

LITTLE FERRY
BOARD OF EDUCATION

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2016**

Little Ferry, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Little Ferry Board of Education

Little Ferry, New Jersey

For The Fiscal Year Ended June 30, 2016

Prepared by

**Little Ferry Board of Education
Business Office**

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INTRODUCTORY SECTION

Little Ferry Public Schools

130 Liberty Street – Little Ferry, NJ 07643 (201) 641-6192 – FAX (201) 641-6604

Home of Memorial School

A “Governor’s School of Excellence”

Mr. Frank R. Scarafile
Superintendent of Schools

Dr. Dennis Frohnapfel
Interim Business Admin./Bd. Sect’y

November 29, 2016

The Honorable President and Members
Of the Board of Education
Little Ferry Public School District
County of Bergen, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Little Ferry School District (the “District”) for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the data presented in this report is accurate in all materials respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

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

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor’s Report and includes the Management’s Discussion and Analysis, the Basic Financial Statements and Notes, providing an overview of the School District’s financial position and operating results and other schedules providing detailed budgetary information;
- The Statistical Section includes selected financial and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, the U.S. Uniform Guidance, and the New Jersey State Office of Management and Budget (OMB) Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the independent auditor’s reports on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES

The Little Ferry Public School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Little Ferry Board of Education and its all of its schools constitute the District’s reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 8 for regular and special education handicapped youngsters. The District completed the 2015-2016 fiscal year with an enrollment of

976 students, which represents an decrease of 21 students from the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last seven years.

Average Daily Enrollment

Fiscal Year	Average Daily Enrollment	Percent Change
2015-2016	976	-2.1%
2014-2015	997	0.09%
2013-2014	989	0.00%
2012-2013	991	0.164%
2011-2012	975	0.83%
2010-2011	967	0.73%
2009-2010	960	-0.41%

2) ECONOMIC CONDITION AND OUTLOOK

The Little Ferry Borough and surrounding area is substantially developed with both residential and industrial taxpayers. The situation is expected to continue, which suggests that the tax base will remain stable.

3) MAJOR INITIATIVES

The District has moved to a more child-centered curriculum using arts integration and multiple intelligences with a thematic-based approach that leads to a more cohesive, authentic learning. Professional Development is focused on differential instruction, math, using Bloom's Taxonomy to stimulate critical thinking, and using the Arts and Intelligences across all disciplines to teach the core curriculum.

The District has just completed an extensive five year internal rehabilitation project which included new paint, carpeting and other interior upgrades.

The District will also be embarking on a project which has received NJDOE approval to add small group instruction space that will be paid for out of our capital improvement account.

4) INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft, or misuse. In addition, District administration must 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 system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system 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 including that portion related to major federal and state financial award programs, as well as to determine that the District has complied with applicable laws and regulations, contracts and grants.

5) BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general, special revenue, and the debt service funds. Project length budgets are approved for the capital improvements accounted for

approved by the voters of the municipality. Annual appropriated budgets are adopted for the general, special revenue, and the debt service funds. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as commitments/assignments of fund balance at June 30, 2016.

6) ACCOUNTING SYSTEMS AND REPORTS

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds are explained in "Notes to the Financial Statements", Note 1.

7) DEBT ADMINISTRATION

At June 30, 2016, there is no outstanding long-term debt obligations.

8) CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements, Note 2". 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 units from a loss of funds on deposit with a failed banking institution in 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.

9) RISK MANAGEMENT

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. A schedule of insurance coverage is found in Exhibit J-20.


10) OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, was selected by the Board to perform the audit. 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 New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific, required supplementary information 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.

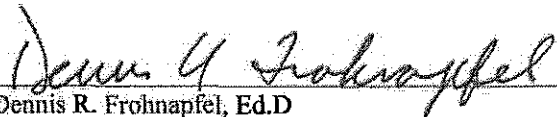
10) ACKNOWLEDGMENTS

We would like to express our appreciation to the members of the Little Ferry 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,



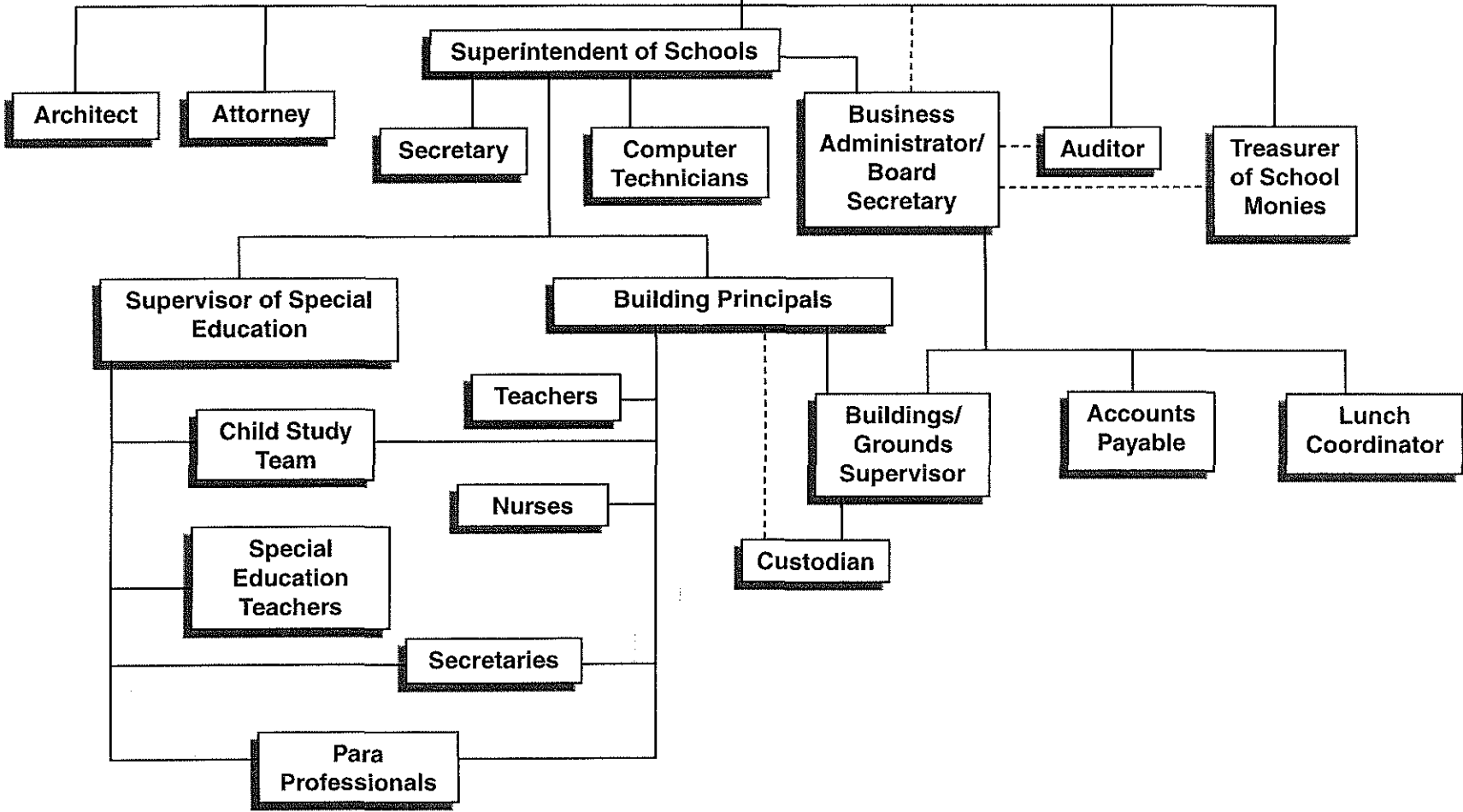
Mr. Frank R. Scarafilo
Superintendent
Little Ferry Board of Education



Dennis R. Frohnappfel, Ed.D
Interim SBA/Board Secretary
Little Ferry Board of Education

**Little Ferry Board of Education
Table of Organization**

Board of Education



*LITTLE FERRY BOARD OF EDUCATION
LITTLE FERRY, NEW JERSEY*

*ROSTER OF OFFICIALS
JUNE 30, 2016*

<u><i>MEMBERS OF THE BOARD OF EDUCATION</i></u>	<u><i>TERM EXPIRES</i></u>
Raymond Vorisek, President	2019
Nicholas Fyrtos	2016
Michelle Brattoli	2016
Michael Cardenas	2017
Susan Ferrante	2017
Jeanine Ferrara	2019
Debra Flanagan	2017
Frank Mele	2016
Leslie Gottlieb	2019

OTHER OFFICIALS

Frank Scarafilo, Superintendent

R. Paul Vizzuso, Business Administrator/Board Secretary (7/1/15-11/8/15)

Donna Alonso, Business Administrator/Board Secretary (11/8/15-6/30/16)

Stephen Sanzari, Treasurer of School Moneys

*LITTLE FERRY BOARD OF EDUCATION
LITTLE FERRY, NEW JERSEY*

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

Winne Banta Basralian & Kahn, PC
21 Main Street, Suite 101
PO Box 647
Hackensack, NJ 07601

Official Depositories

TD Bank North
PNC Bank
State of New Jersey Cash Management Fund

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. NICOLOSI, CPA
ROBERT AMPONSAH, CPA

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
Little Ferry Board of Education
Little Ferry, 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 Little Ferry Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Ferry Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

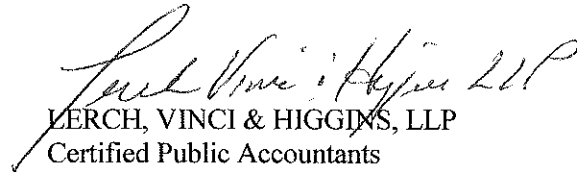
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Little Ferry Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 Little Ferry Board of Education.

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

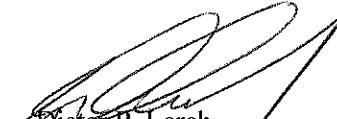
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2016 on our consideration of the Little Ferry Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Little Ferry Board of Education's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 29, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Little Ferry Board of Education

Little Ferry, New Jersey

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2016

This section of the Little Ferry Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2015-2016 fiscal year are as follows:

- Net position decreased by \$315,586 from the June 30, 2015 balance of \$4,855,101 to \$4,539,515 at June 30, 2016.
- General revenues of \$18,881,843 accounted for 77 percent of all revenues. Program revenues of \$5,616,227 accounted for 23 percent of total revenues of \$24,498,070.
- Among major funds, the General Fund had \$21,619,884 in revenues and other financing sources and \$21,540,236 in expenditures and other financing uses. The General Fund's fund balance increased \$79,648 over the prior year.
- In total, fund balance of Governmental Funds increased \$78,601, which represents a 3 percent increase from the prior year's fund balance of \$2,508,402 to \$2,587,003 at June 30, 2016.

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 Little Ferry Board of Education.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Little Ferry Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Little Ferry Board of Education, reporting the District's operation in more detail than the district-wide statements.

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental funds statements tell how basic services such as regular and special education instruction and support services were financed in short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the Little Ferry Board of Education operates like a business. The food service operation and extended day care program are considered a proprietary fund.
- Fiduciary funds statements provide information about the financial relationship in which the District acts as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Little Ferry Board of Education's financial statements, including the portion of the Little Ferry Board of Education 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.

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

Figure A-1 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 activity of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education and building	Activities the district operates similar to private businesses: Food Service Extended Day Care	Instances in which the district administers resources on behalf of someone else, such as payroll related activities and student activity funds.
Required financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position 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 resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/deferred inflows/outflows of resources/liability information	All assets, deferred inflows/outflows of resources and liabilities, 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 thereafter; no capital assets or long-term liabilities included	All assets, deferred inflows/outflows of resources and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities both short-term and long term; funds do not currently contain capital assets, although they can.
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.

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

District-wide Statements

The district-wide statements report information about the Little Ferry Board of Education 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/inflows of resources, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

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

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

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 explain 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 in the district-wide statements.
- *Fiduciary funds*- The District is the trustee, or *fiduciary*, for assets that belong to others such as payroll and payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. 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's district-wide financial statements because the District cannot use these assets to finance its operations.

This report also includes Notes to the Financial Statements. The notes provide additional information provided in the district-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also includes the required supplementary information.

FINANCIAL ANALYSIS OF THE LITTLE FERRY BOARD OF EDUCATION AS A WHOLE

The district's financial position is the product of many financial transactions including the net results of activities, the issuance and payment of long term liabilities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary of the school district's net position as of June 30, 2016 and 2015.

Net Position. The district's combined net position was \$4,539,515 as of June 30, 2016 and \$4,855,101 as of June 30, 2015.

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

Statement of Net Position
As of June 30, 2016 and 2015

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 2,747,672	\$ 3,469,125	\$ 284,674	\$ 280,978	\$ 3,032,346	\$ 3,750,103
Capital Assets - Net	<u>5,692,794</u>	<u>6,010,002</u>	<u>14,656</u>	<u>16,681</u>	<u>5,707,450</u>	<u>6,026,683</u>
Total Assets	<u>8,440,466</u>	<u>9,479,127</u>	<u>299,330</u>	<u>297,659</u>	<u>8,739,796</u>	<u>9,776,786</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	538,737	86,722	-	-	538,737	86,722
Total Deferred Outflows of Resources	<u>538,737</u>	<u>86,722</u>	<u>-</u>	<u>-</u>	<u>538,737</u>	<u>86,722</u>
Total Assets and Deferred Outflows of Resources	<u>8,979,203</u>	<u>9,565,849</u>	<u>299,330</u>	<u>297,659</u>	<u>9,278,533</u>	<u>9,863,508</u>
Long-Term Liabilities	4,497,513	3,792,385			4,497,513	3,792,385
Other Liabilities	<u>160,669</u>	<u>960,723</u>	<u>25,697</u>	<u>91,061</u>	<u>186,366</u>	<u>1,051,784</u>
Total Liabilities	<u>4,658,182</u>	<u>4,753,108</u>	<u>25,697</u>	<u>91,061</u>	<u>4,683,879</u>	<u>4,844,169</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	55,139	164,238	-	-	55,139	164,238
Total Deferred Inflows of Resources	<u>55,139</u>	<u>164,238</u>	<u>-</u>	<u>-</u>	<u>55,139</u>	<u>164,238</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,713,321</u>	<u>4,917,346</u>	<u>25,697</u>	<u>91,061</u>	<u>4,739,018</u>	<u>5,008,407</u>
Net Position:						
Net Investment in Capital Assets	5,692,794	6,010,002	14,656	16,681	5,707,450	6,026,683
Restricted	322,833	321,741			322,833	321,741
Unrestricted	<u>(1,749,745)</u>	<u>(1,683,240)</u>	<u>258,977</u>	<u>189,917</u>	<u>(1,490,768)</u>	<u>(1,493,323)</u>
Total Net Position	<u>\$ 4,265,882</u>	<u>\$ 4,648,503</u>	<u>\$ 273,633</u>	<u>\$ 206,598</u>	<u>\$ 4,539,515</u>	<u>\$ 4,855,101</u>

The table on the following page shows changes in net position for fiscal years 2016 and 2015.

Changes in Net Position. The District's total revenues were \$24,498,070 for the fiscal year ended June 30, 2016. Property taxes accounted for 74% of the total revenues for the school year. Operating grants and contributions and unrestricted federal and state aids were 23%. The balance or 3% was obtained from charges for services, investment earnings and other miscellaneous revenue.

The total cost of all programs and services was \$24,813,656. The District's expenses are predominantly related to instruction and student and instruction related services accounting for 80% of total costs. The purely administrative activities of the District accounted for just 7% of total costs.

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

Total expenses exceeded revenues, which resulted in a decrease in net position of \$315,586 from last year.

**Changes in Net Position
For the Fiscal Years Ended June 30, 2016 and 2015**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program Revenues						
Charges for Services	\$ 101,297	\$ 28,266	\$ 326,297	\$ 284,097	\$ 427,594	\$ 312,363
Operating Grants and Contributions	5,011,210	4,264,415	177,423	157,437	5,188,633	4,421,852
Capital Grants and Contributions					-	-
General Revenues						
Property Taxes	18,224,634	17,732,078			18,224,634	17,732,078
Unrestricted Federal and State Aid	547,801	1,134,780			547,801	1,134,780
Investment Earnings	3,867	102			3,867	102
Other	105,541	56,791	-	-	105,541	56,791
Total Revenues	<u>23,994,350</u>	<u>23,216,432</u>	<u>503,720</u>	<u>441,534</u>	<u>24,498,070</u>	<u>23,657,966</u>
Expenses						
Instruction						
Regular	14,037,964	13,626,681			14,037,964	13,626,681
Special Education	3,740,868	3,856,442			3,740,868	3,856,442
Other Instruction	287,547	291,972			287,547	291,972
School Sponsored Activities and Athletics	83,429	77,923			83,429	77,923
Support Services						
Student and Instruction Related Serv.	1,615,581	1,576,620			1,615,581	1,576,620
General Administration Services	551,987	521,753			551,987	521,753
School Administration Services	835,264	413,786			835,264	413,786
Business / Central Services	371,240	285,170			371,240	285,170
Plant Operations and Maintenance	2,143,885	1,531,927			2,143,885	1,531,927
Pupil Transportation	605,985	709,038			605,985	709,038
Interest on Long Term Debt	938				938	-
Food Services	-		376,466	459,398	376,466	459,398
EDCP	-	-	162,502	102,721	162,502	102,721
Total Expenses	<u>24,274,688</u>	<u>22,891,312</u>	<u>538,968</u>	<u>562,119</u>	<u>24,813,656</u>	<u>23,453,431</u>
Increase/(Decreased) in Net Position Before Transfers	(280,338)	325,120	(35,248)	(120,585)	(315,586)	204,535
Transfers	(102,283)	-	102,283	-	-	-
Change in Net Position	(382,621)	325,120	67,035	(120,585)	(315,586)	204,535
Net Position, Beginning of Year	4,648,503	4,977,016	206,598	327,183	4,855,101	5,304,199
Prior Period Adjustment	-	(653,633)	-	-	-	(653,633)
Net Position, End of Year	<u>\$ 4,265,882</u>	<u>\$ 4,648,503</u>	<u>\$ 273,633</u>	<u>\$ 206,598</u>	<u>\$ 4,539,515</u>	<u>\$ 4,855,101</u>

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

**Total Cost and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2016 and 2015**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Instruction				
Regular	\$ 14,037,964	\$ 13,626,681	\$ 10,949,513	\$ 11,023,049
Special Education	3,740,868	3,856,442	2,211,652	2,486,781
Other Instruction	287,547	291,972	213,431	227,137
School Sponsored Activities and Athletics	83,429	77,923	61,630	59,933
Support Services				
Student and Instruction Related Svcs.	1,615,581	1,576,620	1,514,799	1,536,559
General Administration Services	551,987	521,753	551,987	521,753
School Administration Services	835,264	413,786	703,678	325,659
Business / Central Services	371,240	285,170	371,240	285,170
Plant Operations and Maintenance	2,143,885	1,531,927	2,060,503	1,492,217
Pupil Transportation	605,985	709,038	522,810	640,373
Interest on Long Term Debt	938	-	938	-
	<u>\$ 24,274,688</u>	<u>\$ 22,891,312</u>	<u>\$ 19,162,181</u>	<u>\$ 18,598,631</u>
Total Governmental Activities				

The following schedule presents a comparison of General Fund (GAAP basis) revenues for the fiscal years ended June 30, 2016 and 2015.

General Fund Revenues

	<u>Fiscal Year Ended June 30,</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2016</u>	<u>2015</u>		
Local Sources:				
Property Taxes	\$ 18,224,634	\$ 17,732,078	\$ 492,556	2.8%
Tuition	59,677	28,266	31,411	111.1%
Interest Earnings	3,867	102	3,765	3691.2%
Miscellaneous	147,161	56,791	90,370	159.1%
Intergovernmental				
State Sources	3,112,980	2,730,836	382,144	14.0%
Federal Sources	-	613,887	(613,887)	100.0%
	<u>\$ 21,548,319</u>	<u>\$ 21,161,960</u>	<u>\$ 386,359</u>	1.8%
Total Revenues				

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

The following schedule presents a comparison of General Fund (GAAP Basis) expenditures for the fiscal years ended June 30, 2016 and 2015.

General Fund Expenditures

	Fiscal Year Ended June 30,		Amount of Increase (Decrease)	Percent Change
	2016	2015		
Instruction	\$ 15,804,621	\$ 15,812,941	\$ (8,320)	-0.1%
Undistributed Expenditures	5,598,286	4,609,483	988,803	21.5%
Debt Service	<u>35,046</u>	<u>10,554</u>	<u>24,492</u>	100.0%
 Total Expenditures	 <u>\$ 21,437,953</u>	 <u>\$ 20,432,978</u>	 <u>\$ 1,004,975</u>	 4.9%

Capital Assets. As of June 30, 2016 and 2015, the school district had invested in land, land improvements, buildings and building improvements, machinery and equipment as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,473,220	\$ 2,473,220			\$ 2,473,220	\$ 2,473,220
Land Improvements	220,016	220,016			220,016	220,016
Buildings and Building Improvements	8,290,055	8,290,055			8,290,055	8,290,055
Machinery and Equipment	<u>1,730,492</u>	<u>1,730,492</u>	<u>\$ 37,629</u>	<u>\$ 37,629</u>	<u>1,768,121</u>	<u>1,768,121</u>
 Total	 12,713,783	 12,713,783	 37,629	 37,629	 12,751,412	 12,751,412
Less: Accumulated Depreciation	<u>(7,020,989)</u>	<u>(6,703,781)</u>	<u>(22,973)</u>	<u>(20,948)</u>	<u>(7,043,962)</u>	<u>(6,724,729)</u>
 Total Capital Assets, Net	 <u>\$ 5,692,794</u>	 <u>\$ 6,010,002</u>	 <u>\$ 14,656</u>	 <u>\$ 16,681</u>	 <u>\$ 5,707,450</u>	 <u>\$ 6,026,683</u>

**Little Ferry Board of Education
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2016**

Debt Administration. As of June 30, 2016 and 2015 the school district had long-term liabilities in the amount of \$4,497,513 and \$3,792,385 (restated) as follows:

**Long-Term Debt
Outstanding Long-Term Liabilities
As of June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u> (Restated)
Community Disaster Loan Payable	\$ 925,887	\$ 925,887
Lease Purchase Agreements	56,099	19,689
Compensated Absence (Severance Pay) Payable	51,672	51,134
Net Pension Liability	3,429,453	2,755,929
Deferred Pension Obligation	<u>34,402</u>	<u>39,746</u>
Total	<u>\$ 4,497,513</u>	<u>\$ 3,792,385</u>

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 financial information, contact the Business Office, Little Ferry Board of Education, District Administration Offices, 130 Liberty Street, Little Ferry, New Jersey 07643. Telephone: 201-641-6192.

BASIC FINANCIAL STATEMENTS

LITTLE FERRY BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,390,223	\$ 319,239	\$ 2,709,462
Receivables, net			
Receivables from Other Governments	313,311	9,194	322,505
Internal Balances	44,138	(44,138)	-
Inventories		379	379
Capital Assets, Not Being Depreciated	2,473,220		2,473,220
Capital Assets, Net of Depreciation	<u>3,219,574</u>	<u>14,656</u>	<u>3,234,230</u>
 Total Assets	 <u>8,440,466</u>	 <u>299,330</u>	 <u>8,739,796</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>538,737</u>	<u>-</u>	<u>538,737</u>
 Total Deferred Outflows of Resources	 <u>538,737</u>	 <u>-</u>	 <u>538,737</u>
 Total Assets and Deferred Outflows of Resources	 <u>8,979,203</u>	 <u>299,330</u>	 <u>9,278,533</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	157,996	22,293	180,289
Payable to Federal Government	1,163		1,163
Unearned Revenue	1,510	3,404	4,914
Noncurrent Liabilities			
Due Within One Year	42,607		42,607
Due Beyond One Year	<u>4,454,906</u>	<u>-</u>	<u>4,454,906</u>
 Total Liabilities	 <u>4,658,182</u>	 <u>25,697</u>	 <u>4,683,879</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>55,139</u>	<u>-</u>	<u>55,139</u>
 Total Deferred Inflows of Resources	 <u>55,139</u>	 <u>-</u>	 <u>55,139</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>4,713,321</u>	 <u>25,697</u>	 <u>4,739,018</u>
NET POSITION			
Net Investment in Capital Assets	5,692,794	14,656	5,707,450
Restricted for			
Capital Projects Fund	322,833		322,833
Unrestricted	<u>(1,749,745)</u>	<u>258,977</u>	<u>(1,490,768)</u>
 Total Net Position	 <u>\$ 4,265,882</u>	 <u>\$ 273,633</u>	 <u>\$ 4,539,515</u>

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

**LITTLE FERRY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 14,037,964	\$ 59,677	\$ 3,028,774		\$ (10,949,513)		\$ (10,949,513)
Special Education	3,740,868		1,529,216		(2,211,652)		(2,211,652)
Other Instruction	287,547		74,116		(213,431)		(213,431)
School Sponsored Activities and Athletics	83,429		21,799		(61,630)		(61,630)
Support Services							
Student and Instruction Related Services	1,615,581		100,782		(1,514,799)		(1,514,799)
General Administrative Services	551,987				(551,987)		(551,987)
School Administrative Services	835,264		131,586		(703,678)		(703,678)
Plant Operations and Maintenance	2,143,885	41,620	41,762		(2,060,503)		(2,060,503)
Pupil Transportation	605,985		83,175		(522,810)		(522,810)
Central Services	371,240	-	-	-	(371,240)	-	(371,240)
Interest on Long-Term Debt	938	-	-	-	(938)	-	(938)
Total Governmental Activities	24,274,688	101,297	5,011,210	-	(19,162,181)	-	(19,162,181)
Business-Type Activities							
Food Service	376,466	152,078	177,423			\$ (46,965)	(46,965)
Extended Day Care Program	162,502	174,219	-			11,717	11,717
Total Business-Type Activities	538,968	326,297	177,423	-	-	(35,248)	(35,248)
Total Primary Government	\$ 24,813,656	\$ 427,594	\$ 5,188,633	\$ -	(19,162,181)	(35,248)	(19,197,429)
General Revenues							
Property Taxes Levied for General Purpose					18,224,634		18,224,634
Federal and State Aid Not Restricted					547,801		547,801
Investment Earnings					3,867		3,867
Miscellaneous Income					105,541		105,541
Transfers					(102,283)	102,283	-
Total General Revenues and Transfers					18,779,560	102,283	18,881,843
Change in Net Position					(382,621)	67,035	(315,586)
Net Position, Beginning of Year (Restated)					4,648,503	206,598	4,855,101
Net Position, End of Year					\$ 4,265,882	\$ 273,633	\$ 4,539,515

FUND FINANCIAL STATEMENTS

**LITTLE FERRY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,390,223			-	\$ 2,390,223
Receivables					
Intergovernmental	54,953	\$ 258,358			313,311
Due from Other Funds	866,114	-	-	-	866,114
Total Assets	\$ 3,311,290	\$ 258,358	\$ -	\$ -	\$ 3,569,648
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 157,996				\$ 157,996
Due to Other Funds	-	\$ 264,925	\$ 557,051		821,976
Payable to Federal Government		1,163			1,163
Unearned Revenue	-	1,510	-	-	1,510
Total Liabilities	157,996	267,598	557,051	-	982,645
Fund Balances					
Restricted Fund Balance					
Excess Surplus-Designated for					
Subsequent Year's Expenditures (2016/17 Budget)	766,605				766,605
Excess Surplus	1,021,387				1,021,387
Capital Reserve	529,884				529,884
Capital Reserve- Designated for Subsequent					
Year's Expenditures (2016/2017 Budget)	350,000				350,000
Capital Projects			(557,051)		(557,051)
Committed Fund Balance					
Hurricane Sandy Commitments	34,375				34,375
Assigned Fund Balance					
Year-End Encumbrances	206,125				206,125
Unassigned Fund Balance					
General Fund	244,918				244,918
Special Revenue Fund	-	(9,240)	-	-	(9,240)
Total Fund Balances	3,153,294	(9,240)	(557,051)	-	2,587,003
Total Liabilities and Fund Balances	\$ 3,311,290	\$ 258,358	\$ -	\$ -	

**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 \$12,713,783 and the accumulated depreciation is \$7,020,989. 5,692,794

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

Deferred Outflows of Resources	\$ 538,737
Deferred Inflows of Resources	(55,139)
	483,598

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year end consist of the following:

Severance Pay Payable	(51,672)
Lease Purchase Agreements Payable	(56,099)
Community Disaster Loan Payable	(925,887)
Deferred Pension Obligation	(34,402)
Net Pension Liability	(3,429,453)
	(4,497,513)

Net Position of Governmental Activities (Exhibit A-1) \$ 4,265,882

LITTLE FERRY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<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					
Local Property Tax Levy	\$ 18,224,634				\$ 18,224,634
Tuition	59,677				59,677
Interest	3,867	-			3,867
Miscellaneous	147,161	-	-	-	147,161
Total - Local Sources	<u>18,435,339</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,435,339</u>
State Sources	3,112,980	\$ 83,160			3,196,140
Federal Sources	-	656,347	-	-	656,347
Total Revenues	<u>21,548,319</u>	<u>739,507</u>	<u>-</u>	<u>-</u>	<u>22,287,826</u>
EXPENDITURES					
Current					
Regular Instruction	12,191,768	427,431			12,619,199
Special Education Instruction	3,292,772	263,083			3,555,855
Other Instruction	248,219				248,219
School-Sponsored Activities and Athletics	71,862				71,862
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,478,756	48,993			1,527,749
General Administrative Services	546,781				546,781
School Administrative Services	750,347				750,347
Plant Operations and Maintenance	1,862,823				1,862,823
Pupil Transportation	601,414				601,414
Central Services	358,165				358,165
Debt Service					
Principal	34,108				34,108
Interest	938	-	-	-	938
Total Expenditures	<u>21,437,953</u>	<u>739,507</u>	<u>-</u>	<u>-</u>	<u>22,177,460</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>110,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,366</u>
OTHER FINANCING USES/SOURCES					
Transfers In	1,047				1,047
Transfers Out	(102,283)			\$ (1,047)	(103,330)
Lease Purchase Proceeds	70,518	-	-	-	70,518
Total Other Financing Uses/Sources	<u>(30,718)</u>	<u>-</u>	<u>-</u>	<u>(1,047)</u>	<u>(31,765)</u>
Net Change in Fund Balances	79,648	-	-	(1,047)	78,601
Fund Balance (Deficit), Beginning of Year	<u>3,073,646</u>	<u>(9,240)</u>	<u>(557,051)</u>	<u>\$ 1,047</u>	<u>2,508,402</u>
Fund Balance (Deficit), End of Year	<u>\$ 3,153,294</u>	<u>\$ (9,240)</u>	<u>\$ (557,051)</u>	<u>\$ -</u>	<u>\$ 2,587,003</u>

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

**LITTLE FERRY 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, 2016**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 78,601

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

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

Depreciation Expense (317,208)

The issuance of long-term debt provides current financial resources to governmental funds. However, these transactions have no effect in the Statement of Net Position. Also, governmental funds report the effect of:

Lease Purchase Proceeds (70,518)

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

Lease Purchase Agreements 34,108

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured 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):

Net Increase in Compensated Absences (Severance Pay)	\$ (538)	
Increase in Pension Expense	(112,410)	
Net Decrease in Deferred Pension Obligation	<u>5,344</u>	
		<u>(107,604)</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ (382,621)

**LITTLE FERRY BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2016**

	Business-Type Activities		
	Enterprise Funds		
	<u>Food Service</u>	<u>EDCP</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 22,834	\$ 296,405	\$ 319,239
Receivables from Other Governments	9,194		9,194
Inventory	<u>379</u>	<u>-</u>	<u>379</u>
Total Current Assets	<u>32,407</u>	<u>296,405</u>	<u>328,812</u>
Capital Assets			
Equipment	37,629	-	37,629
Less: Accumulated Depreciation	<u>(22,973)</u>	<u>-</u>	<u>(22,973)</u>
Total Capital Assets, Net	<u>14,656</u>	<u>-</u>	<u>14,656</u>
Total Assets	<u>47,063</u>	<u>296,405</u>	<u>343,468</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	12,769	9,524	22,293
Due to Other Funds	44,138	-	44,138
Unearned Revenue	<u>3,404</u>	<u>-</u>	<u>3,404</u>
Total Current Liabilities	<u>60,311</u>	<u>9,524</u>	<u>69,835</u>
NET POSITION			
Investment in Capital Assets	14,656	-	14,656
Unrestricted	<u>(27,904)</u>	<u>286,881</u>	<u>258,977</u>
Total Net Position	<u>\$ (13,248)</u>	<u>\$ 286,881</u>	<u>\$ 273,633</u>

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

**LITTLE FERRY BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities		<u>Total</u>
	Enterprise Funds		
	<u>Food Service</u>	<u>EDCP</u>	
OPERATING REVENUES			
Charges for Services			
Tuition - Program Fees		\$ 174,219	\$ 174,219
Daily Sales Reimbursable Program	\$ 123,058		123,058
Miscellaneous-Other Functions	1,032	-	1,032
Miscellaneous	27,988	-	27,988
	<u>152,078</u>	<u>174,219</u>	<u>326,297</u>
OPERATING EXPENSES			
Salaries and Benefits	90,016	109,523	199,539
Cost of Sales - Reimbursable Programs	243,179		243,179
Cost of Sales - Non Reimbursable	29		29
Other Purchased Services	15,598	12,786	28,384
Management Fee	15,675		15,675
Miscellaneous Expenses	1,140	-	1,140
Supplies and Materials	8,804	40,193	48,997
Depreciation	2,025	-	2,025
	<u>376,466</u>	<u>162,502</u>	<u>538,968</u>
Operating Income (Loss)	<u>(224,388)</u>	<u>11,717</u>	<u>(212,671)</u>
NONOPERATING REVENUES			
State Sources:			
School Lunch Program	4,070		4,070
Federal Sources			
School Lunch Program	161,520		161,520
School Breakfast Program	11,833	-	11,833
	<u>177,423</u>	<u>-</u>	<u>177,423</u>
Change in Net Position Before Transfers	(46,965)	11,717	(35,248)
OTHER FINANCING SOURCES			
Transfers In	102,283	-	102,283
Change in Net Position	55,318	11,717	67,035
Net Position, Beginning of Year	<u>(68,566)</u>	<u>275,164</u>	<u>206,598</u>
Net Position, End of Year	<u>\$ (13,248)</u>	<u>\$ 286,881</u>	<u>\$ 273,633</u>

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

**LITTLE FERRY BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Business-Type Activities		Total
	Enterprise Funds		
	<u>Food Service</u>	<u>EDCP</u>	
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 127,494	\$ 174,219	\$ 301,713
Cash Received from Prior Year Expense Reimbursement	27,988		27,988
Cash Payments for Salaries and Benefits	(90,016)	(100,794)	(190,810)
Cash Payments to Suppliers and Employees	(323,669)	(52,184)	(375,853)
Net Cash Provided/(Used) by Operating Activities	<u>(258,203)</u>	<u>21,241</u>	<u>(236,962)</u>
Cash Flows from Noncapital Financing Activities			
Cash Paid to General Fund		(119,025)	(119,025)
Cash Received from General Fund	102,283		102,283
Cash Received from State and Federal Reimbursements	178,741	-	178,741
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>281,024</u>	<u>(119,025)</u>	<u>161,999</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	22,821	(97,784)	(74,963)
Cash and Cash Equivalents, Beginning of Year	<u>13</u>	<u>394,189</u>	<u>394,202</u>
Cash and Cash Equivalents, End of Year	<u>\$ 22,834</u>	<u>\$ 296,405</u>	<u>\$ 319,239</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (224,388)	\$ 11,717	(212,671)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	2,025		2,025
Change in Assets and Liabilities			
(Increase/Decrease) in Inventory	152		152
Increase/(Decrease) in Accounts Payable	(78,292)	9,524	(68,768)
Increase/(Decrease) in Due to Other Funds	38,896		38,896
Increase/(Decrease) in Unearned Revenue	3,404	-	3,404
Total Adjustments	<u>(33,815)</u>	<u>9,524</u>	<u>(24,291)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (258,203)</u>	<u>\$ 21,241</u>	<u>\$ (236,962)</u>

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

**LITTLE FERRY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	<u>Unemployment Compensation Trust Fund</u>	<u>Hurricane Sandy</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,034	\$ -	\$ 147,153
Total Assets	<u>1,034</u>	<u>-</u>	<u>147,153</u>
LIABILITIES			
Accrued Salaries & Wages (Deficit)			(15,078)
Due to Student Groups			37,210
Payroll Deductions and Withholdings	<u>-</u>	<u>-</u>	<u>125,021</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 147,153</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 1,034</u>	<u>\$ -</u>	

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

**LITTLE FERRY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Unemployment Compensation Trust Fund</u>	<u>Hurricane Sandy</u>
ADDITIONS		
Contributions and Donations		
Miscellaneous	-	-
	-----	-----
Total Additions	-	-
	-----	-----
DEDUCTIONS		
Excess Funds Returned to General Fund	-	\$ 34,375
	-----	-----
Total Deductions	-	34,375
	-----	-----
Change in Net Position	-	(34,375)
Net Position, Beginning of Year	\$ 1,034	34,375
	-----	-----
Net Position, End of Year	\$ 1,034	\$ -
	-----	-----

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

NOTES TO THE FINANCIAL STATEMENTS

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Little Ferry 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 Little Ferry Board of Education this includes general operations, food service, extended day care 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 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 *extended day care program ("EDCP") fund* accounts for the activities of the District's before and after school hours care program.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 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.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	15
Vehicles	10
Office Equipment	5-10
Computer Equipment	5

5. *Deferred Outflows/Inflows of Resources*

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Severance Pay*

It is the District's policy to permit teachers who retire from the District after completing an uninterrupted, continuous service with the District for a minimum of any of the period of years set forth in the policy to be paid a fixed compensation based on the years of service. A long-term liability of accumulated severance pay and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. *Pensions*

In the district-wide financial statements, 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. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 original budget certified for taxes.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2D.)

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes (See Note 2D.)

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

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

Hurricane Sandy Commitments – Represents outstanding obligations at year end awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

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

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

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.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 16, 2012, 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 2015/2016. Also, during 2015/2016 the Board increased the original general fund by \$363,777 and the original special revenue fund budget by \$191,787. The increase was funded by additional surplus appropriated, and the reappropriation of prior year general fund encumbrances in the general fund and additional grant awards in the special revenue fund.

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

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

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Tuition to CSSD & Reg. Day Schools	\$646,895	\$683,516	\$(36,621)
Capital Outlay			
Facilities Acquisition and Construction			
Services			
Assessment for Debt Service on SDA Funding	-0-	811	(811)

The overexpended appropriations were the result of audit adjustments to record state aid deductions. The above variances were offset with other available resources.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Deficit Fund Equity

The District has an accumulated deficit in fund balance of \$557,051 in the Capital Projects Fund as of June 30, 2016. This deficit is the result of the Board incurring expenditures for various District improvements without any funding source in place. In the 2016/17 District budget, the Board appropriated \$207,051 to be transferred from capital outlay and \$350,000 to be transferred from capital reserve into capital projects fund to fund the deficit.

The Food Service Enterprise Fund has a cumulative deficit in net position of \$13,248 as of June 30, 2016. The District expects to eliminate this deficit through normal operations and certain cost containment measures.

The District has an unassigned fund balance deficit of \$9,240 in the Special Revenue Fund as of June 30, 2016 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 2015/2016 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 Special Revenue 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 \$9,240 in the Special Revenue Fund is equal to the delayed state aid payments balance at June 30, 2016.

D. Capital Reserve

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

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

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 877,745
Increased by	
Interest Earnings	<u>2,139</u>
Balance, June 30, 2016	<u>\$ 879,884</u>
Designated for Subsequent Year's Expenditures (16/17 Budget)	\$ 350,000
Available Capital Reserve	<u>529,884</u>
	<u>\$ 879,884</u>

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$1,787,992. Of this amount, \$766,605 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$1,021,387 will be appropriated in the 2017/2018 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2016, the book value of the Board's deposits were \$2,857,649 and bank and brokerage firm balances of the Board's deposits amounted to \$4,132,621. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 3,252,737
Uninsured and Uncollateralized	<u>879,884</u>
	<u>\$ 4,132,621</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board's bank balance of \$879,884 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department not in the Board's name	<u>\$ 879,884</u>
	<u>\$ 879,884</u>

Investments

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

As of June 30, 2016, the Board had no outstanding investments.

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental-				
Federal		\$ 258,358	\$ 8,995	\$ 267,353
State	\$ 35,236	-	199	35,435
Local	<u>19,717</u>	<u>-</u>	<u>-</u>	<u>19,717</u>
Net Total Receivables	<u>\$ 54,953</u>	<u>\$ 258,358</u>	<u>\$ 9,194</u>	<u>\$ 322,505</u>

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

Special Revenue Fund		
Grant Draw Downs Reserved for Encumbrances	\$	<u>1,510</u>
 Total Unearned Revenue for Governmental Funds	 \$	 <u>1,510</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Balance, June 30, 2016</u>
Governmental Activities:			
Capital Assets, Not Being Depreciated:			
Land	\$ 2,473,220	-	\$ 2,473,220
 Total Capital Assets, Not Being Depreciated	 <u>2,473,220</u>	 -	 <u>2,473,220</u>
Capital Assets, Being Depreciated:			
Land Improvements	220,016		220,016
Building and Building Improvements	8,290,055		8,290,055
Machinery and Equipment	1,730,492	-	1,730,492
 Total Capital Assets Being Depreciated	 <u>10,240,563</u>	 -	 <u>10,240,563</u>
Less Accumulated Depreciation for:			
Land Improvements	(124,895)	\$ (10,583)	(135,478)
Building and Building Improvements	(5,238,204)	(237,136)	(5,475,340)
Machinery and Equipment	(1,340,682)	(69,489)	(1,410,171)
 Total Accumulated Depreciation	 <u>(6,703,781)</u>	 <u>(317,208)</u>	 <u>(7,020,989)</u>
 Total Capital Assets, Being Depreciated, Net	 <u>3,536,782</u>	 <u>(317,208)</u>	 <u>3,219,574</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 6,010,002</u>	 <u>\$ (317,208)</u>	 <u>\$ 5,692,794</u>

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2016</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 37,629	-	-	\$ 37,629
Total Capital Assets Being Depreciated	<u>37,629</u>	<u>-</u>	<u>-</u>	<u>37,629</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(20,948)	\$ (2,025)	-	(22,973)
Total Accumulated Depreciation	<u>(20,948)</u>	<u>(2,025)</u>	<u>-</u>	<u>(22,973)</u>
Total Capital Assets, Being Depreciated, Net	<u>16,681</u>	<u>(2,025)</u>	<u>-</u>	<u>14,656</u>
Business-Type Activities Capital Assets, Net	<u>\$ 16,681</u>	<u>\$ (2,025)</u>	<u>\$ -</u>	<u>\$ 14,656</u>

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

Governmental Activities:

Instruction	
Regular	\$ 44,915
Total Instruction	<u>44,915</u>
Support Services	
Student and Instruction Related Services	17,968
School Administrative Services	1,070
Plant Operations and Maintenance	250,668
Pupil Transportation	<u>2,587</u>
Total Support Services	<u>272,293</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 317,208</u>
Business-Type Activities:	
Food Service Fund	\$ 2,025
Total Depreciation Expense-Business-Type Activities	<u>\$ 2,025</u>

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2016:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
School Vestibule	\$ 7,600	\$ 43,107
Security Fire System Upgrade		39,800
Paging - Clock System Upgrade		<u>32,490</u>
		<u>\$ 115,397</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 557,051
General Fund	Food Service Fund	44,138
General Fund	Special Revenue Fund	<u>264,925</u>
Total		<u>\$ 866,114</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>		
	<u>General</u>	<u>Enterprise Food Service</u>	<u>Total</u>
Transfer Out:			
General Fund		\$ 102,283	\$ 102,283
Debt Service Fund	\$ 1,047	-	1,047
Total transfers out	<u>\$ 1,047</u>	<u>\$ 102,283</u>	<u>\$ 103,330</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.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Lease Purchase Agreements

The District has entered into lease purchase agreement for the purchase of computers and related supplies for a term of 3 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2017	\$ 35,046
2018	<u>24,492</u>
Total minimum lease payments	59,538
Less: amount representing interest	<u>(3,439)</u>
Present value of minimum lease payments	<u>\$ 56,099</u>

G. Long-Term Debt

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 33,139,996
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 33,139,996</u>

H. Other Long-Term Liabilities

Community Disaster Loan

In July 2013, the Federal Emergency Management Agency (FEMA), under the provisions of the Community Disaster Loan Act of 2005, approved the District's application for a disaster loan in response to the losses incurred as a result of Hurricane Sandy. The district was approved for \$4,708,701 total loan and chose to withdraw \$925,887 as a reduction of the tax levy assessed for the 2013-2014 and 2014-2015 school years. This loan is subject to FEMA review at the close of 2016/beginning of 2017 and may be fully or partially cancelled based upon FEMA's calculation of the revenue loss that the district experienced over a specified period. The loan matures in 2018.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

Deferred Pension Obligation

During the 2009/2010 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 \$34,821 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 7.90% effective July 1, 2013 and 8.25% prior to July 1, 2013) at June 30, 2016 is \$34,402.

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	Balance, July 1, 2015 (Restated)	Additions	Reductions	Balance, June 30, 2016	Due Within One Year
Governmental Activities:					
Severance Pay	\$ 51,134	\$ 538		\$ 51,672	\$ 10,000
Lease Purchase Agreements	19,689	70,518	\$ 34,108	56,099	32,607
Community Disaster Loan ("CDL") Payable	925,887		-	925,887	
Deferred Pension Obligation	39,746		5,344	34,402	
Net Pension Liability	<u>2,755,929</u>	<u>804,868</u>	<u>131,344</u>	<u>3,429,453</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 3,792,385</u>	<u>\$ 875,924</u>	<u>\$ 170,796</u>	<u>\$ 4,497,513</u>	<u>\$ 42,607</u>

For the governmental activities, the liabilities for severance pay, lease purchase agreements, deferred pension obligations and net pension liability are generally liquidated by the general fund. The CDL Loan Payable will be liquidated by the debt service fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Contribution Method". Under this plan the District remits quarterly contributions to the New Jersey Unemployment Trust Fund under a consolidated rate established annually and shared by all governmental contributory employers.

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, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Employee Retirement Systems and Pension Plans

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Other Pension Funds

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

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

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

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

Basis of Accounting

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

Investment Valuation

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

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 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, 2014 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 2.60-9.48 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 6.92% for PERS, 6.92% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI) and deferred PERS pension obligation the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 138,582	\$ 468,039	\$ 15,137
2015	263,749	304,636	3,914
2014	128,687	260,181	

For fiscal years 2015/2016 and 2014/2015, the state contributed \$468,039 and \$304,636, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$260,181 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$484,160 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$3,429,453 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 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, 2015, the District's proportionate share was .01528 percent, which was an increase of .00056 percent from its proportionate share measured as of June 30, 2014 of .01472 percent.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$243,754 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 368,296	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	81,815	\$ 55,139
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>88,626</u>	<u>-</u>
Total	<u>\$ 538,737</u>	<u>\$ 55,139</u>

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

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ 70,208
2017	70,208
2018	70,208
2019	70,208
2020	83,993
Thereafter	<u>118,773</u>
	<u>\$ 483,598</u>

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	4.90%

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. 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, 2033
Municipal Bond Rate *	From July 1, 2033 and Thereafter

* The municipal bond return rate used is 3.80%. 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 4.90%, 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 (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,314,355</u>	<u>\$ 3,429,453</u>	<u>\$ 2,686,359</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2015. 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.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 5 OTHER INFORMATION (Continued)

F. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% 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, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,174,563 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2016 the State's proportionate share of the net pension liability attributable to the District is \$35,614,119. 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, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .05635 percent, which was a decrease of .00518 percent from its proportionate share measured as of June 30, 2014 of .06153 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. 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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.13%

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, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 3.80%. 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 4.13%, 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 (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 42,834,525</u>	<u>\$ 35,614,119</u>	<u>\$ 29,608,866</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

C. 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.

D. Post-Retirement Medical Benefits

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2015.

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

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2016, 2015 and 2014 were \$557,307, \$483,610 and \$426,763, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

The District received an additional drawdown of the Community Disaster Loan in prior years related to Hurricane Sandy expenses which was not previously accrued in the District-wide financial statements as a long-term liability. The additional proceeds the District received from the Community Disaster Loan was \$613,887. The District has restated its July 1, 2015 long-term liabilities to reflect the entire loan balance. The effect of this restatement was a decrease in governmental activities net position of \$613,887.

The District elected to contribute only 50% of its normal and accrued liability components of the Public Employee Retirement System for the 2009 pension billing. The outstanding balance of this deferred amount was previously omitted from the District's district-wide financial statement. The District has restated its July 1, 2015 long-term liability to reflect the outstanding deferred pension obligation of \$39,746.

The net effect of these restatements combined is a decrease of \$653,633 in total net position of governmental activities at June 30, 2015 from \$5,302,136, as originally reported to \$4,648,503.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 18,224,634		\$ 18,224,634	\$ 18,224,634	
Tuition- Individuals	20,000		20,000	25,140	\$ 5,140
Tuition- Other LEAs				34,537	34,537
Rentals (Classroom Lease)				41,620	41,620
Interest Earned on Capital Reserve Funds	2,000		2,000	2,139	139
Other Revenues from Local Sources	2,000	-	2,000	107,269	105,269
Total Local Sources	18,248,634	-	18,248,634	18,435,339	186,705
State Sources					
Special Education Aid	783,657		783,657	783,657	-
Transportation Aid	72,867		72,867	72,867	-
Security Aid	42,140		42,140	42,140	-
Equalization Aid	539,377		539,377	539,377	-
Per Pupil Growth Aid	13,390		13,390	13,390	-
PARCC Readiness Aid	13,390		13,390	13,390	-
Extraordinary Aid	65,579		65,579	190,537	124,958
Additional Non-Public Transportation Aid				10,962	10,962
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				22,208	22,208
On-behalf TPAF Pension System Payments - Normal Cost & Accrued Liab. (Non-Budget)				445,831	445,831
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				557,307	557,307
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	484,160	484,160
Total State Sources	1,530,400	-	1,530,400	3,175,826	1,645,426
Total Revenues	19,779,034	-	19,779,034	21,611,165	1,832,131
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	89,766	\$ 30,154	119,920	112,874	7,046
Kindergarten	341,520	(76,568)	264,952	264,952	-
Grades 1-5	2,182,899	195,259	2,378,158	2,368,630	9,528
Grades 6-8	1,702,297	26,307	1,728,604	1,700,815	27,789
Regular Programs - Home Instruction					
Salaries of Teachers	15,000	5,000	20,000	3,255	16,745
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	563,208	(123,150)	440,058	338,049	102,009
Purchased Technical Services	183,884	21,491	205,375	201,916	3,459
Other Purchased Services	10,500	69,700	80,200	43,439	36,761
General Supplies	168,925	2,127	171,052	165,694	5,358
General Supplies - Acquired Under Lease Purchase (Nonbudgeted)				70,518	(70,518)
Textbooks	41,559	13,873	55,432	54,147	1,285
Other Objects	3,200	4,500	7,700	6,513	1,187
Total Regular Programs	5,302,758	168,693	5,471,451	5,330,802	140,649

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Multiple Disabilities					
Salaries of Teachers	\$ 183,530	\$ (53,000)	\$ 130,530	\$ 126,682	\$ 3,848
Other Salaries for Instruction	-	62,478	62,478	62,478	-
General Supplies	3,344	-	3,344	2,767	577
Textbooks	6,848	-	6,848	1,174	5,674
Total Multiple Disabilities	<u>193,722</u>	<u>9,478</u>	<u>203,200</u>	<u>193,101</u>	<u>10,099</u>
Resource Room/Resource Center					
Salaries of Teachers	461,474	-	461,474	446,912	14,562
Workmen's Compensation	-	217	217	-	217
Health Benefits	-	225,839	225,839	225,839	-
General Supplies	3,190	50	3,240	2,198	1,042
Textbooks	1,100	-	1,100	1,046	54
Total Resource Room/Resource Center	<u>465,764</u>	<u>226,106</u>	<u>691,870</u>	<u>675,995</u>	<u>15,875</u>
Preschool Disabilities - Part Time					
Salaries of Teachers	57,847	(32,000)	25,847	15,631	10,216
General Supplies	2,750	1,000	3,750	2,601	1,149
Total Preschool Disabilities - Part Time	<u>60,597</u>	<u>(31,000)</u>	<u>29,597</u>	<u>18,232</u>	<u>11,365</u>
Total Special Education	<u>720,083</u>	<u>204,584</u>	<u>924,667</u>	<u>887,328</u>	<u>37,339</u>
Basic Skills					
Salaries of Teachers	77,203	16,500	93,703	88,298	5,405
Total Basic Skills	<u>77,203</u>	<u>16,500</u>	<u>93,703</u>	<u>88,298</u>	<u>5,405</u>
Bilingual Education					
Salaries	268,631	(172,000)	96,631	50,233	46,398
General Supplies	660	-	660	473	187
Total Bilingual Education	<u>269,291</u>	<u>(172,000)</u>	<u>97,291</u>	<u>50,706</u>	<u>46,585</u>
School Sponsored Co/Extracurricular Activities-Instruction					
Salaries	32,837	6,040	38,877	38,877	-
Other Objects	18,000	(3,710)	14,290	11,298	2,992
Total Co/Extracurricular Activities-Instruction	<u>50,837</u>	<u>2,330</u>	<u>53,167</u>	<u>50,175</u>	<u>2,992</u>
School Sponsored Athletics-Instruction					
Salaries	4,996	(1,222)	3,774	1,866	1,908
Purchased Services	2,323	(247)	2,076	2,076	-
Total School Sponsored Athletics-Instruction	<u>7,319</u>	<u>(1,469)</u>	<u>5,850</u>	<u>3,942</u>	<u>1,908</u>
Total Instruction	<u>6,427,491</u>	<u>218,638</u>	<u>6,646,129</u>	<u>6,411,251</u>	<u>234,878</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	4,041,335	144,049	4,185,384	4,185,384	-
Tuition to Other LEAs Within the State - Special	1,447,269	(94,227)	1,353,042	1,353,042	-
Tuition to County Vocational School Districts - Regular	595,872	(56,840)	539,032	539,032	-
Tuition to County Vocational School Districts - Special	264,000	(247,600)	16,400	16,400	-
Tuition to CSSD & Reg. Day Schools	686,580	(39,685)	646,895	683,516	(36,621)
Tuition to Priv. School for the Disabled W/I State	169,835	(105,689)	64,146	64,146	-
Tuition- State Facilities	4,500	-	4,500	4,500	-
Total Undistributed Expenditures - Instruction	<u>7,209,391</u>	<u>(399,992)</u>	<u>6,809,399</u>	<u>6,846,020</u>	<u>(36,621)</u>

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 10,400	5,267	\$ 15,667	\$ 15,352	\$ 315
Total Attendance and Social Work Services	10,400	5,267	15,667	15,352	315
Health Services					
Salaries	138,441	\$ 12,000	150,441	149,607	834
Purchased Professional and Technical Services	4,092	1,250	5,342	4,635	707
Supplies and Materials	2,083	-	2,083	1,924	159
Total Health Services	144,616	13,250	157,866	156,166	1,700
Speech, OT, PT and Related Services					
Salaries	195,189	-	195,189	195,189	-
Supplies and Materials	1,543	-	1,543	862	681
Total Speech, OT, PT and Related Services	196,732	-	196,732	196,051	681
Other Support Serv. Students - Extra. Svcs.					
Salaries	-	40,076	40,076	40,076	-
Total Other Support Serv. Students - Extra. Svcs.	-	40,076	40,076	40,076	-
Guidance					
Salaries of Other Professional Staff	74,669	-	74,669	74,669	-
Other Purchased Professional-Technical Services	1,122	717	1,839	1,839	-
Supplies and Materials	2,081	(717)	1,364	1,185	179
Total Guidance	77,872	-	77,872	77,693	179
Child Study Teams					
Salaries of Other Professional Staff	427,760	(91,856)	335,904	291,919	43,985
Salaries of Secretarial and Clerical Assistants	39,999	3,000	42,999	42,095	904
Other Salaries	45,000	-	45,000	32,734	12,266
Purchased Professional - Educational Services	336,310	(198,118)	138,192	131,782	6,410
Other Purchased Professional and Tech. Services	25,747	2,517	28,264	6,689	21,575
Miscellaneous Purchased Services	1,800	3	1,803	861	942
Supplies and Materials	12,453	-	12,453	7,079	5,374
Other Objects	2,400	-	2,400	1,614	786
Total Child Study Teams	891,469	(284,454)	607,015	514,773	92,242
Improvement of Instructional Services					
Sal of Supervisor of Instruction	117,250	(20,450)	96,800	96,800	-
Purchased Prof- Educational Services	25,000	-	25,000	25,000	-
Other Purchased Services	2,000	(1,083)	917	917	-
Supplies and Materials	16,500	1,825	18,325	14,479	3,846
Other Objects	1,950	(742)	1,208	1,208	-
Total Improvement of Instructional Services	162,700	(20,450)	142,250	138,404	3,846

LITTLE FERRY BOARD OF EDUCATION
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 14,867	1,000	\$ 15,867	\$ 13,937	\$ 1,930
Supplies and Materials	1,100	1,411	2,511	2,511	-
Total Educational Media Serv./School Library	15,967	2,411	18,378	16,448	1,930
Instructional Staff Training Services					
Purchased Professional - Educational Services	15,000	7,000	22,000	4,329	17,671
Other Purchased Services	3,000	3,135	6,135	3,991	2,144
Total Instructional Staff Training Services	18,000	10,135	28,135	8,320	19,815
Support Services General Administration					
Salaries	169,074	44,850	213,924	212,972	952
Legal Services	25,000	60,477	85,477	73,834	11,643
Audit Fees	28,000	8,500	36,500	36,340	160
Other Purchased Professional Services	49,104	(4,197)	44,907	37,936	6,971
Purchased Technical Services	10,500	4,590	15,090	13,459	1,631
Communications/Telephone	41,537	(5,896)	35,641	30,503	5,138
BOE Other Purchased Services	10,500	1,300	11,800	3,986	7,814
Miscellaneous Purchased Services	46,993	(23,200)	23,793	23,556	237
General Supplies	3,000	-	3,000	1,808	1,192
Judgments Against the School District	-	30,000	30,000	30,000	-
BOE Membership Dues and Fees	12,400	(8,925)	3,475	1,721	1,754
Miscellaneous Expenditures	4,675	7,725	12,400	11,821	579
Total Support Services General Administration	400,783	115,224	516,007	477,936	38,071
Support Services School Administration					
Salaries of Principals/Assistant Principals	249,951	-	249,951	245,951	4,000
Salaries of Other Professional Staff	-	198,000	198,000	155,000	43,000
Salaries of Secretarial and Clerical Assistants	66,967	67,000	133,967	128,108	5,859
Other Purchased Services	14,080	1,991	16,071	10,105	5,966
Supplies and Materials	8,850	369	9,219	8,579	640
Other Objects	2,224	3,235	5,459	5,045	414
Total Support Services School Administration	342,072	270,595	612,667	552,788	59,879
Central Services					
Salaries	172,954	38,614	211,568	184,971	26,597
Purchased Technical Services	-	10,000	10,000	-	10,000
Misc. Purchased Services	1,000	-	1,000	142	858
Supplies and Materials	3,000	143	3,143	1,352	1,791
Miscellaneous Expenditures	3,600	-	3,600	2,727	873
Total Central Services	180,554	48,757	229,311	189,192	40,119
Admin. Info. Tech.					
Salaries	-	79,000	79,000	78,974	26
Supplies and Materials	-	5,682	5,682	5,682	-
Total Admin. Info. Tech.	-	84,682	84,682	84,656	26

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 38,438	\$ 37,900	\$ 76,338	\$ 76,338	\$ -
Cleaning, Repair and Maintenance Services	41,700	72,025	113,725	111,680	2,045
General Supplies	9,671	333	10,004	9,809	195
Total Required Maintenance for School Fac.	<u>89,809</u>	<u>110,258</u>	<u>200,067</u>	<u>197,827</u>	<u>2,240</u>
Custodial Services					
Salaries	338,617	172,490	511,107	506,099	5,008
Salaries of Non-Instructional Aides	53,602	(53,602)	-	-	-
Purchased Professional and Technical Services	20,400	10,836	31,236	30,927	309
Cleaning, Repair, and Maintenance Svc.	43,469	176,617	220,086	138,275	81,811
Other Purchased Property Services	154,700	31,082	185,782	184,486	1,296
Insurance	85,942	64,182	150,124	149,895	229
Miscellaneous Purchased Services	200	250	450	412	38
General Supplies	39,731	30,577	70,308	66,060	4,248
Energy (Electricity)		228,246	228,246	228,246	-
Energy (Natural Gas)	290,000	(290,000)	-	-	-
Other Objects	800	1,000	1,800	968	832
Total Custodial Services	<u>1,027,461</u>	<u>371,678</u>	<u>1,399,139</u>	<u>1,305,368</u>	<u>93,771</u>
Security					
Salaries	30,800	-	30,800	28,119	2,681
Purchased Professional and Technical Services	40,000	175,010	215,010	121,559	93,451
Total Security	<u>70,800</u>	<u>175,010</u>	<u>245,810</u>	<u>149,678</u>	<u>96,132</u>
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & Sch) Regular	43,114	-	43,114	40,044	3,070
Cleaning, Repair and Maintenance Services	8,500	(4,291)	4,209	3,954	255
Contracted Serv.-Aid in Lieu of Payments-Non Public Schools	53,040	-	53,040	47,294	5,746
Contracted Serv.-Aid in Lieu of Payments-Charter Schools	4,420	(4,000)	420	-	420
Contracted Services (Between Home and School) - Vendors	208,060	36,200	244,260	220,411	23,849
Contracted Services (Other Between Home and School) - Vendors	13,000	(4,858)	8,142	7,072	1,070
Contracted Services (Bet Home & Sch) - Joint Agreements	42,230	(42,000)	230	-	230
Contracted Services (Spl. Ed. Students) - Joint Agreements	360,500	(36,203)	324,297	257,326	66,971
Miscellaneous Purchased Services - Transportation	4,500	3,500	8,000	7,533	467
General Supplies	8,300	(1,906)	6,394	4,988	1,406
Total Student Transportation Services	<u>745,664</u>	<u>(53,558)</u>	<u>692,106</u>	<u>588,622</u>	<u>103,484</u>
Allocated Benefits - Regular Programs					
Social Security Contributions	29,907	(29,907)	-	-	-
Workmen's Compensation	102,802	(102,802)	-	-	-
Total Allocated Benefits - Regular Programs	<u>132,709</u>	<u>(132,709)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Allocated Benefits - Special Programs					
Social Security Contributions	19,147	(19,147)	-	-	-
Workmen's Compensation	1,534	(1,534)	-	-	-
Total Allocated Benefits - Special Programs	<u>20,681</u>	<u>(20,681)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Allocated Benefits	<u>153,390</u>	<u>(153,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 106,445	\$ 49,054	\$ 155,499	\$ 155,263	\$ 236
Other Retirement Contributions - PERS	138,915	1,000	139,915	138,582	1,333
Other Retirement Contributions - ERIP	-	1,000	1,000	-	1,000
Other Retirement Contributions - Regular	14,345	8,000	22,345	15,137	7,208
Unemployment Compensation	30,000	1,104	31,104	31,078	26
Workmen's Compensation	49,100	36,550	85,650	21,744	63,906
Health Benefits	1,929,507	(400,339)	1,529,168	1,450,658	78,510
Tuition Reimbursement	13,606	-	13,606	6,812	6,794
Other Employee Benefits	35,000	5,512	40,512	14,198	26,314
Total Unallocated Benefits - Employee Benefits	2,316,918	(298,119)	2,018,799	1,833,472	185,327
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				22,208	(22,208)
On-behalf TPAF Pension System Payments - Normal Cost & Accrued Liab. (Non-Budget)				445,831	(445,831)
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				557,307	(557,307)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	484,160	(484,160)
Total On-Behalf Contributions/Reimbursements	-	-	-	1,509,506	(1,509,506)
Total Undistributed Expenditures	14,054,598	37,380	14,091,978	14,898,348	(806,370)
Total Expenditures - Current Expenditures	20,482,089	256,018	20,738,107	21,309,599	(571,492)
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	2,000	(2,000)	-	-	-
Equipment					
Undistributed Expenditures- Admin Info Tech	21,380	(21,332)	48	-	48
Undistributed Expenditures- Plant and Operations		5,877	5,877	-	5,877
Facilities Acquisition and Construction Serv.					
Purchased Professional Serv-Architect		13,950	13,950	13,950	
Construction Services		1,412	1,412	-	1,412
Assessment for Debt Service on SDA Funding	811	(811)	-	811	(811)
Total Capital Outlay	24,191	(2,904)	21,287	14,761	6,526
SPECIAL SCHOOLS					
Summer Schools					
Instruction					
Salaries of Teachers	50,000	(1,120)	48,880	48,880	-
Total Special Schools	50,000	(1,120)	48,880	48,880	-
TRANSFER OF FUNDS TO CHARTER SCHOOLS					
Total Expenditures	55,474	9,500	64,974	64,713	261
Total Expenditures	20,611,754	261,494	20,873,248	21,437,953	(564,705)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(832,720)	(261,494)	(1,094,214)	173,212	1,267,426
Other Financing Uses/Sources					
Lease Purchase Proceeds				70,518	70,518
Transfer In- Debt Service Fund				1,047	1,047
Transfer to Cover Deficit-Enterprise Fund	-	(102,283)	(102,283)	(102,283)	-
Total Other Financing Use/Sources	-	(102,283)	(102,283)	(30,718)	71,565
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(832,720)	(363,777)	(1,196,497)	142,494	1,338,991
Fund Balance, Beginning of Year	3,298,961	-	3,298,961	3,298,961	-
Fund Balance, End of Year	\$ 2,466,241	\$ (363,777)	\$ 2,102,464	\$ 3,441,455	\$ 1,338,991

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance					
Excess Surplus-Designated for Subsequent Year's Expenditures (2016/17 Budget)				\$ 766,605	
Excess Surplus				1,021,387	
Capital Reserve				529,884	
Capital Reserve- Designated for Subsequent Year's Expenditures (2016/2017 Budget)				350,000	
Committed Fund Balance					
Hurricane Sandy Commitments				34,375	
Assigned Fund Balance					
Year-End Encumbrances				206,125	
Unassigned Fund Balance				<u>533,079</u>	
				3,441,455	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: Extraordinary Aid Not Recognized on GAAP Basis			\$ (190,537)		
State Aid Not Recognized on GAAP Basis			<u>(97,624)</u>		
				<u>(288,161)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 3,153,294</u>	

**LITTLE FERRY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 92,400	-	\$ 92,400	\$ 92,400	-
Federal	441,513	\$ 191,787	633,300	633,300	-
Total Revenues	<u>533,913</u>	<u>191,787</u>	<u>725,700</u>	<u>725,700</u>	<u>-</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	275,525	37,528	313,053	313,053	-
Salaries of Secretarial and Clerical Assistants	20,000	(20,000)			
Other Salaries for Instruction	20,000	(20,000)			
Purchased Professional/Technical Services	-	30,000	30,000	30,000	-
Tuition	215,988	36,948	252,936	252,936	-
Other Purchased Services		4,424	4,424	4,424	-
General Supplies	2,400	26,696	29,096	29,096	-
Total Instruction	<u>533,913</u>	<u>95,596</u>	<u>629,509</u>	<u>629,509</u>	<u>-</u>
Support Services					
Personal Services- Employee Benefits	-	47,198	47,198	47,198	-
Purchased Professional and Technical Services		23,638	23,638	23,638	
Purchased Professional- Educational Services	-	6,000	6,000	6,000	-
Other Purchased Services	-	17,185	17,185	17,185	-
Supplies and Materials	-	2,170	2,170	2,170	-
Total Support Services	<u>-</u>	<u>96,191</u>	<u>96,191</u>	<u>96,191</u>	<u>-</u>
Total Expenditures	<u>533,913</u>	<u>191,787</u>	<u>725,700</u>	<u>725,700</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to Governmental Fund Statements (GAAP)					
Less: State Aid Payments not Recognized on a GAAP Basis				\$ (9,240)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ (9,240)</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**LITTLE FERRY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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	(C-1) \$ 21,611,165	(C-2) \$ 725,700
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized :		
Encumbrance, June 30, 2015		13,807
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2014/2015 State Aid)	225,315	9,240
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2015/2016 State Aid)	<u>(288,161)</u>	<u>(9,240)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. (Exhibit B-2)	<u>\$ 21,548,319</u>	<u>\$ 739,507</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1) \$ 21,437,953	(C-2) \$ 725,700
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes -		
Encumbrance, June 30, 2015	<u>-</u>	<u>13,807</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds (Exhibit B-2)	<u>\$ 21,437,953</u>	<u>\$ 739,507</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	.01528%	0.1472%	0.1472%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,429,453</u>	<u>\$ 2,755,929</u>	<u>\$ 2,813,153</u>
District's Covered-Employee Payroll	<u>\$ 1,042,740</u>	<u>\$ 990,542</u>	<u>\$ 966,095</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	328.89%	278.22%	291.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

LITTLE FERRY BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 131,344	\$ 121,317	\$ 110,907
Contributions in Relation to the Contractually Required Contribution	<u>131,344</u>	<u>121,317</u>	<u>110,907</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 1,042,740</u>	<u>\$ 990,542</u>	<u>\$ 966,095</u>
Contributions as a Percentage of Covered-Employee Payroll	12.60%	12.25%	11.48%

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.

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

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0	0	0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$35,614,119</u>	<u>\$32,883,837</u>	<u>\$31,559,825</u>
Total	<u>\$35,614,119</u>	<u>\$32,883,837</u>	<u>\$31,559,825</u>
District's Covered-Employee Payroll	<u>\$ 6,234,203</u>	<u>\$ 5,717,899</u>	<u>\$ 5,830,911</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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.

**LITTLE FERRY 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, 2016**

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 4C.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**LITTLE FERRY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Preschool Education Aid</u>	<u>NCLB Title I</u>	<u>NCLB Title III</u>	<u>NCLB Title III immigrant</u>	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>NCLB Title II Part A</u>	<u>Ed Connect (Race to the Top)</u>	<u>Total</u>
REVENUES									
Intergovernmental									
State	\$ 92,400								\$ 92,400
Federal	-	\$ 251,822	\$ 17,441	\$ 9,457	\$ 252,936	\$ 10,147	\$ 43,808	\$ 47,689	\$ 633,300
Total Revenues	<u>\$ 92,400</u>	<u>\$ 251,822</u>	<u>\$ 17,441</u>	<u>\$ 9,457</u>	<u>\$ 252,936</u>	<u>\$ 10,147</u>	<u>\$ 43,808</u>	<u>\$ 47,689</u>	<u>\$ 725,700</u>
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 90,000	\$ 193,000	\$ 12,000	\$ 8,000		\$ 8,053		\$ 2,000	\$ 313,053
Purchased Professional and Technical Services							\$ 30,000		30,000
Tuition					\$ 252,936				252,936
Other Purchased Services								4,424	4,424
General Supplies	2,400	8,450	1,821	845	-	-	-	15,580	29,096
Total Instruction	<u>92,400</u>	<u>201,450</u>	<u>13,821</u>	<u>8,845</u>	<u>252,936</u>	<u>8,053</u>	<u>30,000</u>	<u>22,004</u>	<u>629,509</u>
Support Services									
Personal Services- Employee Benefits		41,372	3,120	612		2,094			47,198
Purchased Professional and Technical Services			500				12,638	10,500	23,638
Purchased Professional-Educational Services	-	6,000	-	-	-	-	-	-	6,000
Other Purchased Services	-	1,000	-	-	-	-	1,000	15,185	17,185
Supplies	-	2,000	-	-	-	-	170	-	2,170
Total Support Services	<u>-</u>	<u>50,372</u>	<u>3,620</u>	<u>612</u>	<u>-</u>	<u>2,094</u>	<u>13,808</u>	<u>25,685</u>	<u>96,191</u>
Total Expenditures	<u>\$ 92,400</u>	<u>\$ 251,822</u>	<u>\$ 17,441</u>	<u>\$ 9,457</u>	<u>\$ 252,936</u>	<u>\$ 10,147</u>	<u>\$ 43,808</u>	<u>\$ 47,689</u>	<u>\$ 725,700</u>

**LITTLE FERRY BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXPENDITURES	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Instruction					
Salaries of Teachers	\$ 90,000	\$ -	\$ 90,000	\$ 90,000	\$ -
General Supplies	<u>2,400</u>	<u>-</u>	<u>2,400</u>	<u>2,400</u>	<u>-</u>
 Total Expenditures	 <u>\$ 92,400</u>	 <u>\$ -</u>	 <u>\$ 92,400</u>	 <u>\$ 92,400</u>	 <u>\$ -</u>

Calculation of Budget Carryover

Total 2015-2016 Preschool Education Aid Allocation	\$ 92,400
Add:	
Actual Preschool Education Carryover (June 30, 2015)	
Budgeted Transfer from the General Fund 2015-2016	<u>-</u>
Total Preschool Education Aid Funds Available for 2015-2016 Budget	92,400
Less: 2015-2016 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>92,400</u>
 Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2016	-
Add: June 30, 2016 Unexpended Preschool Education Aid	<u>-</u>
 2015-2016 Carryover - Preschool Education Aid /Preschool Programs	<u>\$ -</u>
 2015-2016 Preschool Education Aid Carryover Budgeted in 2016-2017	<u>\$ -</u>

CAPITAL PROJECTS FUND

LITTLE FERRY BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

<u>Issue/Project Title</u>	<u>Revised Budgetary Appropriations</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Balance, June 30, 2016</u>
Little Ferry Board of Education	\$ -	\$ 557,051	\$ -	\$ (557,051)
	<u>\$ -</u>	<u>\$ 557,051</u>	<u>\$ -</u>	<u>\$ (557,051)</u>
Project Balance Authorized But Not Issued				\$ (557,051) <u>-</u>
Fund Balance- GAAP Basis				<u>\$ (557,051)</u>

**LITTLE FERRY 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, 2016**

Expenditures and Other Financing Uses

Expenditures

Purchased Professional and Technical Services	\$ -
Construction Services	-
	-
 Total Expenditures and Other Financing Uses	 -
 Excess of Revenues Over Expenditures	 -
 Fund Balance - Beginning of Year	 <u>(557,051)</u>
 Fund Balance - End of Year	 <u>\$ (557,051)</u>

ENTERPRISE FUND

EXHIBIT G-1

**LITTLE FERRY BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**LITTLE FERRY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Agency</u>	<u>Payroll Net</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 37,210	\$ 125,021	\$ (15,078)	\$ 147,153
Total Assets	<u>\$ 37,210</u>	<u>\$ 125,021</u>	<u>\$ (15,078)</u>	<u>\$ 147,153</u>
LIABILITIES				
Payroll Deductions and Withholdings		\$ 125,021		\$ 125,021
Accrued Salaries & Wages (Deficit)			\$ (15,078)	(15,078)
Due to Student Groups	<u>\$ 37,210</u>	<u>-</u>	<u>-</u>	<u>37,210</u>
Total Liabilities	<u>\$ 37,210</u>	<u>\$ 125,021</u>	<u>\$ (15,078)</u>	<u>\$ 147,153</u>

**LITTLE FERRY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance, July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2016</u>
Memorial Middle School	\$ 31,894	\$ 47,537	\$ 42,221	\$ 37,210
Total	<u>\$ 31,894</u>	<u>\$ 47,537</u>	<u>\$ 42,221</u>	<u>\$ 37,210</u>

**LITTLE FERRY BOARD OF EDUCATION
PAYROLL AGENCY AND PAYROLL ACCOUNT FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance, July 1, <u>2015</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance, June 30, <u>2016</u>
ASSETS				
Cash and Cash Equivalents	\$ 199,749	\$ 9,488,351	\$ 9,578,157	\$ 109,943
 Total Assets	 <u>\$ 199,749</u>	 <u>\$ 9,488,351</u>	 <u>\$ 9,578,157</u>	 <u>\$ 109,943</u>
 LIABILITIES				
Payroll Deductions and Withholdings	\$ 64,764	\$ 4,346,553	\$ 4,286,296	\$ 125,021
Accrued Salaries and Wages	1,486	5,124,283	5,140,847	(15,078)
Due from Other Funds	(17,515)	17,515	-	-
Due from Other Funds	<u>151,014</u>	<u>-</u>	<u>151,014</u>	<u>-</u>
 Total	 <u>\$ 199,749</u>	 <u>\$ 9,488,351</u>	 <u>\$ 9,578,157</u>	 <u>\$ 109,943</u>

LONG-TERM DEBT

**LITTLE FERRY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

**LITTLE FERRY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
Purchase of Computers - 30	4.76%	\$ 30,243	\$ 19,689		\$ 9,616	\$ 10,073
Purchase of Computers- 160	4.26%	70,518	-	\$ 70,518	24,492	46,026
Total			<u>\$ 19,689</u>	<u>\$ 70,518</u>	<u>\$ 34,108</u>	<u>\$ 56,099</u>

**LITTLE FERRY BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

STATISTICAL SECTION

This part of the Little Ferry 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.

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
									(Restated)	
Governmental Activities										
Net Investment in Capital Assets, Net of Related Debt	\$ 4,572,097	\$ 2,452,379	\$ 2,523,283	\$ 4,928,569	\$ 5,309,520	\$ 5,628,178	\$ 5,934,922	\$ 6,915,646	\$ 6,010,002	\$ 5,692,794
Restricted	251,332	336,832	746,948	781,657	535,327	411,692	723,937	1,478,860	321,741	322,833
Unrestricted	<u>612,461</u>	<u>2,989,748</u>	<u>468,127</u>	<u>210,523</u>	<u>(116,164)</u>	<u>293,714</u>	<u>354,730</u>	<u>(3,417,490)</u>	<u>(1,683,240)</u>	<u>(1,749,745)</u>
Total Governmental Activities Net Position	<u>\$ 5,435,890</u>	<u>\$ 5,778,959</u>	<u>\$ 3,738,358</u>	<u>\$ 5,920,749</u>	<u>\$ 5,728,683</u>	<u>\$ 6,333,584</u>	<u>\$ 7,013,589</u>	<u>\$ 4,977,016</u>	<u>\$ 4,648,503</u>	<u>\$ 4,265,882</u>
Business-Type Activities										
Net Investment in Capital Assets, Net of Related Debt	\$ 11,137	\$ 10,280	\$ 24,840	\$ 32,991	\$ 32,659			\$ 18,703	\$ 16,681	\$ 14,656
Restricted										
Unrestricted	<u>41,409</u>	<u>(43,791)</u>	<u>(27,739)</u>	<u>(26,286)</u>	<u>37,230</u>	\$ 137,139	\$ 213,357	308,480	189,917	258,977
Total Business-Type Activities Net Position	<u>\$ 52,546</u>	<u>\$ (33,511)</u>	<u>\$ (2,899)</u>	<u>\$ 6,705</u>	<u>\$ 69,889</u>	<u>\$ 137,139</u>	<u>\$ 213,357</u>	<u>\$ 327,183</u>	<u>\$ 206,598</u>	<u>\$ 273,633</u>
District-Wide										
Net Investment in Capital Assets, Net of Related Debt	\$ 4,583,234	\$ 2,462,659	\$ 2,548,123	\$ 4,961,560	\$ 5,342,179	\$ 5,628,178	\$ 5,934,922	\$ 6,934,349	\$ 6,026,683	\$ 5,707,450
Restricted	251,332	336,832	746,948	781,657	535,327	411,692	723,937	1,478,860	321,741	322,833
Unrestricted	<u>653,870</u>	<u>2,945,957</u>	<u>440,388</u>	<u>184,237</u>	<u>(78,934)</u>	<u>430,853</u>	<u>568,087</u>	<u>(3,109,010)</u>	<u>(1,493,323)</u>	<u>(1,490,768)</u>
Total District Net Position	<u>\$ 5,488,436</u>	<u>\$ 5,745,448</u>	<u>\$ 3,735,459</u>	<u>\$ 5,927,454</u>	<u>\$ 5,798,572</u>	<u>\$ 6,470,723</u>	<u>\$ 7,226,946</u>	<u>\$ 5,304,199</u>	<u>\$ 4,855,101</u>	<u>\$ 4,539,515</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: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,673,402	\$ 4,700,972	\$ 7,130,389	\$ 5,176,153	\$ 6,215,948	\$ 6,636,823	\$ 7,134,809	\$ 6,764,560	\$ 13,626,681	\$ 14,037,964
Special Education	700,895	719,723	1,175,541	856,565	1,090,533	1,022,601	1,195,449	1,242,187	3,856,442	3,740,868
Other Special Education					364,523	298,811	218,791	200,390		
Other Instruction	358,187	432,408	613,282	270,227	46,389	36,064	44,079	47,807	291,972	287,547
School Sponsored Activities And Athletics									77,923	83,429
Support Services:										
Tuition	5,354,158	5,417,151	5,996,177	6,403,381	6,525,640	6,781,408	6,664,699	6,783,940		
Student & Instruction Related Services	1,098,483	892,830	1,880,258	1,267,343	1,466,877	1,405,875	1,489,559	1,462,795	1,576,620	1,615,581
General Administrative Services	430,669	435,334			734,516	705,203	701,099	637,455	521,753	551,987
School Administrative Services	727,740	1,253,798	1,748,472	1,223,819	516,693	424,520	418,918	334,940	413,786	835,264
Central Services									285,170	371,240
Plant Operations And Maintenance	1,075,666	1,251,776	1,432,051	1,165,299	1,155,018	1,116,424	1,012,875	1,256,027	1,531,927	2,143,885
Pupil Transportation	748,710	701,391	724,399	744,926	624,349	628,474	665,391	635,419	709,038	605,985
Capital Outlay					9,000			499,464		
Special Schools			74,122	96,041			24,727	24,009		
Other Support Services										
Interest On Long-Term Debt	85,571	20,853	142,449	36,332	47,071	35,855	19,006			938
Unallocated Depreciation	407,154	198,869	208,360	314,872	314,872	307,610	277,907	261,373	-	-
Total Governmental Activities Expenses	15,660,635	16,025,105	21,125,500	17,554,958	19,111,429	19,399,668	19,867,309	20,150,566	22,891,312	24,274,688
Business-Type Activities:										
Other Nonmajor Enterprise Funds										
Child Care										
EDCP									102,721	162,502
Food Service	198,864	269,749	309,288	274,754	280,654	326,987	236,460	263,301	459,398	376,466
Total Business-Type Activities Expense	198,864	269,749	309,288	274,754	280,654	326,987	236,460	263,301	562,119	538,968
Total District Expenses	\$ 15,859,499	\$ 16,294,854	\$ 21,434,788	\$ 17,829,712	\$ 19,392,083	\$ 19,726,655	\$ 20,103,769	\$ 20,413,867	\$ 23,453,431	\$ 24,813,656
Program Revenues										
Governmental Activities:										
Charges For Services:										
Operating Grants And Contributions	58,273	55,822			54,165	27,718	31,018	72,810	28,266	101,297
Capital Grants And Contributions	1,966,309	2,365,165	1,798,553	1,661,697	783,870	723,693	833,832	865,744	4,264,415	5,011,210
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	2,024,582	2,420,987	1,798,553	1,661,697	838,035	751,411	864,850	938,554	4,292,681	5,112,507
Business-Type Activities:										
Charges For Services	186,960	158,134	260,519	205,120	241,098	251,633	193,669	230,691	284,097	326,297
Operating Grants And Contributions	26,583	25,347	64,620	73,809	102,621	142,430	119,009	125,743	157,437	177,423
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	213,543	183,481	325,139	278,929	343,719	394,063	312,678	356,434	441,534	503,720
Total District Program Revenues	\$ 2,238,125	\$ 2,604,468	\$ 2,123,692	\$ 1,940,626	\$ 1,181,754	\$ 1,145,474	\$ 1,177,528	\$ 1,294,988	\$ 4,734,215	\$ 5,616,227
Net (Expense)/Revenue										
Governmental Activities	\$ (13,636,053)	\$ (13,604,118)	\$ (19,326,947)	\$ (15,893,261)	\$ (18,273,394)	\$ (18,648,257)	\$ (19,002,459)	\$ (19,212,012)	\$ (18,598,631)	\$ (19,162,181)
Business-Type Activities	14,679	(86,268)	15,851	4,175	63,065	67,076	76,218	93,133	(120,585)	(35,248)
Total District-Wide Net Expense	\$ (13,621,374)	\$ (13,690,386)	\$ (19,311,096)	\$ (15,889,086)	\$ (18,210,329)	\$ (18,581,181)	\$ (18,926,241)	\$ (19,118,879)	\$ (18,719,216)	\$ (19,197,429)

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for:										
General Purposes	\$ 13,285,276	\$ 13,348,090	\$ 14,859,870	\$ 15,298,236	\$ 15,866,315	\$ 16,183,644	\$ 16,570,173	\$ 16,901,868	\$ 17,732,078	\$ 18,224,634
Debt Service	478,400	478,737	417,504	274,661	429,720	364,560	341,110	40,560		
Federal and State Aid Not Restricted			1,717,745	2,302,519	2,150,288	2,685,580	2,755,171	2,402,070	1,134,780	547,801
Investment Earnings					3,630	826	17	255	102	3,867
Miscellaneous Income	184,891	120,360	213,857	200,236	30,493	18,548	15,993	377,047	56,791	105,541
Transfers	-	-	-	-	-	-	-	-	-	(102,283)
Total Governmental Activities	13,948,567	13,947,187	17,208,976	18,075,652	18,480,446	19,253,158	19,682,464	19,721,800	18,923,751	18,779,560
Business-Type Activities:										
Investment Earnings	984	1,068	202	99	119	23		1,824		
Miscellaneous Income						151		166		
Transfers	-	-	-	(2,822)	-	-	-	-	-	102,283
Total Business-Type Activities	984	1,068	202	(2,723)	119	174	-	1,990	-	102,283
Total District-Wide	\$ 13,949,551	\$ 13,948,255	\$ 17,209,178	\$ 18,072,929	\$ 18,480,565	\$ 19,253,332	\$ 19,682,464	\$ 19,723,790	\$ 18,923,751	\$ 18,881,843
Change in Net Position										
Governmental Activities	\$ 312,514	\$ 343,069	\$ (2,117,971)	\$ 2,182,391	\$ 207,052	\$ 604,901	\$ 680,005	\$ 509,788	\$ 325,120	\$ (382,621)
Business-Type Activities	15,663	(85,200)	16,053	1,452	63,184	67,250	76,218	95,123	(120,585)	67,035
Total District	\$ 328,177	\$ 257,869	\$ (2,101,918)	\$ 2,183,843	\$ 270,236	\$ 672,151	\$ 756,223	\$ 604,911	\$ 204,535	\$ (315,586)

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved										
Unreserved										
Restricted									\$ 2,477,070	\$ 2,667,876
Committed										34,375
Assigned	\$ 539,187	\$ 332,866	\$ 471,983	\$ 673,710	\$ 436,967	\$ 338,586	\$ 723,935	\$ 1,976,466	363,777	206,125
Unassigned	<u>687,469</u>	<u>820,766</u>	<u>817,358</u>	<u>221,824</u>	<u>(112,412)</u>	<u>296,078</u>	<u>355,557</u>	<u>337,955</u>	<u>232,799</u>	<u>244,918</u>
Total General Fund	<u>\$ 1,226,656</u>	<u>\$ 1,153,632</u>	<u>\$ 1,289,341</u>	<u>\$ 895,534</u>	<u>\$ 324,555</u>	<u>\$ 634,664</u>	<u>\$ 1,079,492</u>	<u>\$ 2,314,421</u>	<u>\$ 3,073,646</u>	<u>\$ 3,153,294</u>
All Other Governmental Funds										
Reserved										
Unreserved, Reported in:										
Capital Projects Fund	\$ 19,957	\$ 2,398,043	\$ 127,072	\$ 82,693	\$ 83,043			\$ (498,653)		
Debt Service Fund	-	-	4,002	25,254	15,317	\$ 73,106	\$ 2	1,047	-	-
Restricted										
Capital Projects Fund									\$ (557,051)	\$ (557,051)
Debt Service Fund									1,047	-
Unassigned										
Special Revenue Fund	-	-	-	-	-	-	-	-	(9,240)	(9,240)
Total All Other Governmental Funds	<u>\$ 19,957</u>	<u>\$ 2,398,043</u>	<u>\$ 131,074</u>	<u>\$ 107,947</u>	<u>\$ 98,360</u>	<u>\$ 73,106</u>	<u>\$ 2</u>	<u>\$ (497,606)</u>	<u>\$ (565,244)</u>	<u>\$ (566,291)</u>

Source: District financial statements

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.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Local Tax Levy	\$ 13,285,276	\$ 14,840,435	\$ 15,277,374	\$ 15,572,897	\$ 16,296,035	\$ 16,548,204	\$ 16,911,283	\$ 16,942,428	\$ 17,732,078	\$ 18,224,634
Tuition Charges	58,273	55,822	130,474	85,486	54,165	27,718	31,018	72,810	28,266	59,677
Interest Earnings	5,079	101,684	29,725	3,659	3,630	826	17	255	102	3,867
Miscellaneous	179,812	18,676	53,658	100,520	30,493	18,548	15,993	65,047	56,791	147,161
State Sources	2,589,178	1,534,410	3,071,680	3,201,091	2,269,899	2,712,310	3,095,641	2,751,869	2,813,996	3,196,140
Federal Sources	430,208	830,755	444,618	773,696	664,259	696,963	493,162	515,945	1,120,376	656,347
Total Revenue	16,547,826	17,381,782	19,007,529	19,737,349	19,318,481	20,004,569	20,547,114	20,348,354	21,751,609	22,287,826
Expenditures										
Instruction										
Regular Instruction	3,840,642	4,550,702	4,444,667	5,841,756	5,332,644	5,635,246	5,636,563	5,851,828	12,372,142	12,619,199
Special Education Instruction	613,294	666,587	750,774	917,432	930,308	847,206	946,364	1,093,133	3,707,709	3,555,855
Other Special Instruction	311,633	349,462	348,960	202,479	296,849	239,143	160,423	165,134		
Other Instruction	21,484	24,613	23,738	24,178	41,363	29,740	36,625	42,282	257,125	248,219
School-Sponsored Activities and Athletics									68,254	71,862
Support Services:										
Tuition	5,097,900	5,406,348	5,996,177	6,140,821	6,525,640	6,781,408	6,664,699	6,783,940		
Student and Inst. Related Services	965,297	1,416,545	752,699	1,473,869	1,257,919	1,193,748	1,152,780	1,258,848	1,532,195	1,527,749
General Administrative Services	672,864	1,446,484	1,228,935	817,082	763,222	673,523	576,243	565,431	501,461	546,781
School Administrative Services	368,385	422,531	473,191	471,492	425,411	344,295	312,352	277,768	365,350	750,347
Plant Operations And Maintenance	950,473	968,387	1,105,570	1,202,347	1,031,641	979,976	847,054	1,126,449	1,286,442	1,862,823
Pupil Transportation	585,963	581,443	703,036	749,082	615,148	618,478	648,193	625,658	703,863	601,414
Employee Benefits	2,268,939	1,418,973	2,660,561	1,526,809	1,655,520	1,787,373	2,567,478	1,573,823		
Central Services									285,170	358,165
Capital Outlay	4,695	303,432	2,293,846	129,318	9,000	15,484		499,464		
Special Schools	34,201	37,885	23,378	26,648			18,122	19,760		
Debt Service:										
Interest and Other Charges	62,010		105,072	71,313	54,620	37,243	20,543			938
Principal	416,390	478,736	308,430	584,496	560,644	536,851	588,151	39,515	10,554	34,108
Total Expenditures	16,214,170	18,072,128	21,219,034	20,179,122	19,499,929	19,719,714	20,175,590	19,923,033	21,090,265	22,177,460
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	333,656	(690,346)	(2,211,505)	(441,773)	(181,448)	284,855	371,524	425,321	661,344	110,366
Other Financing Sources (Uses)										
Transfers In						83,043				1,047
Transfers Out						(83,043)				(103,330)
Lease Purchase Proceeds									30,243	70,518
Community Disaster Loan	-	-	-	-	-	-	-	312,000	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	-	312,000	30,243	(31,765)
Net Change in Fund Balances	\$ 333,656	\$ (690,346)	\$ (2,211,505)	\$ (441,773)	\$ (181,448)	\$ 284,855	\$ 371,524	\$ 737,321	\$ 691,587	\$ 78,601
Debt Service as a Percentage of										
Noncapital Expenditures	2.95%	2.69%	2.18%	3.27%	3.16%	2.91%	3.02%	0.20%	0.05%	0.16%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
MISCELLANEOUS REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Unaudited)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Prior Years' Refunds	\$ 27,299									
Miscellaneous	<u>152,513</u>	<u>\$ 18,676</u>	<u>\$ 53,658</u>	<u>\$ 100,520</u>	<u>\$ 30,493</u>	<u>\$ 18,548</u>	<u>\$ 15,993</u>	<u>\$ 65,047</u>	<u>\$ 56,791</u>	<u>\$ 147,161</u>
Total General Fund	<u>\$ 179,812</u>	<u>\$ 18,676</u>	<u>\$ 53,658</u>	<u>\$ 100,520</u>	<u>\$ 30,493</u>	<u>\$ 18,548</u>	<u>\$ 15,993</u>	<u>\$ 65,047</u>	<u>\$ 56,791</u>	<u>\$ 147,161</u>

Source: District records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$ 10,351,700	\$ 797,532,900			\$ 154,249,500	\$ 151,755,800	\$ 112,654,700	\$ 1,226,544,600	\$ 6,611,997	\$ 1,233,156,597	\$ 1,326,896,819	1.185
2008	9,507,700	799,636,400			152,646,400	150,176,700	110,175,600	1,222,142,800	6,167,273	1,228,310,073	1,335,161,183	1.235
2009	9,113,100	800,307,000			151,692,900	142,689,400	110,099,100	1,213,901,500	7,470,187	1,221,371,687	1,257,147,424	1.267
2010	10,269,400	800,971,000			151,860,400	140,268,000	110,009,100	1,213,377,900	7,429,353	1,220,807,253	1,336,284,791	1.329
2011	10,479,000	799,879,000			150,137,400	136,241,200	110,009,100	1,206,745,700	6,588,272	1,213,333,972	1,333,009,341	1.357
2012	10,163,500	794,550,000			149,139,400	135,133,600	110,099,100	1,199,085,600		1,199,085,600	1,385,924,252	1.396
2013	10,145,900	788,362,500			147,317,800	134,739,800	104,384,300	1,184,950,300	90,870	1,185,041,170	1,308,473,093	1.424
2014	10,022,600	779,523,100			146,546,700	134,305,800	109,150,400	1,179,548,600	98,530	1,179,647,130	1,201,961,451	1.497
2015 (1)	6,947,500	593,560,000			135,543,200	122,920,900	105,237,700	964,209,300	98,530	964,307,830	968,535,287	1.882
2016	7,156,000	603,758,700			133,863,900	126,419,500	115,442,700	986,640,800	98,530	986,739,330	1,009,849,035	1.876

Source: County Abstract of Ratables

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a Tax rates are per \$100

(1) The Borough underwent a reassessment of property effective January 1, 2015.

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

<u>Assessment Year</u>	<u>Little Ferry School District</u>	<u>Borough of Little Ferry</u>	<u>Bergen County</u>	<u>Total</u>
2007	\$1.185	\$0.694	\$0.180	\$2.059
2008	1.235	0.724	0.199	2.158
2009	1.267	0.752	0.207	2.226
2010	1.329	0.810	0.201	2.340
2011	1.357	0.831	0.227	2.415
2012	1.396	0.823	0.218	2.437
2013	1.424	0.884	0.253	2.561
2014	1.497	0.904	0.234	2.635
2015	(1) 1.882	1.213	0.254	3.349
2016	1.876	1.225	0.251	3.352

(1) The Borough undersent a reassessment of property effective January 1, 2015.

Source: Abstract of Ratables, County Board of Taxation

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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
LPF Meadowlands LLC	\$ 28,507,000	2.89%		
Waterside Plaza Apts. Associates	22,917,200	2.32%		
Liberty Bell Village LLC	4,640,000	0.47%	\$ 21,715,700	1.76%
250 Bergen Ferry Property LLC	12,500,000	1.27%		
North Village II LLC NJ	15,219,100	1.54%		
Gates Realty Corp.	10,851,100	1.10%	16,912,100	1.37%
North Village I LLC NJ	10,124,400	1.03%	16,358,800	1.33%
Capri Little Ferry LLC	7,800,000	0.79%		
Gates Brothers c/o Gates Realty Corp.	8,054,800	0.82%	14,476,000	1.18%
Gates Brothers c/o Gates Realty Corp.			11,847,200	0.96%
Airport Properties Associates, Inc.			31,848,400	2.59%
Waterside Plaza Apartments Associates			28,076,000	2.28%
Little Ferry Associates			17,468,600	1.42%
Bell Atlantic Property Tax Department			10,611,997	0.86%
North Village LLC			9,492,200	0.77%
Williams Towne Manor	<u>7,164,200</u>	<u>0.73%</u>	<u>-</u>	<u>0.00%</u>
	<u>\$ 127,777,800</u>	<u>12.95%</u>	<u>\$ 178,806,997</u>	<u>14.52%</u>

Source: Tax Assessor

**LITTLE FERRY 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	
2007	\$ 13,657,042	\$ 13,657,042	100.00%	
2008	14,361,698	14,361,698	100.00%	
2009	15,277,374	15,277,374	100.00%	
2010	15,572,897	15,572,897	100.00%	
2011	16,296,034	16,296,034	100.00%	
2012	16,835,015	16,835,015	100.00%	
2013	17,177,731	17,177,731	100.00%	
2014	17,656,650	17,656,650	100.00%	
2015	17,732,078	17,732,078	100.00%	
2016	18,224,634	18,224,634	100.00%	

Source: District financial records.

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

Fiscal Year Ended June 30,	Governmental Activities					Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Loans	Capital Leases	Lease Purchase Agreements	Capital Leases	Total District		
2007			\$ 250,467	\$ 410,000			\$ 660,467	10,463	\$ 63
2008	\$ 2,400,000		218,086				2,618,086	10,440	251
2009	2,125,000		184,655				2,309,655	10,476	220
2010	1,575,000		150,159				1,725,159	10,650	162
2011	1,050,000		114,515				1,164,515	10,728	109
2012	550,000		77,664				627,664	10,771	58
2013			39,513				39,513	10,825	4
2014							-	10,866	-
2015					\$ 19,689		19,689	10,866	2
2016					56,099		56,099	10,963	5

Source: District records

LITTLE FERRY BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST NINE 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 ^a of Property	Per Capita ^b
2007	None				
2008	\$ 2,400,000		\$ 2,400,000	0.20%	230
2009	2,125,000		2,125,000	0.17%	203
2010	1,575,000		1,575,000	0.13%	148
2011	1,050,000		1,050,000	0.09%	98
2012	550,000		550,000	0.05%	51
2013			-	0.00%	-
2014			-	0.00%	-
2015			-	0.00%	-
2016			-	0.00%	-

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**LITTLE FERRY BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of Little Ferry	\$ 18,376,786
	18,376,786
 Overlapping Debt Apportioned to the Municipalities:	
County of Bergen (2)	6,037,375
Bergen County Utilities Authority - Waste Water (3)	<u>3,599,879</u>
Total Overlapping Debt	<u>9,637,254</u>
Total Direct and Overlapping Debt	<u>\$ 28,014,040</u>

Source:

- (1) Borough of Little Ferry's Annual Debt Statement - December 31, 2015
- (2) Bergen County Annual Debt Statement - December 31, 2015
- (2) BCUA 2015 Audit

LITTLE FERRY BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2016

Equalized valuation basis	
2015	\$ 1,024,229,127
2014	1,087,141,567
2013	<u>1,202,628,945</u>
Average equalized valuation of taxable property	\$ <u>1,104,666,546</u>
Debt Limit (3% of average equalization value)	\$ 33,139,996
Total Net Debt Applicable to Limit	<u>-</u>
Legal Debt Margin	\$ <u>33,139,996</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit	\$ 36,110,123	\$ 37,591,606		\$ 116,968,679	\$ 50,512,855	\$ 33,750,890	\$ 33,621,212	\$ 48,220,252	\$ 30,076,942	\$ 33,139,996
Total Net Debt Applicable to Limit	<u>-</u>	<u>2,400,000</u>	<u>\$ 2,125,000</u>	<u>1,575,000</u>	<u>1,050,000</u>	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 36,110,123</u>	<u>\$ 35,191,606</u>	<u>\$ (2,125,000)</u>	<u>\$ 115,393,679</u>	<u>\$ 49,462,855</u>	<u>\$ 33,200,890</u>	<u>\$ 33,621,212</u>	<u>\$ 48,220,252</u>	<u>\$ 30,076,942</u>	<u>\$ 33,139,996</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	6.38%	0.00%	1.35%	2.08%	1.63%	0.00%	0.00%	0.00%	0.00%

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

**LITTLE FERRY BOARD OF EDUCATION
DEMOGRAPHIC STATISTICS
LAST TEN YEARS
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population(2)</u>
2006	4.60%	58,785	10,493
2007	5.30%	63,814	10,463
2008	5.30%	68,147	10,440
2009	9.40%	68,548	10,476
2010	9.60%	64,571	10,651
2011	9.50%	65,275	10,738
2012	9.70%	68,244	10,794
2013	4.90%	71,380	10,855
2014	6.10%	70,498	10,901
2015	4.90%	73,536	10,963

(1) Represents county information vs. municipality

(2) Represents estimates as of July 1

N/A Information not available

Source: Data regarding unemployment rate, per capita income and school district population was provided by the State Department of Education.

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

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction										
Regular	68.0	68.0	68.8	69.0	65.0	50.2	47.6	53.2	66.0	62.0
Special Education	16.0	16.0	16.0	16.0	18.0	13.0	14.0	13.0	18.5	7.0
Other Special Education										
Vocational										
Other Instruction	5.0	3.0	3.0	3.0	5.0	17.4	17.0	14.0	18.0	16.0
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	18.4	13.0	13.0	13.0	3.0	15.7	13.2	14.0	6.7	8.0
General Administration	2.0	3.0	1.0	2.0	2.1	1.6	2.1	2.0	2.0	3.0
School Administrative Services	3.0	2.0	2.0	5.0	5.0	2.0	1.5	2.5	3.0	2.0
Other Administrative Services	1.0	-	0.5	0.1	2.0	1.1	2.0	2.1	3.1	4.5
Central Services	3.0	3.0	0.5	3.0	2.2	2.0	2.0	2.0	2.0	3.0
Administrative Information Technology	2.0	2.0	2.0	2.5	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations And Maintenance	6.0	6.5	12.0	12.0	30.5	19.1	19.1	10.6	9.1	8.0
Pupil Transportation	1.0		1.5	1.5	0.8	3.4	1.5	1.7	1.5	1.5
Other Support Services								1.0		1.5
Security									2.0	2.0
Food Service	-	-	-	-	-	-	-	4.3	0.9	2.7
Total	<u>125.4</u>	<u>116.5</u>	<u>120.3</u>	<u>127.1</u>	<u>135.6</u>	<u>127.5</u>	<u>122.0</u>	<u>122.4</u>	<u>134.8</u>	<u>123.2</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2007	972.0	\$ 15,731,075	\$ 16,184	8.84%	89	1:11	1:11	978.0	916.1	2.62%	93.67%
2008	955.0	17,289,960	18,105	11.87%	87	1:11	1:11	955.0	912.1	-2.35%	95.51%
2009	980.0	18,511,686	18,889	4.33%	79	1:13	1:13	964.0	933.2	0.94%	96.80%
2010	990.0	19,393,995	19,590	3.71%	88	1:11	1:11	960.0	925.0	-0.41%	96.35%
2011	967.0	18,875,665	19,520	-0.36%	83	1:65	1:65	967.0	929.0	0.73%	96.07%
2012	989.0	19,130,136	19,343	-0.91%	64	1:20	1:21	989.0	925.2	2.28%	93.55%
2013	987.0	19,566,896	19,825	2.49%	52	1:18	1:19	991.0	943.0	0.20%	95.16%
2014	989.0	19,384,054	19,600	-1.13%	53	1:19	1:20	994.7	952.2	0.37%	95.73%
2015	1,197.0	21,079,711	17,610	-11.17%	56	1:17	1:23	991.5	943.9	0.05%	95.20%
2016	972.0	22,142,414	22,780	16.23%	64	1:20	1:21	978.0	916.1	-1.68%	93.67%

Sources: District records

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
District Building										
<u>Elementary</u>										
Washington School										
Square Feet	118,900	30,764	30,764	30,764	30,764	30,764	30,764	30,764	30,764	30,764
Capacity (students)	550	180	180	180	180	180	180	180	180	180
Enrollment		239	237	242	204	210	210	210	200	200
<u>Middle School</u>										
Memorial School										
Square Feet	80,400	99,461	99,461	99,461	99,461	99,461	99,461	99,461	99,461	99,467
Capacity (students)	720	705	705	705	705	705	705	705	705	705
Enrollment		716	743	748	763	779	779	779	997	772

Number of Schools at June 30, 2016

 Elementary = 1

 Middle School = 1

 Senior High School = 0

 Other = 0

Source: District Records

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
School Facilities										
Memorial School	\$ 79,147	\$ 176,386	\$ 156,835	\$ 79,727	\$ 19,276	\$ 23,607	\$ 25,514	\$ 26,035	\$ 26,429	\$ 150,349
Washington School	<u>38,587</u>	<u>51,486</u>	<u>112,221</u>	<u>57,688</u>	<u>12,850</u>	<u>7,455</u>	<u>8,056</u>	<u>8,221</u>	<u>85,445</u>	<u>47,478</u>
Grand Total	<u>\$ 117,734</u>	<u>\$ 227,872</u>	<u>\$ 269,056</u>	<u>\$ 137,415</u>	<u>\$ 32,126</u>	<u>\$ 31,062</u>	<u>\$ 33,570</u>	<u>\$ 34,256</u>	<u>\$ 111,874</u>	<u>\$ 197,827</u>

Source: School District's Financial Statements

LITTLE FERRY BOARD OF EDUCATION
 SCHEDULE OF INSURANCE
 JUNE 30, 2016
 (Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Building and Contents (All Locations)	\$ 22,637,427	\$ 5,000
Boiler and Machinery	1,000,000	1,000
General Automobile Liability	1,000,000	1,000
School Board Legal Liability	1,000,000	5,000
Employer's Liability	1,000,000	
Worker's Compensation	1,000,000	
Umbrella Liability	9,000,000	10,000
 Student Accident Insurance - Selective Insurance Co.	 1,000,000	
 Surety Bonds - Selective Insurance Co.		
Treasurer	300,000	
Board Secretary/Business Administrator	100,000	

Source: 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
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SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Little Ferry Board of Education
Little Ferry, 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 Little Ferry Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Little Ferry Board of Education's basic financial statements and have issued our report thereon dated November 29, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-003 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Little Ferry 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 2016-001, 2016-002 and 2016-003.

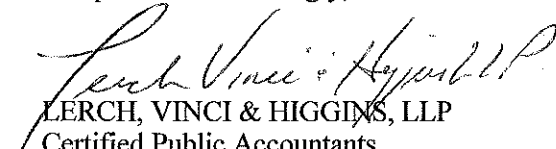
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Little Ferry Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 29, 2016.

Little Ferry Board of Education's Responses to Findings

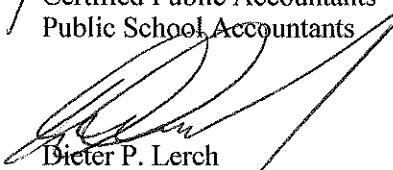
The Little Ferry Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Little Ferry Board of Education's responses were not subjected to the auditing procedures applied in the audit of the financial statements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



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 29, 2016



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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 Trustees
Little Ferry Board of Education
Little Ferry, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Little Ferry 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 Little Ferry Board of Education's major federal and state programs for the fiscal year ended June 30, 2016. The Little Ferry 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 Little Ferry 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 (CFR) 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 Little Ferry 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 Little Ferry Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Little Ferry 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with 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 2016-004 through 2016-010. Our opinion on each major federal and state program is not modified with respect to these matters.

The Little Ferry 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 Little Ferry 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 Little Ferry 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 Little Ferry 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 Little Ferry Board of Education's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-008, 2016-009, and 2016-010 that we consider to be significant deficiencies.

The Little Ferry 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 Little Ferry 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.

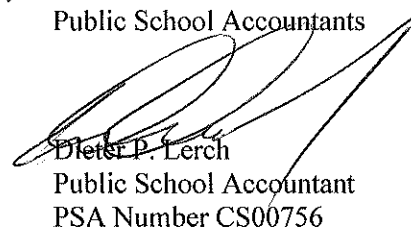
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable 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 Little Ferry Board of Education as of and for the fiscal year ended June 30, 2016 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 November 29, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 29, 2016

LITTLE FERRY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Project Period	Award Amount	Balance, July 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment Carryover Receivables	Balance, June 30, 2016			Memo GAAP Receivable
											(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
Passed -through State Department of Education														
Special Revenue Fund:														
NCLB Title I	84.010A	S010A150030	NCLB 2710-16	7/1/15-6/30/16	251,600	\$ -	\$ 222	131,443	\$ 251,822	\$ (222)	\$ (120,379)	-	-	\$ (120,379)
NCLB Title I	84.010A		NCLB 2710-15	7/01/14-6/30/15	178,015	(2,146)	(222)	2,146		222				-
NCLB Title III	84.365A	S365A150030	NCLB 2710-16	7/1/15-6/30/16	17,433	-	8	2,226	17,441	(8)	(15,215)	-	-	(15,215)
NCLB Title III	84.365A		NCLB 2710-15	7/01/14-6/30/15	17,144	(2,332)	(8)	2,332		8	-	-	-	-
NCLB Title III Immigrant	84.365A	S365A150030	NCLB 2710-16	7/1/15-6/30/16	9,457	-	-	845	9,457		(8,612)	-	-	(8,612)
NCLB Title III Immigrant	84.365A		NCLB 2710-15	7/01/14-6/30/15	10,100	(2,053)	-	2,053			-	-	-	-
Title II Part A	84.367A	S367A150029	NCLB 2710-16	7/1/15-6/30/16	34,170	-	9,638	37,841	43,808	(9,638)	(5,967)	-	-	(5,967)
Title II Part A	84.367A		NCLB 2710-15	7/01/14-6/30/15	34,688	(9,637)	(9,638)	9,637		9,638	-	-	-	-
Title II Part D Carryover	84.318X		NCLB 2710-10	9/01/09-8/31/10	1,624	1,163	-	-				\$ 1,163		-
IDEA Part B, Basic	84.027	H027A150100	IDEA 2710-16	7/1/15-6/30/16	252,936	-	-	155,285	252,936		(97,651)	-	-	(97,651)
IDEA Part B, Preschool	84.173	H173A150114	IDEA 2710-16	7/1/15-6/30/16	10,147	-	-	-	10,147		(10,147)	-	-	(10,147)
Total Special Education Clust						-	-	155,285	263,083	-	(107,798)	-	-	(107,798)
EDConnect (Race to the Top)	84.413A	B413A120008		2/1/15-11/30/15	50,000	-	-	49,199	47,689		\$ 1,510	-	-	-
Race to the Top	84.413A		N/A	9/01/2013-8/31/14	16,695	(387)	-	-	-		(387)	-	-	(387)
Total U.S. Department of Education/ Special Revenue Fund						(15,392)	-	393,007	633,300	-	(258,358)	1,510	1,163	(258,358)
U.S. Department of Education														
Passed -through State Department of Agriculture														
Enterprise Fund														
School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	11,833	-	-	11,020	11,833		(813)	-	-	(813)
School Breakfast Program	10.553		N/A	7/1/14-6/30/15	7,917	(694)	-	694			-	-	-	-
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	161,520	-	-	153,338	161,520		(8,182)	-	-	(8,182)
National School Lunch Program	10.555		N/A	7/1/14-6/30/15	145,771	(9,485)	-	9,485			-	-	-	-
Total Child Nutrition Cluster/Enterprise Fund						(10,179)	-	174,537	173,353	-	(8,995)	-	-	(8,995)
Total Federal Awards						\$ (25,571)	\$ -	\$ 567,544	\$ 806,653	\$ -	\$ (267,353)	\$ 1,510	\$ 1,163	\$ (267,353)

Note: FAIN numbers are only applicable for current year grant awards.

LITTLE FERRY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2015			Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance, June 30, 2016			MEMO	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Total Expenditures
State Department of Education														
General Fund:														
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	\$ 539,377				\$ 503,430	\$ 539,377		\$ (35,947)				\$ 539,377
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	539,377	(31,102)			31,102							
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	783,657				731,430	783,657		(52,227)				783,657
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	783,657	(45,188)			45,188							
Security Aid	16-495-034-5120-084	7/1/15-6/30/15	42,140				39,332	42,140		(2,808)				42,140
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	42,140	(2,430)			2,430							
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	13,390				12,497	13,390		(893)				13,390
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	13,390	(772)			772							
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	13,390				12,497	13,390		(893)				13,390
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	13,390	(772)			772							
Total State Aid Public Cluster				(80,264)	-	-	1,379,450	1,391,954	-	(92,768)	-	-	-	1,391,954
Transportation Aid	16-495-034-5120-014	7/1/13-6/30/14	72,867				68,011	72,867		(4,856)				72,867
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	72,867	(4,202)			4,202							
Additional NonPublic Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	10,962				-	10,962		(10,962)			\$ (10,962)	10,962
Total Transportation Aid Cluster				(4,202)	-	-	72,213	83,829	-	(15,818)	-	-	(10,962)	83,829
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	190,537				140,849	190,537		(190,537)				190,537
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	140,849	(140,849)										
On-Behalf TPAF Pension Contribution	16-495-034-5094-002	7/1/15-6/30/16	445,831				445,831	445,831						445,831
On-Behalf TPAF NCGI Premium	16-495-034-5094-004	7/1/15-6/30/16	22,208				22,208	22,208						22,208
On-Behalf TPAF Post Retirement Medical	16-495-034-5094-001	7/1/15-6/30/16	557,307				557,307	557,307						557,307
Total On-Behalf TPAF Cluster				-	-	-	1,025,346	1,025,346	-	-	-	-	-	1,025,346
Reimbursed TPAF Social Security Contribution	16-495-034-5094-003	7/1/15-6/30/16	484,160				459,886	484,160		(24,274)			(24,274)	484,160
Reimbursed TPAF Social Security Contribution	15-495-034-5094-003	7/1/14-6/30/15	472,309	(46,789)			46,789							
Total Department of Education/General Fund				(272,104)	-	-	3,124,533	3,175,826	-	(323,397)	-	-	(35,236)	3,175,826
Special Revenue Fund:														
Preschool Education Aid	16-495-034-5120-086	7/1/15-6/30/16	92,400				83,160	92,400		(9,240)				92,400
Preschool Education Aid	15-495-034-5120-086	7/1/14-6/30/15	92,400	(9,240)			9,240							
Total Special Revenue Fund				(9,240)	-	-	92,400	92,400	-	(9,240)	-	-	-	92,400
Enterprise Fund														
National School Lunch Program (State Share)	16-100-010-3350-023	7/1/15-6/30/16	4,070				3,871	4,070		(199)			(199)	4,070
National School Lunch Program (State Share)	15-100-010-3350-023	7/1/14-6/30/15	3,749	(333)			333							
Total Enterprise Fund				(333)	-	-	4,204	4,070	-	(199)	-	-	(199)	4,070
Total State Financial Assistance Subject to Single Audit Determination				\$ (281,677)	\$ -	\$ -	\$ 3,221,137	\$ 3,272,296	\$ -	\$ (332,836)	\$ -	\$ -	\$ (35,435)	\$ 3,272,296
State Financial Assistance Not Subject to Major Program Determination														
General Fund														
Less: On-Behalf TPAF Pension Contribution							\$ (445,831)	\$ (445,831)						(445,831)
On-Behalf TPAF NCGI Premium							(22,208)	(22,208)						(22,208)
On-Behalf TPAF Post-Retirement Medical							(557,307)	(557,307)						(557,307)
Total State Financial Assistance Subject to Major Program Determination				\$ (281,677)	\$ -	\$ -	\$ 2,195,791	\$ 2,246,950	\$ -	\$ (332,836)	\$ -	\$ -	\$ (35,435)	\$ 2,246,950

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Little Ferry 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 schedules 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 2 CFR 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$62,846 for the general fund and an increase of \$13,807 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,112,980	\$ 3,112,980
Special Revenue Fund	\$ 656,347	83,160	739,507
Food Service Fund	<u>173,353</u>	<u>4,070</u>	<u>177,423</u>
Total Awards Financial Assistance	<u>\$ 829,700</u>	<u>\$ 3,200,210</u>	<u>\$ 4,029,910</u>

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

TPAF Social Security contributions in the amount of \$484,160 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$468,039 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$557,307 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

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.

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted? X yes no

Federal Awards Section

Internal Control over compliance:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance (section.510(a))? X yes none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A150100</u>	<u>IDEA Basic</u>
<u>84.173</u>	<u>H173A150114</u>	<u>IDEA Preschool</u>
<u>84.010</u>	<u>S010A150030</u>	<u>Title I</u>
<u> </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

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

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

Type of auditors' report on compliance for major programs: Unmodified

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-1520-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
_____	_____

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

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

LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 2016-001:

With respect to the examination of claims, our audit revealed that in numerous instances, goods and/or services were ordered prior to the issuance of an approved purchase order (confirming orders).

Criteria or specific requirement:

Internal controls over purchasing and accounts payable.

Condition:

Purchase of various goods or services were made which were not in accordance with the procedures specified in Board policy and N.J.S.A. 18:19-4.

Context:

Of the disbursements reviewed, we noted numerous instances where purchase orders were generated after the receipt of the vendor's invoice.

Effect:

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

Cause:

Unknown.

Recommendation:

Internal control procedures over purchasing be enhanced to ensure goods and/or services are ordered only after the issuance of an approved requisition and purchase order.

Views 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.

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 2016-002:

Our audit of the general ledger account balances revealed numerous adjusting journal entries were required to reconcile the Board records to agree with subsidiary records and supporting documentation. We noted certain instances where receipts, revenue and budget account charges were misclassified. It should be noted that all food service revenues were coded to a single revenue account instead of being recorded by revenue source/type.

Criteria or specific requirement:

The State Department of Education's GAAP Technical Systems Manual

Condition:

Numerous adjusting journal entries were required to reclassify receipts, revenues and budget charge mispostings in the General, Special Revenue and Enterprise Funds.

Questioned Costs:

None.

Context:

Numerous journal entries were required to reclassify mispostings in the General, Special Revenue and Enterprise Funds.

Effect:

The Board Secretary's records were not in agreement with subsidiary records and supporting documentation.

Recommendation:

Internal controls over financial accounting and reporting be enhanced to ensure financial transactions are properly recorded and general ledger balances are reconciled to subsidiary records on a monthly basis.

Views of Responsible Officials and Planned Corrective Action Plan:

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

LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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 2016-003:

Our audit of the bank reconciliations revealed numerous reconciling items and monthly inter-account reconciling items were not resolved by year end.

Criteria or specific requirement:

The State Department of Education's GAAP Technical Systems Manual
Internal controls over financial reporting.

Condition:

Numerous adjustments were required to adjust for reconciling items and the monthly inter-account reconciling items.

Questioned Costs:

None.

Context:

Bank reconciliations contain numerous inter-account reconciling items and other reconciling items that should be reviewed.

Effect:

The subsidiary ledgers required numerous adjustments to capture reconciling items.

Recommendation:

The various bank reconciliations' reconciling items including inter-account activity be reviewed and cleared of record.

Views of Responsible Officials and Planned Corrective Action Plan:

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

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2016-004:

Our audit of salary charges Federal grant programs revealed employees and their respective salaries charged to the program were not formally approved in the Board minutes. In addition, the District is not properly documenting time and effort.

Federal Program Information:

IDEA Preschool 84-173
Title I 84.010A

Criteria or Specific Requirement

Federal Grant Compliance Supplement – Employee Time and Effort

Condition:

Salaries of individuals charged to the IDEA Preschool and Title I grant program were not approved by the Board. The time and effort report was not provided for individuals charged to the grant.

Questioned Costs:

Undeterminable.

Context:

We noted that the salaries charged to IDEA Preschool and Title I were not approved in the official minutes by grant title and salary amount allocated. Also, the required time and effort certifications were not prepared for salaries charged to Federal grant programs.

Effect:

Personnel charged to Federal grants may not be allowable grant charges.

Cause:

Unknown.

Recommendation:

Employees and their respective salaries charged to the federal grant programs be formally approved in the Board minutes. In addition, time and effort be properly documented for employees charged to Federal grant programs.

Views of Responsible Officials and Planned Corrective Action:

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

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2016-005:

Our audit indicated that the District did not maintain the required level of effort with respect to Special Education expenditures related to the federal IDEA grant program.

Information on the Federal Program

84.027	IDEA, Part B – Basic
84.137	IDEA Preschool

Criteria or Specific Requirement

U.S. Uniform Guidance Compliance Supplement – Special Education Cluster

Condition

The District did not meet its minimum requirement for special education expenditures funds from local and/or state funds.

Questioned Costs

None.

Context

The District's actual per pupil spending of local/state funds for special education costs decreased from 2014/15 to 2015/16.

IDEA funds received by a school district cannot be used except under limited circumstances to reduce the level of expenditures for the education of children with disabilities made from state and local funds below the level of those expenditures for the preceding fiscal year.

Effect

The District is not in compliance with the maintenance of effort requirement with respect to the IDEA grant program.

Cause

Unknown.

Recommendation

The District maintain its level of effort with respect to special education expenditures funded from state and/or local funds in accordance with the federal IDEA grant program compliance requirements.

Views of Responsible Officials and Planned Corrective Action

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

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, as amended.

CURRENT YEAR FEDERAL AWARDS

Finding 2016-006:

Our audit of benefits charged to Federal grant programs found that the District is not maintaining any formal documentation to support the rationale for expenditures charged.

Information on the Federal Program

Title I 84.010A

Criteria or Specific Requirement

U.S Uniform Guidance Compliance Supplement- Title I

Condition

The District is not maintaining documentation to support allocations of health benefits charged to the grant.

Questioned Costs

None

Context

The District is charging health benefits for employees charged to the grant, however, there is no formal documentation maintained supporting the rationale of how the amount of benefits charged is determined.

Effect

Costs charged to the grant may not be in accordance with grant requirements.

Cause

Unknown

Recommendation

Formal accounting of rationale for any allocation of employee benefits charged to Federal grant program be maintained.

Views of Responsible Officials and Planned Corrective Action

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

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 2016-007:

With respect to travel and expense reimbursements, our audit noted that post travel reports are not being obtained and attached to purchase orders for reimbursement.

State program information:

State Aid - Public

Criteria or specific requirement:

N.J. Department of Education - Grant Compliance Supplement – Special Tests and Provisions

Condition:

Certain travel expense procedures are not in accordance with state travel expense guidelines.

Questioned Costs:

None.

Context:

See Condition.

Effect:

Certain travel expense procedures were not in compliance with State travel expense guidelines.

Cause:

Unknown.

Recommendation:

It is recommended that post travel reports be obtained and attached to purchase orders for travel and expense reimbursements.

Views of Responsible Officials and Planned Corrective Action

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

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 2016-008:

Our audit revealed that the monthly reports of the Treasurer and Board Secretary were not submitted to the Board for approval in a timely basis. In addition, budgetary transfers were not submitted to the Board for approval timely.

Information on the State Program

Special Education Aid	16-495-034-5120-089
Equalization Aid	16-495-034-5120-078
Security Aid	16-495-034-5120-084
PARCC Readiness Aid	16-495-034-5120-098
Per Pupil Growth Aid	16-495-034-5120-097

Criteria or specific requirement:

State Aid Public – Grant Compliance Supplement

Condition:

The monthly reports of the Treasurer of School Monies and Board Secretary were not presented to the Board for approval in a timely basis. In addition, budgetary transfers and certification of funds were not approved in a timely manner.

Questioned Costs:

None.

Context:

The monthly reports of the Treasurer of School Monies, along with the required bank reconciliations, as well as the monthly reports of the Board Secretary were not submitted to the Board for approval in a timely manner. Budgetary transfers and certification of funds were also not approved timely.

Effect:

The District is not in compliance with state aid grant compliance.

Cause:

Unknown.

Recommendation:

The monthly reports of the Board Secretary and Treasurer of School Monies be approved in a timely manner and all budgetary transfers be submitted to the Board for approval no later than thirty(30) days after year end.

Views of Responsible Officials and Planned Corrective Action Plan:

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

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, as amended.

CURRENT YEAR STATE AWARDS

Finding 2016-009:

We noted the purchase and installation of wireless clocks for a total cost of \$19,800 and payments for alarm and fire monitor for a total cost of \$27,856 which was in excess of the quote threshold, however, there was no documentation to support competitive quotations were solicited by the District in accordance with N.J.S.A. 18A:18A-27(a).

State program information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
PARCC Readiness Aid	495-034-5120-098
Per Pupil Growth Aid	495-034-5120-097

Criteria or specific requirement:

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

Condition:

Purchases 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.

Context:

Purchases for purchase and installation of wireless clocks and alarm and fire monitor were made in excess of the quote threshold for which documents were unavailable to determine if quotations were solicited in accordance with the Public School Contracts Law.

Effect:

Noncompliance with requirements of the Public School Contracts Law.

Cause:

Unknown.

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs (Cont'd)

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, as amended.

CURRENT YEAR STATE AWARDS (Continued)

Finding 2016-009: (Continued)

Recommendation:

Purchasing procedures be enhanced to ensure competitive quotations are solicited and attached to purchase orders for all contract awards that exceed the quote threshold in accordance with N.J.S.A. 18A:18A-37(a).

Views of Responsible Officials and Planned Corrective Action Plan:

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

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 2016-010:

Our audit of the general ledger account balances revealed numerous adjusting journal entries were required to reconcile the Board records to agree with subsidiary records and supporting documentation. We noted certain instances where receipts, revenue and budget account charges were misclassified. It should be noted all food service revenues were coded to a single revenue account instead of being recorded by revenue source/type.

Information on the State Program:

State Aid Public

Criteria or Specific Requirement:

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

Condition

Numerous adjustment journal entries were required to reclassify receipts, revenues and budget charge mispostings in the General, Special Revenue and Enterprise Funds.

Questioned Costs:

None

Context:

Numerous journal entries were required to reclassify mispostings in the General, Special Revenue and Enterprise Funds.

Effect:

The Board Secretary's records were not in agreement with subsidiary records and supporting documentation.

Cause:

Unknown.

Recommendation:

Internal controls over financial accounting and reporting be enhanced to ensure financial transactions are properly recorded and general ledger balances are reconciled to subsidiary records on a monthly basis.

Views of Responsible Officials and Planned Corrective Action:

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

**LITTLE FERRY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-001:

With respect to the examination of claims our audit revealed that in numerous instances, good and/or services were ordered prior to the issuance of an approved purchase order (confirming orders).

Current Status

See Finding 2016-001.

Finding 2015-002:

During our tests of transactions, it was noted that certain employee benefits are being allocated to instructional functional areas without any formal documentation to support the rationale. In addition, the PERS annual contribution and the amount assessed for delayed enrollments were improperly charged to Other Retirement Contribution – ERIP.

Current Status

Corrective action has been taken.

Finding 2015-003:

With respect to year end encumbrances and accounts payable:

- Our audit of year end open purchase orders in the General, Special Revenue and Food Service Funds revealed certain encumbrances should have been classified as accounts payable. Audit adjustments were made to reclassify these purchase orders, accordingly. In addition, it was noted that the contract amount for a shared service agreement of \$45,000 was not encumbered at year end.

Current Status

Corrective action has been taken.

**LITTLE FERRY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-004 and Finding 2015-014:

Our audit of the general ledger account balances revealed numerous adjusting journal entries were required to reconcile the Board records to agree with subsidiary records and supporting documentation. We noted certain instances where receipts, revenue and budget account charges were misclassified. It should be noted that the year to date receipts for EDCP and Food Service Fund were recorded as a single year end entry.

Current Status

See Findings 2016-002 and 2016-011.

Finding 2015-005 and Finding 2015-013:

Our audit revealed the General Fund budget was modified by an additional \$66,837 without any approval and/or documentation to support the increase in appropriations.

Current Status

Corrective action has been taken.

Finding 2015-006:

Our audit of the Treasurer's Report and bank reconciliations revealed the following:

- There were numerous monthly inter-account reconciling items on the various bank reconciliations that were not in agreement and were not resolved during the course of the year.
- Prior years outstanding checks voided in Board Secretary records were not removed from Treasurer's outstanding list.

Current Status

See Finding 2016-003.

**LITTLE FERRY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-007:

With respect to fund deficits:

- Our audit revealed that the Capital Projects Fund has a deficit fund balance of \$557,057 at June 30, 2015. No revenue source was identified to offset the total expenditures incurred in the fund during the fiscal years ending June 30, 2014 and 2015.
- Our audit revealed a year end deficit of \$68,566 in net position of the Food Service Fund.

Current Status

Corrective action has been taken on Capital Projects Fund, however a comment and recommendation are cited in the Administrative Findings – Financial, Compliance and Performance Reporting regarding a deficit in the Food Service Fund.

Finding 2015-008:

Our audit noted that the reimbursement requests for District expenditures of federal grant program funds were not filed in a timely manner. The only reimbursement requests were made in June 2015 for all year to date expenditures.

Current Status

Corrective action has been taken.

Finding 2015-009:

Our audit of salary charges to the IDEA Preschool grant program revealed employees and their respective salaries charged to the program were not formally approved in the Board minutes.

Current Status

See Finding 2016-004.

**LITTLE FERRY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-010

With respect to travel and expense reimbursements, our audit noted that prior Board approval is not being obtained for all travel of District employees and board members.

Current Status

Corrective action has been taken.

Finding 2015-011:

During our tests of transactions it was noted that the District did not properly charge the salary of the Director of Child Study Team to School Administration, but rather to the Child Study Team functional area.

Current Status

Corrective action has been taken.

Finding 2015-012:

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

- The purchase and installation of ventilator for a total cost of \$15,500 and payments for various HVAC repairs were paid to the same vendor
- We noted purchases 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).
- Our audit of payments to the food service management company revealed payments for the reimbursement of costs related to lunch aides. These payments were for costs unrelated and outside the contract and therefore, should be procured separately in accordance with NJAC 5:34-4.4(b).

Current Status

See Finding 2016-010.

**LITTLE FERRY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2015-015

Our audit of the District's Application for State School Aid (ASSA) revealed that amounts reported were not always in agreement with supporting workpapers and documentation for the respective categories.

Current Status

Corrective action has been taken.