>221,719</u>	<u>16,368</u>	<u>238,087</u>	<u>230,302</u>	<u>7,785</u>

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

	Original Budget	Adjustments	Final Budget	Actual	variance Final To Actual
CURRENT EXPENDITURES (Continued)					
School Sponsored Co/Extra Curricular Activities					
Salaries	\$ 174,846	\$ (19,511)	\$ 155,335	\$ 155,335	-
Purchased Services	500	3,525	4,025	4,025	-
Supplies and Materials	32,600	(2,693)	29,907	29,906	\$ 1
Total School Sponsored Co/Extra Curricular Activities	207,946	(18,679)	189,267	189,266	1
School Sponsored Athletics					
Salaries	451,797	(23,149)	428,648	425,122	3,526
Purchased Services	73,775	(19,679)	54,096	54,096	-
Supplies and Materials	80,000	(13,709)	66,291	66,290	1
Other Objects	500	(500)	-	-	-
Transfer to Cover Deficit (Agency Funds)	92,000	(14,389)	77,611	58,159	19,452
Total School Sponsored Athletics	698,072	(71,426)	626,646	603,667	22,979
Instructional Alt Ed Program - Instruction					
Other Objects	500	(500)	-	-	-
Total Instructional Alt Ed Program - Instruction	500	(500)	-	-	-
Total Instruction	17,485,753	108,522	17,594,275	17,131,544	462,731
Undistributed Expenditures					
Instruction:					
Tuition to Other LEAs Within State - Regular		19,024	19,024	11,644	7,380
Tuition to Other LEAs Within State - Special	317,544	(62,045)	255,499	242,619	12,880
Tuition to County Voc. School District-Regular	234,664	22,126	256,790	254,108	2,682
Tuition to County Voc. School District-Special	408,834	(89,648)	319,186	319,186	-
Tuition to CSSD and Regional Day Schools	991,940	(48,642)	943,298	943,298	-
Tuition to Priv. School for the Disabled - Within State	776,329	44,406	820,735	820,734	1
Total Undistributed Expenditures- Instruction	2,729,311	(114,779)	2,614,532	2,591,589	22,943
Attendance and Social Work					
Salaries	25,000	-	25,000	25,000	-
Supplies and Materials	500	(105)	395	394	1
Total Attendance and Social Work	25,500	(105)	25,395	25,394	1
Health Services					
Salaries	634,572	6,547	641,119	634,263	6,856
Purchased Professional/Technical Services	162,100	(58,935)	103,165	103,949	(784)
Other Purchased Services	14,040	-	14,040	14,040	-
Supplies and Materials	12,000	(1,683)	10,317	10,316	1
Other Objects	3,000	(2,511)	489	489	-
Total Health Services	825,712	(56,582)	769,130	763,057	6,073
Speech, OT, PT, & Related Services					
Salaries	380,555	(1,669)	378,886	376,235	2,651
Purchased Professional/Educational Services	358,768	125,709	484,477	587,272	(102,795)
Supplies and Materials	2,500	819	3,319	3,318	1
Total Speech, OT, PT & Related Services	741,823	124,859	866,682	966,825	(100,143)
Other Support Services -Students- Extra Services					
Salaries	128,884	(2,967)	125,917	125,916	1
Purchased Professional/Educational Services	27,300	10,395	37,695	37,694	1
Supplies and Materials	2,500	364	2,864	2,864	-
Total Other Support Services - Students - Extra Services	158,684	7,792	166,476	166,474	2

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 862,169	\$ (119,772)	\$ 742,397	\$ 726,751	\$ 15,646
Salaries of Secretarial and Clerical Assistants	84,684	(20,453)	64,231	63,600	631
Purchased Professional/Educational Services	94,500	(18,061)	76,439	76,438	1
Other Purchased Professional & Technical Services	5,000	(3,200)	1,800	1,800	-
Supplies and Materials	19,750	(9,459)	10,291	10,290	1
Total Guidance	<u>1,066,103</u>	<u>(170,945)</u>	<u>895,158</u>	<u>878,879</u>	<u>16,279</u>
Child Study Team					
Salaries of Other Professional Staff	617,265	154,029	771,294	750,732	20,562
Salaries of Secretarial and Clerical Assistants	54,712	22,660	77,372	74,679	2,693
Purchased Professional-Educational Services	2,544	(2,544)	-	-	-
Miscellaneous Purchased Services	3,000	(1,326)	1,674	1,674	-
Supplies and Materials	5,000	315	5,315	5,315	-
Total Child Study Team	<u>682,521</u>	<u>173,134</u>	<u>855,655</u>	<u>832,400</u>	<u>23,255</u>
Improvement of Inst. Serv.					
Salaries of Supervisor of Instruction	754,838	106,500	861,338	860,508	830
Unused Vacation Payment to Terminated/Retired Staff	11,000	3,442	14,442	14,442	-
Other Purchased Services	6,000	(3,604)	2,396	2,396	-
Supplies and Materials	1,750	(1,071)	679	678	1
Other Objects	7,000	1,682	8,682	8,682	-
Total Improvement of Inst. Serv.	<u>780,588</u>	<u>106,949</u>	<u>887,537</u>	<u>886,706</u>	<u>831</u>
Educational Media/School Library					
Salaries	40,371	691	41,062	41,062	-
Supplies and Materials	3,000	(995)	2,005	2,005	-
Total Educational Media/School Library	<u>43,371</u>	<u>(304)</u>	<u>43,067</u>	<u>43,067</u>	<u>-</u>
Instructional Staff Training					
Purchased Professional-Educational Services	5,000	148	5,148	5,048	100
Other Purchased Services	8,000	(8,000)	-	-	-
Total Instructional Staff Training	<u>13,000</u>	<u>(7,852)</u>	<u>5,148</u>	<u>5,048</u>	<u>100</u>
General Administration					
Salaries	454,524	(3,795)	450,729	448,328	2,401
Unused Vacation Payment to Terminated/Retired Staff	-	5,452	5,452	5,452	-
Legal Services	142,000	(12,518)	129,482	129,481	1
Audit Fees	35,000	55,755	90,755	55,755	35,000
Architectural/Engineering Services	150,000	(144,400)	5,600	5,600	-
Other Purchased Professional Services	70,000	(10,764)	59,236	59,236	-
Communications/Telephone	162,862	(6,135)	156,727	171,274	(14,547)
BOE Other Purchased Services	5,000	(2,386)	2,614	2,614	-
Miscellaneous Purchased Services	129,821	3,243	133,064	133,063	1
General Supplies	13,000	3,014	16,014	16,014	-
BOE In-House Training / Meeting Supplies	3,000	(1,914)	1,086	1,086	-
Miscellaneous Expenditures	5,000	(1,717)	3,283	3,533	(250)
BOE Membership Dues and Fees	17,000	(1,682)	15,318	15,318	-
Total General Administration	<u>1,187,207</u>	<u>(117,847)</u>	<u>1,069,360</u>	<u>1,046,754</u>	<u>22,606</u>

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
School Administration					
Salaries of Principals/Assistant Principals	\$ 1,149,261	\$ 585	\$ 1,149,846	\$ 1,149,846	-
Salaries of Secretarial and Clerical Assistants	581,483	56,522	638,005	622,633	\$ 15,372
Purchased Professional & Technical Services	32,000	(12,500)	19,500	19,500	-
Other Purchased Services	19,400	(14,912)	4,488	4,487	1
Supplies and Materials	26,800	(8,184)	18,616	18,615	1
Other Objects	10,000	(2,097)	7,903	7,903	-
Total School Administration	1,818,944	19,414	1,838,358	1,822,984	15,374
Central Services					
Salaries	589,690	(56,397)	533,293	529,890	3,403
Unused Vacation Payment to Terminated/Retired Staff		38,729	38,729	38,729	-
Purchased Professional Services	6,000	4,222	10,222	10,221	1
Purchased Technical Services	219,040	(1,893)	217,147	222,147	(5,000)
Miscellaneous Purchased Services	4,000	(1,730)	2,270	2,270	-
Supplies and Materials	14,000	2,024	16,024	16,023	1
Interest on Bond Anticipation Notes (BANs)		-		7,450	(7,450)
Miscellaneous Expenditures	4,000	(3,550)	450	450	-
Total Central Services	836,730	(18,595)	818,135	827,180	(9,045)
Required Maintenance for School Facilities					
Salaries	320,553	32,647	353,200	353,030	170
Cleaning, Repair and Maintenance Services	539,813	(53,037)	486,776	501,875	(15,099)
General Supplies	34,000	(5,837)	28,163	31,426	(3,263)
Total Required Maintenance for School Facilities	894,366	(26,227)	868,139	886,331	(18,192)
Custodial Services					
Salaries	928,457	13,190	941,647	1,058,773	(117,126)
Unused Vacation Payment to Terminated/Retired Staff		2,115	2,115	2,114	1
Cleaning, Repair and Maintenance Services	74,981	761	75,742	75,740	2
Rental of Land and Building Other Than Lease Purchase Agreement	350,000	-	350,000	350,000	-
Other Purchased Property Services	410,302	-	410,302	410,301	1
Insurance	180,000	6,422	186,422	186,421	1
General Supplies	63,500	17,738	81,238	88,289	(7,051)
Energy (Natural Gas)	141,000	(20,455)	120,545	123,927	(3,382)
Energy (Electricity)	249,200	(11,683)	237,517	254,546	(17,029)
Energy (Gasoline)	17,000	(5,500)	11,500	11,500	-
Other Objects	5,000	(2,114)	2,886	3,776	(890)
Total Custodial Services	2,419,440	474	2,419,914	2,565,387	(145,473)
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Svc.	45,000	(14,834)	30,166	31,545	(1,379)
General Supplies	18,000	(14,353)	3,647	3,647	-
Total Care and Upkeep of Grounds	63,000	(29,187)	33,813	35,192	(1,379)
Security					
Salaries	105,062	(6,798)	98,264	98,264	-
Total Security	105,062	(6,798)	98,264	98,264	-

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
CURRENT EXPENDITURES (Continued)					
Student Transportation Services					
Salaries of Non-Instructional Aides	\$ 68,000	\$ (4,718)	\$ 63,282	\$ 63,281	\$ 1
Sal. For Pupil Transportation (Bet. Home & Sch)-Reg.	66,885	16,820	83,705	90,751	(7,046)
Sal. For Pupil Transportation (Bet. Home & Sch)-Spec.	46,885	3,271	50,156	48,870	1,286
Sal. For Pupil Transportation (Other Than Bet. Home & Sch)	50,000	6,000	56,000	63,565	(7,565)
Cleaning, Repair & Maint. Services	48,000	12,018	60,018	80,938	(20,920)
Lease Purchase Payments - School Buses	63,719	-	63,719	63,718	1
Contr. Serv. Aid in Lieu Payments-Non Public	75,000	35,478	110,478	110,477	1
Contr. Serv. Aid in Lieu Payments-Charter Sch.	10,000	-	10,000	10,000	-
Contr. Serv. (Other Than Bet Home & Sch)-Vendor	51,000	(8,224)	42,776	50,981	(8,205)
Contr. Serv. (Bet. Home & Sch)-Joint Agreements	150,000	(110,483)	39,517	44,227	(4,710)
Contr. Serv. (Spec. Ed. Students)-Joint Agreements	540,000	(44,261)	495,739	419,254	76,485
Transportation Supplies	20,000	(4,810)	15,190	15,190	-
Other Objects	5,000	(2,933)	2,067	2,066	1
Total Student Transportation Services	1,194,489	(101,842)	1,092,647	1,063,318	29,329
Unallocated Employee Benefits					
Social Security Contributions	455,000	-	455,000	500,311	(45,311)
Other Retirement Contributions - PERS	426,265	(61,638)	364,627	374,993	(10,366)
Other Retirement Contributions - Deferred PERS Pymt	14,346	(98)	14,248	14,248	-
Pension Contributions - (DCRP)	-	37,055	37,055	37,055	-
Unemployment Compensation	75,000	-	75,000	87,153	(12,153)
Workmen's Compensation	210,000	(3,775)	206,225	206,225	-
Health Benefits	4,307,000	(268,281)	4,038,719	5,112,211	(1,073,492)
Other Employee Benefits	640,120	103,637	743,757	697,710	46,047
Unused Sick Payments to Terminated/Retired Staff	84,166	154,090	238,256	343,212	(104,956)
Total Unallocated Employee Benefits	6,211,897	(39,010)	6,172,887	7,373,118	(1,200,231)
On-behalf TPAF Contributions (Nonbudgeted)					
Pension Benefit Contribution	-	-	-	2,555,913	(2,555,913)
Pension - NCGI Premium	-	-	-	62,026	(62,026)
Post Retirement Medical Benefit Contribution	-	-	-	1,690,871	(1,690,871)
Long-Term Disability Insurance Premium	-	-	-	5,601	(5,601)
Reimbursed TPAF Social Security Contributions (Nonbudgeted)	-	-	-	1,409,718	(1,409,718)
Total TPAF On-Behalf	-	-	-	5,724,129	(5,724,129)
Total Undistributed Expenditures	21,797,748	(257,451)	21,540,297	28,602,096	(7,061,799)
Total Current Expenditures	39,283,501	(148,929)	39,134,572	45,733,640	(6,599,068)

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services Assessment for Debt Service on SDA Funding	\$ 24,331	-	\$ 24,331	\$ 24,331	-
Total Facilities Acquisition and Construction Services	<u>24,331</u>	<u>-</u>	<u>24,331</u>	<u>24,331</u>	<u>-</u>
Total Capital Outlay	<u>24,331</u>	<u>-</u>	<u>24,331</u>	<u>24,331</u>	<u>-</u>
Transfer Funds to Charter Schools	156,027	\$ (15,387)	140,640	136,597	\$ 4,043
Total Expenditures	<u>39,463,859</u>	<u>(164,316)</u>	<u>39,299,543</u>	<u>45,894,568</u>	<u>(6,595,025)</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>290,000</u>	<u>164,316</u>	<u>454,316</u>	<u>(584,323)</u>	<u>(1,038,639)</u>
Other Financing Sources/(Uses)					
Transfer In - Capital Projects Fund				38,609	38,609
Transfer Out - Food Service Fund	(290,000)		(290,000)	(378,000)	(88,000)
Transfer Out - Preschool Program Fund	-	(164,316)	(164,316)	(164,315)	1
Total Other Financing Sources/(Uses)	<u>(290,000)</u>	<u>(164,316)</u>	<u>(454,316)</u>	<u>(503,706)</u>	<u>(49,390)</u>
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	-	-	-	(1,088,029)	(1,088,029)
Fund Balances (Deficits), Beginning of Year (Restated)	<u>(2,731,365)</u>	<u>-</u>	<u>(2,731,365)</u>	<u>(2,731,365)</u>	<u>-</u>
Fund Balances (Deficits), End of Year	<u>\$ (2,731,365)</u>	<u>\$ -</u>	<u>\$ (2,731,365)</u>	<u>\$ (3,819,394)</u>	<u>\$ (1,088,029)</u>
Recapitulation of Fund Balances (Deficits)					
Restricted Fund Balance					
Legally Restricted - Disallowed Grant Costs				\$ 301,224	
Assigned Fund Balance					
Year End Encumbrances				350,233	
Unassigned Fund Balance (Deficit)				<u>(4,470,851)</u>	
Fund Balance (Deficit) - Budgetary Basis				(3,819,394)	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Revenue Not Recognized on GAAP Basis				<u>(456,920)</u>	
Fund Balance (Deficit) Per Governmental Funds (GAAP)				<u>\$ (4,276,314)</u>	

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 174,843	\$ 72,648	\$ 247,491	\$ 201,124	\$ (46,367)
Federal	<u>841,212</u>	<u>269,904</u>	<u>1,111,116</u>	<u>1,071,597</u>	<u>(39,519)</u>
Total Revenues	<u>1,016,055</u>	<u>342,552</u>	<u>1,358,607</u>	<u>1,272,721</u>	<u>(85,886)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	184,376	23,405	207,781	204,781	3,000
Purchased Professional and Technical Services	17,000	3,782	20,782	20,782	-
Other Purchased Services	479,806	134,916	614,722	614,722	-
General Supplies	36,564	10,418	46,982	38,060	8,922
Textbooks	<u>15,402</u>	<u>3,635</u>	<u>19,037</u>	<u>19,023</u>	<u>14</u>
Total Instruction	<u>733,148</u>	<u>176,156</u>	<u>909,304</u>	<u>897,368</u>	<u>11,936</u>
Support Services					
Purchased Professional and Technical Services	34,310	38,489	72,799	69,168	3,631
Purchased Professional - Educational Services	178,754	108,993	287,747	231,578	56,169
Other Purchased Services	13,047	540	13,587	12,992	595
Supplies and Materials	13,419	4,653	18,072	4,694	13,378
Other Objects	<u>177</u>	<u>-</u>	<u>177</u>	<u>-</u>	<u>177</u>
Total Support Services	<u>239,707</u>	<u>152,675</u>	<u>392,382</u>	<u>318,432</u>	<u>73,950</u>
Unallocated Benefits					
Personal Services - Employee Benefits	<u>43,200</u>	<u>13,721</u>	<u>56,921</u>	<u>56,921</u>	<u>-</u>
Total Unallocated Benefits	<u>43,200</u>	<u>13,721</u>	<u>56,921</u>	<u>56,921</u>	<u>-</u>
Total Expenditures	<u>1,016,055</u>	<u>342,552</u>	<u>1,358,607</u>	<u>1,272,721</u>	<u>85,886</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Ending Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

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

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibits C-1, C-2)	\$ 45,310,245	\$ 1,272,721
State Aid payments recognized for GAAP purposes not recognized for budgetary statements (2016/2017 State Aid)	116,114	
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (2017/2018 State Aid)	<u>(456,920)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. (Exhibit B-2)	<u>\$ 44,969,439</u>	<u>\$ 1,272,721</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 45,894,568	\$ 1,272,721
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 45,894,568</u>	<u>\$ 1,272,721</u>

NOTE 2 RESTATEMENT

The budgetary fund deficit of the General Fund as of June 30, 2017 has been restated on the budgetary comparison schedule to reflect the adjustment of unrecorded liabilities in the amount of \$1,615,978. The effect of this restatement is to increase the budgetary fund deficit of the General Fund by \$1,615,978 from \$(1,115,387) as previously reported to \$(2,731,365) as of June 30, 2017.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Five Fiscal Years*

	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	0.03978%	0.04315%	0.04463%	0.04201%	0.04281%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,259,540	\$ 12,781,011	\$ 10,020,439	\$ 7,865,935	\$ 8,181,446
District's Covered-Employee Payroll	\$ 2,752,274	\$ 2,770,142	\$ 2,970,168	\$ 2,945,693	\$ 2,736,261
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	336.43%	461.38%	337.37%	267.03%	299.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

LYNDHURST BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Five Fiscal Years

	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 368,495	\$ 383,375	\$ 383,771	\$ 336,068	\$ 352,397
Contributions in Relation to the Contractually Required Contribution	<u>(368,495)</u>	<u>(383,375)</u>	<u>(383,771)</u>	<u>(336,068)</u>	<u>(352,397)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
District's Covered-Employee Payroll	\$ 2,752,274	\$ 2,770,142	\$ 2,970,168	\$ 2,945,693	\$ 2,736,261
Contributions as a Percentage of Covered-Employee Payroll	13.39%	13.84%	12.92%	11.41%	12.88%

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.

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

Teachers Pension and Annuity Fund

Last Six Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00%	0.00%	0.00%	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>117,743,077</u>	<u>130,571,153</u>	<u>98,187,722</u>	<u>88,688,359</u>	<u>80,612,933</u>
Total	<u>\$ 117,743,077</u>	<u>\$ 130,571,153</u>	<u>\$ 98,187,722</u>	<u>\$ 88,688,359</u>	<u>\$ 80,612,933</u>
District's Covered-Employee Payroll	\$ 18,271,889	\$ 17,772,618	\$ 17,618,977	\$ 16,345,640	\$ 15,177,018
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

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

Change of Benefit Terms: None.

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

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

Postemployment Health Benefit Plan

Last One Fiscal Year*

	<u>2018</u>
Total OPEB Liability	
Service Cost	\$ 3,385,082
Interest on Total OPEB Liability	2,442,776
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(10,162,066)
Gross Benefit Payments	(1,946,151)
Contribution from the Member	<u>71,662</u>
Net Change in Total OPEB Liability	(6,208,697)
Total OPEB Liability - Beginning	<u>83,127,346</u>
Total OPEB Liability - Ending	<u>\$ 76,918,649</u>
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	<u>76,918,649</u>
Total OPEB Liability - Ending	<u>\$ 76,918,649</u>
District's Covered-Employee Payroll	<u>\$ 21,024,163</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

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

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

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

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

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

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

REVENUES	IDEA <u>Basic</u>	IDEA <u>Preschool</u>	<u>Title I</u>	<u>Title II A</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Title IV</u>	<u>Temporary Emergency Impact Aid</u>	<u>Nonpublic Textbooks</u>	<u>To Exhibit E-1A</u>
Intergovernmental										
State									\$ 17,023	\$ 17,023
Federal	\$ 627,303	\$ 22,370	\$ 327,276	\$ 52,190	\$ 14,994	\$ 698	\$ 8,766	\$ 18,000	-	1,071,597
Total Revenues	\$ 627,303	\$ 22,370	\$ 327,276	\$ 52,190	\$ 14,994	\$ 698	\$ 8,766	\$ 18,000	\$ 17,023	\$ 1,088,620
EXPENDITURES										
Instruction										
Salaries of Teachers			\$ 204,781							\$ 204,781
Purchased Professional and Technical Services			20,782							20,782
Other Purchased Services	\$ 580,381	\$ 22,341						\$ 12,000		614,722
General Supplies	7,044	29	2,832		\$ 12,572	\$ 698		4,000		27,175
Textbooks	-	-	-	-	-	-	-	2,000	\$ 17,023	19,023
Total Instruction	587,425	22,370	228,395	-	12,572	698	-	18,000	17,023	886,483
Support Services										
Personal Services - Employee Benefits			56,921							56,921
Purchased Professional and Technical Services				\$ 39,500			\$ 8,766			48,266
Purchased Professional - Educational Services	37,304		41,960							79,264
Other Purchased Services				11,915	1,077					12,992
Supplies and Materials	2,574	-	-	775	1,345	-	-	-	-	4,694
Total Support Services	39,878	-	98,881	52,190	2,422	-	8,766	-	-	202,137
Total Expenditures	\$ 627,303	\$ 22,370	\$ 327,276	\$ 52,190	\$ 14,994	\$ 698	\$ 8,766	\$ 18,000	\$ 17,023	\$ 1,088,620

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

REVENUES	Exhibit	Nonpublic Chapter 192					Nonpublic Chapter 193			To Exhibit E-1A	
	E-1 Subtotal	Nonpublic Security	Nonpublic Nursing	Nonpublic Technology	Compensatory Education	ESL	Home Instruction	Exam. & Classification	Corrective Speech		Supplemental Instruction
Intergovernmental											
State	\$ 17,023	\$ 20,902	\$ 30,167	\$ 10,885	\$ 51,556	\$ 361	\$ 1,341	\$ 28,202	\$ 22,052	\$ 18,635	\$ 201,124
Federal	1,071,597	-	-	-	-	-	-	-	-	-	1,071,597
Total Revenues	\$ 1,088,620	\$ 20,902	\$ 30,167	\$ 10,885	\$ 51,556	\$ 361	\$ 1,341	\$ 28,202	\$ 22,052	\$ 18,635	\$ 1,272,721
EXPENDITURES											
Instruction											
Salaries of Teachers	\$ 204,781										\$ 204,781
Purchased Professional and Technical Services	20,782										20,782
Other Purchased Services	614,722										614,722
General Supplies	27,175			\$ 10,885							38,060
Textbooks	19,023	-	-	-	-	-	-	-	-	-	19,023
Total Instruction	886,483	-	-	10,885	-	-	-	-	-	-	897,368
Support Services											
Personnel Services - Employee Benefits	56,921										56,921
Purchased Professional and Technical Services	48,266	\$ 20,902									69,168
Purchased Professional - Educational Services	79,264		\$ 30,167		\$ 51,556	\$ 361	\$ 1,341	\$ 28,202	\$ 22,052	\$ 18,635	231,578
Other Purchased Services	12,992										12,992
Supplies and Materials	4,694	-	-	-	-	-	-	-	-	-	4,694
Total Support Services	202,137	20,902	30,167	-	51,556	361	1,341	28,202	22,052	18,635	375,353
Total Expenditures	\$ 1,088,620	\$ 20,902	\$ 30,167	\$ 10,885	\$ 51,556	\$ 361	\$ 1,341	\$ 28,202	\$ 22,052	\$ 18,635	\$ 1,272,721

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

**LYNDHURST BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue/Project Title</u>	<u>Modified Appropriation</u>	<u>Prior Years Expenditures</u>	<u>Current Year Expenditures</u>	<u>Unexpended Balance</u>
2016 Referendum - Improvements to Various Schools	\$ 19,873,807	\$ 692,660	\$ 1,126,220	\$ 18,054,927
	<u>\$ 19,873,807</u>	<u>\$ 692,660</u>	<u>\$ 1,126,220</u>	<u>\$ 18,054,927</u>
	<u>Reconciliation to GAAP Basis</u>			
	Project Balance, June 30, 2018			\$ 18,054,927
	Less: Debt Authorized But Not Issued			<u>(19,873,807)</u>
	Fund Balance (Deficit), June 30, 2018 (GAAP Basis)			<u>\$ (1,818,880)</u>
<u>Recapitulation of Fund Balance - June 30, 2018 (GAAP Basis)</u>				
Restricted for Capital Projects				
Year End Encumbrances				\$ 1,311,854
Designated for Capital Projects				<u>(3,130,734)</u>
Total Fund Balance (Deficit) - Capital Projects Fund				<u>\$ (1,818,880)</u>

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

Revenues and Other Financing Sources

Revenues:

Local Sources - Interest	\$ 34,599
Other Financing Sources	
Premiums on Bond Anticipation Notes	<u>49,660</u>

Total Revenues and Other Financing sources	<u>84,259</u>
--	---------------

Expenditures and Other Financing Uses

Expenditures:

Legal Services	6,250
Architect/Engineering Services	1,031,996
Other Purchased Services	45,316
Other Objects	42,658
Other Financing Uses	
Transfer Out - General Fund	38,609
Transfer Out - Debt Service Fund	<u>45,650</u>

Total Expenditures and Other Financing Uses	<u>1,210,479</u>
---	------------------

Excess (Deficiency) of Revenues and Other Financing Sources

Over (Under) Expenditures and Other Financing Uses	(1,126,220)
--	-------------

Fund Balance (Deficit), Beginning of Year (Restated)	<u>(692,660)</u>
--	------------------

Fund Balance (Deficit), End of Year	<u>\$ (1,818,880)</u>
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Reconciliation to GAAP Basis

Fund Balance (Deficit) - Budgetary Basis	<u>\$ (1,818,880)</u>
--	-----------------------

Fund Balance (Deficit) - GAAP Basis	<u>\$ (1,818,880)</u>
-------------------------------------	-----------------------

**LYNDHURST BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
BUDGETARY BASIS
2016 REFERENDUM - IMPROVEMENT TO VARIOUS SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	-	-	-	\$ 19,873,807
Total Revenues and Other Financing Sources	-	-	-	19,873,807
Expenditures and Other Financing Uses				
Legal Services	\$ 47,961	\$ 6,250	\$ 54,211	100,000
Architect/Engineering Services	32,782	1,031,996	1,064,778	2,789,647
Other Purchased Services	18,864	45,316	64,180	100,000
Construction Services			-	16,234,160
Equipment Purchases			-	-
Other Objects	593,053	42,658	635,711	650,000
Total Expenditures and Other Financing Uses	692,660	1,126,220	1,818,880	19,873,807
Excess (deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ (692,660)	\$ (1,126,220)	\$ (1,818,880)	\$ -

Additional project information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	November 8, 2016
Bonds Authorized	\$ 19,873,807
Bonds Issued	-
Original Authorized Cost	\$ 19,873,807
Additional Authorized Cost	-
Revised Authorized Cost	\$ 19,873,807

Percentage Increase(Decrease) Over Original

Authorized Cost	0.00%
Percentage Completion	9.15%
Original Target Completion Date	June 2020
Revised Target Completion Date	N/A

ENTERPRISE FUND

SCHEDULE G-1

**LYNDHURST BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

SCHEDULE G-2

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

SCHEDULE G-3

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

AGENCY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 325,781	\$ 1,258,682	\$ 1,584,463
Due from Other Funds	-	26,000	26,000
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 325,781</u>	<u>\$ 1,284,682</u>	<u>\$ 1,610,463</u>
 LIABILITIES			
Payroll Deductions and Withholdings		\$ 80,004	\$ 80,004
Employee Deposits Payable		1,204,678	1,204,678
Due to Student Groups	<u>\$ 325,781</u>	<hr/>	<hr/>
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 325,781</u>	<u>\$ 1,284,682</u>	<u>\$ 1,610,463</u>

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

THIS SCHEDULE IS NOT APPLICABLE

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

	<u>Balance, July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
Elementary Schools Account	\$ 36,553	\$ 105,526	\$ 106,241	\$ 35,838
High School Account	193,544	432,106	337,518	288,132
GoFundMe Account	100	1		101
Athletics Account	3,142	77,437	78,869	1,710
	<u>\$ 233,339</u>	<u>\$ 615,070</u>	<u>\$ 522,628</u>	<u>\$ 325,781</u>

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

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2018</u>
ASSETS				
Cash	\$ 1,098,794	\$ 29,118,528	\$ 28,958,640	\$ 1,258,682
Due from Other Funds	-	1,550,425	1,524,425	26,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,098,794</u>	<u>\$ 30,668,953</u>	<u>\$ 30,483,065</u>	<u>\$ 1,284,682</u>
LIABILITIES				
Accrued Salaries and Wages		\$ 14,726,148	\$ 14,726,148	
Payroll Deductions and Withholdings	\$ 17,710	13,193,280	13,130,986	\$ 80,004
Employee Deposits Payable	1,080,949	1,204,678	1,080,949	1,204,678
Health Benefits Payable	135		135	-
Due to Other Funds	-	20,422	20,422	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 1,098,794</u>	<u>\$ 29,144,528</u>	<u>\$ 28,958,640</u>	<u>\$ 1,284,682</u>

LONG-TERM DEBT

**LYNDHURST BOARD OF EDUCATION
 SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance July 1, 2017</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2018</u>
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NOT APPLICABLE

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 640,223	-	\$ 640,223	\$ 640,223	-
Total Revenues	<u>640,223</u>	<u>-</u>	<u>640,223</u>	<u>640,223</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Interest on Early Retirement Bonds	12,148	-	12,148	12,148	-
Redemption of Principal - Early Retirement Bonds	180,000	-	180,000	180,000	-
Interest on Bonds	63,075	-	63,075	63,075	-
Redemption of Bond Principal	<u>385,000</u>	<u>-</u>	<u>385,000</u>	<u>385,000</u>	<u>-</u>
Total Expenditures	<u>640,223</u>	<u>-</u>	<u>640,223</u>	<u>640,223</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
OTHER FINANCING SOURCES					
Transfers In - Capital Projects Fund	-	-	-	45,650	\$ 45,650
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,650</u>	<u>45,650</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	45,650	45,650
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,650</u>	<u>\$ 45,650</u>

Recapitulation of Fund Balance

Restricted for Debt Service:	
Unassigned	\$ 45,650
Total Fund Balance Restricted for Debt Service	<u>\$ 45,650</u>

STATISTICAL SECTION

This part of the Lyndhurst 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.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017 (Restated)	2018
Governmental Activities										
Net Investment In Capital Assets	\$ 17,145,263	\$ 17,577,883	\$ 18,952,883	\$ 19,077,883	\$ 19,822,284	\$ 19,818,725	\$ 16,616,775	\$ 20,252,716	\$ 17,450,063	\$ 17,736,926
Restricted			107,245	214,212	65,218					45,650
Unrestricted	(1,825,315)	(1,966,931)	(2,833,186)	(2,694,321)	(2,603,084)	(2,507,090)	(10,044,030)	(13,247,268)	(15,753,809)	(17,651,548)
Total Governmental Activities Net Position	<u>\$ 15,319,948</u>	<u>\$ 15,610,952</u>	<u>\$ 16,226,942</u>	<u>\$ 16,597,774</u>	<u>\$ 17,284,418</u>	<u>\$ 17,311,635</u>	<u>\$ 6,572,745</u>	<u>\$ 7,005,448</u>	<u>\$ 1,696,254</u>	<u>\$ 131,028</u>
Business-Type Activities										
Net Investment In Capital Assets									\$ 3,295	\$ 2,030
Restricted										
Unrestricted	\$ 17,199	\$ 16,934	\$ 35,116	\$ 7,886	\$ 15,332	\$ 1,930	\$ 298	\$ 819	\$ (21,300)	\$ 8,341
Total Business-Type Activities Net Position	<u>\$ 17,199</u>	<u>\$ 16,934</u>	<u>\$ 35,116</u>	<u>\$ 7,886</u>	<u>\$ 15,332</u>	<u>\$ 1,930</u>	<u>\$ 298</u>	<u>\$ 819</u>	<u>\$ (18,005)</u>	<u>\$ 10,371</u>
District-Wide										
Net Investment In Capital Assets	\$ 17,145,263	\$ 17,577,883	\$ 18,952,883	\$ 19,077,883	\$ 19,822,284	\$ 19,818,725	\$ 16,616,775	\$ 20,252,716	\$ 17,453,358	\$ 17,738,956
Restricted	-	-	107,245	214,212	65,218	-	-	-	-	45,650
Unrestricted	(1,808,116)	(1,949,997)	(2,798,070)	(2,686,435)	(2,587,752)	(2,505,160)	(10,043,732)	(13,246,449)	(15,775,109)	(17,643,207)
Total District Net Position	<u>\$ 15,337,147</u>	<u>\$ 15,627,886</u>	<u>\$ 16,262,058</u>	<u>\$ 16,605,660</u>	<u>\$ 17,299,750</u>	<u>\$ 17,313,565</u>	<u>\$ 6,573,043</u>	<u>\$ 7,006,267</u>	<u>\$ 1,678,249</u>	<u>\$ 141,399</u>

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

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

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 10,271,102	\$ 10,396,628	\$ 10,258,383	\$ 10,850,650	\$ 11,251,065	\$ 11,860,247	\$ 12,085,449	\$ 12,561,431	\$ 12,313,239	\$ 24,875,552
Special Education	2,089,010	2,885,367	2,883,630	3,041,577	3,068,156	2,630,426	3,523,300	3,416,548	3,740,517	9,527,569
Other Instruction	647,142	628,816	614,145	641,334	549,722	492,652	522,621	783,158	785,683	1,538,544
School Sponsored Activities and Athletics	595,618	607,330	601,361	692,043	714,817	724,117	738,452	743,964	793,920	1,129,029
Undistributed Expenditures										
Student and Instruction Related Services	3,283,523	3,407,594	3,674,705	3,612,327	3,303,366	3,623,245	3,773,261	3,919,115	4,381,210	7,771,240
General Administration	927,451	992,475	993,483	1,014,482	977,981	907,836	970,151	1,067,944	1,151,908	1,330,676
School Administrative Services	1,432,945	1,498,398	1,500,106	1,611,203	1,811,058	1,902,760	2,082,171	1,832,175	1,862,961	3,388,005
Central and Other Support Services	398,387	389,200	484,777	628,389	579,310	571,373	637,103	654,175	723,973	1,126,547
Plant Operation and Maintenance	1,777,746	1,848,139	2,388,875	2,653,257	2,900,593	3,203,055	3,181,439	3,879,186	3,780,148	4,459,533
Student Transportation Services	792,493	903,699	839,842	663,149	776,810	733,370	795,344	849,073	1,361,325	1,217,608
Unallocated Expenditures	11,251,892	12,314,042	11,655,878	12,282,723	13,369,711	13,003,133	23,434,250	12,858,478	25,558,417	
Interest on Long-Term Debt	293,498	275,988	256,813	237,098	216,818	195,008	171,658	147,653	23,643	186,076
Total Governmental Activities Expenses	33,760,807	36,147,676	36,151,998	37,928,232	39,519,407	39,847,222	51,915,199	42,712,900	56,476,944	56,550,379
Business-Type Activities:										
Food service	576,973	602,406	668,626	689,129	702,878	791,151	777,138	782,963	791,406	802,711
Pre-K Program									329	395,178
Before/After School Child Care/Pre-K	233,639	124,682	218,796	34,954	-	-	-	-	-	-
Total Business-Type Activities Expense	810,612	727,088	887,422	724,083	702,878	791,151	777,138	782,963	791,735	1,197,889
Total District Expenses	\$ 34,571,419	\$ 36,874,764	\$ 37,039,420	\$ 38,652,315	\$ 40,222,285	\$ 40,638,373	\$ 52,692,337	\$ 43,495,863	\$ 57,268,679	\$ 57,748,268
Program Revenues										
Governmental Activities:										
Charges for services	7,715							27,834		113,029
Operating grants and contributions	4,303,864	5,665,397	4,845,962	5,456,695	6,334,844	5,897,464	6,398,209	7,788,434	14,662,579	17,351,828
Capital grants and contributions		49,099								
Total Governmental Activities Program Revenues	4,311,579	5,714,496	4,845,962	5,456,695	6,334,844	5,897,464	6,398,209	7,816,268	14,662,579	17,464,857
Business-Type Activities:										
Charges for services	463,609	353,245	441,513	211,839						
Food Service					197,948	240,472	203,661	191,362	190,928	164,716
Pre-K Program										235,361
Operating grants and contributions	140,676	154,761	188,091	210,014	227,376	264,989	259,238	247,039	258,067	283,475
Capital grants and contributions										
Total Business Type Activities Program Revenues	604,285	508,006	629,604	421,853	425,324	505,461	462,899	438,401	448,995	683,552
Total District Program Revenues	\$ 4,915,864	\$ 6,222,502	\$ 5,475,566	\$ 5,878,548	\$ 6,760,168	\$ 6,402,925	\$ 6,861,108	\$ 8,254,669	\$ 15,111,574	\$ 18,148,409

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental Activities	\$ (29,449,228)	\$ (30,433,180)	\$ (31,306,036)	\$ (32,471,537)	\$ (33,184,563)	\$ (33,949,758)	\$ (45,516,990)	\$ (34,896,632)	\$ (41,814,365)	\$ (39,085,522)
Business-Type Activities	(206,327)	(219,082)	(257,818)	(302,230)	(277,554)	(285,690)	(314,239)	(344,562)	(342,740)	(514,337)
Total District-Wide Net Expense	\$ (29,655,555)	\$ (30,652,262)	\$ (31,563,854)	\$ (32,773,767)	\$ (33,462,117)	\$ (34,235,448)	\$ (45,831,229)	\$ (35,241,194)	\$ (42,157,105)	\$ (39,599,859)
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 28,477,291	\$ 29,711,738	\$ 31,807,753	\$ 32,684,721	\$ 32,976,035	\$ 33,655,609	\$ 34,389,489	\$ 35,462,096	\$ 36,576,884	\$ 36,860,579
Property Taxes Levied for Debt Service										640,223
Unrestricted State and Federal Aid	1,154,537	1,033,564	451,073	260,295	381,161	389,292	603,510	28,749	1,784,790	428,077
Investment Earnings										58,222
Unrestricted Miscellaneous Revenues	139,738	262,376		172,353	147,309	204,074	97,601	183,490	325,617	75,510
Capital Asset Adjustments					651,702					
Transfers	(281,496)	(283,494)	(336,800)	(275,000)	(285,000)	(272,000)	(312,500)	(345,000)	(320,500)	(542,315)
Total Governmental Activities	29,490,070	30,724,184	31,922,026	32,842,369	33,871,207	33,976,975	34,778,100	35,329,335	38,366,791	37,520,296
Business-Type Activities:										
Investment Earnings	1,176	817				288	107	83	121	398
Transfers	204,000	218,000	276,000	275,000	285,000	272,000	312,500	345,000	320,500	542,315
Total Business-Type Activities	205,176	218,817	276,000	275,000	285,000	272,288	312,607	345,083	320,621	542,713
Total District-Wide	\$ 29,695,246	\$ 30,943,001	\$ 32,198,026	\$ 33,117,369	\$ 34,156,207	\$ 34,249,263	\$ 35,090,707	\$ 35,674,418	\$ 38,687,412	\$ 38,063,009
Change In Net Position										
Governmental Activities	\$ 40,842	\$ 291,004	\$ 615,990	\$ 370,832	\$ 686,644	\$ 27,217	\$ (10,738,890)	\$ 432,703	\$ (3,447,574)	\$ (1,565,226)
Business-Type Activities	(1,151)	(265)	18,182	(27,230)	7,446	(13,402)	(1,632)	521	(22,119)	28,376
Total District	\$ 39,691	\$ 290,739	\$ 634,172	\$ 343,602	\$ 694,090	\$ 13,815	\$ (10,740,522)	\$ 433,224	\$ (3,469,693)	\$ (1,536,850)

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017 (Restated)	2018
General Fund										
Restricted										\$ 301,224
Assigned										350,233
Unassigned	\$ 557,524	\$ 602,031	\$ 786,065	\$ 854,923	\$ 498,743	\$ 327,802	\$ 289,568	\$ (8,777)	\$ (2,847,479)	(4,927,771)
Total General Fund	<u>\$ 557,524</u>	<u>\$ 602,031</u>	<u>\$ 786,065</u>	<u>\$ 854,923</u>	<u>\$ 498,743</u>	<u>\$ 327,802</u>	<u>\$ 289,568</u>	<u>\$ (8,777)</u>	<u>\$ (2,847,479)</u>	<u>\$ (4,276,314)</u>
All Other Governmental Funds										
Reserved		\$ 49,105								
Restricted										\$ 45,650
Unassigned	\$ 1	-	-	-	-	-	-	-	\$ (692,660)	(1,818,880)
Total All Other Governmental Funds	<u>\$ 1</u>	<u>\$ 49,105</u>	<u>\$ -</u>	<u>\$ (692,660)</u>	<u>\$ (1,773,230)</u>					

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

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 28,477,291	\$ 29,711,738	\$ 31,807,753	\$ 32,684,721	\$ 32,976,035	\$ 33,655,609	\$ 34,389,489	\$ 35,462,096	\$ 36,576,884	\$ 37,500,802
Tuition Charges	7,715									40,171
Transportation Fees										72,858
Interest										58,222
Unrestricted Miscellaneous Revenues	139,738	262,376	451,073	172,353	147,309	204,074	97,601	218,124	325,617	75,510
State Sources	4,753,131	5,013,681	3,809,562	4,698,506	5,686,705	5,330,796	5,903,763	6,712,380	7,495,052	8,041,472
Federal Sources	828,219	1,734,379	1,036,400	1,018,484	1,029,300	955,960	1,097,956	1,098,003	1,105,976	1,127,947
Total Revenue	34,206,094	36,722,174	37,104,788	38,574,064	39,839,349	40,146,439	41,488,809	43,490,603	45,503,529	46,916,982
Expenditures										
Instruction										
Regular	10,271,102	10,396,628	10,258,383	10,850,650	11,251,065	11,860,247	12,085,449	12,561,431	12,313,239	19,675,191
Special Education	2,089,010	2,885,367	2,883,630	3,041,577	3,068,156	2,630,426	3,523,300	3,416,548	3,740,517	8,153,673
Other Instruction	647,142	628,816	614,145	641,334	549,722	492,652	522,621	783,158	785,683	1,198,003
School Sponsored Activities and Athletics	595,618	607,330	601,361	692,043	714,817	724,117	738,452	743,964	793,920	1,030,173
Undistributed Expenditures										
Student and Instruction Related Services	3,283,523	3,407,594	3,674,705	3,612,327	3,303,366	3,623,245	3,773,261	3,932,104	4,381,210	6,681,807
General Administration	927,451	992,475	993,483	1,014,482	977,981	907,836	970,151	1,088,102	1,151,908	1,254,322
School Administrative Services	1,432,945	1,498,398	1,500,106	1,611,203	1,811,058	1,902,760	2,082,171	1,876,788	1,862,961	2,755,784
Central and Other Support Services	398,387	389,200	484,777	628,389	579,310	571,373	637,103	654,175	723,973	1,036,303
Plant Operation and Maintenance	1,777,746	1,848,139	2,388,875	2,653,257	2,900,593	3,203,055	3,181,439	3,889,506	3,780,148	4,202,357
Student Transportation Services	792,493	903,699	839,842	663,149	776,810	733,370	795,344	849,073	1,361,325	1,172,226
Unallocated Expenditures	10,751,335	11,805,261	11,497,782	11,961,978	12,800,152	12,326,461	11,825,535	12,855,121	14,732,987	
Capital Outlay	200,127	281,174	209,157	187,719	520,681	379,830	403,059	136,325	851,899	1,126,220
Debt Service:										
Principal	370,000	425,000	430,000	435,000	440,000	495,000	505,000	510,000	525,000	565,000
Interest and Other Charges	293,498	275,988	256,813	237,098	216,818	195,008	171,658	147,653	93,643	82,673
Total Expenditures	33,830,377	36,345,069	36,633,059	38,230,206	39,910,529	40,045,380	41,214,543	43,443,948	47,098,413	48,933,732
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	375,717	377,105	471,729	343,858	(71,180)	101,059	274,266	46,655	(1,594,884)	(2,016,750)
Other Financing Sources (Uses)										
Premiums on Notes										49,660
Transfers In										84,259
Transfers Out										(626,574)
Operating Transfers	(281,496)	(283,494)	(336,800)	(275,000)	(285,000)	(272,000)	(312,500)	(345,000)	(320,500)	
Total Other Financing Sources (Uses)	(281,496)	(283,494)	(336,800)	(275,000)	(285,000)	(272,000)	(312,500)	(345,000)	(320,500)	(492,655)
Net Change In Fund Balances	\$ 94,221	\$ 93,611	\$ 134,929	\$ 68,858	\$ (356,180)	\$ (170,941)	\$ (38,234)	\$ (298,345)	\$ (1,915,384)	\$ (2,509,405)
Debt Service As A Percentage Of										
Noncapital Expenditures	1.97%	1.94%	1.89%	1.77%	1.67%	1.74%	1.66%	1.52%	1.34%	1.35%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

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

<u>Fiscal Year Ended June 30.</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Transportation Fees</u>	<u>Rentals</u>	<u>Prior Year Refunds</u>	<u>Town of Lyndhurst ACCP Program</u>	<u>E-Rate</u>	<u>Credits and Adjustments</u>	<u>Misc.</u>	<u>Total</u>
2009	\$ 26,557	\$ 7,715		\$ 87,500	\$ 16,523			\$ (3,307)	\$ 4,750	\$ 139,738
2010	15,782	1,915		159,775	71,762			10,988	2,148	262,370
2011	19,643			71,248	309,207				50,975	451,073
2012				64,300	104,340				3,713	172,353
2013	6,572			98,380	38,928				3,429	147,309
2014	5,520	28,534			65,667			3,205	308	103,234
2015	10,547				47,516				26,675	84,738
2016	6,526	27,554			85,948			61,887	1,575	183,490
2017	9,106	26,707			228,002			2,407	439	266,661
2018	23,623	40,171	\$ 72,858		27,523	\$ 25,000	\$ 18,732		4,255	212,162

Source: District financial statements

**LYNDHURST 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 ^(*)
2009	\$ 157,651,000	\$ 2,108,894,900			\$ 450,421,800	\$ 718,638,000	\$ 89,243,700	\$ 3,524,849,400	\$ 6,512,570	\$ 3,531,361,970	\$ 3,448,909,035	\$ 0.824
2010	155,689,200	2,114,056,800			469,021,100	696,219,400	61,743,700	3,496,730,200	6,577,516	3,503,307,716	3,503,089,234	0.878
2011	161,491,700	2,119,432,600			467,476,050	655,880,200	62,855,700	3,467,136,250	6,647,733	3,473,783,983	3,375,925,358	0.928
2012 *	51,468,800	1,562,667,400			404,209,800	575,492,500	56,843,600	2,650,682,100	4,652,311	2,655,334,411	2,937,565,920	1.237
2013	51,265,900	1,564,237,000			403,364,900	575,442,300	56,709,600	2,651,019,700	4,355,209	2,655,374,909	2,833,854,903	1.255
2014	44,980,600	1,564,703,800			402,979,800	548,475,500	98,707,100	2,659,846,800	3,793,814	2,663,640,614	2,768,369,321	1.277
2015	44,625,700	1,569,316,100			391,876,900	536,260,800	121,818,000	2,663,897,500	3,964,445	2,667,861,945	2,464,660,097	1.309
2016	40,684,000	1,571,756,600			386,804,700	534,765,200	146,464,000	2,680,474,500	4,042,008	2,684,516,508	2,806,717,871	1.342
2017	40,526,500	1,582,588,500			381,588,200	523,912,600	145,959,000	2,674,574,800	3,633,059	2,678,207,859	3,164,601,688	1.385
2018	40,303,400	1,602,980,300			465,671,000	407,708,000	145,649,900	2,662,312,600	3,407,271	2,665,719,871	3,342,149,248	1.428

Source: County Abstract of Ratables

N/A = Not Available

* Revaluation Year

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

Calendar Year	Total Direct School Tax Rate		Overlapping Rates			Total Direct and Overlapping Tax Rate
	Lyndhurst Local School District	Municipality of Lyndhurst	Municipal Library	County Open Space	County of Bergen	
2009	\$ 0.824	\$ 0.681		\$ 0.010	\$ 0.176	\$ 1.691
2010	0.878	0.742		0.002	0.191	1.813
2011	0.928	0.744	\$ 0.032	0.003	0.199	1.906
2012	1.237	1.032	0.040	0.003	0.238	2.550
2013	1.255	1.102	0.035	0.003	0.236	2.631
2014	1.277	1.160	0.034	0.003	0.237	2.711
2015	1.309	1.189	0.033	0.003	0.213	2.747
2016	1.342	1.217	0.034	0.003	0.240	2.836
2017	1.385	1.188	0.039	0.012	0.277	2.901
2018	1.428	1.202	0.042	0.012	0.292	2.976

Source: County Abstract of Ratables

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

Taxpayer	2018		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
MFREVF II - Lyndhurst LLC	\$ 65,600,000	2.46%		
340 Orient Way, LLC	54,592,400	2.05%		
Copper Ridge, LLC (2 Properties)	40,800,000	1.53%		
JERC Partners, LLC	37,000,000	1.39%		
Veterans Square 2016, LLC	32,875,000	1.23%		
125 Chubb Avenue, LLC	31,607,000	1.19%		
Sika Chemical Corp./ANJ Corp.	30,347,000	1.14%		
1200 Wall Street West Holdings	22,554,100	0.85%		
Lyndhurst Town Center LLC	21,731,000	0.82%		
DDR-SAU Lew Andowski LLC (2 Properties)	21,000,000	0.79%		
Encap Gulf Holdings LLC (12 Properties)			\$ 129,425,700	3.69%
Avalon Bay Communities, Inc.			68,064,100	1.94%
Chubb Funding LLC			59,941,300	1.71%
Wells Operating Partnership (2 Properties)			57,700,000	1.65%
DGDJ 1-1200 WSW 337771 LLC (ETALS)			35,633,600	1.02%
Veterans Square Towne Center LLC			34,254,400	0.98%
Sika Chemical Corp. (2 Properties)			32,396,800	0.92%
Lyndhurst Residential Communities LLC			27,500,000	0.78%
City of Jersey City, Division of Water (17 Properties)			25,053,500	0.72%
DDR-SAU Lew Andowski LLC (2 Properties)			24,326,900	0.69%
	<u>\$ 358,106,500</u>	<u>13.43%</u>	<u>\$ 494,296,300</u>	<u>14.11%</u>

Source: Municipal Tax Assessor

Note: The information for the 2009 tax year was not available. The information from the 2010 tax year was used above.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 58,847,938	\$ 58,847,938	100%	
2010	63,393,449	63,393,449	100%	
2011	66,179,378	66,179,378	100%	
2012	67,857,360	67,857,360	100%	
2013	70,634,586	70,634,586	100%	
2014	71,843,371	71,843,371	100%	
2015	72,387,868	72,387,868	100%	
2016	74,784,471	74,784,471	100%	
2017	36,576,884	36,576,884	100%	
2018	37,500,802	37,500,802	100%	

Source: District records

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

Governmental Activities

Fiscal Year Ended June 30,	General Obligation Bonds	Total District	Population	Per Capita
2009	\$ 5,965,000	\$ 5,965,000	19,290	\$ 309
2010	5,540,000	5,540,000	20,586	269
2011	5,110,000	5,110,000	20,759	246
2012	4,675,000	4,675,000	20,878	224
2013	4,235,000	4,235,000	20,795	204
2014	3,740,000	3,740,000	21,718	172
2015	3,235,000	3,235,000	22,279	145
2016	2,725,000	2,725,000	22,315	122
2017	2,130,000	2,130,000	22,426	95
2018	1,565,000	1,565,000	22,426	E 70

Source: District records

E - Estimate

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2009	\$ 5,965,000		\$ 5,965,000	0.17%	\$ 309
2010	5,540,000		5,540,000	0.16%	269
2011	5,110,000		5,110,000	0.15%	246
2012	4,675,000		4,675,000	0.18%	224
2013	4,235,000		4,235,000	0.16%	204
2014	3,740,000		3,740,000	0.14%	172
2015	3,235,000		3,235,000	0.12%	145
2016	2,725,000		2,725,000	0.10%	122
2017	2,130,000		2,130,000	0.08%	95
2018	1,565,000	45,650	1,519,350	0.06%	68

Source: District records

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

	<u>Total Debt</u>
Municipal Debt: (1)	
Lyndhurst Board of Education (as of June 30, 2018)	\$ 21,438,807
Township of Lyndhurst	<u>103,810,131</u>
	<u>125,248,938</u>
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (A)	23,399,598
Passaic Valley Sewerage Commission (B)	<u>3,254,916</u>
	<u>26,654,514</u>
Total Direct and Overlapping Debt	<u>\$ 151,903,452</u>

Source:

(1) Borough's 2017 Annual Debt Statement

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

(B) The debt was computed based upon dividing the Township's 2017 billings by the total 2017 billings of the Commission.

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

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized valuation basis	
2015	\$ 2,761,374,002
2016	3,149,793,772
2017	3,334,049,863
	<u>\$ 9,245,217,637</u>
Average equalized valuation of taxable property	<u>\$ 3,081,739,212</u>
Debt limit (4% of average equalization value)	\$ 123,269,568
Total Net Debt Applicable to Limit	<u>21,403,807</u>
Legal debt margin	<u>\$ 101,865,761</u>

Average equalized valuation of taxable property

Debt limit (4% of average equalization value)
 Total Net Debt Applicable to Limit
 Legal debt margin

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 120,485,045	\$ 131,492,521	\$ 137,063,969	\$ 134,051,720	\$ 124,799,788	\$ 116,240,840	\$ 108,674,738	\$ 108,129,248	\$ 113,738,883	\$ 123,269,568
Total net debt applicable to limit	<u>5,965,000</u>	<u>5,540,000</u>	<u>5,110,000</u>	<u>4,675,000</u>	<u>4,235,000</u>	<u>3,740,000</u>	<u>3,235,000</u>	<u>2,740,000</u>	<u>21,788,807</u>	<u>21,403,807</u>
Legal debt margin	<u>\$ 114,520,045</u>	<u>\$ 125,952,521</u>	<u>\$ 131,953,969</u>	<u>\$ 129,376,720</u>	<u>\$ 120,564,788</u>	<u>\$ 112,500,840</u>	<u>\$ 105,439,738</u>	<u>\$ 105,389,248</u>	<u>\$ 91,950,076</u>	<u>\$ 101,865,761</u>
Total net debt applicable to the limit as a percentage of debt limit	4.95%	4.21%	3.73%	3.49%	3.39%	3.22%	2.98%	2.53%	19.16%	17.36%

Source: Annual Debt Statements

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

Year	Population	County Per Capita Personal Income	Unemployment Rate
2009	19,290	\$ 65,097	10.7%
2010	20,586	66,080	11.0%
2011	20,759	69,044	10.8%
2012	20,878	71,953	11.0%
2013	20,795	71,449	8.0%
2014	21,718	73,293	7.0%
2015	22,279	76,388	5.8%
2016	22,315	77,187	5.1%
2017	22,426	N/A	4.8%
2018	22,426	E N/A	N/A

Source: New Jersey State Department of Education

E - Estimate

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

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

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular Programs (Including Aides)			147	156	158	162	163	163	164	158
Special Education (Including Aides)			51	51	54	58	63	64	66	71
Other Instruction			9	10	9	8	10	13	13	12
School Sponsored Activities and Athletics			1	1	1	1	1	1	1	1
Support Services:										
Student and Instruction Related Services			41	38	38	39	46	46	52	53
General Administration			7	7	7	6	6	6	5	5
School Administrative Services			16	18	19	21	21	20	22	21
Central Services and Admin. Info. Technology			6	7	6	6	6	6	8	10
Operation and Maintenance of Plant Svs.			25	23	33	34	27	27	40	32
Student Transportation Services			4	3	8	7	6	5	6	7
Total	<u>N/A</u>	<u>N/A</u>	<u>307</u>	<u>314</u>	<u>333</u>	<u>342</u>	<u>349</u>	<u>351</u>	<u>377</u>	<u>370</u>

Source: District Personnel Records

N/A - Not Available

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

<u>Fiscal Year</u>	<u>Enrollment ^a</u>	<u>Operating Expenditures ^b</u>	<u>Cost Per Pupil ^c</u>	<u>Percentage Change</u>	<u>Teaching Staff</u>	<u>Teacher/Pupil Ratio</u>	<u>Average Daily Enrollment (ADE)</u>	<u>Average Daily Attendance (ADA)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2009	2,504.9	\$ 30,877,716	\$ 12,327	-8.0%	176	14.2	2,504.9	2,355.7	12.1%	94.0%
2010	2,307.5	33,209,661	14,392	16.8%	160	14.4	2,307.5	2,177.7	-7.9%	94.4%
2011	2,312.0	34,746,641	15,029	4.4%	162	14.3	2,312.0	2,191.1	0.2%	94.8%
2012	2,336.0	35,820,540	15,334	2.0%	155	15.1	2,336.0	2,222.5	1.0%	95.1%
2013	2,240.3	36,857,527	16,452	7.3%	159	14.1	2,240.3	2,132.4	-4.1%	95.2%
2014	2,311.7	37,275,715	16,125	-2.0%	149	15.5	2,311.7	2,200.9	3.2%	95.2%
2015	2,390.2	38,089,632	15,936	-1.2%	170	14.1	2,390.2	2,273.7	3.4%	95.1%
2016	2,385.0	39,610,060	16,608	4.2%	167	14.6	2,385.0	2,269.8	-0.2%	95.2%
2017	2,468.0	42,505,052	17,222	3.7%	171	14.8	2,468.0	2,351.7	3.5%	95.3%
2018	2,507.0	47,159,839	18,811	9.2%	180	13.9	2,503.1	2,356.9	1.4%	94.2%

Sources: District records

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
<u>Elementary</u>										
<u>Columbus</u>										
Square Feet	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500	10,500
Capacity (students)	126.90	126.90	126.90	126.90	126.90	126.90	126.90	126.90	126.90	126.90
Enrollment	N/A	N/A	135.00	151.00	207.00	222.00	183.00	164.00	213.96	214.00
<u>Franklin</u>										
Square Feet	18,400	18,400	18,400	18,400	18,400	18,400	18,400	18,400	18,400	18,400
Capacity (students)	205.20	205.20	205.20	205.20	205.20	205.20	205.20	205.20	205.20	205.20
Enrollment	N/A	N/A	241.00	249.00	303.00	317.00	202.00	217.00	220.34	232.00
<u>Jefferson</u>										
Square Feet	32,060	32,060	32,060	32,060	32,060	32,060	32,060	32,060	32,060	32,060
Capacity (students)	260.10	260.10	260.10	260.10	260.10	260.10	260.10	260.10	260.10	260.10
Enrollment	N/A	N/A	274.00	276.00	259.00	266.00	268.00	276.00	268.00	274.00
<u>Lincoln</u>										
Square Feet	24,300	24,300	24,300	24,300	24,300	24,300	24,300	24,300	24,300	24,300
Capacity (students)	283.50	283.50	283.50	283.50	283.50	283.50	283.50	283.50	283.50	283.50
Enrollment	N/A	N/A	285.00	263.00	238.00	241.00	248.00	278.00	265.06	266.00
<u>Roosevelt</u>										
Square Feet	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600	21,600
Capacity (students)	431.10	431.10	431.10	431.10	431.10	431.10	431.10	431.10	431.10	431.10
Enrollment	N/A	N/A	440.00	475.00	402.00	377.00	388.00	408.00	401.95	400.00
<u>Washington</u>										
Square Feet	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Capacity (students)	273.70	273.70	273.70	273.70	273.70	273.70	273.70	273.70	273.70	273.70
Enrollment	N/A	N/A	278.00	255.00	211.00	221.00	188.00	195.00	184.00	212.00
<u>Memorial Campus</u>										
Square Feet							17,800	17,800	17,800	17,800
Capacity (students)							150.00	150.00	150.00	150.00
Enrollment							193.00	163.00	182.61	162.00
<u>High School</u>										
<u>Lyndhurst High School</u>										
Square Feet	112,300	112,300	112,300	112,300	112,300	112,300	112,300	112,300	112,300	112,300
Capacity (students)	906.95	906.95	906.95	906.95	906.95	906.95	906.95	906.95	906.95	906.95
Enrollment	N/A	N/A	673.00	683.00	672.00	704.00	721.00	735.00	732.07	747.00

Number of Schools at June 30, 2018

Elementary = 7

High School = 1

N/A - Information was not available.

Source: District Records

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

	Project # (s)	Gross Building Area (SF)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
*School Facilities												
Lyndhurst Senior High School	N/A		\$ 238,214	\$ 220,136	\$ 257,611	\$ 387,873	\$ 329,062	\$ 618,629	\$ 514,288	\$ 512,059	\$ 450,383	\$ 388,111
Columbus Elementary School	N/A		13,483	8,376	19,049	19,436	60,522	54,989	45,715	101,332	127,886	36,288
Franklin Elementary School	N/A		51,019	22,947	32,025	47,705	288,847	96,231	80,001	83,979	137,700	63,591
Jefferson Elementary School	N/A		78,532	60,240	84,430	110,215	262,287	178,715	148,572	164,834	177,053	110,800
Lincoln Elementary School	N/A		32,773	37,552	68,282	51,667	47,289	137,473	114,287	60,881	66,450	83,981
Roosevelt Elementary School	N/A		14,683	19,068	41,985	52,779	55,563	123,726	102,858	114,043	92,652	74,650
Washington Elementary School	N/A		54,374	38,291	49,594	67,829	142,801	109,978	91,429	103,397	71,062	67,393
Memorial Campus	N/A		-	-	-	-	-	54,989	45,715	74,854	64,789	61,517
Grand Total			<u>\$ 483,078</u>	<u>\$ 406,610</u>	<u>\$ 552,976</u>	<u>\$ 737,504</u>	<u>\$ 1,186,371</u>	<u>\$ 1,374,730</u>	<u>\$ 1,142,865</u>	<u>\$ 1,215,379</u>	<u>\$ 1,187,975</u>	<u>\$ 886,331</u>

Source: District Records

N/A - Not Available

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

Property	Coverage	Insurance Company	Deductible
Blanket Building and Contents Coverage	\$ 73,939,084	School Alliance Insurance Fund	\$ 2,500
Business Income/Extra Income	250,000	School Alliance Insurance Fund	
Boiler and Machinery	100,000,000	School Alliance Insurance Fund	1,000
Flood	10,000,000	School Alliance Insurance Fund	
Earthquake	25,000,000	School Alliance Insurance Fund	
General Liability			
Limit of Liability	5,000,000	School Alliance Insurance Fund	
Products/Completed Operations	50,000,000	School Alliance Insurance Fund	
Personal and Advertising Injury	5,000,000	School Alliance Insurance Fund	
Each Occurrence	5,000,000	School Alliance Insurance Fund	
Damage to Rented Premises	2,500,000	School Alliance Insurance Fund	
Medical Expense (Per Person)	5,000	School Alliance Insurance Fund	
Employee Benefits	5,000,000	School Alliance Insurance Fund	
School Leaders Professional Liability			
General Aggregate	5,000,000	School Alliance Insurance Fund	10,000
Each Occurrence	5,000,000	School Alliance Insurance Fund	25,000
Environmental Liability			
Per Incident	1,000,000	Illinois Union Insurance Group	
Fund Annual Aggregate	25,000,000	Illinois Union Insurance Group	10,000
Cyber Liability			
Limit of Liability	2,000,000	School Alliance Insurance Fund	10,000
Student Accident			
Maximum Benefit	5,000,000	Zurich Insurance Company	
Benefit Period	10 Years	Zurich Insurance Company	
Business Auto			
Liability - Combined Single Limit	5,000,000	School Alliance Insurance Fund	Comprhnsv-\$1,000 Collision - \$1,000
Medical Payments (Each Person)	5,000	School Alliance Insurance Fund	
Uninsured Motorists - Combined Single Limit	15,000	School Alliance Insurance Fund	
Underinsured Motorists - Combined Single Limit	15,000	School Alliance Insurance Fund	
Crime			
Employee Dishonesty	500,000	School Alliance Insurance Fund	1,000
Forgery or Alteration	50,000	School Alliance Insurance Fund	
Inside Premises	50,000	School Alliance Insurance Fund	
Outside Premises	50,000	School Alliance Insurance Fund	
Robbery of Custodians	25,000	School Alliance Insurance Fund	
Safe Burglary	25,000	School Alliance Insurance Fund	
Outside Premises	25,000	School Alliance Insurance Fund	
Computer Fraud	50,000	School Alliance Insurance Fund	

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

	<u>Coverage</u>	<u>Insurance Company</u>	<u>Deductible</u>
Equipment Floater		School Alliance Insurance Fund	\$ 1,000
Umbrella			
Liability - Each Occurrence	5,000,000	School Alliance Insurance Fund	
Aggregate Limit	5,000,000	School Alliance Insurance Fund	
Excess Umbrella			
Liability - Each Occurrence	5,000,000	Fireman's Fund	
Aggregate Limit	5,000,000	Fireman's Fund	
Accidental Death & Dismemberment			
Coverage Limit Per Person	100,000	Gerber Life Insurance Company	
Aggregate Limit	500,000	Gerber Life Insurance Company	
Finance Department Surety Bond			
Bond Amount	50,000	Selective Insurance Company	
Employee Blanket Bond			
Bond Amount	100,000	Selective Insurance Company	
	1,000	Selective Insurance Company	
Business Administrator Surety Bond			
Bond Amount	500,000	Selective Insurance Company of America	
Treasurer of School Monies Surety Bond			
Bond Amount	10,000	Selective Insurance Company	

Source: School District records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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ROBERT LERCH, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Lyndhurst Board of Education
Lyndhurst, 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 Lyndhurst Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Lyndhurst Board of Education's basic financial statements and have issued our report thereon dated January 23, 2019 which contained modified opinions on the those statements. Our report expressed a qualified opinion on Governmental Activities because information to support certain asset values and related depreciation expenses was not available for audit.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lyndhurst 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 Lyndhurst Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Lyndhurst Board of Education's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-001, 2018-002 and 2018-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-004, 2018-005, 2018-006 and 2018-007 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lyndhurst 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 items 2018-001 through 2018-007.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Lyndhurst Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated January 23, 2019.

Lyndhurst Board of Education’s Responses to Findings

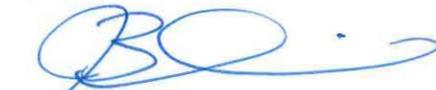
The Lyndhurst Board of Education’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Lyndhurst Board of Education’s responses were not subjected to the auditing procedures applied in the audit of the financial statements 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 Lyndhurst 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 Lyndhurst Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lsarch, Vinci & Higgins, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 23, 2019



LERCH, VINCI & HIGGINS, LLP EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Lyndhurst Board of Education

Lyndhurst, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Lyndhurst Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Lyndhurst Board of Education's major federal and state programs for the fiscal year ended June 30, 2018. The Lyndhurst Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal and State Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2018-008 through 2018-013. Our opinion on each major federal and state program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-009 and 2018-011 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-008, 2018-010 and 2018-012 to be significant deficiencies.

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

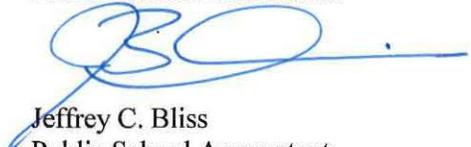
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lyndhurst Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 23, 2019, which contained modified opinions on those financial statements. Our report expressed a qualified opinion on Governmental Activities because information to support certain general capital asset values and related depreciation expenses was not available for audit. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

LERCH, VINCI & HIGGINS, LLP

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



Jeffrey C. Bliss
Public School Accountant
PSA Number CS00932

Fair Lawn, New Jersey
January 23, 2019

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017			Unearned Revenue Carryover Amount	Accounts Receivable Carryover Amount	Cash Received	Budgetary Expenditures	Balance, June 30, 2018			Memo GAAP Receivable	
						(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Account Receivable)	Unearned Revenue	Due to Grantor		
U.S. Department of Agriculture																	
Passed-through State Department of Agriculture																	
Enterprise Fund:																	
Child Nutrition Cluster																	
National School Breakfast Program																	
Cash Assistance	10.553	171N304N1099	N/A	7/1/17-6/30/18	\$ 20,062					\$ 18,362	\$ 20,062	\$ (1,700)				\$ (1,700)	
Cash Assistance	10.553	171N304N1099	N/A	7/1/16-6/30/17	20,908	(1,775)				1,775							
National School Lunch Program																	
Non-Cash Assistance	10.555	171N304N1099	N/A	7/1/17-6/30/18	29,072					29,072	28,084	\$ 988					
Cash Assistance	10.555	171N304N1099	N/A	7/1/17-6/30/18	229,988					212,495	229,988	(17,493)				(17,493)	
Cash Assistance	10.555	171N304N1099	N/A	7/1/16-6/30/17	232,070	(18,973)				18,973							
Total U.S. Department of Agriculture/Child Nutrition Cluster						(20,748)				280,677	278,134	(19,193)	988			(19,193)	
U.S. Department of Education																	
Passed-through State Department of Education																	
SPECIAL REVENUE FUND																	
Special Education Cluster (IDEA)																	
LD.E.A. Part B, Basic Regular	84.027	H027A170100	FT-100002	7/1/17-6/30/18	642,905			\$ 3,641	\$ (3,641)	589,632	627,303	(56,914)	19,243			(37,671)	
LD.E.A. Part B, Basic Regular	84.027	H027A160100	FT-100002	7/1/16-6/30/17	629,825	(276,098)	3,641		(3,641)	272,457							
LD.E.A. Part B, Preschool	84.173	H173A170114	PS-100005	7/1/17-6/30/18	24,969					22,370	22,370	(2,599)	2,599				
LD.E.A. Part B, Preschool	84.173	H173A160114	PS-100005	7/1/16-6/30/17	24,835	(689)				689							
Total Special Education Cluster IDEA						(276,787)	3,641			885,148	649,673	(59,513)	21,842			(37,671)	
ESSA																	
Title I, Part A	84.010	S010A170030	ESSA-170300	7/1/17-6/30/18	325,342			1,934	(1,934)	282,774	327,276	(44,502)	-			(44,502)	
Title I, Part A	84.010	S010A160030	ESSA-160300	7/1/16-6/30/17	326,481	(119,659)	1,934		(1,934)	117,725							
Total ESSA Title I						(119,659)	1,934			400,499	327,276	(44,502)	-			(44,502)	
Title II, Part A	84.367A	S367A170029	ESSA-170300	7/1/17-6/30/18	61,650			530	(530)	34,100	52,190	(28,080)	9,990			(18,090)	
Title II, Part A	84.367A	S367A160029	ESSA-160300	7/1/16-6/30/17	50,752	(20,420)	530		(530)	19,890							
Total ESSA Title II						(20,420)	530			53,990	52,190	(28,080)	9,990			(18,090)	
Title III	84.365	S365A170030	ESSA-170300	7/1/17-6/30/18	17,295					3,091	14,994	(14,204)	2,301			(11,903)	
Title III	84.365	S365A160030	ESSA-160300	7/1/16-6/30/17	18,874	(8,760)				8,760							
Title III - Inmigrant	84.365	S365A170030	ESSA-170300	7/1/17-6/30/18	4,850					598	698	(4,252)	4,152			(100)	
Total ESSA Title III						(8,760)				12,449	15,692	(18,456)	6,453			(12,003)	
Title IV	84.424	S424A170031	ESSA-170300	7/1/17-6/30/18	10,000					8,766	8,766	(1,234)	1,234				
Total NCLB Title IV										8,766	8,766	(1,234)	1,234				
Emergency Impact Aid	84.041	N/A	N/A	7/1/17-6/30/18	18,000						18,000	(18,000)				(18,000)	
Total Special Revenue Fund						(425,626)	6,105			1,360,852	1,071,597	(169,785)	39,519			(130,266)	
Total U.S. Department of Education						(425,626)	6,105			1,360,852	1,071,597	(169,785)	39,519			(130,266)	
U.S. Department of Health and Human Services																	
General Fund																	
Medical Assistance Program	93.778	1805NJ5MAP	N/A	7/1/17-6/30/18	56,350					56,350	56,350						
Total General Fund										56,350	56,350						
Total Federal Awards						\$ (446,374)	\$ 6,105	\$ -	\$ -	\$ -	\$ 1,697,879	\$ 1,406,081	\$ (188,978)	\$ 40,507	\$ -	\$ -	\$ (149,459)

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017 (Restated)	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	Balance, June 30, 2018			Memo GAAP Receivable	Cumulative Total Expenditures	
									(Accounts Receivable) June 30, 2018	Unearned Revenue June 30, 2018	Due to Grantor June 30, 2018			
State Department of Education														
General Fund:														
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 404,524		\$ 381,021	\$ 404,524						\$ (23,503)	\$ 404,524	
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	404,524	\$ (22,873)	22,873									
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	1,484,288		1,398,049	1,484,288						(86,239)	1,484,288	
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,439,268	(81,379)	81,379									
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	75,106		70,742	75,106						(4,364)	75,106	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	75,106	(4,247)	4,247									
Additional Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	1		1	1							1	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	24,220		22,813	24,220						(1,407)	24,220	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	24,220	(1,369)	1,369									
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	24,220		22,813	24,220						(1,407)	24,220	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	24,220	(1,369)	1,369									
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	24,590		23,161	24,590						(1,429)	24,590	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	24,590	(1,390)	1,390									
Total State Aid - Public Cluster				(112,627)	2,031,227	2,036,949				(118,349)			2,036,949	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	61,668		58,085	61,668						(3,583)	61,668	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	61,668	(3,487)	3,487									
Non-Public Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	21,170		-	21,170						(21,170)	21,170	
Non-Public Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	21,170		-	21,170								
Total Transportation Aid Cluster				(3,487)	61,572	82,838				(24,753)			82,838	
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	2,250		2,250	2,250							2,250	
Lead Testing for Schools Aid	17-495-034-5120-104	7/1/16-6/30/17	2,250		2,250	2,250								
Extraordinary Aid	18-495-034-5120-473	7/1/17-6/30/18	334,988		326,335	334,988						(334,988)	334,988	
Extraordinary Aid	17-495-034-5120-473	7/1/16-6/30/17	326,335	(326,335)	326,335									
Reimbursed TPAF Social Security Contribution	18-495-034-5094-003	7/1/17-6/30/18	1,409,718		1,339,952	1,409,718						(69,766)	1,409,718	
Reimbursed TPAF Social Security Contribution	17-495-034-5094-003	7/1/16-6/30/17	1,306,759	(65,185)	65,185									
On-Behalf TPAF Pension Benefit Cost	18-495-034-5094-002	7/1/17-6/30/18	2,555,913		2,555,913	2,555,913							2,555,913	
On-Behalf TPAF Pension - NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18	62,026		62,026	62,026							62,026	
On-Behalf TPAF Post Retire. Medical	18-495-034-5094-001	7/1/17-6/30/18	1,690,871		1,690,871	1,690,871							1,690,871	
On-Behalf TPAF Long-Term Disability Insurance Prem.	18-495-034-5094-004	7/1/17-6/30/18	5,601		5,601	5,601							5,601	
Total General Fund				(507,634)	8,140,932	8,181,154				(547,856)			(90,916)	8,181,154
Special Revenue:														
New Jersey Nonpublic Aid:														
Auxiliary Services:														
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	79,726		79,726	51,556						\$ 28,170	51,556	
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	77,755	2,239				\$ 2,239						
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	361		361	361							361	
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	361			361						(1,341)	361	
Nonpublic Home Instruction	18-100-034-5120-067	7/1/17-6/30/18	1,341			1,341							1,341	
Nonpublic Home Instruction	17-100-034-5120-067	7/1/16-6/30/17	1,341			1,341						(1,341)		
Total Nonpublic Auxiliary Services Aid (Chapter 192) Cluster				2,239	80,087	53,258		2,239		(1,341)			(1,341)	53,258
Handicapped Services:														
Examination & Classification	18-100-034-5120-066	7/1/17-6/30/18	39,304		39,304	28,202						11,102	28,202	
Examination & Classification	17-100-034-5120-066	7/1/16-6/30/17	20,617		20,617	18,635							1,982	
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	22,756	3,139				3,139						
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	24,106		24,106	22,052						2,054	22,052	
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	26,593	2,297				2,297						
Total Nonpublic Handicapped Aid (Chapter 193) Cluster				5,436	84,027	68,889		5,436				15,138	68,889	
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	17,037		17,037	17,023						14	17,023	
Textbook Aid	17-100-034-5120-070	7/1/16-6/30/17	30,167		30,167	30,167							30,167	
Technology Aid	18-100-034-5120-373	7/1/17-6/30/18	11,507		11,507	10,885						622	10,885	
Technology Aid	17-100-034-5120-373	7/1/16-6/30/17	8,684	28				28						
Technology Aid	18-100-034-5120-509	7/1/17-6/30/18	23,325		23,325	20,902						2,423	20,902	
Technology Aid	17-100-034-5120-509	7/1/16-6/30/17	23,325											
Total Special Revenue Fund				7,703	246,150	201,124		7,703		(1,341)		46,367	(1,341)	201,124
State Department of Agriculture														
Enterprise Funds:														
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	5,341		4,927	5,341						(414)	5,341	
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	5,089	(404)	404									
Total Enterprise Funds/Child Nutrition Cluster				(404)	5,331	5,341				(414)			(414)	5,341
Total State Financial Assistance Subject to Single Audit Determination				(500,335)	8,392,413	8,387,619		7,703		(549,611)		46,367	(92,691)	8,387,619
State Financial Assistance Not Subject to Major Program Determination														
General Fund														
On-Behalf TPAF Pension Benefit Cost	18-495-034-5094-002	7/1/17-6/30/18			(2,555,913)	(2,555,913)							(2,555,913)	
On-Behalf TPAF Pension - NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18			(62,026)	(62,026)							(62,026)	
On-Behalf TPAF Post Retire. Medical	18-495-034-5094-001	7/1/17-6/30/18			(1,690,871)	(1,690,871)							(1,690,871)	
On-Behalf TPAF Long-Term Disability Insurance Prem.	18-495-034-5094-004	7/1/17-6/30/18			(5,601)	(5,601)							(5,601)	
Total State Financial Assistance Subject to Major Program Determination				\$ (500,335)	\$ 4,078,002	\$ 4,073,208		\$ 7,703		\$ (549,611)		\$ 46,367	\$ (92,691)	\$ 4,073,208

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$340,806 for the general 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	\$ 56,350	\$ 7,840,348	\$ 7,896,698
Special Revenue Fund	1,071,597	201,124	1,272,721
Food Service Fund	<u>278,134</u>	<u>5,341</u>	<u>283,475</u>
Total Financial Assistance	<u>\$ 1,406,081</u>	<u>\$ 8,046,813</u>	<u>\$ 9,452,894</u>

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

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,409,718 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$2,617,939, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,690,871 and TPAF Long-Term Disability Insurance in the amount of \$5,601 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

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

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Modified - Qualified for Governmental
Activities General Capital Assets

Internal control over financial reporting:

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

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

Noncompliance material to basic financial
 statements noted? X yes no

Federal Awards Section

Internal Control over major programs:

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

2) Significant deficiencies identified
 not considered to be material weaknesses? X yes 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 Uniform Guidance? X yes 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 Part B Basic Regular</u>
<u>84.173</u>	<u>IDEA Part B Preschool</u>
<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? yes X no

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2018-001

The District ended the fiscal year with a General Fund operating deficit in the amount of \$4,470,851 at June 30, 2018. We noted approximately twenty-five (25) budget line accounts were overexpended at June 30, 2018. In addition, we noted the total General Fund budget appropriations were overexpended by \$958,895 at June 30, 2018.

Criteria or Specific Requirement:

GAAP Technical Systems Manual; NJAC 6A:23A-16.10

Condition:

General Fund expenditures exceeded revenues resulting in an operating deficit at June 30, 2018. Numerous budgetary line item expenditures exceeded available appropriations resulting in overexpenditures.

Context:

See Finding 2018-001

Effect:

The District incurred expenditures without sufficient appropriations available resulting in an increase to the operating deficit as of June 30, 2018 in the General Fund.

Cause:

Unknown

Recommendation:

The District develop, approve and implement a corrective action plan to eliminate the general operating deficit at year end and to ensure internal control procedures are in place to prevent operating deficits and overexpenditures from occurring in future years.

Management Responses:

Management has reviewed this finding and has indicated that corrective action will be taken.

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2018-002

Our audit of accounts payable revealed the following:

- Certain fiscal year 2017 expenditures were charged to the fiscal year 2018 budget
- Several fiscal year 2017 and 2018 liabilities relating to health and prescription benefits were not recorded as accounts payable at June 30, 2018.

Criteria or Specific Requirement:

Internal controls over year end closing procedures of open orders and related liabilities.

Condition:

Certain charges to the fiscal year 2018 budget were for expenditures incurred in the 2017 fiscal year. In addition, certain accounts payable were not recorded at year end related to liabilities incurred for both fiscal year 2017 and 2018.

Context:

- Expenditures incurred for fiscal year 2017 relating to accrued retroactive salary, attendance bonus and other purchased services performed by vendors totaling \$792,195 were charged to the fiscal year 2018 budget.
- Health and prescription claims and administration fees incurred for fiscal years 2017 and 2018 in the amounts of \$823,783 and \$218,611, respectively, were not recorded as accounts payable at June 30, 2018.

Effect:

Financial statements do not properly reflect liabilities, expenditures and fund balance at year end.

Cause:

Unknown

Recommendation:

Internal control procedures be reviewed and revised to ensure expenditures are recorded in the year they are incurred and become due and payable.

Management Responses:

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

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2018-003

Our audit of the District's capital assets revealed documentation to support amounts reported for land and building/building improvements and related depreciation was not maintained by the District and made available for audit.

Criteria or Specific Requirement:

Generally Accepted Accounting Principles.

Condition:

The District did not maintain a detail accounting of the items include in their capital assets for land and building/building improvements, along with their related cost and accumulated depreciation.

Context:

The District did not maintain documentation to support governmental activities capital assets, as reported in the District-wide Financial Statements, for land valued at \$18,803,100 and building/building improvements valued at \$13,456,100 with accumulated depreciation of \$13,456,100 at June 30, 2018.

Effect:

Financial statements may not agree with actual values of District owned capital assets and related depreciation.

Cause:

Unknown

Recommendation:

The District maintain detailed accounting records to support capital assets for land and building/building improvements and related depreciation reported in the District's financial statements.

Management Responses:

Management has reviewed this finding and indicated that corrective action will be taken.

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2018-004

Our audit revealed purchases were made and contracts were entered into prior to the approval and issuance of a purchase order (confirming orders).

Criteria or Specific Requirement:

Internal controls over purchasing and accounts payable.

Condition:

See Finding 2018-004.

Context:

Of the disbursements reviewed, we noted numerous disbursements in which the date of the invoice preceded the purchase order date.

Effect:

Lack of internal controls pertaining to vendor purchases may result in unauthorized payments.

Cause:

Unknown

Recommendation:

In all instances a properly executed purchase order be approved and issued prior to the purchase of goods or rendering of services to ensure confirming orders do not occur.

Management Responses:

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

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2018-005

Our audit with respect to the 2016 referendum project in the Capital Projects Fund revealed the following:

- The total modified project budget did not agree to the prior year available project balance.
- Budget accounts established in the accounting system do not reflect all accounts required by the New Jersey Uniform Chart of Accounts.
- Purchases were made and contracts were entered into prior to the approval and issuance of a purchase order (confirming orders).
- Professional service contract awards and amounts were not approved by Board action and made part of the minutes. Therefore, contract awards were not encumbered in the accounting system.

Criteria or Specific Requirement:

Internal controls over purchasing and accounts payable.

Condition:

See Finding 2018-005.

Context:

- Modified project budget in the accounting records was \$7,829,998 less than the prior year unexpended project balance.
- Budget accounts set-up in the accounting system do not reflect all accounts required by the NJ charts of accounts. (i.e. construction services, legal, architectural/engineering).
- The date of the invoice preceded the purchase order date for all disbursements tested.
- Professional services contract awards for architect and engineering services were not approved by Board resolution nor encumbered in the accounting records.

Effect:

Lack of internal controls pertaining to budget accounting, vendor purchases and contract awards may result in unauthorized payments and overexpenditures of the 2016 referendum project authorization.

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2018-005 (Continued)

Cause:

Unknown

Recommendation:

- The modified project budget be in agreement with the prior year available project balance and all required budget accounts be set-up in the accounting system for the 2016 referendum project in the Capital Projects Fund.
- Internal control procedures be enhanced to ensure professional service contract awards and amounts are approved by Board action and contracts are encumbered in the accounting records through the issuance of a purchase order in the Capital Projects Fund.

Management Responses:

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

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2018-006

Our audit of payroll transfers revealed interfund loans were made from the Summer Savings account to the General Fund of approximately \$1,500,000 during the 2017/2018 school year. It should be noted that all interfund loans were paid back to the Summer Savings account as of June 30, 2018.

Criteria or Specific Requirement:

Internal controls over Fiduciary Fund Types.

Condition:

See Finding 2018-006.

Context:

The District transferred monies from the employee's Summer Savings account to the General account to pay for General Fund expenditures.

Effect:

Transfer made from the employee's Summer Savings account that are not returned by year end would result in unavailable amounts due to employees at June 30, 2018.

Cause:

Unknown

Recommendation:

Internal control procedures be revised to ensure interfund loans from the Summer Savings account are prohibited.

Management Responses:

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

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

Part 2 – Schedule of Financial Statement Findings

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

Finding 2018-007

Our review of the Board minutes revealed that monthly Board Secretary and Treasurer reports for the period of December 2017 to June 2018 were not submitted to and approved by the Board, as required by N.J.S.A. 18A:17-36.

Criteria or Specific Requirement:

N.J.S.A. 18A:17-36 “Accounting; Monthly and Annual Reports”.

Condition:

See Finding 2018-007.

Context:

See Finding 2018-007.

Effect:

Financial statements and transactions could be misstated without proper and timely completion, submission and approval of Monthly Board Secretary reports and Treasurer’s reports.

Cause:

Unknown

Recommendation:

Monthly Board Secretary and Treasurer reports be submitted to and approved by the Board in a timely manner in accordance with the requirements of N.J.S.A. 18A:17-36.

Management Responses:

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

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

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

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

CURRENT YEAR FEDERAL AWARDS

Finding 2018-008

Our audit of the IDEA grant program revealed a reimbursement request for expenditures charged to the federal IDEA Basic grant was made in January 2018 in the amount of \$542,304. However, expenditures relating to the reimbursement request were not liquidated until May and September 2018.

Federal Program Information:

IDEA Basic	84.027
IDEA Preschool	84.173

Criteria or Specific Requirement:

Federal Grant Compliance Supplement – Cash Management

Condition:

See Finding 2018-007

Questioned Costs:

Unknown

Context:

District requested reimbursement for allowable IDEA grant charges in January 2018 for special education tuition and related services which were rendered or anticipated to be rendered. Expenditures for the services were not liquidated until May 2018 and September 2018.

Effect:

District is not in compliance with the federal grant compliance supplement which requires expenditures to be liquidated prior to the request for reimbursement or, under certain circumstances, shortly after.

Cause:

Unknown

Recommendation:

Internal control procedures be revised to ensure IDEA grant expenditures requested for reimbursement are paid within the liquidation period required under the grant program.

Management Response:

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

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

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

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

CURRENT YEAR STATE AWARDS

Finding 2018-009

The District ended the fiscal year with a General Fund operating deficit in the amount of \$4,470,851 at June 30, 2018. We noted approximately twenty-five (25) budget line accounts were overexpended at June 30, 2018. In addition, we noted the total General Fund budget appropriations were overexpended by \$958,895 at June 30, 2018.

State Program Information

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Additional Adjustment Aid	495-034-5120-085
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097
Professional Learning Community Aid	495-034-5120-101

Criteria or Specific Requirement

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions

Condition

General Fund expenditures exceeded revenues resulting in an operating deficit at June 30, 2018. Numerous budgetary line item expenditures exceeded available appropriations resulting in overexpenditures.

Questioned Costs

Unknown.

Context

See Finding 2018-009.

Effect

The District incurred expenditures without sufficient appropriations available resulting in an increase to the operating deficit as of June 30, 2018 in the General Fund.

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

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

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

CURRENT YEAR STATE AWARDS

Finding 2018-009 (Continued)

Cause

Unknown.

Recommendation

The District develop, approve and implement a corrective action plan to eliminate the general operating deficit at year end and to ensure internal control procedures are in place to prevent operating deficits and overexpenditures from occurring in future years.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated that corrective action will be taken.

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

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

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

CURRENT YEAR STATE AWARDS

Finding 2018-010

Our audit of employee health benefit contributions revealed the contribution amounts were not being calculated based on current premium rates as determined by the District's insurance broker.

State Program Information

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Additional Adjustment Aid	495-034-5120-085
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097
Professional Learning Community Aid	495-034-5120-101

Criteria or Specific Requirement

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions

Condition

The District did not update the calculation for health benefit contributions deducted from employees to reflect the current premium rates that were in effect.

Questioned Costs

Unknown.

Context

See Finding 2018-011.

Effect

The District deducted health benefit contributions from employees in amounts less than required.

Cause

Unknown.

Recommendation

Internal control procedures be revised to ensure employee health benefit contributions are calculated based on current premium rates.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated that corrective action will be taken.

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

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

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

CURRENT YEAR STATE AWARDS

Finding 2018-011

Our audit of purchases and procedures related to compliance with the Public School Contracts Law revealed the following:

- We noted numerous instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A). In addition, we noted several contract awards and purchases in excess for the bid threshold that were not approved by Board resolution and made part of the official minutes in accordance with N.J.S.A. 18A:18A-4.
- We noted instances where contract awards and purchases were made in excess of the quote threshold where there was no documentation to support competitive quotations were solicited by the District in accordance with N.J.S.A. 18A:18A-37(a).
- We noted numerous instance where professional service contract awards were not publicly advertised as required by the Public School Contract Law (N.J.S.A. 18A:18A-5(a)(1)).
- We noted contracts awarded in the minutes where the resolution did not specify the contract award amount or not to exceed amount as required by the Public School Contracts Law.

State Program Information

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Additional Adjustment Aid	495-034-5120-085
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097
Professional Learning Community Aid	495-034-5120-101

Criteria or Specific Requirement

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions
NJSA 18A:18A – Public School Contracts Law

Condition

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

Questioned Costs

Unknown.

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

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

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

CURRENT YEAR STATE AWARDS

Finding 2018-011 (Continued)

Context

- Purchases and contracts for HVAC repairs, technology consultants, furniture, boiler repairs and other services were made in excess of the bid threshold for which documents were unavailable to determine if awards were procured through public bids advertised or other required processes in accordance with Public School Contracts Law.
- Purchases and contracts for furniture, boiler repairs, and architectural/engineering services were made in excess of the bid threshold and were not approved by Board resolution as required by the Public School Contracts Law.
- Purchases for various types of repairs and custodial supplies were made in excess of the quote threshold for which documentation was unavailable to determine if quotations were solicited in accordance with the Public School Contracts Law.
- Professional service contract awards were not publicly advertised for architectural, engineering, legal, nursing and auditing services as required by the Public School Contracts Law.

Effect

Noncompliance with requirements of the Public School Contracts Law.

Cause

Unknown.

Recommendation

- Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are made in accordance with the requirements of the Public School Contracts Law. In addition, documentation be maintained on file and made available for audit to support the District's compliance with the procedures required under the Public School Contracts Law (N.J.S.A. 18A:18A).
- Purchasing procedures be enhanced to ensure competitive quotations are solicited and attached to purchase orders for all contract awards and purchases that exceed the quote threshold in accordance with N.J.S.A. 18A:18A-37(a).
- Procedure be enhanced to ensure professional service contract awards are publicly advertised as required by N.J.S.A. 18A:18A-5(a)(1).
- Board resolutions for contract awards include the contract amount or a not to exceed amount in accordance with the Public School Contracts Law.

View of Responsible Officials and Planned Corrective Action

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

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

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

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

CURRENT YEAR STATE AWARDS

Finding 2018-012

Our review of the Board minutes revealed that monthly Board Secretary and Treasurer reports for the period of December 2017 to June 2018 were not submitted to and approved by the Board, as required by N.J.S.A. 18A:17-36.

State Program Information

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Additional Adjustment Aid	495-034-5120-085
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097
Professional Learning Community Aid	495-034-5120-101

Criteria or Specific Requirement

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions

Condition

See Finding 2018-013.

Questioned Costs

Unknown.

Context

See Finding 2018-013.

Effect

Financial statements and transactions could be misstated without proper and timely completion, submission and approval of Monthly Board Secretary reports and Treasurer's reports..

Cause

Unknown.

Recommendation

Monthly Board Secretary and Treasurer reports be submitted to and approved by the Board in a timely manner in accordance with the requirements of N.J.S.A. 18A:17-36.

View of Responsible Officials and Planned Corrective Action

Management has reviewed this finding and has indicated that corrective action will be taken.

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

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

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

CURRENT YEAR STATE AWARDS

Finding 2018-013

Our audit of travel expense reimbursements, revealed the following:

- We noted purpose and relevance statements were not attached to travel reimbursement requests or purchase orders as required by Board policy.
- Certain conference and attendees were not pre-approved as required by Board policy.

State Program Information

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Additional Adjustment Aid	495-034-5120-085
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097
Professional Learning Community Aid	495-034-5120-101

Criteria or Specific Requirement

State Grant Compliance Supplement – State Aid Public – Special Tests and Provisions

Condition

Certain travel expense procedures and policies are not in accordance with Board policy.

Questioned Costs

Unknown.

Context

See Finding 2018-014.

Effect

Certain travel expense reimbursements and costs may not be in accordance with Board policy.

Cause

Unknown.

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

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

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

CURRENT YEAR STATE AWARDS

Finding 2018-013 (Continued)

Recommendation

- With respect to travel expense reimbursements, the District adhere to Board policy to ensure:
 - Purpose and relevance statements are attached to travel reimbursement requests or purchase orders.
 - All travel events and attendees be pre-approved by Board resolution as required

View of Responsible Officials and Planned Corrective Action

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

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

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

STATUS OF PRIOR YEAR FINDINGS

There were none.