

# FORT LEE PUBLIC SCHOOLS

Borough of Fort Lee  
Board of Education  
County of Bergen  
New Jersey

*Comprehensive Annual Financial Report  
For the Year Ended  
June 30, 2017*

# **Fort Lee Public Schools**

## **Fort Lee, New Jersey**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2017**

**Prepared by  
Business Office**

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Note: The schedules denoted with N/A are not applicable in the current year. However, the New Jersey Department of Education requires the District to reference all schedules included in its sample Comprehensive Annual Financial Report.

## **Introductory Section**





# Fort Lee Public Schools

## Central Administration Offices

2175 Lemoine Avenue, 6<sup>th</sup> Floor ✧ Fort Lee, New Jersey 07024

Phone: 201.585.4612 ✧ Fax: 201.585.7997

[www.FLBOE.com](http://www.FLBOE.com)

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Mr. Kenneth J. Rota  
*Superintendent of Schools*

Dr. Sharon Amato  
*Director of Curriculum & Instruction*

Haquisha Q. Taylor  
*School Business Administrator/Board Secretary*

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December 4, 2017

Honorable President and  
Members of the Board of Education  
Borough of Fort Lee Public Schools  
County of Bergen, New Jersey

Dear Board Members:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Borough of Fort Lee Public Schools for the fiscal year ended June 30, 2017. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. The District believes that this new financial reporting model will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Borough of Fort Lee School District with comprehensive financial data in a format enabling them to gain an understanding of the District's financial affairs.

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 Auditors' 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 financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information 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 Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid (NJOMB 15-08)*. Information related to this single audit, including the independent auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, is included in the single audit section of this report.

### **School District Organization**

The Borough of Fort Lee School District is one of 694 school districts in the State of New Jersey and one of 80 school districts in Bergen County. The School District provides education to 3,747 students, in district and out-of-district, in grades kindergarten through twelve.

An elected nine-member Board of Education (the "Board") serves as the policy making body for the School District. The Board adopts an annual budget and directly approves all expenditures, which serve as the basis for control over, and authorization for, all expenditures of School district tax money.

The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Board Secretary is the chief financial officer of the School District, responsible to the Board for maintaining all financial records, making payments of liabilities incurred by the School district, acting as custodian of all School district funds, and investing funds as permitted by New Jersey law.

### **Reporting Entity**

The Borough of Fort Lee Public Schools is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds of the District are included in this report. The Borough of Fort Lee Public Schools and its six schools constitute the District's reporting entity.

## **Economic Conditions and Outlook**

The District completed the 2016-2017 fiscal year with an average daily enrollment of 3,747 students, which is forty two students more than the previous year's enrollment. The following details the changes in the student average daily enrollment of the District over the last five years.

<b>Fiscal Year</b>	<b>Average Daily Enrollment Student Enrollment</b>	<b>Percent Change</b>
2016-2017	3,747	1.13%
2015-2016	3,705	-0.62%
2014-2015	3,728	-1.35%
2013-2014	3,779	1.04%
2012-2013	3,740	1.38%

Future trends point towards an increase in enrollment due to approved residential developments. The District's primary funding source is property tax revenue. As a result, the District, along with many other public school systems in the State, faces some difficult economic situations in the future. Overall tax revenue for the general fund increased for the 2016-2017 school year by 2.00%, but the increase in expenditures from inflationary pressures, contractual agreements and benefits have outpaced the additional revenue. The District's administration is closely monitoring the cost of operations and continues to look for innovative ways to contain costs in addition to new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

The District remains accountable to the residents and taxpayers and attributes much of its past education success to the community's demand for and support of a quality school system.

## **Major Initiatives/Educational Program**

Major activities for the Fort Lee School District for the 2016-2017 school year include:

- Implement new K-12 math and reading benchmark assessment system (STAR 360);
- Monitor student achievement using Phonics and Vocabulary Curriculum K -6 and Literacy Intervention Program (K-8) as supplemental tool for Resource classes (Fountas & Pinnell Reading Intervention Kits);
- Pilot and select K-4 literacy resources and new programs (School-wide/Teacher's College Program) for 2018-19 Curriculum Cycle;
- Train staff in Balanced Literacy: Coaching for grade 3, begin training for grade 4;
- Implement and monitor new K-5 Science Curriculum;
- Expand participation in STEAM MakerSpace MS and HS (robotics, programming, animation, 3D design, snap circuits, recording studio);
- Implementation of STEAM courses: Innovation and Invention (engineering design based course) and Middle School Coding;
- Implementation of K-5 Engineering and Design Standards through push-in STEAM and integrated science lessons;
- Monitor achievement - new K-6 Music Curriculum;
- Support Grade 8 Algebra cohorts to increase enrollment in advanced math courses;
- Create common assessments for all Middle and High school courses;
- Redesign midterms and finals in grades 8-12;
- Deliver K-12 World Language staff training TPRS (Teaching Proficiency through Reading and Storytelling);
- Deliver K-12 ESL/BL staff training in TPRS/CI methodologies;
- Present SIOP Training (Sheltered English Instruction) to selected staff and administration;
- Expand instructional supports for Title 1 and Bilingual students.

**Internal Accounting and Budgetary Control:** Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Internal control 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 awards and state financial assistance, the District is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District's management.

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

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, special revenue fund and debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

**Cash Management:** The investment policy of the District is guided in large part by State statutes as detailed in "Notes to Basic Financial Statements," Notes 1 and 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. This 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.

**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.

**Independent Audit:** State statutes require an annual audit by independent certified public accountants or registered municipal accounts. The accounting firm of PKF O'Connor Davies, LLP, was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid (NJOMB 15-08)*. The auditors' report on the basic financial statements and specific required supplemental information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

**Acknowledgements:**


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

Respectfully submitted,



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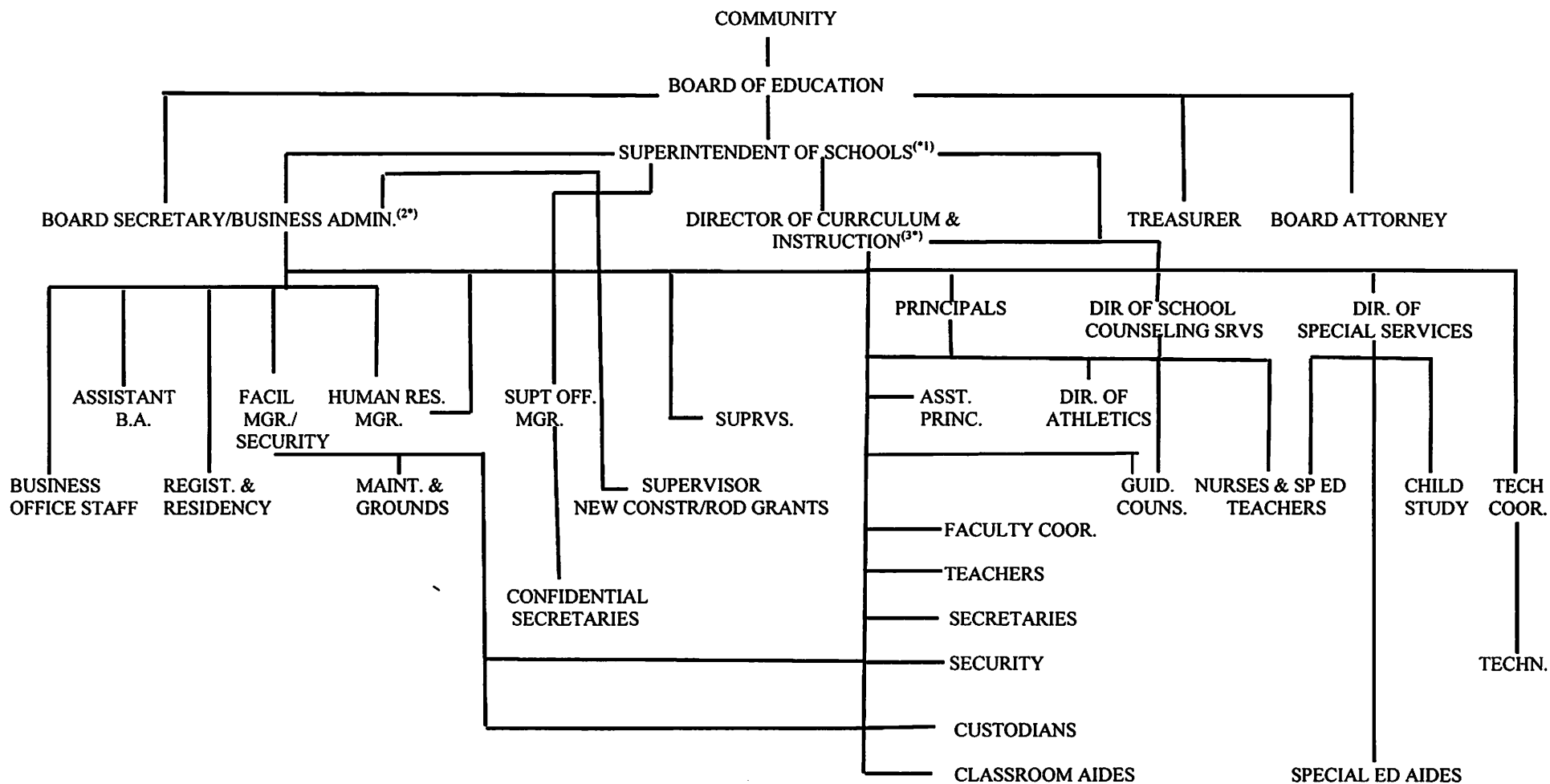
Kenneth J. Rota  
Superintendent of Schools



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Haquisha Q. Taylor  
Business Administrator

**ORGANIZATION OF PERSONNEL AND REPORTING RESPONSIBILITIES  
FORT LEE PUBLIC SCHOOLS  
2016-2017**



\*Order of Authority  
 — Order of Responsibility

Fort Lee Public Schools  
Fort Lee, New Jersey

Roster of Officials

June 30, 2017

Members of the Board of Education

Term Expires

Mr. David Sarnoff, President	12/31/2018
Mrs. Candace Romba, Vice President	12/31/2019
Mrs. Paula Colbath	12/31/2019
Mrs. Esther Han Silver	12/31/2018
Mrs. Holly Morell	12/31/2018
Mr. Michael Osso	12/31/2017
Mr. Anthony Papavasiliou	12/31/2017
Mr. Michael Rubino	12/31/2017
Mr. Joseph Surace	12/31/2017

Other Officials

Mr. Kenneth Rota, Superintendent of Schools  
Ms. Haquisha Q. Taylor, Business Administrator  
Dr. Sharon Amato, Director of Curriculum  
Mr. Scott Bendul, Supervisor, B&G/Security  
Mr. Jack DeNichilo, Supervisor, New Construction  
Dennis McKeever, Esq., Board Attorney



Fort Lee Public Schools  
Fort Lee, New Jersey

Independent Auditors and Advisors

**Auditor**

PKF O'Connor Davies, LLP  
20 Commerce Drive  
Suite 301  
Cranford, NJ 07016

**Attorney**

Dennis McKeever, Esq.  
Sciarrillo, Cornell, Merlino, McKeever & Osborne, LLC  
238 St. Paul Street  
Westfield, NJ 07090

**Official Depository**

TD Bank  
1100 Lake Street  
Ramsey, NJ 07446

**NJ ARM**

821 Alexander Road, Suite 110  
Princeton, NJ 08540

**Bank of NJ**

Continental Plaza  
401 Hackensack Avenue  
Hackensack, NJ 07601

## **Financial Section**

## Independent Auditors' Report

**The Honorable President and Members  
of the Board of Education  
Fort Lee Public Schools**  
County of Bergen  
Fort Lee, 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 Fort Lee Public Schools, in the County of Bergen, State of New Jersey (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District'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 and the standards applicable to financial audits contained in *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 District'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.

**The Honorable President and Members  
of the Board of Education  
Fort Lee Public Schools**

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***Opinions***

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

*Correction of Error*

As described in Note 19 to the financial statements, the June 30, 2016 fund balance in the Capital Projects Fund; net position in the government-wide governmental activities and the associated opening balances of the capital asset footnote were restated as a result of adjustments related to the omission of certain cash, fund balance and construction in progress balances. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF and budgetary comparison information as presented in the table of contents 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 District's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedules of expenditures of federal awards and state financial assistance are

**The Honorable President and Members  
of the Board of Education  
Fort Lee Public Schools**

Page 3

presented for purposes of additional analysis, 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 New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and are also not a required part of the basic financial statements.

The combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and 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 and individual fund financial statements, long-term debt schedules and the 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.

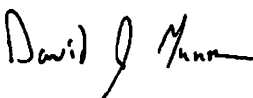
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

December 4, 2017  
Cranford, New Jersey



David J. Gannon  
Licensed Public School Accountant  
No. 2305

**Required Supplementary Information – Part I**  
**Management’s Discussion and Analysis**

## Fort Lee Public Schools

### Management's Discussion and Analysis Year Ended June 30, 2017

As management of the Borough of Fort Lee Public Schools, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is 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 fiscal year (2016-2017) and the prior fiscal year (2015-2016) is presented in the MD&A.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred outflows of resources, deferred inflows of resources and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements can be found on pages 23 - 24 of this report.

**Fund financial statements.** A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the

funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 25 - 27 of this report.

**Proprietary funds.** The District maintains one proprietary fund type. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program, which is considered a major fund of the District. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 28 - 30 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The District also has an unemployment compensation fund and a private-purpose scholarship fund. The basic fiduciary fund financial statements can be found on pages 31 - 32 of this report.



**Notes to the basic financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 33 - 69 of this report.

**Other information.** The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 70 - 101 of this report.

**Financial Highlights**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2017 and 2016:

Fort Lee Public Schools  
Fort Lee, New Jersey

Net Position

	2017			2016 (as restated)		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Current and other assets	\$ 34,281,067	\$ 281,939	\$ 34,563,006	\$ 55,269,428	\$ 367,788	\$ 55,637,216
Capital assets, net	70,293,693	103,163	70,396,856	48,338,525	74,035	48,412,560
Total assets	104,574,760	385,102	104,959,862	103,607,953	441,823	104,049,776
Deferred outflows	6,712,467		6,712,467	4,055,359		4,055,359
Liabilities						
Current liabilities	6,898,138	37,923	6,936,061	5,283,711	86,697	5,370,408
Net pension liability	19,670,339		19,670,339	16,232,301		16,232,301
Long Term Liabilities	72,673,983		72,673,983	75,512,976		75,512,976
Total liabilities	99,242,460	37,923	99,280,383	97,028,988	86,697	97,115,685
Deferred inflows	1,098,655		1,098,655	1,879,383		1,879,383
Net position						
Net investment in capital assets	25,416,260	103,163	25,519,423	(20,540,534)	74,036	(20,466,498)
Restricted	2,725,371		2,725,371	48,185,275		48,185,275
Unrestricted (deficit)	(17,195,519)	244,016	(16,951,503)	(18,889,800)	281,090	(18,608,710)
Total net position	\$ 10,946,112	\$ 347,179	\$ 11,293,291	\$ 8,754,941	\$ 355,126	\$ 9,110,067

Key financial highlights for the 2016-2017 fiscal year include the following:

- Net position increased \$2,191,171 resulting from an increase in the local tax levy of approximately \$2.7 million and continued fiscal constraint and control over expenditures.
- Consistent with the prior year, the State withheld the school district's fiscal 2016-2017 last two state aid payments until July 2017.

The District's cash balances decreased significantly during the 2017 fiscal year as a result of progress made on the District's capital projects which is reflected as an increase in capital assets.

Significant changes to deferred outflows and deferred inflows of resources pertain primarily to the impact of the changes in the GASB 68 net pension liability calculation performed by the State of New Jersey. The changes in 2017 from the prior year resulted from changes in assumptions calculated by the actuary in conjunction with the net pension liability calculation for the measurement date of June 30, 2016 and rolled forward to June 30, 2017. The net pension liability associated with the District's governmental activities at June 30, 2017 amounted to \$19,670,339 also increased in the amount of \$3,438,038 resulting from changes in the net pension calculation. Long-term liabilities decreased by principal payments made in the amount of \$2,270,000 in bonds payable.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, construction in progress, building and equipment) net of related debt. The balance of invested in capital assets, net of related debt is the carrying value of capital assets less the amount of the outstanding debt used to finance those assets.

An additional portion of the District's net position (restricted) represents resources that are subject to external restrictions on how they may be used, including funds reserved for future debt service, emergency reserve, and capital reserve.

The remaining deficit balance of unrestricted net position reflects long-term obligations, such as compensated absences and the net pension liability, not invested in capital assets. The deficit (negative) amount is mainly the result of liabilities for compensated absences and the net pension liability without an offsetting asset.

**District activities.** The key elements of the District's changes in net position for the years ended June 30, 2017 and 2016 are as follows:

Fort Lee Public Schools  
Fort Lee, New Jersey  
Changes in Net Position

Year ended June 30,

	2017			2016		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 83,500	\$ 1,039,150	\$ 1,122,650	\$ 964,952	\$ 964,952	\$ 964,952
Operating grants and contributions	1,836,568	484,629	2,321,197	8,309,104	440,169	8,749,273
<b>General revenues:</b>						
Property taxes	62,771,739		62,771,739	60,025,790		60,025,790
State and federal aid not restricted to a specific purpose	22,867,357		22,867,357	3,098,392		3,098,392
Investment Income	163,090		163,090			-
Miscellaneous	611,723		611,723	204,628		204,628
<b>Total revenue</b>	<b>88,333,977</b>	<b>1,523,779</b>	<b>89,857,756</b>	<b>71,637,914</b>	<b>1,405,121</b>	<b>73,043,035</b>
<b>Expenses:</b>						
Instructional services	52,754,543		52,754,543	39,006,183		39,006,183
Support services	30,395,834		30,395,834	27,761,588		27,761,588
Charter school	9,965		9,965	9,963		9,963
Capital outlay				567,534		567,534
Interest on long term debt	2,982,464		2,982,464	2,492,004		2,492,004
Amortization	-		-	(198,000)		(198,000)
Unallocated depreciation	-		-	982,981		982,981
Business Type Activities		1,531,726	1,531,726		1,417,898	1,417,898
<b>Total expenses</b>	<b>88,142,806</b>	<b>1,531,726</b>	<b>87,674,532</b>	<b>70,622,253</b>	<b>1,417,898</b>	<b>72,040,151</b>
Increase (decrease) in net position before transfer	2,191,171	(7,947)	2,183,224	1,015,661	(12,777)	1,002,884
Net position - beginning	3,183,496			2,167,835	367,903	
Restatement	5,571,445					
Net position—beginning (as restated)	8,754,941	355,126	9,110,067	2,167,835	367,903	-
<b>Net position—ending</b>	<b>\$ 10,946,112</b>	<b>\$ 347,179</b>	<b>\$ 11,293,291</b>	<b>\$ 3,183,496</b>	<b>\$ 355,126</b>	<b>\$ 1,002,884</b>

Property tax revenue increased \$2,745,949 as a result of continued flat funding of unrestricted aid from the State. Included in the State Aid revenue amount is the amount paid by the State on-behalf of the District for TPAF Pension, TPAF Medical Cost and the Employer share of Social Security. This amounts to \$19.2 million in state aid. These amounts also are included in the expenses of the school district.

The increase in business type revenues is the result of an increase in the daily sales and special function revenue for the food service program. Certain fluctuations in the revenues and expenses above are the result of changes in the allocation methods from year to year for employee benefits and on-behalf retiree pensions and medical costs.

## **Financial Analysis of the District's Funds**

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

**Governmental funds.** The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The District's fund balance amounts are classified as either restricted, committed, assigned or unassigned.

### General Fund

The general fund is the main operating fund of the District. Of the \$5,133,879 fund balance in the General Fund, \$2,475,371 is restricted in the capital reserve account, \$250,000 is restricted in the emergency reserve account, \$450,000 is assigned by the board of education for subsequent years' expenditures, \$393,983 of encumbrances is assigned to other purposes, and \$1,564,525 is unassigned. Fund balance in the General Fund decreased by \$218,556 from the prior year.

### Special Revenue Fund

The special revenue fund is used to track the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes, other than debt service or capital projects. Revenue and expenditures for the current fiscal year remained largely the same as the prior fiscal year. IDEA continues to be the largest grant in the special revenue fund, with expenditures in the current fiscal year of \$893,586.

### Capital Projects Fund

The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other assets (other than those financed by proprietary funds). There were expenditures of \$21,846,086 in the current fiscal year compared to expenditures of \$8,583,849 in the prior year. Total fund balance was \$26,833,319 and \$48,679,405 as of June 30, 2017 and 2016, respectively.

### Debt Service Fund

The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The fund balance in the debt service fund is \$309,314. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility of sound financial management.

The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2017, and the increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2016</u>	<u>Percent of Increase</u>
Local sources	\$ 63,476,959	83.53%	\$ 3,259,159	5.41 %
State sources	10,809,055	14.22%	1,101,809	9.72 %
Federal sources	1,710,710	2.25%	10,459	0.62 %
<b>Total</b>	<b>\$ 75,996,724</b>	<b>100.00%</b>	<b>\$ 4,371,427</b>	

The increase in local sources was primarily the result of an increase in the local tax levy. The increase in state sources was mainly attributable to the increase in contributions for TPAF pension and retiree medical contributions the State pays on behalf of the District.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2017 and the increases in relation to the prior year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase From 2016</u>	<u>Percent of Increase</u>
Current expenditures:				
Instruction	\$ 27,434,874	36.03%	\$ 581,980	2.2 %
Support services	42,357,631	55.63%	2,118,854	5.3 %
Charter schools	9,965	0.01%	2	0.0 %
Debt service:				
Principal	2,270,000	2.98%	1,585,000	231.4 %
Interest and other charges	2,243,013	2.95%	77,144	3.6 %
Capital outlay	1,828,138	2.40%	323,403	21.5 %
<b>Total</b>	<b>\$ 76,143,621</b>	<b>100.00%</b>	<b>\$ 4,686,383</b>	

The increase in instruction and support services is mainly the result of an increase in salaries and wages, the cost of benefits as well as an increase in on-behalf TPAF social security, pension and retiree medical contributions, which is also offset by a correlating revenue source. The net increase in debt service expenditures is due to an increase in principal bond payments based on the first payment becoming due on the 2015 serial bonds.

**Business Type Activities.** The focus of the District's business type activities is to provide information on near-term inflows, outflows, and balances of spendable resources related to the operations of its food service program.

The following schedule presents a summary of the Enterprise funds revenues for the fiscal year ended June 30, 2017, and the increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase from 2016</u>	<u>Percent of Increase</u>
Local sources	\$ 1,039,150	68.20%	\$ 74,198	7.69%
State sources	14,210	0.93%	200	1.43%
Federal sources	470,419	30.87%	44,261	10.39%
<b>Total</b>	<b>\$ 1,523,779</b>	<b>100.00%</b>	<b>\$ 118,659</b>	

The increase in local sources is mainly attributable to an increase in daily sales revenue for the food service program. The increases in state and federal sources is mainly attributable to the increases in the state and federal school lunch program reimbursements.

The following schedule presents a summary of the Enterprise fund operating expenses for the fiscal year ended June 30, 2017, and the increases and (decreases) in relation to the prior year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2016</u>	<u>Percent of Increase (Decrease)</u>
Cost of sales	\$ 520,388	33.97%	\$ (111,895)	(17.7) %
Salaries/employee benefits	583,118	38.07%	40,440	7.5 %
Other purchased services	115,258	7.52%	68,666	147.4 %
Food distribution program - net	81,597	5.33%	36,160	79.6 %
Supplies and materials	54,053	3.53%	54,053	100.0 %
Management fee	121,755	7.95%	(6,862)	-5.3 %
Depreciation	23,900	1.56%	1,610	7.2 %
Miscellaneous	31,657	2.07%	31,657	100.0 %
	<b>\$ 1,531,726</b>	<b>100.00%</b>	<b>\$ 113,829</b>	

The increase in expenditures is as a result of an increase in the participation of the student body in the breakfast and lunch programs with notable increases in such areas as other purchased services, supplies and materials and miscellaneous expenditures.

#### Food Service Fund

Total revenues from local sources increased from the prior year by \$74,198 or 7.7% as a result of an increase in daily sales and special functions. Total operating expenses increased from the prior year by \$113,829 or 8.0% due to an increase in other purchased services, supplies and materials and miscellaneous expenditures.

The net position of the food service fund is comprised of net investment in capital assets of \$103,163 and unrestricted net position of \$244,016.

## Capital Assets and Debt Administration

*Capital Assets.* At June 30, 2017, the District's governmental activities had capital assets of \$70,293,693 (net of accumulated depreciation), including land, construction in progress, school buildings, machinery, equipment and vehicles.

The District's governmental funds' capital assets, net of depreciation consisted of the following at June 30, 2017 and 2016:

	June 30,	
	2017	2016
Land	\$ 2,509,321	\$ 2,509,321
Construction in progress	28,754,404	29,010,542
Site improvements	1,888,686	367,141
Buildings and building improvements	36,572,086	15,777,481
Machinery and equipment	569,196	674,040
Total capital assets, net	<u>\$ 70,293,693</u>	<u>\$ 48,338,525</u>

*Debt Administration.* During the 2017 fiscal year, the District had outstanding long-term liabilities of \$76,296,657 of which \$3,622,674 was classified as the current portion.

At June 30, 2017 and 2016, the District's long-term liabilities consisted of:

	June 30	
	2017	2016
Bonds payable	\$ 63,235,000	\$ 65,505,000
Unamortized premium on bonds	1,819,289	1,443,403
Capital leases payable	6,656,463	7,672,224
Compensated absences payable	4,585,905	5,389,290
Total long-term liabilities	<u>\$ 76,296,657</u>	<u>\$ 80,009,917</u>

*Long-term liabilities decreased mainly due to the principal payments made on the bonds outstanding and capital leases in addition to the annual amortization of premiums on bonds. More detailed information about the District's long-term liabilities and outstanding debt can be found in Notes 5 to the basic financial statements.*

## General Fund Budgetary Highlights

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

Described below are explanations for variations in revenues and expenditures for those category lines where the final budgeted amounts differ from the original budget by more than \$165,000 and 5%. All other fluctuations less than \$165,000 and 5% are considered immaterial.

**Revenues:**

- There were no significant revenue fluctuations between the original and modified budget, except for the appropriation of prior year extraordinary aid.

**Expenditures:**

- The final budget for resource room/center was greater than the original budget by \$558,833 due to an increase in those services being required to be provided in connection with student's IEPs.
- The final budget for tuition for special needs students was greater than the original budget by \$595,523 due to an increase of special needs students requiring specialized services outside of the District.
- The final budget for undistributed expenditures - Energy - Natural Gas was less than the original budget by \$252,112 due to less than anticipated demand for expenditures for natural gas utility service.
- The final budget for undistributed expenditures - student transportation services - vendors - special education was greater than the original budget by \$358,079 due to an increase in expenditures related to routes established to transport special needs students.

**Requests for Information**

This financial report is designed to provide a general overview of the Fort Lee Public Schools' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the School Business Administrator, 2175 Lemoine Avenue, Fort Lee, New Jersey 07024.



## **Basic Financial Statements**

## **Government-wide Financial Statements**

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2017.

## Fort Lee Public Schools

## Statement of Net Position

June 30, 2017

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 28,974,013	\$ 104,355	\$ 29,078,368
Accounts receivable	2,637,261	90,625	2,727,886
Internal balances	(75,808)	75,808	-
Other current assets	20,230		20,230
Inventories		11,151	11,151
Restricted:			
Cash and cash equivalents	2,725,371		2,725,371
Capital assets, non-depreciable	31,263,725		31,263,725
Capital assets, depreciable, net	39,029,968	103,163	39,133,131
<b>Total assets</b>	<b>104,574,760</b>	<b>385,102</b>	<b>104,959,862</b>
<b>Deferred Outflows Of Resources</b>			
Pension deferrals	6,712,467		6,712,467
<b>Liabilities</b>			
Accounts payable	1,381,844		1,381,844
Accrued liabilities	1,190,453		1,190,453
Accrued interest payable	585,286		585,286
Intergovernmental payables - State	38,159		38,159
Unearned revenue	79,722	37,923	117,645
Net pension liability	19,670,339		19,670,339
Current portion of long-term obligations	3,622,674		3,622,674
Noncurrent portion of long-term obligations	72,673,983		72,673,983
<b>Total liabilities</b>	<b>99,242,460</b>	<b>37,923</b>	<b>99,280,383</b>
<b>Deferred Inflow Of Resources</b>			
Pension deferrals	1,098,655		1,098,655
	1,098,655		1,098,655
<b>Net Position</b>			
Net investment in capital assets	25,416,260	103,163	25,519,423
Restricted for:			
Capital reserve	2,475,371		2,475,371
Emergency reserve	250,000		250,000
Unrestricted (deficit)	(17,195,519)	244,016	(16,951,503)
<b>Total net position</b>	<b>\$ 10,946,112</b>	<b>\$ 347,179</b>	<b>\$ 11,293,291</b>

## Fort Lee Public Schools

## Statement of Activities

Year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities</b>						
Instruction	\$ 52,754,543	\$ 83,500	\$ 1,348,612	\$ (51,322,431)		\$ (51,322,431)
Support services:						
Attendance/social work	256,112			(256,112)		(256,112)
Health services	1,045,762			(1,045,762)		(1,045,762)
Other support services	10,621,989		487,956	(10,134,033)		(10,134,033)
Improvement of instruction	833,003			(833,003)		(833,003)
Other support: instructional staff	156,619			(156,619)		(156,619)
School library	1,126,015			(1,126,015)		(1,126,015)
General administration	1,762,518			(1,762,518)		(1,762,518)
School administration	4,405,878			(4,405,878)		(4,405,878)
Central services	1,377,705			(1,377,705)		(1,377,705)
Administrative information technology	374,696			(374,696)		(374,696)
Plant operation and maintenance	6,096,392			(6,096,392)		(6,096,392)
Student transportation	2,339,145			(2,339,145)		(2,339,145)
Charter schools	9,965			(9,965)		(9,965)
Interest on long-term debt	2,982,464			(2,982,464)		(2,982,464)
Total governmental activities	<u>86,142,806</u>	<u>83,500</u>	<u>1,836,568</u>	<u>(84,222,738)</u>		<u>(84,222,738)</u>
<b>Business-type activities</b>						
Food Service	1,531,726	1,039,150	484,629		\$ (7,947)	(7,947)
Total business-type activities	<u>1,531,726</u>	<u>1,039,150</u>	<u>484,629</u>		<u>(7,947)</u>	<u>(7,947)</u>
Total primary government	<u>\$ 87,674,532</u>	<u>\$ 1,122,650</u>	<u>\$ 2,321,197</u>	<u>(84,222,738)</u>	<u>(7,947)</u>	<u>(84,230,685)</u>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purpose:				58,320,672		58,320,672
Property taxes, levied for debt service				4,451,067		4,451,067
State and federal sources—unrestricted				22,867,357		22,867,357
Investment income				163,090		163,090
Miscellaneous				611,723		611,723
Total general revenues				<u>86,413,909</u>		<u>86,413,909</u>
				2,191,171	(7,947)	2,183,224
Net Position—beginning (as restated)				8,754,941	355,126	9,110,067
Net Position—ending				<u>\$ 10,946,112</u>	<u>\$ 347,179</u>	<u>\$ 11,293,291</u>

## **Fund Financial Statements**

## **Governmental Funds**

Fort Lee Public Schools  
Governmental Funds

Balance Sheet

June 30, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>Assets</b>					
Cash and cash equivalents	\$ 1,210,140		\$ 27,751,254	\$ 12,619	\$ 28,974,013
Accounts receivable:					
State	1,422,475	\$ 3,652	815,848		2,241,975
Federal		378,177			378,177
Other	880		16,229		17,109
Interfund	1,515,501		9,082	296,695	1,821,278
Other current assets	20,230				20,230
Restricted assets:					
Cash and cash equivalents	2,725,371				2,725,371
<b>Total assets</b>	<b>\$ 6,894,597</b>	<b>\$ 381,829</b>	<b>\$ 28,592,413</b>	<b>\$ 309,314</b>	<b>\$ 36,178,153</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 345,370	\$ 166,519	\$ 105,397		\$ 617,286
Accrued liabilities	1,190,453				1,190,453
Intergovernmental payables:					
State		38,159			38,159
Interfunds payable	163,825	158,499	1,653,697		1,976,021
Unearned revenue	61,070	18,652			79,722
<b>Total liabilities</b>	<b>1,760,718</b>	<b>381,829</b>	<b>1,759,094</b>		<b>3,901,641</b>
<b>Fund balances:</b>					
Restricted for:					
Capital reserve	2,475,371				2,475,371
Emergency reserve	250,000				250,000
Capital projects			26,833,319		26,833,319
Debt service				\$ 309,314	309,314
Assigned to:					
Other purposes	393,983				393,983
Designated for subsequent year's expenditures	450,000				450,000
Unassigned	1,564,525				1,564,525
<b>Total fund balances</b>	<b>5,133,879</b>	<b>-</b>	<b>26,833,319</b>	<b>309,314</b>	<b>32,276,512</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,894,597</b>	<b>\$ 381,829</b>	<b>\$ 28,592,413</b>	<b>\$ 309,314</b>	

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 \$100,227,726 and the accumulated depreciation is \$29,934,033.	70,293,693
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(585,286)
Long-term liabilities, including bonds payable, capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(76,296,657)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	5,613,812
Accrued pension contributions for the June 30, 2017 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in the accounts payable in the government-wide statement of net position.	(685,623)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(19,670,339)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 10,946,112</u></b>

See accompanying notes to the basic financial statements.

Fort Lee Public Schools  
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2017

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
<b>Revenues</b>					
Local sources:					
Local tax levy	\$ 58,320,672			\$ 4,451,067	\$ 62,771,739
Tuition	83,500				83,500
Miscellaneous	315,028	\$ 9,997	\$ 163,090	296,695	784,810
Total local sources	58,719,200	9,997	163,090	4,747,762	63,640,049
State sources	10,671,839	137,216			10,809,055
Federal sources	21,355	1,689,355			1,710,710
Total revenues	69,412,394	1,836,568	163,090	4,747,762	76,159,814
<b>Expenditures</b>					
Current:					
Instruction	26,086,262	1,348,612			27,434,874
Undistributed-current:					
Instruction	4,187,291				4,187,291
Attendance/social work	158,967				158,967
Health services	614,761				614,761
Other support services	6,193,108	487,956			6,681,064
Improvement of instruction	478,416				478,416
Education media library	647,605				647,605
Other support: instructional staff	90,705				90,705
General administration	1,232,195				1,232,195
School administration	2,410,533				2,410,533
Central services	790,814				790,814
Administrative information technology	231,645				231,645
Required maintenance of plant services	576,097				576,097
Operation of plant	4,549,101				4,549,101
Student transportation	2,042,810				2,042,810
Unallocated benefits	10,602,250				10,602,250
On-behalf TPAF social security and pension contributions	7,063,377				7,063,377
Charter schools - current	9,965				9,965
Capital outlay	1,828,138		21,846,086		23,674,224
Debt Service:					
Principal				2,270,000	2,270,000
Interest				2,243,013	2,243,013
Total expenditures	69,794,040	1,836,568	21,846,086	4,513,013	97,989,707
(Deficiency) excess of revenues (under) over expenditures	(381,646)	-	(21,682,996)	234,749	(21,829,893)
Other financing sources (uses)					
Transfers in	163,090				163,090
Transfers out			(163,090)		(163,090)
Total other financing sources (uses)	163,090	-	(163,090)	-	-
Net change in fund balances	(218,556)	-	(21,846,086)	234,749	(21,829,893)
Fund balances, July 1 (restated)	5,352,435		48,679,405	74,565	54,106,405
Fund balances, June 30	\$ 5,133,879	\$ -	\$ 26,833,319	\$ 309,314	\$ 32,276,512

The reconciliation of the fund balances of governmental funds to the net assets of governmental activities in the statement of net position is presented in an accompanying schedule (B-3).



Fort Lee Public Schools  
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities

Year ended June 30, 2017

<b>Total net change in fund balances - governmental funds (from B-2)</b>		<b>\$ (21,829,893)</b>
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense	\$ (1,274,408)	
Capital outlays	<u>23,229,576</u>	21,955,168
The repayment of the principal of long-term debt, including capital lease obligations, consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.		
Payment of bond principal	2,270,000	
Capital lease payment	901,122	
Payment from escrow on behalf of District	<u>114,639</u>	3,285,761
Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.		
Adjustment to Bond Issuance Costs	(255,403)	
Amortization of Premium on Bonds	120,284	
Adjustment to Premium on Bonds	<u>(496,170)</u>	(631,289)
In the statement of activities, interest on long-term debt/capital leases is accrued, regardless of when due. In the governmental funds, interest is reported when due.		
		(108,161)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).		
		803,385
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
Pension expense		<u>(1,283,800)</u>
<b>Change in net position of governmental activities (A-2)</b>		<b><u>\$ 2,191,171</u></b>

See accompanying notes to the basic financial statements.

## **Proprietary Funds**

Fort Lee Public Schools  
Proprietary Fund

Statement of Net Position

June 30, 2017

		<u>Major Fund Food Service Enterprise Fund</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$	104,355
Accounts receivable:		
State		2,795
Federal		77,769
Other		10,061
Interfund		75,808
Inventories		11,151
Total current assets		<u>281,939</u>
Capital assets:		
Equipment		502,170
Accumulated depreciation		<u>(399,007)</u>
Total capital assets, net		<u>103,163</u>
Total assets		<u>385,102</u>
<b>Liabilities</b>		
Current liabilities:		
Unearned revenue		<u>37,923</u>
Total current liabilities		<u>37,923</u>
<b>Net Position</b>		
Net investment in capital assets		103,163
Unrestricted		<u>244,016</u>
Total net position	\$	<u>347,179</u>

*See accompanying notes to the basic financial statements.*

Fort Lee Public Schools  
Proprietary Fund

Statement of Revenues, Expenses and  
Changes in Fund Net Position

Year ended June 30, 2017

		Major Fund Food Service Enterprise Fund
Operating revenues:		
Local sources:		
Daily food sales-reimbursable	\$	649,759
Daily food sales non-reimbursable		328,881
Special functions		59,881
Miscellaneous		629
Total operating revenues		1,039,150
Operating expenses:		
Salaries		546,398
Employee benefits		36,720
Other purchased services		237,013
Supplies and materials		54,053
Cost of sales - program		478,915
Cost of sales - nonprogram		123,070
Depreciation		23,900
Miscellaneous		31,657
Total operating expenses		1,531,726
Operating (loss) income		(492,576)
Nonoperating revenues:		
State sources:		
State school lunch program		14,210
Federal sources:		
School breakfast program		32,137
National school lunch program		337,334
PB lunch - HHFKA		19,351
Food donation program		81,597
Total nonoperating revenues		484,629
Change in net position		(7,947)
Total net position-beginning		355,126
Total net position-ending	\$	347,179

*See accompanying notes to the basic financial statements.*

Fort Lee Public Schools  
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2017

		Major Fund Food Service Enterprise Fund
<b>Cash flows from operating activities</b>		
Receipts from customers	\$	1,049,809
Payments to employees		(546,398)
Payments for employee benefits		(36,720)
Payments to suppliers		(994,794)
Receipt of interfund		52,185
Net cash (used in) operating activities		(475,917)
 <b>Cash flows from noncapital financing activities</b>		
Cash received from state and federal reimbursements		490,514
Net cash provided by noncapital financing activities		490,514
 <b>Cash flows from investing activities</b>		
Acquisition of capital assets		(53,027)
Net cash (used in) investing activities		(53,027)
 Net (decrease) in cash and cash equivalents		(38,430)
Cash and cash equivalents, beginning of year		142,785
Cash and cash equivalents, end of year	\$	104,355
 <b>Reconciliation of operating (loss) income to net (used in) operating activities:</b>		
Operating (loss)	\$	(492,576)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation		23,900
Change in assets and liabilities:		
(Increase) in other receivable		(10,061)
Decrease in interfund receivable		52,185
Decrease in inventories		1,680
(Decrease) in accounts payable		(70,086)
Increase in unearned revenue		19,040
Net cash (used in) operating activities	\$	(475,917)

**Noncash noncapital financing activities:**

The District received \$83,868 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2017.

Fort Lee Public Schools  
Fiduciary Funds

Statement of Fiduciary Net Position

Year Ended June 30, 2017

	<u>Private-Purpose Scholarship Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 28,348	\$ 238,721	\$ 433,336
Interfund receivables		17,372	78,935
<b>Total assets</b>	<u>28,348</u>	<u>256,093</u>	<u>\$ 512,271</u>
<b>Liabilities</b>			
Payroll deductions payable			\$ 393,626
Accounts payable		5,007	
Interfunds payable			17,372
Due to student groups			101,273
<b>Total liabilities</b>		<u>5,007</u>	<u>\$ 512,271</u>
<b>Net position</b>			
Held in trust for unemployment claims		<u>\$ 251,086</u>	
Held in trust for scholarships	<u>\$ 28,348</u>		

*See accompanying notes to the basic financial statements.*

Fort Lee Public Schools  
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	<b>Private-Purpose Scholarship Funds</b>	<b>Unemployment Compensation Trust</b>
<b>Additions</b>		
Contributions:		
Employee		\$ 53,699
Other	\$ 12,109	
Total additions	<u>12,109</u>	<u>53,699</u>
<b>Deductions</b>		
Unemployment claims paid		57,860
Scholarship payments	10,500	
Total deductions	<u>10,500</u>	<u>57,860</u>
Change in net position	1,609	(4,161)
Net position-beginning of the year	26,739	255,247
Net position-end of the year	<u>\$ 28,348</u>	<u>\$ 251,086</u>

*See accompanying notes to the basic financial statements.*

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**1. Summary of Significant Accounting Policies**

The Fort Lee Public Schools (the "District") is a Type II District located in the County of Bergen, State of New Jersey. The District functions independently through a nine member Board of Education. The purpose of the District is to educate students K-12.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Fort Lee Public Schools in Borough of Fort Lee, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.



## Fort Lee Public Schools

### Notes to the Basic Financial Statements

Year ended June 30, 2017

#### **1. Summary of Significant Accounting Policies (continued)**

##### **B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The New Jersey Department of Education (NJDOE) has elected to require New Jersey school districts to treat each governmental and proprietary fund as a major fund and each major individual fund is reported as separate columns in the fund financial statements. The NJDOE believes the presentation of all funds as major is important for public interest and to promote consistency among New Jersey School District financial reporting.

##### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as 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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

of the current period. For this purpose, the District considers all revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for reimbursement grants, the District considers revenues to be available if they are collected within eighteen months of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, postemployment healthcare benefits and capital leases are recorded only when payment is due.

Property taxes, interest, and state and federal equalization monies 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 year. All other revenue items are considered to be measurable and available only when the District receives cash.

The District has reported the following major governmental funds:

*General Fund:* The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay subfund.

*Special Revenue Fund:* The District maintains one special revenue fund, which includes the proceeds of specific revenue sources (other than major capital projects) that are legally restricted or committed to expenditures for specified purposes. The revenue sources reported in the Special Revenue Fund include resources from the United States government, the State of New Jersey and some local organizations.

*Capital Projects Fund:* The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

*Debt Service Fund:* The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for payments made for principal and interest on long-term general obligation debt of governmental funds.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

The District reports the following major proprietary funds:

*Enterprise Fund (Food Service):* The enterprise fund accounts for all revenues and expenses pertaining to the cafeteria. The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises.

The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds of the District include the unemployment compensation and private purpose scholarship trust funds and agency funds. The District's agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

*Trust Funds:* The unemployment compensation fund is used to account for contributions from the District and employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims. Although there is no formal trust agreement, the State of New Jersey requires school districts to include the unemployment compensation trust as a private-purpose trust fund in the fiduciary fund. The principal and income deposited into this fund are for the sole benefit of specific individuals, former employees, and cannot be used to support the government's own programs. The management of the District is not involved in determining the amounts current employees contribute to the fund or amounts paid out by the fund. That determination is made by the State of New Jersey. Additionally, the unemployment compensation trust fund does not meet the criteria required to be included as an enterprise fund. One of the following criteria would need to be met for inclusion as an enterprise fund: the activity is financed with debt that is secured by a pledge of the revenues charged; laws or regulations require that the activity's cost be recovered with fees and charges, rather than with taxes or similar revenues; the pricing policies of the activity establish fees and charges designed to recover its costs. These criteria are not met as follows and therefore the unemployment compensation fund is recorded as a trust fund: there is no debt issued related to unemployment compensation claims; laws and regulations do not require that the activity's exceed employee contributions.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

and those employee contributions costs be recovered with fees and charges, in fact, employer contributions greatly are raised through taxation; and lastly pricing policies are not established by the District as employee contributions to the activity are regulated by the State of New Jersey and contributions are raised through payroll taxes. The private purpose scholarship fund is utilized to provide scholarships to students and to account for the related transactions.

*Agency Funds (Payroll and Student Activity Fund):* The agency funds are used to account for the assets that the District holds on behalf of others as their agent. These are custodial in nature and do not involve measurement of results of operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however, interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges 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 taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating 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 District enterprise funds are charges for sales of food, charges to other funds and tuition. Operating expenses for proprietary funds include the cost of sales, administrative expenses, expenses for the payment of insurance claims and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District reports unearned revenue on its balance sheets. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and statement of net position and revenue is recognized.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**1. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

Ad Valorem (Property) Taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable."

The County Board of Taxation is responsible for the assessment of properties and the Borough Tax Collector is responsible for collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

**D. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the Bergen County office of the DOE for approval. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts 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 referred in N.J.A.C. 6A:23. All budget amendments must be approved by School Board resolution. Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the District were part of the normal course of operations. The over-expenditure in the General Fund is due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

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 the last two state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**1. Summary of Significant Accounting Policies (continued)**

**D. Budgets/Budgetary Control (continued)**

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.

**E. Interfund Receivables/Payables**

Interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

**F. Inventories**

Enterprise fund inventories are recorded at market value at the time of donation, which approximates current market value, using the first-in, first-out (FIFO) method. At June 30, 2017, the District had inventories in the Food Service Enterprise Fund of \$11,151.

**G. Tuition**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. Tuition charges for the 2016-17 fiscal year were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**H. Capital Assets**

Capital assets, which include land, construction in progress, property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost through estimation procedures performed by an independent appraisal company. Land was valued at assessed value based upon information received from the Borough of Fort Lee. Donated capital assets are valued at their estimated fair market value on the date of donation.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**1. Summary of Significant Accounting Policies (continued)**

**H. Capital Assets (continued)**

Property, plant and equipment of the District is depreciated using the straight line method. The following estimated useful lives are used to compute depreciation:

	<u>Years</u>
Buildings and Improvements	20-40
Furniture and Equipment	7-20
Vehicles	8

**I. Compensated Absences**

A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the "vesting method" for estimating its accrued sick and vacation leave liability.

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies and collective bargaining agreements. In the event of termination, an employee is reimbursed for accumulated vacation time. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the district is recorded in the government-wide financial statements and includes salary related payments.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, a liability existed for compensated absences in the government-wide financial statements in the amount of \$4,585,905 and no liability existed for compensated absences in the enterprise funds.

**J. Unearned Revenue**

Unearned revenue in the general and special revenue fund represents cash which has been received but not yet earned, and outstanding encumbrances in the special revenue fund. Unearned revenue in the other enterprise funds represents cash received in advance of the related services being provided.

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

In addition to assets, the statement of net 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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**1. Summary of Significant Accounting Policies (continued)**

**K. Deferred Outflows/Inflows of Resources (continued)**

period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category related to pensions. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

**L. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

**M. Fund Balances**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") 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. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories.



Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**1. Summary of Significant Accounting Policies (continued)**

**M. Fund Balances (continued)**

- 1) **Nonspendable** – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) **Restricted** - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) **Committed** - includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) **Assigned** – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) **Unassigned** - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$5,133,879 of fund balance in the General Fund, \$2,475,371 has been restricted in the capital reserve account (\$230,000 which is being utilized in the 2017-2018 budget), \$250,000 has been restricted in the emergency reserve account, \$450,000 has been assigned to designated for subsequent year expenditures, \$393,983 of encumbrances are assigned to other purposes and \$1,564,525 is unassigned.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**1. Summary of Significant Accounting Policies (continued)**

**N. Net Position and Fund Balance / Restricted Assets**

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* became effective for financial statements for periods beginning after December 15, 2011 and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. The adoption of this statement resulted in a change in the presentation of the statement of net position to what is now referred to as the statement of net position and the term "net assets" is changed to "net position" throughout the financial statements. Net Position represents the difference between assets, deferred outflows, deferred inflows, and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**O. Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**P. On-Behalf Payments**

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security contributions and pension contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

**Q. Calculation of Excess Surplus**

The designation for restricted fund balance-excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve fund balance in the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District did not have excess fund balance at June 30, 2017.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**1. Summary of Significant Accounting Policies (continued)**

**R. Cash, Cash Equivalents and Investments**

Cash and cash equivalents include petty cash, amounts on deposit and short-term investments with original maturities of three months or less.

Investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

**S. GASB Pronouncements**

**GASBs Implemented in the 2017 Fiscal Year**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements. Although the Borough of Fort Lee entered into two tax abatements as of June 30, 2017, none were deemed material to the District and therefore disclosure is not required. Furthermore if the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district. For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth. There have been no tax abatement agreements entered into by the Borough that will affect the District.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**1. Summary of Significant Accounting Policies (continued)**

**Recently Issued Accounting Pronouncements**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75"). 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 government employers about financial support for OPEB that is provided by other entities. The Statement will become effective for the District in the 2018 fiscal year. Management has not yet determined the impact of this Statement on the financial statements.

**U. Subsequent Events**

Management has reviewed and evaluated all events and transactions from June 30, 2017 through December 4, 2017, the date that the financial statements were issued, for possible disclosure, and recognition in the accompanying financial statements, and no items have come to the attention of the District which would require disclosure or recognition.

**2. Reconciliation of Government-wide and Fund Financial Statements**

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

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position.

One element of that reconciliation explains that long-term liabilities, including bonds payable, capital leases and compensated absences are not due and payable in the current period and therefore are not reported in the funds. The details of this \$76,296,657 difference are as follows:

Bonds payable	\$ 63,235,000
Capital leases payable	6,656,463
Unamortized premium on bonds	1,819,289
Compensated absences	<u>4,585,905</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 76,296,657</u>

## Fort Lee Public Schools

### Notes to the Basic Financial Statements

Year ended June 30, 2017

#### **3. Deposits and Investments**

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that 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 Government Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at last equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

#### **Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund (NJCMF) and New Jersey Asset and Rebate Management Fund (NJARM).

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**3. Deposits and Investments (continued)**

**Deposits (continued)**

institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

The District's cash and cash equivalents are classified below to inform financial statement users about the extent to which the District's deposits and investments are exposed to custodial credit risk.

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2017, the District's carrying amount of deposits was \$32,504,144 and the bank balance was \$34,535,199. Of the bank balance, \$500,000 was secured by federal depository insurance and \$33,382,097 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$653,102 held in the District's agency accounts are not covered by GUDPA.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

**Investments**

New Jersey statutes permit the Board to purchase the following types of investments:

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank which have a maturity date not greater than twelve months from the date of purchase.
- c. State of New Jersey Cash Management Fund (NJCMF) and New Jersey Asset and Rebate Management Fund (NJARM).
- d. Bonds or other obligations of the School District.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**3. Deposits and Investments (continued)**

**Investments (continued)**

*Custodial Credit Risk:* The District does not have a policy for custodial credit risk.

*Credit Risk:* The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government.

*Concentration of Credit Risk:* The District places no limit on the amount the District may invest in any one issuer.

*Interest Rate Risk:* The District does not have a policy to limit interest rate risk.

**4. Capital Assets**

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2017:

	<b>Beginning Balance (Restated)</b>	<b>Increases</b>	<b>Transfers In/Out</b>	<b>Ending Balance</b>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,509,321			\$ 2,509,321
Construction in progress	29,010,542	\$23,225,805	\$(23,481,943)	28,754,404
Total capital assets, not being depreciated	31,519,863	23,225,805	(23,481,943)	31,263,725
Capital assets, being depreciated:				
Site Improvements	1,825,125		1,588,366	3,413,491
Buildings and building improvements	39,935,182		21,893,577	61,828,759
Machinery, equipment and vehicles	3,717,980	3,771		3,721,751
Total capital assets being depreciated	45,478,287	3,771	23,481,943	68,964,001
Less accumulated depreciation for:				
Site Improvements	1,457,984	66,821		1,524,805
Buildings and building improvements	24,157,701	1,098,972		25,256,673
Machinery, equipment and vehicles	3,043,940	108,615		3,152,555
Total accumulated depreciation	28,659,625	1,274,408		29,934,033
Total capital assets, being depreciated, net	16,818,662	(1,270,637)	23,481,943	39,029,968
Governmental activities capital assets, net	<u>\$48,338,525</u>	<u>\$21,955,168</u>	<u>\$ -</u>	<u>\$ 70,293,693</u>

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**4. Capital Assets (continued)**

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2017 as follows:

Instruction	\$ 773,105
Attendance/social work	3,886
Health services	15,030
Other support services	163,340
Improvement of instruction	11,696
Education media library	15,833
Other support: Instruction staff	2,218
General administration	30,125
School administration	58,933
Central services	19,334
Administrative information technology	5,663
Plant operation and maintenance	125,302
Student transportation	49,943
Total depreciation expense - governmental activities	<u>\$ 1,274,408</u>

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>			
Capital assets, being depreciated:			
Equipment	\$ 449,143	\$ 53,027	\$ 502,170
Less accumulated depreciation for:			
Equipment	375,107	23,900	399,007
Total business-type activities capital assets, net	<u>\$ 74,036</u>	<u>\$ 29,127</u>	<u>\$ 103,163</u>



Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**5. Long-Term Liabilities**

During the year ended June 30, 2017, the following changes occurred in governmental activities long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental activities:</b>					
Compensated absences payable	\$ 5,389,290		\$ 803,385	\$ 4,585,905	\$ 459,000
Bonds payable	65,505,000		2,270,000	63,235,000	2,120,000
Unamortized premium on bonds	1,443,403	\$ 496,170	120,284	1,819,289	120,284
Capital lease payable	7,672,224		1,015,761	6,656,463	923,390
Subtotal	80,009,917	496,170	4,209,430	76,296,657	3,622,674
Net pension liability	16,232,301	3,438,038		19,670,339	
Governmental activity long-term liabilities	\$ 96,242,218	\$ 3,934,208	\$ 4,209,430	\$ 95,966,996	\$ 3,622,674

The District expects to liquidate the compensated absences and capital leases payable with payments made from the District's general fund and the bonds payable from the debt service fund.

**Capital Lease Payable**

The District has commitments to lease various machinery and equipment under capital leases that expire in fiscal year 2020. These items are included in machinery and equipment in the District's capital assets. The District also approved a lease purchase agreement in 2014-15 year in the amount of \$5,571,444 at a 2.495% interest rate maturing in 2031 to finance the Energy Savings Improvement Program Project. Total capital lease payments, including interest, made during the year ended June 30, 2017 were \$1,015,761. Future minimum lease payments are as follows:

	Principal	Interest	Total
2018	\$ 923,390	\$ 149,332	\$ 1,072,722
2019	817,117	132,070	949,187
2020	493,328	117,225	610,553
2021	303,951	108,461	412,412
2022	313,189	100,821	414,010
2023-2027	1,869,568	375,142	2,244,710
2028-2032	1,935,920	112,979	2,048,899
	\$ 6,656,463	\$ 1,096,030	\$ 7,752,493

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**5. Long-Term Liabilities (continued)**

**Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Principal and interest due on all bonds outstanding is as follows:

<b>Year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2018	\$ 2,120,000	\$ 2,170,888	\$ 4,290,888
2019	2,175,000	2,099,388	4,274,388
2020	2,230,000	2,025,113	4,255,113
2021	2,325,000	1,948,338	4,273,338
2022	2,405,000	1,846,488	4,251,488
2023-2027	13,450,000	7,835,164	21,285,164
2028-2032	16,045,000	5,290,757	21,335,757
2033-2037	11,755,000	2,908,226	14,663,226
2038-2041	10,730,000	762,825	11,492,825
	<u>\$ 63,235,000</u>	<u>\$ 26,887,186</u>	<u>\$ 90,122,186</u>

In April 2015, the District issued \$49,840,000 of General School Bonds to provide resources for a capital project. The bonds are due to mature annually through the 2041 fiscal year at annual interest rates ranging from 3.00% to 3.500%.

In August 2012, the District issued \$18,450,000 of School Bonds to provide resources for a capital project. The bonds are due to mature annually through the 2031 fiscal year at annual interest rates ranging from 3.00% to 5.00%.

See Schedule I-1 for additional information regarding the District's bonds payable, including original amount of debt, interest rates and remaining maturities.

**6. Pension Plans**

**Description of Systems**

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey.

## Fort Lee Public Schools

### Notes to the Basic Financial Statements

Year ended June 30, 2017

#### **6. Pension Plans (continued)**

##### **Description of Systems (continued)**

The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

##### **Teachers' Pension and Annuity Fund**

The Teachers' Pension and Annuity Fund was 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 public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60<sup>th</sup> of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

##### **Public Employee's Retirement System**

The Public Employees' Retirement System was 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 Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**6. Pension Plans (continued)**

**Public Employee's Retirement System (continued)**

benefit generally determined to be 1/60<sup>th</sup> of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service.

Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

**Funding Policy**

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the Board is a non-contributing employer of the TPAF.

During the year ended June 30, 2017, the State of New Jersey contributed \$2,782,492 to the TPAF for normal costs of pension benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,955,549 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included as both revenues and expenditures in the government-wide and fund financial statements.

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2017, 2016 and 2015 were \$590,025, \$621,678, and \$611,780 respectively, equal to the required contributions for each year.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**6. Pension Plans (continued)**

**Funding Policy (continued)**

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the 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.

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

**Public Employee's Retirement System (PERS)**

At June 30, 2017, the District reported a liability of \$19,670,339 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2015, which was rolled forward to June 30, 2016. The District's proportion 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 school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.0664154082 percent, which was a decrease of 0.0058952818 from its proportion measured as of June 30, 2015.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**6. Pension Plans (continued)**

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

For the year ended June 30, 2016, the District recognized full accrual pension expense of \$1,873,825 in the government-wide financial statements. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 365,809	\$
Changes of assumptions	4,074,644	
Net difference between projected and actual earnings on pension plan investments	750,048	
Changes in proportion and differences between District contributions and proportionate share of contributions	836,343	1,098,655
District contributions subsequent to the measurement date	685,623	
	<u>\$ 6,712,467</u>	<u>\$ 1,098,655</u>

\$685,623 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2018	\$ 1,164,379
2019	1,164,379
2020	1,369,159
2021	1,005,097
2022	225,175
	<u>\$ 4,928,189</u>

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**6. Pension Plans (continued)**

*Actuarial Assumptions*

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.08%
Salary increases:	
Through 2026	1.65 - 4.15% based on age
Thereafter	2.65- 5.15% based on age
Investment rate of return	7.65%

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is unlikely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

*Mortality Rates*

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**6. Pension Plans (continued)**

*Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PERS's target asset allocation as of June 30, 2016 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%	0.87%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds / Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
U. S Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%
	<u>100.00%</u>	



Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**6. Pension Plans (continued)**

*Discount rate*

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate*

The following presents the District's proportionate share of the net pension liability as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<b>At 1% Decrease (2.98%)</b>	<b>At Current Discount Rate (3.98%)</b>	<b>At 1% Increase (4.98%)</b>
District's proportionate share of the net pension liability	\$ 24,103,705	\$ 19,670,339	\$ 16,010,211

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**6. Pension Plans (continued)**

*Additional Information*

Collective balances at June 30, 2016 are as follows:

Deferred outflows of resources	\$ 8,685,338,380
Deferred inflows of resources	\$ 870,133,595
Net pension liability	\$ 29,617,131,759
District's Proportion	0.0664154082%

Collective pension expense for the Local Group for the measurement period ended June 30, 2016 is \$2,830,763,540.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2016, 2015 and 2014 is 5.57, 5.72 and 6.44 years, respectively.

*Teachers Pensions and Annuity Fund (TPAF)*

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2016 was \$199,060,875. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2016, the State's proportionate share of the TPAF net

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**6. Pension Plans (continued)**

pension liability associated with the District was 0.2530444488 percent, which was a decrease of 0.0108666511 from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$14,956,655 for contributions incurred by the State.

*Actuarial assumptions*

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	2.50%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.65%

*Mortality Rates*

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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

*Long-Term Expected Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**6. Pension Plans (continued)**

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 TPAF's target asset allocation as of June 30, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Market Equities	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%
	<u>100.00%</u>	

*Discount Rate*

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The state contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**6. Pension Plans (continued)**

*Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate*

The following presents the net pension liability of the State as of June 30, 2016 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	<b>At 1% Decrease (2.22%)</b>	<b>At Current Discount Rate (3.22%)</b>	<b>At 1% Increase (4.22%)</b>
District's proportionate share of the net pension liability	\$ 237,723,170	\$ 199,060,875	\$ 167,488,122

*Pension plan fiduciary net position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

**Additional Information**

Collective balances at June 30, 2016 are as follows:

Deferred outflows of resources	\$ 17,581,004,496
Deferred inflows of resources	\$ 300,836,088
Net pension liability	\$ 79,028,907,033
State's proportionate share associated with the District	0.2530444488%

Collective pension expense for the plan for the measurement period ended June 30, 2016 is \$5,938,166,374.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2016, 2015 and 2014 is 8.3, 8.3 and 8.5 years, respectively.

## Fort Lee Public Schools

### Notes to the Basic Financial Statements

Year ended June 30, 2017

#### **7. Post-Retirement Benefits**

##### ***Plan Description***

The District contributes to the New Jersey School Employee Health Benefits Program (the "SEHBP"), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SEHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The School Employee Health Benefits Program 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 Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

##### **Funding Policy**

P.L. 1987, chapter 384 and P.L. 1990, chapter 6 required Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, chapter 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State 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 free 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in fiscal year 2016.

The State will set the contribution rate based on the *annual required contribution of the employers* (ARC), an amount actuarially determined in accordance with parameters of GASB 45. The ARC represents the 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 SEHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2017, 2016 and 2015 were \$2,318,449, \$2,412,373, and \$2,265,047

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**7. Post-Retirement Benefits (continued)**

**Funding Policy (continued)**

respectively, which equaled the required contributions for each year. The State's contributions to the SEHBP Fund for PERS retirees' post-retirement benefits on behalf of the District was not determined or made available by the State of New Jersey.

**8. Deferred Compensation**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

The Variable Annuity Life Insurance Company  
AXA Equitable  
Metropolitan Life and Affiliated Company  
Financial Resources and Retirement Advisory, Incorporated

**9. Interfund Receivables and Payables**

The total interfund receivables and payables for the District at June 30, 2017 are as follows:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
General Fund	\$ 1,515,501	\$ 163,825
Special Revenue Fund		158,499
Capital Projects Fund	9,082	1,653,697
Debt Service Fund	296,695	
Food Service Enterprise Fund	75,808	
Unemployment Compensation Trust Fund	17,372	
Payroll Agency Fund	78,935	17,372
	<u>\$ 1,993,393</u>	<u>\$ 1,993,393</u>

The interfund receivable in the capital projects fund represents amounts received for prior year reimbursements that were recorded in the general fund. The interfund receivable in the debt service fund represents a prior year interfund not yet liquidated. The interfund receivable in the food service fund represents amounts received for October and November 2016 reimbursements due from the general fund. The interfund receivable in the general fund represents cash loaned to the special revenue fund and capital projects fund to cover a pooled cash deficit and interest received on investments in the capital projects fund.

## Fort Lee Public Schools

### Notes to the Basic Financial Statements

Year ended June 30, 2017

#### **10. Economic Dependency**

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

#### **11. Contingent Liabilities**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In addition, the District is receiving funding from the New Jersey Schools Development Authority (NJSDA), in connection with its approved referendum project. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA.

To the extent that the District has not complied with the rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required.

In the opinion of the District, there are no other significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

The District is also involved in several claims and lawsuits incidental to its operations. On or about August 15, 2016, the Board went out to bid for a construction project commonly known as the Additions & Renovations to the Lewis F. Cole Middle School, Phase II ("Project"). On or about March 31, 2017, the vendor to whom the contract was awarded submitted a claim against the Board for damages related to delays that were incurred at the start of the Project. The Board intends to defend the case vigorously. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

#### **12. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.



Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**12. Risk Management (continued)**

**Property and Liability Insurance**

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverage over the past three years.

**13. New Jersey Unemployment Compensation Insurance**

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

**14. Restricted Assets**

Restricted assets consist of funds set-aside in a capital reserve fund and an emergency reserve that are restricted pursuant to enabling legislation.

**15. Transfers – Reconciliation**

The following presents a reconciliation of transfers during the 2017 fiscal year:

<u>Fund</u>	<u>In</u>	<u>Out</u>
General Fund	\$ 163,090	
Capital Projects Fund		\$ 163,090
	<u>\$ 163,090</u>	<u>\$ 163,090</u>

The transfer from the capital projects fund to the general fund represents the transfer of interest earned during the 2017 fiscal year.

**16. Capital Reserve Account**

The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**16. Capital Reserve Account (continued)**

certified for taxes or by transfer by Board resolution at year-end (June 1 to June 30) 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. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance, July 1, 2016	\$	2,755,256
Deposits:		
Approved at the June 2017 Board meeting		1,372,115
Withdrawals:		
Board resolution		(1,652,000)
Ending balance, June 30, 2017	\$	<u>2,475,371</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve.

**17. Emergency Reserve Account**

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c (1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. As of June 30, 2017, the emergency reserve account had a balance of \$250,000.

**18. Commitments**

The District has contractual commitments at June 30, 2017 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$393,983.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2017

**18. Commitments (continued)**

In addition, the District has \$19,508,482 of contractual commitments at June 30, 2017 to vendors related to the ongoing construction projects, recorded as restricted for capital projects, in the capital projects fund.

**19. Net Position Restatement**

The District has recorded a restatement of prior year net position in the government-wide financial statements and fund balance in the governmental funds financial statements. As a result, the beginning net position and fund balance increased by the following:

	<b><u>Governmental Activities</u></b>
Beginning Net Position - June 30, 2016	\$ 3,183,496
Restatement for capital activity not accounted for properly	5,571,445
Beginning Net Position - June 30, 2016 (as restated)	<u>\$ 8,754,941</u>
	<b><u>Capital Projects Fund</u></b>
Beginning Net Position - June 30, 2016	\$ 44,381,239
Restatement for capital activity not accounted for properly	4,298,166
Beginning Net Position - June 30, 2016 (as restated)	<u>\$ 48,679,405</u>

**Required Supplementary Information – Part II**

**Pension Schedules**

Fort Lee Public Schools  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Public Employee's Retirement System

Last Ten Fiscal Years

	2017	2016	2015	2014
District's proportion of the net pension liability (asset) - Local Group	0.0664154082%	0.0723106900%	0.0734123712%	0.0652200824%
District's proportionate share of the net pension liability (asset)	\$ 19,670,339	\$ 16,232,301	\$ 13,744,804	\$ 12,464,854
District's covered-employee payroll	\$ 4,654,678	4,563,410	Not available	Not available
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	422.59%	355.71%	Not available	Not available
Plan fiduciary net position as a percentage of the total pension liability - Local Group	40.14%	47.93%	48.62%	48.72%

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

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016.

**Fort Lee Public Schools  
Schedule of District Contributions  
Public Employee's Retirement System**

**Last Ten Fiscal Years**

	2017	2016	2015	2014
Contractually required contribution	\$ 590,025	\$ 621,678	\$ 611,780	\$ 539,873
Contributions in relation to the contractually required contribution	(590,025)	(621,678)	(611,780)	(539,873)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,991,167	\$ 4,654,678	\$ 4,563,410	Not available
Contributions as a percentage of covered-employee payroll	11.82%	13.36%	13.41%	Not available

Fort Lee Public Schools  
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District  
 Teachers' Pension and Annuity Fund

Last Ten Fiscal Years\*

	2017	2016	2015	2014
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.2530444488%	0.2639110999%	0.2535995199%	0.2618968330%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	199,060,875	166,803,085	135,540,690	132,360,600
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 199,060,875</u>	<u>\$ 166,803,085</u>	<u>\$ 135,540,690</u>	<u>\$ 132,360,600</u>
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%

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

- \* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13 % as of June 30, 2015 to 3.22% as of June 30, 2016.

**Required Supplementary Information – Part III**

**Budgetary Comparison Schedules**



Fort Lee Public Schools  
General Fund  
Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to
<b>Revenues</b>					
<b>Local sources:</b>					
Local tax levy	\$ 58,320,672		\$ 58,320,672	\$ 58,320,672	\$ -
Tuition from Individuals	35,000		35,000	83,500	48,500
Miscellaneous	56,082		56,082	315,028	258,946
<b>Total revenues - local sources</b>	<b>58,411,754</b>		<b>58,411,754</b>	<b>58,719,200</b>	<b>307,446</b>
<b>State sources:</b>					
Categorical Special Education aid	1,788,720		1,788,720	1,788,720	-
Categorical Transportation aid	91,990		91,990	91,990	-
Extraordinary aid	400,000	\$ 512,337	912,337	1,293,607	381,270
Categorical Security Aid	105,243		105,243	105,243	-
PARCC Readiness Aid	38,770		38,770	38,770	-
Per Pupil Growth Aid	38,770		38,770	38,770	-
Professional Learning Community Aid	37,790		37,790	37,790	-
Other Unrestricted State Aid				36,450	36,450
Other Restricted State Aid				158,400	158,400
TPAF pension contributions (non-budgeted)				2,782,492	2,782,492
TPAF post-retirement medical contributions (non-budgeted)				2,318,449	2,318,449
TPAF long- term disability insurance contributions (non-budgeted)				6,887	6,887
Reimbursed TPAF social security contributions (non-budgeted)				1,955,549	1,955,549
	2,501,283	512,337	3,013,620	10,653,117	7,639,497
<b>Federal sources:</b>					
Medicaid reimbursement	40,623		40,623	21,355	(19,268)
<b>Total Federal sources</b>	<b>40,623</b>		<b>40,623</b>	<b>21,355</b>	<b>(19,268)</b>
<b>Total revenues</b>	<b>60,953,660</b>	<b>512,337</b>	<b>61,465,997</b>	<b>69,393,672</b>	<b>7,927,675</b>
<b>Expenditures</b>					
<b>Current expenditures:</b>					
<b>Instruction - regular programs:</b>					
<b>Salaries of teachers:</b>					
Preschool/kindergarten	1,300,575	55,435	1,356,010	1,356,010	-
Grades 1-5	7,239,652	133,932	7,373,584	7,368,009	5,575
Grades 6-8	4,294,629	(55,416)	4,239,213	4,238,268	945
Grades 9-12	4,953,255	(54,424)	4,898,831	4,898,696	135
<b>Home instruction - regular programs:</b>					
Salaries of teachers	106,500	(6,442)	100,058	100,058	-
Purchased professional-educational services	10,000	(153)	9,847	9,847	-
<b>Undistributed instruction - regular programs:</b>					
Other salaries for instruction	315,001	(113,670)	201,331	201,132	199
Purchased professional-educational services	56,900	(10,421)	46,479	46,479	-
Purchased technical services	53,500	(10,482)	43,018	43,018	-
Other purchased services (400-500)	357,942	39,862	397,804	351,882	45,922
General supplies	918,040	100,663	1,018,703	970,879	47,824
Textbooks	230,500	(91,884)	138,616	138,616	-
Other objects	22,450	(13,550)	8,900	8,900	-
<b>Total instruction - regular programs</b>	<b>19,858,944</b>	<b>(26,550)</b>	<b>19,832,394</b>	<b>19,731,794</b>	<b>100,600</b>

Fort Lee Public Schools  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2017

Expenditures (continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Learning and/or language disabilities:</b>					
Salaries of teachers	\$ 206,075	\$ 83,619	\$ 289,694	\$ 289,694	\$ -
Other salaries for instruction	117,382	16,345	133,727	133,727	-
General supplies	2,500	(1,604)	896	896	-
<b>Total learning and/or language disabilities</b>	<b>325,957</b>	<b>98,360</b>	<b>424,317</b>	<b>424,317</b>	<b>-</b>
<b>Resource room/center:</b>					
Salaries of teachers	1,167,959	362,458	1,530,417	1,530,417	-
Other salaries for instruction	44,673	196,628	241,301	241,301	-
General supplies	3,200	(253)	2,947	2,947	-
<b>Total resource room/center</b>	<b>1,215,832</b>	<b>558,833</b>	<b>1,774,665</b>	<b>1,774,665</b>	<b>-</b>
<b>Autism:</b>					
Salaries of teachers	245,014	49,968	294,982	294,982	-
Other salaries for instruction	97,093	27,643	124,736	124,736	-
General supplies	2,500	(1,097)	1,403	1,403	-
<b>Total autism</b>	<b>344,607</b>	<b>76,514</b>	<b>421,121</b>	<b>421,121</b>	<b>-</b>
<b>Preschool disabilities - full time:</b>					
Salaries of teachers	300,913	3,328	304,241	304,241	-
Other salaries for instruction	341,073	(8,446)	332,627	332,523	104
General supplies	2,500	(86)	2,414	2,414	-
<b>Total preschool disabilities - part time</b>	<b>644,486</b>	<b>(5,204)</b>	<b>639,282</b>	<b>639,178</b>	<b>104</b>
<b>Total special education</b>	<b>2,530,882</b>	<b>728,503</b>	<b>3,259,385</b>	<b>3,259,281</b>	<b>104</b>

Fort Lee Public Schools  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
<b>Current expenditures (continued):</b>					
<b>Basic skills/remedial - instruction:</b>					
Salaries of teachers	\$ 765,171	\$(101,805)	\$ 663,366	\$ 663,366	\$ -
Total basic skills/remedial - instruction	765,171	(101,805)	663,366	663,366	-
<b>Bilingual education - instruction:</b>					
Salaries of teachers	1,358,607	14,089	1,372,696	1,372,016	680
Purchased professional ed services	300	(249)	51	51	-
General supplies	2,000	(1,337)	663	663	-
Total bilingual education - instruction	1,360,907	12,503	1,373,410	1,372,730	680
<b>School - sponsored cocurricular activities:</b>					
Salaries	267,000	14,728	281,728	281,728	-
Purchased services	7,000	(970)	6,030	6,030	-
Supplies and materials	43,200	2,007	45,207	45,207	-
Other objects	25,400	(11,324)	14,076	14,076	-
Total school sponsored. cocurricular activities	342,600	4,441	347,041	347,041	-
<b>School - sponsored athletics - instruction:</b>					
Salaries	423,459	(14,360)	409,099	408,494	605
Purchased services	61,463	(11,485)	49,978	49,978	-
Supplies and materials	69,384	1,658	71,042	71,042	-
Other objects	24,905	16,203	41,108	41,108	-
Total school - sponsored athletics - instruction	579,211	(7,984)	571,227	570,622	605
<b>Before/After School Program- Instruction</b>					
Salaries of tutors	2,000	(2,000)			
Total Before/After School Program- Instruction	2,000	(2,000)			
<b>Summer School- Instruction</b>					
Salaries of Teachers	116,760	(23,830)	92,930	92,930	-
Other salaries for instruction	36,200	12,298	48,498	48,498	-
Total Summer School- Instruction	152,960	(11,532)	141,428	141,428	-
<b>Total instruction</b>	<b>25,592,675</b>	<b>595,576</b>	<b>26,188,251</b>	<b>26,086,262</b>	<b>101,989</b>
<b>Undistributed expenditures:</b>					
<b>Instruction:</b>					
Tuition to County Voc. within the state	748,440	22,152	770,592	764,337	6,255
Tuition to other LEAs w/in the state	865,441	473,138	1,338,579	1,115,917	222,662
Tuition to CSSD and regional day schools	705,000	(80,859)	624,141	624,141	-
Tuition to private schools for the handicapped - within state	1,468,951	(8,266)	1,460,685	1,453,803	6,882
Tuition to private schools disabled & other LEAs-Spl, O/S St	40,035	189,358	229,393	224,593	4,800
Tuition - state facilities	4,500		4,500	4,500	-
Total instruction	3,832,367	595,523	4,427,890	4,187,291	240,599

Fort Lee Public Schools  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Attendance and social work services:					
Salaries	\$ 91,145	\$ (51,958)	\$ 39,187	\$ 39,187	\$ -
Salaries of Family Support Teams	71,125	911	72,036	72,036	-
Purchased professional and technical services	46,000		46,000	46,000	-
Supplies and materials	1,500	244	1,744	1,744	-
Total attendance and social work service	209,770	(50,803)	158,967	158,967	-
Health services:					
Salaries	525,243	(29,148)	496,095	496,095	-
Purchased professional and technical services	56,960	52,352	109,312	109,312	-
Other purchased services	4,450	(2,735)	1,715	408	1,307
Supplies and materials	11,650	(1,870)	9,780	8,946	834
Total health services	598,303	18,599	616,902	614,761	2,141
Speech, OT, PT, and related services related services:					
Salaries	640,973	45,511	686,484	686,484	-
Purchased professional educational services	961,065	(164,638)	796,427	771,150	25,277
Supplies and materials	2,500	(72)	2,428	2,428	-
Total Speech, OT, PT, and related services	1,604,538	(119,199)	1,485,339	1,460,062	25,277
Other support services - students - extra services:					
Salaries	1,395,290	61,958	1,457,248	1,457,248	-
Purchased professional educational services	543,638	130,313	673,951	661,654	12,297
Supplies and materials	5,000	(1,193)	3,807	3,807	-
Total other support services - students - extra services	1,943,928	191,078	2,135,006	2,122,709	12,297
Guidance:					
Salaries of other professional staff	941,773	3,139	944,912	944,912	-
Salaries of secretarial and clerical assistants	109,833	1,097	110,930	110,930	-
Other purchased professional - technical services	47,000	(16,793)	30,207	30,207	-
Other purchased services	500	(500)			-
Supplies and materials	8,800	(2,991)	5,809	5,809	-
Other objects	1,000	(1,000)			-
Total guidance	1,108,906	(17,048)	1,091,858	1,091,858	-
Child Study Team:					
Salaries of other professional staff	1,073,366	60,411	1,133,777	1,133,777	-
Salaries of secretarial and clerical assistants	173,976	(2,112)	171,864	171,864	-
Purchased professional - educational services	21,400	(9,738)	11,662	11,458	204
Other purchased professional - technical services	30,500	(12,963)	17,537	17,537	-
Other purchased services (400-500 series)	1,500	1,067	2,567	2,567	-
Residential Cost	38,000	131,115	169,115	169,115	-
Supplies and materials	20,000	(7,839)	12,161	12,161	-
Total child study team	1,358,742	159,941	1,518,683	1,518,479	204

Fort Lee Public Schools  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 418,092	\$ (63,192)	\$ 354,900	\$ 288,821	\$ 66,079
Other Salaries	131,700	(11,395)	120,305	120,117	188
Purchased professional - educational services	20,000	40,876	60,876	60,876	-
Other purchased services	300	4,702	5,002	4,643	359
Supplies and materials		267	267	267	-
Other objects	4,500	(717)	3,783	3,692	91
Total improvement of instructional services	574,592	(29,459)	545,133	478,416	66,717
Educational media services/school library:					
Salaries	463,002	(21,148)	441,854	441,854	-
Salaries of Technology Coordinators	130,150	(20,326)	109,824	109,824	-
Purchased professional and technical services	20,000	(4,328)	15,672	15,672	-
Supplies and materials	74,825	5,574	80,399	80,255	144
Total educational media services/school library	687,977	(40,228)	647,749	647,605	144
Instructional staff training services:					
Salaries of other professional staff	63,985	7,322	71,307	71,307	-
Other Salaries		4,860	4,860	4,658	202
Purchased professional - educational services	48,000	(11,447)	36,553	6,500	30,053
Other purchased services	12,500	725	13,225	8,240	4,985
Supplies and materials	45,000	(45,000)			-
Total instructional staff training services	169,485	(43,540)	125,945	90,705	35,240
Support services-general administration:					
Salaries	609,279	(8,725)	600,554	596,545	4,009
Legal services	120,000	(1,289)	118,711	109,475	9,236
Audit fees	43,000	33,000	76,000	32,000	44,000
Other purchased professional services	11,000		11,000	5,385	5,615
Purchased technical services	32,000	13,172	45,172	43,938	1,234
Communications/telephone	168,721	1,779	170,500	165,254	5,246
BOE Other purchased services	4,500	75	4,575	4,519	56
Misc Purch Serv (400-500) (other than 530 & 585)	258,222	(39,278)	218,944	207,336	11,608
General supplies	18,000	2,323	20,323	20,323	-
BOE in House Training/Meeting Supplies	200		200	100	100
Judgments against the school district		10,000	10,000	10,000	-
Miscellaneous expenditures	8,950	4,773	13,723	13,629	94
BOE membership dues and fees	28,000	(524)	27,476	23,691	3,785
Total support services-general administration	1,301,872	15,306	1,317,178	1,232,195	84,983

Fort Lee Public Schools  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Support services-school administration:					
Salaries of principals/assistant principals	\$ 1,605,125	\$ 68,004	\$ 1,673,129	\$ 1,673,129	\$ -
Salaries of secretarial and clerical assistants	626,690	9,625	636,315	636,269	46
Unused Vac Payment to term/Ret Staff		51,429	51,429	51,429	-
Other purchased services	10,300	(3,445)	6,855	5,872	983
Supplies and materials	42,600	(5,000)	37,600	30,382	7,218
Other objects	19,150	(430)	18,720	13,452	5,268
<b>Total support services-school administration</b>	<b>2,303,865</b>	<b>120,183</b>	<b>2,424,048</b>	<b>2,410,533</b>	<b>13,515</b>
Central services:					
Salaries	633,273	47,113	680,386	676,877	3,509
Unused Vac Payment to term/Ret Staff		7,563	7,563	7,563	-
Purchased professional services	39,000	(4,268)	34,732	34,467	265
Purchased technical services	13,960	6,048	20,008	20,008	-
Misc purchased services	6,280	3,106	9,386	8,931	455
Supplies and materials	19,500	537	20,037	18,435	1,602
Interest on lease purchase agreements	21,041		21,041	20,952	89
Other objects	3,500	261	3,761	3,581	180
<b>Total central services</b>	<b>736,554</b>	<b>60,360</b>	<b>796,914</b>	<b>790,814</b>	<b>6,100</b>
Administrative information technology:					
Salaries	171,225	(7,374)	163,851	163,851	-
Purchased technical services	37,000	4,472	41,472	41,472	-
Other purchased services	3,400	(1,535)	1,865	1,802	63
Supplies and Materials	51,000	(26,480)	24,520	24,520	-
Other objects	500	(500)			-
<b>Total administrative information technology</b>	<b>263,125</b>	<b>(31,417)</b>	<b>231,708</b>	<b>231,645</b>	<b>63</b>
Required maintenance for school facilities:					
Salaries	253,769	4,938	258,707	257,716	991
Cleaning, repair and maintenance services	469,110	(106,120)	362,990	310,426	52,564
General supplies	11,739	3,553	15,292	6,959	8,333
Other objects	5,340		5,340	996	4,344
<b>Total required maintenance for school facilities</b>	<b>739,958</b>	<b>(97,629)</b>	<b>642,329</b>	<b>576,097</b>	<b>66,232</b>
Custodial Services:					
Salaries	1,333,567	(45,000)	1,288,567	1,284,379	4,188
Unused Vac Paymnet to term/Ret Staff		6,270	6,270	6,270	-
Purchased professional and technical services	19,539	(6,450)	13,089	13,089	-
Cleaning, repair and maintenance services	981,500	17,162	998,662	962,700	35,962
Rental of land & bldg. other than lease pur	155,920	14,924	170,844	164,843	6,001
Other purchased property services	78,000	14,173	92,173	92,173	-
Insurance	174,720		174,720	174,720	-
Travel		1,936	1,936	393	1,543
Miscellaneous purchased services	2,860	(2,860)			-
General supplies	229,900	32,941	262,841	251,191	11,650
Energy - natural gas	404,000	(252,112)	151,888	102,534	49,354
Energy - electricity	590,000	(78,623)	511,377	475,662	35,715
Energy - gasoline	22,900	(10,500)	12,400	10,602	1,798
Other objects	6,485		6,485	5,645	840
Interest- energy savings impr prog bonds	137,253		137,253	137,253	-
Principal- energy saving impr prog bonds	283,133		283,133	283,133	-
<b>Total custodial services</b>	<b>4,419,777</b>	<b>(308,139)</b>	<b>4,111,638</b>	<b>3,964,587</b>	<b>147,051</b>
Care & upkeep of grounds:					
Salaries	20,000	(4,375)	15,625	15,150	475
Cleaning, repair and maintenance services	142,718	4,721	147,439	143,152	4,287
General supplies	25,000	12,000	37,000	35,152	1,848
<b>Total care &amp; upkeep of grounds</b>	<b>187,718</b>	<b>12,346</b>	<b>200,064</b>	<b>193,454</b>	<b>6,610</b>

Fort Lee Public Schools  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Security					
Salaries	\$ 28,050	\$ 104,648	\$ 132,698	\$ 132,698	\$ -
Purchased professional and technical services	271,210	(49,910)	221,300	221,300	-
Cleaning, repair and maintenance services	9,900	22,000	31,900	31,514	386
General supplies	19,855	(14,307)	5,548	5,548	-
<b>Total Security</b>	<b>329,015</b>	<b>62,431</b>	<b>391,446</b>	<b>391,060</b>	<b>386</b>
Student transportation services:					
Salaries for pupil transportation:					
Between home and school - special	327,660	(28,333)	299,327	293,852	5,475
Cleaning, repair and maintenance	40,000	4,637	44,637	41,639	2,998
Contracted services:					
Between home & school - regular	197,108	633	197,741	197,741	-
Other between home & school - regular	101,080	(20,964)	80,116	76,746	3,370
Vendors - special ed	916,392	358,079	1,274,471	1,274,471	-
Aid in lieu - nonpublic	123,200	16,665	139,865	139,835	30
Miscellaneous purchased services	500	551	1,051	1,051	-
Transportation Supplies and materials	43,000	(25,078)	17,922	16,187	1,735
Other objects	1,000	288	1,288	1,288	-
<b>Total student transportation services</b>	<b>1,749,940</b>	<b>306,478</b>	<b>2,056,418</b>	<b>2,042,810</b>	<b>13,608</b>
Allocated benefits- employee benefits:					
Staff	278,762	(278,762)			
<b>Total regular program- instruction</b>	<b>278,762</b>	<b>(278,762)</b>			
Allocated benefits- employee benefits:					
Staff	54,383	(54,383)			
<b>Total special program- instruction</b>	<b>54,383</b>	<b>(54,383)</b>			
Health service:					
Staff	103,210	(103,210)			
<b>Total health service</b>	<b>103,210</b>	<b>(103,210)</b>			
Other supp serv- guidance:					
Staff	51,071	(51,071)			
<b>Total other supp serv- guidance</b>	<b>51,071</b>	<b>(51,071)</b>			
Other supp serv- child study team:					
Staff	50,071	(50,071)			
<b>Total other Supp Serv- child study team</b>	<b>50,071</b>	<b>(50,071)</b>			
Operation and maintenance of plant service:					
Staff	38,222	(38,222)			
<b>Total Operation and maintenance of plant service</b>	<b>38,222</b>	<b>(38,222)</b>			
Unallocated benefits:					
Social security contributions	715,000	(84,605)	630,395	630,395	-
Other retirement contributions - PERS	653,436	(36,412)	617,024	617,024	-
Worker's compensation	220,500	(41,718)	178,782	178,782	-
Health insurance	8,899,870	(122,435)	8,777,435	8,777,435	-
Tuition reimbursement	118,000	(29,926)	88,074	88,074	-
Other employee benefits	86,200	(52,268)	33,932	33,330	602
Unused vac payment to terminated/retired staff	31,347	245,863	277,210	277,210	-
<b>Total unallocated benefits</b>	<b>10,724,353</b>	<b>(121,501)</b>	<b>10,602,852</b>	<b>10,602,250</b>	<b>602</b>
TPAF pension contributions (non-budgeted)				2,782,492	(2,782,492)
TPAF post-retirement medical contributions (non-budgeted)				2,318,449	(2,318,449)
TPAF long- term disability insurance contributions (non-budgeted)				6,887	(6,887)
Reimbursed TPAF social security contributions (non-budgeted)				1,955,549	(1,955,549)
Total personal services: benefits	10,724,353	(121,501)	10,602,852	17,665,627	(7,062,775)
Total undistributed expenditures	35,420,504	107,563	35,528,067	41,869,675	(6,341,608)
<b>Total current expenditures</b>	<b>61,013,179</b>	<b>703,139</b>	<b>61,716,318</b>	<b>67,955,937</b>	<b>(6,239,619)</b>

Fort Lee Public Schools  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Expenditures (continued)</b>					
<b>Capital outlay:</b>					
<b>Equipment:</b>					
<b>Undistributed expenditures:</b>					
Instruction	\$ 12,800		\$ 12,800		\$ 12,800
School- sponsored and other instructional program		\$ 3,771	3,771	\$ 3,771	-
<b>Total equipment</b>	<b>12,800</b>	<b>3,771</b>	<b>16,571</b>	<b>3,771</b>	<b>12,800</b>
<b>Facilities acquisition and construction services:</b>					
Lease purchase agreements - principal	429,824		429,824	412,586	17,238
Other objects - assessment of debt service	17,534		17,534	17,534	-
Construction services	1,652,000		1,652,000	1,394,247	257,753
<b>Total facilities acquisition and construction services</b>	<b>2,099,358</b>		<b>2,099,358</b>	<b>1,824,367</b>	<b>274,991</b>
<b>Total expenditures - capital outlay</b>	<b>2,112,158</b>	<b>3,771</b>	<b>2,115,929</b>	<b>1,828,138</b>	<b>287,791</b>
<b>Intrest Deposit to Capital Reserve</b>	<b>50</b>	<b>(50)</b>			
<b>Transfer of funds to charter schools</b>	<b>9,965</b>		<b>9,965</b>	<b>9,965</b>	<b>-</b>
<b>Total expenditures</b>	<b>63,135,352</b>	<b>706,860</b>	<b>63,842,212</b>	<b>69,794,040</b>	<b>(5,951,828)</b>
<b>(Deficiency) excess of revenues (under) over expenditures</b>	<b>(2,181,692)</b>	<b>(194,523)</b>	<b>(2,376,215)</b>	<b>(400,368)</b>	<b>1,975,847</b>
<b>Other financing sources:</b>					
Transfers in				163,090	163,090
<b>Total other financing sources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>163,090</b>	<b>163,090</b>
<b>(Deficiency) excess of revenues (under) over expenditures and other financing sources</b>	<b>(2,181,692)</b>	<b>(194,523)</b>	<b>(2,376,215)</b>	<b>(237,278)</b>	<b>2,138,937</b>
<b>Fund balances, July 1</b>	<b>5,478,965</b>		<b>5,478,965</b>	<b>5,478,965</b>	
<b>Fund balances, June 30</b>	<b>\$ 3,297,273</b>	<b>\$ (194,523)</b>	<b>\$ 3,102,750</b>	<b>\$ 5,241,687</b>	<b>\$2,138,937</b>
<b>Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)</b>					
<b>Budgeted fund balance</b>	<b>\$ (529,692)</b>		<b>\$ (529,692)</b>	<b>\$ 995,530</b>	<b>\$1,525,222</b>
<b>Budgeted withdrawal from capital reserve</b>	<b>(1,652,000)</b>		<b>(1,652,000)</b>	<b>(1,038,285)</b>	<b>613,715</b>
<b>Adjustment for prior year encumbrances</b>	<b>-</b>	<b>\$ (194,523)</b>	<b>(194,523)</b>	<b>(194,523)</b>	<b>-</b>
<b>Total</b>	<b>\$ (2,181,692)</b>	<b>\$ (194,523)</b>	<b>\$ (2,376,215)</b>	<b>\$ (237,278)</b>	<b>\$2,138,937</b>
<b>Recapitulation of fund balance:</b>					
<b>Restricted for:</b>					
Emergency reserve				\$ 250,000	
Capital reserve				2,475,371	
<b>Assigned to:</b>					
Year end encumbrances				393,983	
Designated for subsequent years expenditures				450,000	
<b>Unassigned fund balance</b>				<b>1,672,333</b>	
				<b>5,241,687</b>	
<b>Reconciliation to Government Funds Statements GAAP:</b>					
<b>Last two state aid payments not recognized on GAAP basis</b>				<b>(107,808)</b>	
<b>Fund balance per Government Funds (GAAP) (B-1)</b>				<b>\$ 5,133,879</b>	



Fort Lee Public Schools  
Special Revenue Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Revenues:</b>					
State sources	\$ 102,064	\$ 69,659	\$ 171,723	\$ 137,216	\$ (34,507)
Federal sources	1,341,663	404,234	1,745,897	1,685,833	(60,064)
Other sources	-	28,650	28,650	20,747	(7,903)
<b>Total revenues</b>	<b>1,443,727</b>	<b>502,543</b>	<b>1,946,270</b>	<b>1,843,796</b>	<b>(102,474)</b>
<b>Expenditures:</b>					
<b>Current expenditures:</b>					
<b>Instruction:</b>					
<b>Salaries:</b>					
Salaries of teachers	503,123	62,861	565,984	546,922	19,062
Other salaries for instruction	-	15,960	15,960	15,622	338
Tuition	562,942	142,755	705,697	701,640	4,057
Textbooks	10,506	2,694	13,200	9,951	3,249
Supplies and materials	147,257	(47,315)	99,942	81,705	18,237
<b>Total instruction</b>	<b>1,223,828</b>	<b>176,955</b>	<b>1,400,783</b>	<b>1,355,840</b>	<b>44,943</b>
<b>Support services:</b>					
Salaries of other professional staff	-	86,980	86,980	86,980	-
Personal services—employee benefits	114,626	39,675	154,301	154,301	-
Purchased professional educational services	100,653	191,103	291,756	234,275	57,481
Other purchased professional services	4,620	6,830	11,450	11,400	50
Other objects	-	1,000	1,000	1,000	-
<b>Total support services</b>	<b>219,899</b>	<b>325,588</b>	<b>545,487</b>	<b>487,956</b>	<b>57,531</b>
<b>Total expenditures</b>	<b>1,443,727</b>	<b>502,543</b>	<b>1,946,270</b>	<b>1,843,796</b>	<b>102,474</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Fort Lee Public Schools  
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2017

	General Fund	Special Revenue Fund
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 69,393,672	\$ 1,843,796
<b>Differences - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current year		6,342
Prior year		(13,570)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	126,530	
Current year	(107,808)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	<u>\$ 69,412,394</u>	<u>\$ 1,836,568</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 69,794,040	\$ 1,843,796
<b>Differences - budget to GAAP:</b>		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year		6,342
Current year		(13,570)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	<u>\$ 69,794,040</u>	<u>\$ 1,836,568</u>

## **Supplementary Information**

## **Special Revenue Fund**

Fort Lee Public Schools  
Special Revenue Fund

Combining Schedule of Revenues and Expenditures  
Budgetary Basis

Year ended June 30, 2017

	Title I	I.D.E.A.		Title II	Title III	Title III	Comp Ed	ESL	Exam & Class	Corrective Speech
	Regular Part A	Part B Regular	Part B Preschool	Part A Regular	Regular	Immigrant	Regular Program	Regular Program	Regular Program	Regular Program
<b>Revenues:</b>										
State sources							\$ 41,565	\$ 16,534	\$ 8,819	\$ 10,690
Federal sources	\$ 530,990	\$ 873,041	\$ 20,545	\$ 140,430	\$ 87,547	\$ 33,280				
Other sources										
<b>Total revenues</b>	<b>\$ 530,990</b>	<b>\$ 873,041</b>	<b>\$ 20,545</b>	<b>\$ 140,430</b>	<b>\$ 87,547</b>	<b>\$ 33,280</b>	<b>\$ 41,565</b>	<b>\$ 16,534</b>	<b>\$ 8,819</b>	<b>\$ 10,690</b>
<b>Expenditures:</b>										
<b>Instruction:</b>										
<b>Salaries:</b>										
Salaries of teachers	\$ 351,659	\$ 118,659			\$ 69,482	\$ 7,122				
Other salaries for instruction				\$ 15,622						
Tuition		701,640								
Textbooks										
General Supplies	54,444	475				1,676				
<b>Total instruction</b>	<b>406,103</b>	<b>820,774</b>		<b>15,622</b>	<b>69,482</b>	<b>8,798</b>				
<b>Support services:</b>										
Salaries of other professional staff		2,750		84,230						
Personal services—employee benefits	83,382	29,102		21,900	18,065	1,852				
Purchased professional educational	40,505	20,415	\$ 20,545	18,678		22,630	\$ 41,565	\$ 16,534	\$ 8,819	\$ 10,690
Other purchased professional services										
Other objects	1,000									
<b>Total support services</b>	<b>124,887</b>	<b>52,267</b>	<b>20,545</b>	<b>124,808</b>	<b>18,065</b>	<b>24,482</b>	<b>41,565</b>	<b>16,534</b>	<b>8,819</b>	<b>10,690</b>
<b>Total expenditures</b>	<b>\$ 530,990</b>	<b>\$ 873,041</b>	<b>\$ 20,545</b>	<b>\$ 140,430</b>	<b>\$ 87,547</b>	<b>\$ 33,280</b>	<b>\$ 41,565</b>	<b>\$ 16,534</b>	<b>\$ 8,819</b>	<b>\$ 10,690</b>

Fort Lee Public Schools  
Special Revenue Fund

Combining Schedule of Revenues and Expenditures  
Budgetary Basis

Year ended June 30, 2017

	Supple - mentary Instruction Regular Program	Nursing Regular Program	Technology Initiative Regular Program	Home Instruction Regular Program	Text - books Regular Program	Security Regular Program	Local Programs	Totals
<b>Revenues:</b>								
State sources	\$ 8,632	\$ 20,610	\$ 5,363	\$ 3,652	\$ 9,951	\$ 11,400		\$ 137,216
Federal sources								1,685,833
Other sources							\$ 20,747	20,747
<b>Total revenues</b>	<b>\$ 8,632</b>	<b>\$ 20,610</b>	<b>\$ 5,363</b>	<b>\$ 3,652</b>	<b>\$ 9,951</b>	<b>\$ 11,400</b>	<b>\$ 20,747</b>	<b>\$ 1,843,796</b>
<b>Expenditures:</b>								
<b>Instruction:</b>								
<b>Salaries:</b>								
Salaries of teachers								\$ 546,922
Other salaries for instruction								15,622
Tuition								701,640
Textbooks					\$ 9,951			9,951
General Supplies			\$ 5,363				\$ 19,747	81,705
<b>Total instruction</b>			<b>5,363</b>		<b>9,951</b>		<b>19,747</b>	<b>1,355,840</b>
<b>Support services:</b>								
Salaries of other professional staff								86,980
Personal services—employee benefits								154,301
Purchased professional educational	\$ 8,632	\$ 20,610		\$ 3,652			1,000	234,275
Other purchased professional services						\$ 11,400		11,400
Other objects								1,000
<b>Total support services</b>	<b>8,632</b>	<b>20,610</b>		<b>3,652</b>		<b>11,400</b>	<b>1,000</b>	<b>487,956</b>
<b>Total expenditures</b>	<b>\$ 8,632</b>	<b>\$ 20,610</b>	<b>\$ 5,363</b>	<b>\$ 3,652</b>	<b>\$ 9,951</b>	<b>\$ 11,400</b>	<b>\$ 20,747</b>	<b>\$ 1,843,796</b>

## **Capital Projects Fund**

Fort Lee Public Schools  
Capital Projects Fund

Summary Schedule of Project Revenues, Expenditures,  
Project Balance and Project Status

(Budgetary Basis)

Year ended June 30, 2017

<b>Revenues and other financing sources</b>	
State Sources - SDA Grant	\$ (14,528)
Total revenues	<u>(14,528)</u>
 <b>Expenditures and Other Financing Uses</b>	
Purchased professional and technical services	716,767
Construction services	<u>21,114,791</u>
Total expenditures	<u>21,831,558</u>
 (Deficiency) of revenues (under) expenditures	 <u>(21,846,086)</u>
 <b>Other Financing sources</b>	
Transfers in	<u>-</u>
Total other financing sources	-
 (Deficiency) of revenues (under) expenditures other financing sources	  (21,846,086)
 Fund Balance, July 1	 <u>48,679,405</u>
Fund Balance, June 30	<u><u>\$ 26,833,319</u></u>
 Fund balance, budgetary-basis	 \$ 26,833,319
Less difference in grant revenue recognized	-
Fund balance, GAAP-basis	<u><u>\$ 26,833,319</u></u>



Fort Lee Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
State Sources - SDA Grant	\$ 3,473,553	\$ (14,528)	\$ 3,459,025	\$ 3,459,025
Bond proceeds and transfers	69,734,091	-	69,734,091	69,734,091
Contribution from Private sources	-	-	-	-
Transfer from capital reserve	-	-	-	-
Total revenues	<u>73,207,644</u>	<u>(14,528)</u>	<u>73,193,116</u>	<u>\$73,193,116</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	4,425,970	716,767	5,142,737	
Land and improvements				
Construction services	20,089,564	21,114,791	41,204,355	
Equipment	12,705	-	12,705	
Total expenditures	<u>24,528,239</u>	<u>21,831,558</u>	<u>46,359,797</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 48,679,405</u>	<u>\$ (21,846,086)</u>	<u>\$ 26,833,319</u>	

Fort Lee Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

High School Window Replacement

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
State Sources - SDA Grant	\$ 420,000		\$ 420,000	\$ 420,000
Bond proceeds and transfers	630,000	\$ 368,126	998,126	998,126
Contribution from Private sources				
Transfer to capital reserve				
Total revenues	<u>1,050,000</u>	<u>368,126</u>	<u>1,418,126</u>	<u>\$ 1,418,126</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	120,423	7,380	127,803	
Land and improvements				
Construction services	909,222	258,359	1,167,581	
Equipment				
Total expenditures	<u>1,029,645</u>	<u>265,739</u>	<u>1,295,384</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 20,355</u>	<u>\$ 102,387</u>	<u>\$ 122,742</u>	

**Additional project information**

Project number	1550-050-10-1001
Grant date	9/28/2010
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,050,000
Additional Authorized Cost	368,126
Revised Authorized Cost	\$ 1,418,126

Percentage Increase over Original Authorized Cost	35.06%
Percentage completion	100.00%
Original target completion date	9/30/2013
Revised target completion date	Complete

Fort Lee Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

School 4 HVAC Upgrades

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
State Sources - SDA Grant	\$ 1,304,252		\$ 1,304,252	\$ 1,304,252
Bond proceeds and transfers	1,956,380	\$ 41,197	1,997,577	1,997,577
Contribution from Private sources				
Transfer to capital reserve			-	-
<b>Total revenues</b>	<u>3,260,632</u>	<u>41,197</u>	<u>3,301,829</u>	<u>\$ 3,301,829</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	388,132		388,132	
Land and improvements				
Construction services	2,872,500	7,992	2,880,492	
Equipment				
<b>Total expenditures</b>	<u>3,260,632</u>	<u>7,992</u>	<u>3,268,624</u>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ 33,205</u>	<u>\$ 33,205</u>	

**Additional project information**

Project number	1550-090-10-1013
Grant date	9/28/2010
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 4,140,000
Additional Authorized Cost	(838,171)
Revised Authorized Cost	\$ 3,301,829
<b>Percentage Decrease over Original</b>	
Authorized Cost	-20.25%
Percentage completion	100.00%
Original target completion date	9/30/2014
Revised target completion date	Complete

Fort Lee Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

School 4 Roof Replacement

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
State Sources - SDA Grant	\$ 192,121		\$ 192,121	\$ 192,121
Bond proceeds and transfers	288,182		288,182	288,182
Contribution from Private sources				
Transfer from capital reserve				
Total revenues	<u>480,303</u>	<u>-</u>	<u>480,303</u>	<u>\$ 480,303</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	\$ 47,724		\$ 47,724	
Land and improvements				
Construction services	431,977		431,977	
Equipment				
Total expenditures	<u>479,701</u>	<u>-</u>	<u>479,701</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 602</u>	<u>\$ -</u>	<u>\$ 602</u>	

**Additional project information**

Project number	1550-050-10-1014
Grant date	9/28/2010
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 532,000
Additional Authorized Cost	(51,697)
Revised Authorized Cost	\$ 480,303

**Percentage Decrease over Original**

Authorized Cost	-9.72%
Percentage completion	100.00%
Original target completion date	9/30/2013
Revised target completion date	Complete

Fort Lee Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

Lewis F. Cole Middle School Additions and Rehabilitation

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
State Sources - SDA Grant	\$ 1,557,180	\$ (14,528)	\$ 1,542,652	\$ 1,542,652
Bond proceeds and transfers	11,448,085	(409,323)	11,038,762	11,038,762
Contribution from Private sources				
Transfer to capital reserve				
Total revenues	<u>13,005,265</u>	<u>(423,851)</u>	<u>12,581,414</u>	<u>\$ 12,581,414</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	1,552,112		1,552,112	
Land and improvements				
Construction services	10,802,747		10,802,747	
Equipment	12,705		12,705	
Total expenditures	<u>12,367,564</u>	<u>-</u>	<u>12,367,564</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 637,701</u>	<u>\$ (423,851)</u>	<u>\$ 213,850</u>	

**Additional project information**

Project number	1550-050-10-1018
Grant date	9/28/2010
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 9,660,000
Additional Authorized Cost	2,921,414
Revised Authorized Cost	\$ 12,581,414

**Percentage Decrease over Original**

Authorized Cost	30.24%
Percentage completion	100.00%
Original target completion date	9/30/2014
Revised target completion date	Complete

Fort Lee Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

Lewis F. Cole Middle School Additions

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
State Sources - SDA Grant				
Bond proceeds and transfers	\$ 37,175,000	\$ 80,566	\$ 37,255,566	\$ 37,255,566
Contribution from Private sources				
Transfer from capital reserve				
Total revenues	<u>37,175,000</u>	<u>80,566</u>	<u>37,255,566</u>	<u>\$ 37,255,566</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	1,666,341	594,493	2,260,834	
Land and improvements				
Construction services	1,920,384	8,893,333	10,813,717	
Equipment				
Total expenditures	<u>3,586,725</u>	<u>9,487,826</u>	<u>13,074,551</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 33,588,275</u>	<u>\$ (9,407,260)</u>	<u>\$ 24,181,015</u>	

**Additional project information**

Project number	1550-100-15-1000
Grant date	11/18/2014
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 37,175,000
Additional Authorized Cost	80,566
Revised Authorized Cost	\$ 37,255,566

Percentage Increase over Original Authorized Cost	0.22%
Percentage completion	35.09%
Original target completion date	12/31/2016
Revised target completion date	6/30/2018

Fort Lee Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

School 2 Additions

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
State Sources - SDA Grant				
Bond proceeds and transfers	\$ 10,970,000		\$ 10,970,000	\$ 10,970,000
Contribution from Private sources				
Transfer from capital reserve				
Total revenues	<u>10,970,000</u>	<u>-</u>	<u>10,970,000</u>	<u>\$ 10,970,000</u>

**Expenditures and Other Financing Uses**

Purchased professional and technical services	564,264	\$ 114,894	679,158	
Land and improvements				
Construction services	433,014	7,801,934	8,234,948	
Equipment				
Total expenditures	<u>997,278</u>	<u>7,916,828</u>	<u>8,914,106</u>	

Excess (deficiency) of revenues over

(under) expenditures

\$ 9,972,722	\$ (7,916,828)	\$ 2,055,894
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**Additional project information**

Project number	1550-100-14-1000
Grant date	8/8/2014
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 10,970,000
Additional Authorized Cost	
Revised Authorized Cost	\$ 10,970,000

Percentage Increase over Original  
Authorized Cost

0.00%

Percentage completion

81.26%

Original target completion date

11/30/2015

Revised target completion date

6/30/2018

Fort Lee Public Schools  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

High School Field Improvements

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
State Sources - SDA Grant				
Bond proceeds and transfers	\$ 1,695,000	\$ (80,566)	\$ 1,614,434	\$ 1,614,434
Contribution from Private sources				
Transfer from capital reserve				
Total revenues	<u>1,695,000</u>	<u>(80,566)</u>	<u>1,614,434</u>	<u>\$ 1,614,434</u>

**Expenditures and Other Financing Uses**

Purchased professional and technical services	86,974		86,974	
Land and improvements				
Construction services	1,501,392		1,501,392	
Equipment				
Total expenditures	<u>1,588,366</u>	<u>-</u>	<u>1,588,366</u>	

Excess (deficiency) of revenues over  
(under) expenditures

	<u>\$ 106,634</u>	<u>\$ (80,566)</u>	<u>\$ 26,068</u>	
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**Additional project information**

Project number	
Grant date	8/8/2014
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,695,000
Additional Authorized Cost	(80,566)
Revised Authorized Cost	\$ 1,614,434

Percentage Increase over Original Authorized Cost	-4.75%
Percentage completion	100.00%
Original target completion date	12/31/2016
Revised target completion date	Complete



**Fort Lee Public Schools  
Capital Projects Fund**

**Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)**

**Energy Savings Investment Plan**

From Inception and for the year ended June 30, 2017

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and other financing sources</b>				
State Sources - SDA Grant				
Capital lease proceeds and transfers	\$ 5,571,444		\$ 5,571,444	\$ 5,571,444
Contribution from Private sources				
Transfer from capital reserve				
Total revenues	<u>5,571,444</u>	<u>-</u>	<u>5,571,444</u>	<u>\$ 5,571,444</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services				
Land and improvements				
Construction services	1,218,328	\$ 4,153,173	5,371,501	
Equipment				
Total expenditures	<u>1,218,328</u>	<u>4,153,173</u>	<u>5,371,501</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,353,116</u>	<u>\$ (4,153,173)</u>	<u>\$ 199,943</u>	
<b>Additional project information</b>				
Project number	N/A			
Lease date	4/16/2015			
Bond authorization date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 5,571,444			
Additional Authorized Cost				
Revised Authorized Cost	\$ 5,571,444			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	96.41%			
Original target completion date	N/A			
Revised target completion date	9/30/2017			

**Fort Lee Public Schools  
Capital Projects Fund**

**Summary Schedule of Project Expenditures  
(Budgetary Basis)**

From Inception and for the Year Ended June 30, 2017

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>
		<u>Prior Years</u>	<u>Current Year</u>	
High School Window Replacement	\$ 1,418,126	\$ 1,029,645	\$ 265,739	\$ 122,742
School 4 HVAC Upgrades	3,301,829	3,260,632	7,992	33,205
School 4 Roof Replacement	480,303	479,701		602
Lewis F. Cole Middle School Additions and Rehabilitation	12,581,414	12,367,564		213,850
Lewis F. Cole Middle School Additions	37,255,566	3,586,725	9,487,826	24,181,015
School 2 Additions	10,970,000	997,278	7,916,828	2,055,894
Energy Savings Investment Plan	5,571,444	1,218,328	4,153,173	199,943
High School Field Improvements	1,614,434	1,588,366		26,068
	<u>\$ 73,193,116</u>	<u>\$ 24,528,239</u>	<u>\$ 21,831,558</u>	<u>\$ 26,833,319</u>

## **Fiduciary Funds**

Fort Lee Public Schools  
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

Year ended June 30, 2017

	Trust			Agency		
	Private- Purpose Scholarship Funds	Unemployment Compensation	Total Trust	Student Activity	Payroll	Total Agency
<b>Assets</b>						
Cash and cash equivalents	\$ 28,348	\$ 238,721	\$ 267,069	\$ 101,273	\$ 332,063	\$ 433,336
Interfund receivable		17,372	17,372		78,935	78,935
<b>Total assets</b>	<u>28,348</u>	<u>256,093</u>	<u>284,441</u>	<u>\$ 101,273</u>	<u>\$ 410,998</u>	<u>\$ 512,271</u>
<b>Liabilities</b>						
Payroll deductions and withholdings payable					\$ 393,626	\$ 393,626
Accounts payable		5,007	5,007			
Interfund payable					17,372	17,372
Due to student groups				\$ 101,273		101,273
<b>Total liabilities</b>		<u>5,007</u>	<u>5,007</u>	<u>\$ 101,273</u>	<u>\$ 410,998</u>	<u>\$ 512,271</u>
<b>Net position</b>						
Held in trust for unemployment claims		251,086	251,086			
Held in trust for scholarships	28,348		28,348			
<b>Total net position</b>	<u>\$ 28,348</u>	<u>\$ 251,086</u>	<u>\$ 279,434</u>			

Fort Lee Public Schools  
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2017

	<b>Private- Purpose Scholarship Funds</b>	<b>Unemployment Compensation</b>	<b>Totals</b>
<b>Additions:</b>			
Contributions	\$ 12,109	\$ 53,699	\$ 65,808
Total additions	<u>12,109</u>	<u>53,699</u>	<u>65,808</u>
<b>Deductions:</b>			
Scholarship payments	10,500		10,500
Unemployment claims paid		57,860	57,860
Total deductions	<u>10,500</u>	<u>57,860</u>	<u>68,360</u>
Change in net position	1,609	(4,161)	(2,552)
Net position, beginning	<u>26,739</u>	<u>255,247</u>	<u>281,986</u>
Net position, ending	<u>\$ 28,348</u>	<u>\$ 251,086</u>	<u>\$ 279,434</u>

Fort Lee Public Schools  
Student Activity Agency Fund

Statement of Cash Receipts and Cash Disbursements

Year ended June 30, 2017

	<b>Balance</b>		<b>Cash</b>		<b>Balance</b>
	<b>July</b>	<b>Cash</b>	<b>Cash</b>	<b>Cash</b>	<b>June</b>
	<b>1, 2016</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Disbursements</b>	<b>30, 2017</b>
<b>Assets:</b>					
Cash and cash equivalents					
Student Activity Fund	\$ 99,655	\$ 193,514	\$ 193,228	\$ 99,941	
Athletic Fund	15,566	51,500	65,734	1,332	
Total assets	<u>\$ 115,221</u>	<u>\$ 245,014</u>	<u>\$ 258,962</u>	<u>\$ 101,273</u>	
<b>Liabilities:</b>					
Due to student groups					
Student Activity Fund	\$ 99,655	\$ 193,514	\$ 193,228	\$ 99,941	
Athletic Fund	15,566	51,500	65,734	1,332	
Total liabilities	<u>\$ 115,221</u>	<u>\$ 245,014</u>	<u>\$ 258,962</u>	<u>\$ 101,273</u>	

Fort Lee Public Schools  
Payroll Agency Fund

Statement of Cash Receipts and Cash Disbursements

Year ended June 30, 2017

	<b>Balance July 1, 2016</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Balance June 30, 2017</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 466,574	\$ 39,930,605	\$ 40,065,116	\$ 332,063
Interfunds Receivable	81,980	78,935	81,980	78,935
Account Receivable	4,054		4,054	
<b>Total assets</b>	<b>\$ 552,608</b>	<b>\$ 40,009,540</b>	<b>\$ 40,151,150</b>	<b>\$ 410,998</b>
<b>Liabilities</b>				
Payroll deductions payable	\$ 529,828	\$ 39,992,168	\$ 40,128,370	\$ 393,626
Interfunds Payable	22,780	17,372	22,780	17,372
<b>Total liabilities</b>	<b>\$ 552,608</b>	<b>\$ 40,009,540</b>	<b>\$ 40,151,150</b>	<b>\$ 410,998</b>

## **Long-Term Debt**



Fort Lee Public Schools  
Long-Term Debt

Schedule of Serial Bonds Payable

June 30, 2017

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2016	Retired	Balance June 30, 2017
			Date	Amount				
BCIA Improvement Bonds	8/7/2012	\$ 18,450,000						
			11/1/2017	\$ 730,000	4.000%			
			11/1/2018	760,000	4.000%			
			11/1/2019	275,000	3.000%			
			11/1/2019	500,000	5.000%			
			11/1/2020	825,000	4.000%			
			11/1/2021	855,000	4.000%			
			11/1/2022	895,000	5.000%			
			11/1/2023	940,000	5.000%			
			11/1/2024	990,000	5.000%			
			11/1/2025	1,035,000	4.000%			
			11/1/2026	1,080,000	4.000%			
			11/1/2027	1,120,000	4.000%			
			11/1/2028	1,170,000	4.000%			
			11/1/2029	1,215,000	4.000%			
			11/1/2030	1,265,000	4.000%			
			11/1/2031	1,305,000	4.000%	\$ 15,665,000	\$ 705,000	\$14,960,000
General Serial Bonds	4/7/2015	49,840,000						
			3/15/2018	1,390,000	3.000%			
			3/15/2019	1,415,000	3.000%			
			3/15/2020	1,455,000	3.000%			
			3/15/2021	1,500,000	3.000%			
			3/15/2022	1,550,000	3.000%			
			3/15/2023	1,595,000	3.000%			
			3/15/2024	1,650,000	3.000%			
			3/15/2025	1,700,000	3.000%			
			3/15/2026	1,755,000	3.000%			
			3/15/2027	1,810,000	3.000%			
			3/15/2028	1,870,000	3.000%			
			3/15/2029	1,930,000	3.000%			
			3/15/2030	1,990,000	3.125%			
			3/15/2031	2,055,000	3.250%			
			3/15/2032	2,125,000	3.250%			
			3/15/2033	2,195,000	3.250%			
			3/15/2034	2,270,000	3.250%			
			3/15/2035	2,345,000	3.250%			
			3/15/2036	2,435,000	3.500%			
			3/15/2037	2,510,000	3.500%			
			3/15/2038	2,580,000	3.500%			
			3/15/2039	2,650,000	3.500%			
			3/15/2040	2,720,000	3.500%			
			3/15/2041	2,780,000	3.500%			
						49,840,000	1,565,000	48,275,000
						\$ 65,505,000	\$ 2,270,000	\$63,235,000

Fort Lee Public Schools  
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2017

Purpose	Interest Rate	Amount of Original Issue	Balance July 1, 2016	Retired	Balance June 30, 2017
District Wireless System	2.57%	\$ 354,919	\$ 142,978	\$ 70,583	\$ 72,395
12 Temporary Classroom Units	1.46%	1,967,725	1,547,412	527,229	1,020,183
Energy Saving Investment Plan	2.50%	5,571,444	5,571,444	283,133	5,288,311
Chrome Books	1.46%	550,000	410,390	134,816	275,574
			<u>\$ 7,672,224</u>	<u>\$ 1,015,761</u>	<u>\$ 6,656,463</u>

Fort Lee Public Schools  
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2017

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
<b>Revenues:</b>					
Local sources:					
Local tax levy	\$ 4,451,067		\$ 4,451,067	\$ 4,451,067	
Miscellaneous				296,695	\$ 296,695
<b>Total revenues</b>	<u>4,451,067</u>		<u>4,451,067</u>	<u>4,747,762</u>	<u>296,695</u>
<b>Expenditures:</b>					
Principal on bonds	2,270,000		2,270,000	2,270,000	
Interest on bonds	<u>2,243,013</u>		<u>2,243,013</u>	<u>2,243,013</u>	
<b>Total expenditures</b>	<u>4,513,013</u>		<u>4,513,013</u>	<u>4,513,013</u>	
<b>Deficiency Excess of revenues (under)over expenditures</b>	(61,946)		(61,946)	234,749	296,695
<b>Fund balance, July 1</b>	74,565		74,565	74,565	
<b>Fund balance, June 30</b>	<u>\$ 12,619</u>	<u>\$ -</u>	<u>\$ 12,619</u>	<u>\$ 309,314</u>	<u>\$ 296,695</u>

## **Statistical Section**

**Statistical Section  
Unaudited**

**Contents**

**Financial Trends**

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

**Revenue Capacity**

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

**Debt Capacity**

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

**Demographic and Economic Information**

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

**Operating Information**

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

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

Fort Lee Public Schools  
Net Position by Component  
Last Ten Fiscal Years

Unaudited

	Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 14,267,966	\$ 10,950,910	\$ 13,327,585	\$ 12,758,856	\$ 14,116,324	\$ (1,278,980)	\$ 3,994,842	\$ (36,171,048)	\$ (20,540,534)	\$ 25,416,260
Restricted	2,876,841	3,184,034	2,015,950	3,054,358	4,869,850	22,650,012	18,051,812	56,001,477	48,185,275	2,725,371
Unrestricted (deficit)	(4,680,195)	(4,454,396)	(5,705,497)	(5,079,224)	(4,733,750)	(4,809,592)	(4,233,820)	(17,662,594)	(18,889,800)	(17,195,519)
<b>Total governmental activities net position</b>	<b>\$ 12,464,612</b>	<b>\$ 9,680,548</b>	<b>\$ 9,638,038</b>	<b>\$ 10,733,990</b>	<b>\$ 14,252,424</b>	<b>\$ 16,561,460</b>	<b>\$ 17,812,834</b>	<b>\$ 2,167,835</b>	<b>\$ 8,754,941</b>	<b>\$ 10,946,112</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 305,612	\$ 139,334	\$ 86,609	\$ 100,024	\$ 92,772	\$ 79,460	\$ 65,940	\$ 96,328	\$ 74,036	\$ 103,163
Unrestricted	310,523	197,002	228,977	295,328	449,260	574,732	360,493	271,531	281,090	244,016
<b>Total business-type activities net position</b>	<b>\$ 616,135</b>	<b>\$ 336,336</b>	<b>\$ 315,586</b>	<b>\$ 395,352</b>	<b>\$ 542,032</b>	<b>\$ 654,192</b>	<b>\$ 426,433</b>	<b>\$ 367,859</b>	<b>\$ 355,126</b>	<b>\$ 347,179</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 14,573,578	\$ 11,090,244	\$ 13,414,194	\$ 12,858,880	\$ 14,209,096	\$ (1,199,500)	\$ 4,060,782	\$ (36,074,720)	\$ (20,466,498)	\$ 25,519,423
Restricted	2,876,841	3,184,034	2,015,950	3,054,358	4,869,850	22,650,012	18,051,812	56,001,477	48,185,275	2,725,371
Unrestricted (deficit)	(4,369,672)	(4,257,394)	(5,476,520)	(4,783,896)	(4,284,490)	(4,234,860)	(3,873,327)	(17,391,063)	(18,608,710)	(16,951,503)
<b>Total District-wide net position</b>	<b>\$ 13,080,747</b>	<b>\$ 10,016,884</b>	<b>\$ 9,953,824</b>	<b>\$ 11,129,342</b>	<b>\$ 14,794,456</b>	<b>\$ 17,215,652</b>	<b>\$ 18,239,267</b>	<b>\$ 2,535,694</b>	<b>\$ 9,110,067</b>	<b>\$ 11,293,291</b>

Source: CAFR Exhibit A-1

Fort Lee Public Schools  
Changes in Net Position  
Last Ten Fiscal Years

	Unaudited									
	Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 23,262,961	\$ 20,525,561	\$ 22,852,291	\$ 22,037,507	\$ 21,969,182	\$ 23,773,786	\$ 23,815,229	\$ 27,839,247	\$ 29,142,296	\$ 34,384,526
Special Education	2,613,512	2,282,103	3,146,977	4,146,536	4,820,815	5,480,927	5,081,131	5,265,671	5,374,541	5,679,607
Other Special Education	2,257,617	2,313,667	2,646,190	2,506,824	2,501,588	2,439,814	2,680,798	3,111,062	3,239,151	3,548,091
Other Education	1,065,488	1,219,438	910,661	954,758	955,886	1,003,251	1,313,645	1,434,806	1,250,195	1,845,567
<b>Support Services</b>										
Tuition	4,246,167	4,650,182	4,178,690	3,149,926	3,315,783	3,472,301	3,496,240	3,792,977	4,023,439	7,296,752
Student and Instruction Related Services	6,927,382	7,038,342	8,250,972	8,138,886	8,165,565	9,010,969	9,078,827	10,175,398	10,270,186	14,039,500
School Administrative Services	3,310,440	2,858,209	3,163,425	3,327,080	2,744,677	2,549,700	2,987,540	3,361,029	2,220,269	4,405,878
Other Administrative Services	1,768,959	1,623,595	1,854,299	1,428,638	1,304,146	1,315,155	1,591,783	1,685,546	2,410,848	1,762,518
Central Services	931,765	792,153	830,678	869,440	892,131	880,547	1,113,877	1,167,626	1,139,101	1,752,401
Plant Operations and Maintenance	5,360,192	5,409,968	5,282,704	4,334,191	4,536,978	4,697,862	5,158,782	5,624,082	5,823,146	6,096,392
Pupil Transportation	1,520,693	1,743,806	1,560,289	1,343,168	1,480,565	1,493,593	1,616,017	1,711,881	1,874,599	2,339,145
Unallocated Benefits		3,996,266	4,026,554	3,493,585	3,799,983	5,939,141	4,118,192	5,883,397		
<b>Special Schools</b>	78,734									
Charter Schools								9,686	9,963	9,965
Interest on Long-Term Debt		1,993	5,360	(1,730)	(1,800)	616,664	699,444	868,913	2,492,004	2,982,464
Unallocated depreciation	747,081	757,547	745,850	746,955	731,457	902,366	982,630	976,850	982,981	-
Amortization and Capital Lease Obligations						(198,000)	(198,000)	(198,000)	(198,000)	-
Capital Outlay	-	294,537	-	-	490	384,675	384,675	3,378,021	5,568,979	567,534
<b>Total Governmental Activities</b>	<u>54,090,991</u>	<u>55,507,367</u>	<u>59,254,940</u>	<u>56,475,764</u>	<u>57,217,466</u>	<u>63,742,751</u>	<u>66,914,156</u>	<u>78,419,180</u>	<u>70,622,253</u>	<u>86,142,806</u>
<b>Business-Type Activities</b>										
Enterprise Fund	1,035,099	1,069,784	1,087,838	1,147,633	1,123,403	1,211,683	1,246,312	1,406,042	1,417,898	1,531,726
Latchkey Program	251,979	696,127	355,214	492,737	501,273	521,024	255,711	-	-	-
<b>Total Business-Type Activities</b>	<u>1,287,078</u>	<u>1,765,911</u>	<u>1,443,052</u>	<u>1,640,370</u>	<u>1,624,676</u>	<u>1,732,707</u>	<u>1,502,023</u>	<u>1,406,042</u>	<u>1,417,898</u>	<u>1,531,726</u>
<b>TOTAL DISTRICT EXPENSES</b>	<u>\$ 55,378,069</u>	<u>\$ 57,273,278</u>	<u>\$ 60,697,992</u>	<u>\$ 58,116,134</u>	<u>\$ 58,842,142</u>	<u>\$ 65,475,458</u>	<u>\$ 68,416,179</u>	<u>\$ 79,825,222</u>	<u>\$ 72,040,151</u>	<u>\$ 87,674,532</u>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges for Services	\$ 38,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,500
Operating Grants and Contributions	7,609,758	1,913,648	3,893,615	1,886,702	1,733,644	1,810,086	1,675,017	1,451,934	8,309,105	1,636,568
<b>Total Governmental Activities Program Revenues</b>	<u>7,648,458</u>	<u>1,913,648</u>	<u>3,893,615</u>	<u>1,886,702</u>	<u>1,733,644</u>	<u>1,810,086</u>	<u>1,675,017</u>	<u>1,451,934</u>	<u>8,309,105</u>	<u>1,920,068</u>
<b>Business-Type Activities:</b>										
Operating grants and Contributions	234,641	255,548	332,755	357,872	442,030	443,442	437,334	429,904	441,169	484,629
Charges for Services	1,232,167	1,103,073	1,286,354	1,343,774	1,437,357	1,460,359	836,887	915,764	964,952	1,039,190
<b>Total Business-Type Activities Program Revenues</b>	<u>1,466,808</u>	<u>1,358,621</u>	<u>1,619,109</u>	<u>1,701,646</u>	<u>1,879,387</u>	<u>1,903,801</u>	<u>1,274,221</u>	<u>1,345,668</u>	<u>1,406,120</u>	<u>1,523,779</u>
<b>TOTAL DISTRICT PROGRAM REVENUES</b>	<u>\$ 9,115,266</u>	<u>\$ 3,272,269</u>	<u>\$ 5,512,724</u>	<u>\$ 3,588,348</u>	<u>\$ 3,613,031</u>	<u>\$ 3,713,887</u>	<u>\$ 2,949,238</u>	<u>\$ 2,797,602</u>	<u>\$ 9,715,225</u>	<u>\$ 3,443,847</u>
<b>Net (Expense) Revenue</b>										
Governmental Activities	\$ (46,442,533)	\$ (53,593,719)	\$ (55,361,325)	\$ (54,589,062)	\$ (55,483,822)	\$ (61,932,665)	\$ (65,239,139)	\$ (76,067,246)	\$ (62,313,149)	\$ (84,222,738)
Business-Type Activities	179,730	(407,290)	176,057	61,276	254,711	171,094	(227,802)	(60,374)	(12,777)	(7,947)
<b>Total District-Wide Net Expense</b>	<u>\$ (46,262,803)</u>	<u>\$ (54,001,009)</u>	<u>\$ (55,185,268)</u>	<u>\$ (54,527,786)</u>	<u>\$ (55,229,111)</u>	<u>\$ (61,761,571)</u>	<u>\$ (65,466,941)</u>	<u>\$ (77,027,620)</u>	<u>\$ (62,325,926)</u>	<u>\$ (84,230,685)</u>

Fort Lee Public Schools  
Changes in Net Position  
Last Ten Fiscal Years  
  
(accrual basis of accounting)  
Unaudited

	Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes, net	\$ 44,285,119	\$ 46,056,524	\$ 47,898,785	\$ 50,245,845	\$ 51,250,762	\$ 52,275,777	\$ 53,321,293	\$ 55,438,424	\$ 57,177,129	\$ 58,320,672
Taxes levied for debt service						1,400,000	1,352,100	1,268,945	2,848,661	4,451,067
Federal and State Aid - Not Restricted	3,019,066	6,838,632	7,152,921	4,895,937	6,604,235	8,570,981	7,654,476	16,611,285	3,098,392	22,867,357
Restricted grants and contributions					663,113	1,683,536				
Cancellations Capital Outlay to Capital Reserve							1,397,566			
Tuition								43,650		
Investment Earnings	215,821	49,755	787	45	497	5,313	3,978	62,974		163,090
Miscellaneous Income	106,688	313,173	266,322	543,187	483,649	296,094	567,332	361,823	204,628	611,723
<b>Total governmental activities</b>	<b>47,626,694</b>	<b>53,258,084</b>	<b>55,318,815</b>	<b>55,685,014</b>	<b>59,002,256</b>	<b>64,241,701</b>	<b>66,490,513</b>	<b>73,787,101</b>	<b>63,328,610</b>	<b>66,413,909</b>
<b>Business-type activities:</b>										
Investment earnings	2,904	511	2,796	-	78	78	43	1,800	-	-
Miscellaneous income	-	-	-	-	-	-	-	-	-	-
<b>Total district-wide</b>	<b>\$ 47,629,598</b>	<b>\$ 53,258,595</b>	<b>\$ 55,321,611</b>	<b>\$ 55,685,014</b>	<b>\$ 59,002,334</b>	<b>\$ 64,241,779</b>	<b>\$ 66,490,556</b>	<b>\$ 73,788,901</b>	<b>\$ 63,328,610</b>	<b>\$ 66,413,909</b>
<b>Change in Net Position</b>										
Governmental activities	\$ 1,184,161	\$ (335,635)	\$ (42,510)	\$ 1,095,952	\$ 3,516,434	\$ 2,309,036	\$ 1,251,374	\$ (3,180,145)	\$ 1,015,661	\$ 2,191,171
Business-type activities	182,634	(406,779)	178,853	61,276	254,789	171,172	(227,759)	(58,574)	(12,777)	(7,947)
<b>Total district</b>	<b>\$ 1,366,795</b>	<b>\$ (742,414)</b>	<b>\$ 136,343</b>	<b>\$ 1,157,228</b>	<b>\$ 3,773,223</b>	<b>\$ 2,480,208</b>	<b>\$ 1,023,615</b>	<b>\$ (3,238,719)</b>	<b>\$ 1,002,884</b>	<b>\$ 2,183,224</b>

Source: CAFR Schedule A-2



Fort Lee Public Schools  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years

(modified accrual basis of accounting)  
Unaudited

	June, 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved	\$ 2,722,015	\$ 3,029,209	\$ 778,099							
Unreserved	1,386,135	2,235,876	958,404							
Restricted				\$ 1,639,659	\$ 3,210,976	\$ 3,658,099	\$ 2,475,618	\$ 2,293,993	\$ 3,005,256	\$ 2,725,371
Committed				274,425	1,182,757					
Assigned				650,000	1,315,959	1,864,968	1,899,690	1,227,188	724,215	843,983
Unassigned	-	-	-	1,442,570	1,297,861	1,614,117	1,565,526	1,110,988	1,622,965	1,564,525
<b>Total general fund</b>	<u>\$ 4,108,150</u>	<u>\$ 5,265,085</u>	<u>\$ 1,736,503</u>	<u>\$ 4,006,654</u>	<u>\$ 7,007,553</u>	<u>\$ 7,137,184</u>	<u>\$ 5,940,834</u>	<u>\$ 4,632,169</u>	<u>\$ 5,352,435</u>	<u>\$ 5,133,879</u>
<b>All Other Governmental Funds</b>										
Reserved										
Unreserved, reported in:										
Capital Projects Fund	\$ 154,826	\$ 154,826	\$ 1,237,851							
Debt Service Fund	-	-	-							
Restricted for:										
Capital Projects Fund				\$ 490,274	\$ (839,842)	\$ 17,050,315	\$ 13,597,666	\$ 52,416,142	\$ 44,381,239	\$ 26,833,319
Debt Service Fund						76,630	78,838	64,154	74,565	309,314
<b>Total all other governmental funds</b>	<u>\$ 154,826</u>	<u>\$ 154,826</u>	<u>\$ 1,237,851</u>	<u>\$ 490,274</u>	<u>\$ (839,842)</u>	<u>\$ 17,126,945</u>	<u>\$ 13,676,504</u>	<u>\$ 52,480,296</u>	<u>\$ 44,455,804</u>	<u>\$ 27,142,633</u>

Source: CAFR Schedule B-1 and District records.

Note 1: GASB #54 was implemented in the 2011 fiscal year, which required the presentations of fund balances to be reported in different classifications from those presented in prior years. Prior years have not been restated above and are not required to be.

**Fort Lee Public Schools  
Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years**

(modified accrual basis of accounting)  
Unaudited

	Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax Levy	\$ 44,285,119	\$ 46,056,524	\$ 47,898,785	\$ 50,245,845	\$ 51,250,762	\$ 53,675,777	\$ 54,673,393	\$ 56,707,369	\$ 60,025,790	\$ 62,771,739
Interest - Capital Reserves Funds	38,501	16,882	787	45	497	5,313	3,978	62,974		
Interest Earnings	177,320	32,873	2,946	37,589	4,894	4,720	1,918	3,777		163,090
Transportation				38,105	8,628					
Tuition				85,973	19,500	34,750		43,650		24,400
Miscellaneous	526,988	314,073	266,827	388,129	457,199	256,624	535,414	360,945	204,628	680,820
State Sources	8,856,381	6,987,844	8,227,542	5,001,235	7,271,822	10,361,082	9,931,937	10,846,091	9,707,246	10,809,055
Federal Sources	1,772,443	1,763,536	2,815,743	1,776,795	1,722,598	1,713,521	1,591,324	1,347,687	1,700,251	1,710,710
<b>Total revenue</b>	<b>55,656,752</b>	<b>55,171,732</b>	<b>59,212,430</b>	<b>57,571,716</b>	<b>60,735,900</b>	<b>66,051,787</b>	<b>66,767,984</b>	<b>69,372,473</b>	<b>71,637,915</b>	<b>76,159,814</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular	16,257,191	16,689,817	17,978,798	17,470,348	17,686,731	19,299,415	18,639,107	19,593,114	19,544,412	21,080,406
Special Education Instruction	1,828,329	1,816,700	2,392,416	3,205,818	3,799,173	4,314,565	4,191,760	3,986,239	4,173,970	3,259,281
Other Special Instruction	1,575,356	2,064,966	2,006,619	1,932,043	1,965,408	1,915,689	2,049,705	2,136,879	2,099,811	2,036,096
Other Instruction	804,182	779,313	746,698	797,260	782,915	821,887	1,070,951	1,067,469	1,034,701	1,059,091
<b>Support Services</b>										
Tuition	4,246,167	4,650,182	4,178,690	3,149,926	3,315,783	3,472,301	3,496,240	3,792,977	4,023,439	4,187,291
Student and Instruction Related Services	5,279,599	5,923,101	6,836,783	6,599,857	6,807,393	7,514,047	7,390,300	7,588,933	8,199,510	8,671,518
School Administrative Services	2,279,410	2,279,477	2,409,955	2,576,616	2,167,907	2,013,900	2,295,528	2,324,603	1,186,578	1,232,195
Other Administrative Services	1,403,297	1,418,364	1,419,757	1,265,634	1,191,334	1,189,393	1,417,870	1,440,703	2,262,267	2,410,533
Central Services	703,875	654,668	663,011	713,536	741,121	725,705	889,545	856,281	934,015	1,022,459
Plant Operations and Maintenance	4,559,453	4,688,086	4,414,450	3,939,182	4,149,469	4,296,950	4,709,092	4,947,119	5,303,185	5,125,198
Pupil Transportation	1,503,774	1,732,005	1,528,574	1,308,313	1,451,533	1,464,678	1,573,249	1,633,541	1,794,303	2,042,810
Employee Benefits	13,544,958	11,134,661	14,016,326	12,969,113	12,959,691	14,744,871	15,084,362	15,686,156	16,535,480	17,665,627
Special Schools	78,734									
Capital Outlay	901,306	446,297	3,065,910	121,496	2,046,659	5,627,007	10,620,237	20,879,515	10,088,584	23,674,224
<b>Debt Service:</b>										
Principal						780,000	655,000	665,000	685,000	2,270,000
Interest and Other Charges						559,900	697,100	680,575	2,165,869	2,243,013
Transfer to Charter School								9,686	9,963	9,965
<b>Total expenditures</b>	<b>54,965,631</b>	<b>54,277,637</b>	<b>61,657,987</b>	<b>56,049,142</b>	<b>59,065,117</b>	<b>68,740,288</b>	<b>74,780,046</b>	<b>87,288,790</b>	<b>80,041,087</b>	<b>97,989,707</b>
<b>Excess (Deficiency) of Revenues Over/ (Under) Expenditures</b>	<b>691,121</b>	<b>894,095</b>	<b>(2,445,557)</b>	<b>1,522,574</b>	<b>1,670,783</b>	<b>(2,688,501)</b>	<b>(8,012,062)</b>	<b>(17,916,317)</b>	<b>(8,403,172)</b>	<b>(21,829,893)</b>
<b>Other Financing sources (uses)</b>										
Transfer In			2,484,000	747,577	334,958	3,952	157,034	61,946	12,618	163,090
Transfer Out			(2,484,000)	(747,577)	(334,958)	(3,952)	(157,034)	(61,946)	(12,618)	(163,090)
Bonds Proceeds						20,430,000		49,840,000		
Cancellations of Capital Outlay to Capital Reserve						2,700,439	1,397,566	2,920,930		
Capital Leases (Nonbudgeted)		262,840				354,919	1,967,725	5,571,444	550,000	
<b>Total Other Financing Sources</b>	<b>-</b>	<b>262,840</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,784,919</b>	<b>3,385,291</b>	<b>55,411,444</b>	<b>550,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>691,121</b>	<b>1,156,935</b>	<b>(2,445,557)</b>	<b>1,522,574</b>	<b>1,670,783</b>	<b>18,096,418</b>	<b>(4,646,791)</b>	<b>37,495,127</b>	<b>(7,853,172)</b>	<b>(21,829,893)</b>

Source: CAFR Schedule B-2

Fort Lee Public Schools  
General Fund other Local Revenue by Source  
Last Ten Fiscal Years

(modified accrual basis of accounting)  
Unaudited

	Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund:</b>										
Interest on Investments	\$ 177,320	\$ 32,873	\$ 2,946	\$ 37,589	\$ 4,894	\$ 4,720	\$ 1,918	\$ 3,777	\$ 4,057	\$ 5,154
Summer School tuition and Fees	38,700			85,973	19,500	34,750	30,000	43,650	38,500	
Prior Years' Refunds	18,322									
Rentals		98,667	94,500	140,550	174,175	95,000	5,500			19,000
Donations		5500	2,721	433	89,635	2,150	500	200	8,383	
Transportation			37,584	38,105	8,628					
Cancellation of Prior Year Void Checks		7,554	7,194	2,443		1,737	5,305	5,319		
Refund of prior year's expenditures										204,060
Contributions	13,574									
Miscellaneous - Restricted:										
Reimbursement of Custodial	433,600	194,611	110,565	97,409	84,620	82,086	203,911	264,722		
Athletic Receipts	3,712	587	1,356	4,463	4,650	6,198	5,021	3,623	3,135	4,622
Other	4,075			93,448		7,862	4,259	4,691		
Book Fines	9,030	5,268	5,023	2,839		2,061	1,282	1,108		
Restitution Non-Residents										
Miscellaneous - Unrestricted	3,209	1,886	4,433	39,935	97,547	46,020	309,636	78,383	137,935	82,192
Total Miscellaneous	701,542	346,946	266,322	543,187	483,649	282,584	567,332	405,473	192,010	315,028
Interest on Capital Reserve Funds	38,501	16,882	787	45	497	1,827	1,770	1,028	-	-
<b>Total General Fund</b>	<b>\$ 740,043</b>	<b>\$ 363,828</b>	<b>\$ 267,109</b>	<b>\$ 543,232</b>	<b>\$ 484,146</b>	<b>\$ 284,411</b>	<b>\$ 569,102</b>	<b>\$ 406,501</b>	<b>\$ 192,010</b>	<b>\$ 315,028</b>

Source: District Records

Fort Lee Public Schools  
Assessed Value and Actual Value of Taxable Property  
Last Ten Fiscal Years

Unaudited

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 <sup>b</sup>
2008	\$ 122,770,000	\$ 3,554,620,700			\$ 937,765,700	\$ 10,158,200	\$ 1,414,385,820	\$ 6,039,700,420	\$ 8,337,130	\$ 6,048,037,550	\$ 6,522,953,051	\$ 0.747
2009	124,914,300	3,585,523,400			938,590,300	9,419,200	1,415,253,320	6,073,700,520	8,723,969	6,082,424,489	6,551,544,738	0.773
2010	124,462,700	3,594,309,700			940,895,100	9,419,200	1,440,155,620	6,109,242,320	8,564,849	6,117,807,169	6,417,757,379	0.802
2011	127,344,500	3,599,114,200			939,857,600	9,419,200	1,437,682,320	6,113,417,820	9,180,439	6,122,598,259	6,269,720,961	0.829
2012	100,665,200	3,599,241,400			926,385,300	9,419,200	1,440,403,020	6,076,114,120	9,979,526	6,086,093,646	6,422,088,137	0.862
2013	89,754,800	3,590,670,300			935,193,700	9,419,200	1,444,617,220	6,069,655,020	7,980,343	6,077,635,363	6,409,219,554	0.892
2014	142,308,600	3,602,571,100			844,174,100	9,419,200	1,491,298,420	6,089,771,420	7,070,493	6,096,841,913	6,648,765,883	0.913
2015	134,175,700	3,608,370,300			842,175,900	10,535,200	1,553,522,520	6,148,779,620	7,128,641	6,155,908,261	6,681,878,554	0.948
2016	136,727,900	3,757,896,600			828,681,100	7,383,200	1,526,461,920	6,257,150,720	7,663,788	6,264,814,508	6,452,355,023	0.981
2017	118,728,600	3,791,428,000			851,244,800	7,383,200	1,634,453,120	6,403,237,720	8,365,088	6,411,602,808	6,595,156,782	0.986

\* Machinery, Implements and Equipment and all other taxable personal property used in the business of telephone, telegraph and messenger system companies.

Fort Lee Public Schools  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (rate per \$100 of assessed value)

Unaudited

Year Ended June 30,	Total Direct Tax Rate for Board of Education	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipal Rate	County Rate	
2008	\$ 0.747	\$ 0.888	\$ 0.196	\$ 1.831
2009	0.773	0.911	0.207	1.892
2010	0.802	0.933	0.212	1.948
2011	0.829	0.940	0.219	1.988
2012	0.862	0.964	0.226	2.052
2013	0.892	0.991	0.240	2.123
2014	0.913	1.001	0.247	2.161
2015	0.948	0.992	0.262	2.202
2016	0.981	1.009	0.264	2.254
2017	0.986	1.027	0.259	2.272

Source: District Records and Municipal Tax Collector.

Fort Lee Public Schools  
Principal Property Tax Payers  
Current Year and Nine Years Ago

Unaudited

Top 10 Taxpayers	2017		Top 10 Taxpayers	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
1266 Apartment Corp.	\$ 252,500,000	4.03%	1266 Apartment Corp.	\$ 289,151,000	4.78%
1530 Owners Corp.	168,478,000	2.69%	1530 Owners Corp.	168,478,000	2.79%
Fort Lee Phase I Owners, LLC	134,000,000	2.14%	Executive Park LLC	99,103,500	1.64%
TCD Fort Lee, LLC	92,300,000	1.47%	Mediterranean Towers West Owners, Inc.	91,058,000	1.51%
Southbridge Park, LLC	82,673,000	1.32%	CCA Crest at Fort Lee, LLC	83,825,300	1.39%
Crest at Fort Lee, LLC	82,000,000	1.31%	Southbridge Park, LLC	82,673,000	1.37%
2100 Linwood Avenue Owners Inc.	78,000,000	1.25%	2100 Linwood Avenue Owners Inc.	78,103,500	1.29%
Mediterranean Towers West Owners, Inc.	72,000,000	1.15%	Town& County Developers	77,433,600	1.28%
One Century City Apartment Corp.	64,703,000	1.03%	1170 Apt Corp	70,584,020	1.17%
Northbridge Park Co-Op, Inc.	63,267,000	1.01%	2000 Linwood Avenue Owners, Inc.	69,403,000	1.15%

Source:Fort Lee Municipal Tax Assessor.

**Fort Lee Public Schools  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

Unaudited

Year Ended June 30,	School Taxes Levied Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 44,285,119	\$ 44,285,119	100.00%	\$ -
2009	46,977,655	46,977,655	100.00%	
2010	47,898,785	47,898,785	100.00%	
2011	50,245,845	50,245,845	100.00%	
2012	51,250,762	51,250,762	100.00%	
2013	53,675,777	53,675,777	100.00%	
2014	54,673,393	54,673,393	100.00%	
2015	56,707,369	56,707,369	100.00%	
2016	60,025,789	60,025,789	100.00%	
2017	62,771,739	62,771,739	100.00%	

Source: District records including the Certificate and Report of School Taxes (A4F form).

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount certified prior to the end of the school fiscal year - June 30th.

Fort Lee Public Schools  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Unaudited

Year Ended June 30,	<u>Governmental Activities</u>			Percentage of Personal Income	Per Capita
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>	<u>Total District</u>		
2008	\$ -	\$ -	\$ -	0.00%	\$ 67,544
2009			-	0.00%	67,331
2010			-	0.00%	63,874
2011		157,715	157,715	0.01%	63,885
2012		107,229	107,229	0.00%	67,248
2013	17,670,000	409,604	18,079,604	0.72%	69,281
2014	17,015,000	2,248,388	19,263,388	N/A	73,424
2015	66,190,000	7,750,964	73,940,964	N/A	75,849
2016	65,505,000	7,672,224	73,177,224	N/A	N/A
2017	63,235,000	6,656,463	69,891,463	N/A	N/A

N/A - Not Available



Fort Lee Public Schools  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years

Unaudited

Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2008	\$ -	\$ -	\$ -		\$ 67,544
2009					67,331
2010					63,874
2011					63,885
2012					67,248
2013	17,670,000		17,670,000	0.29%	69,281
2014	17,015,000		17,015,000	0.28%	69,495
2015	66,190,000		66,190,000	0.00%	N/A
2016	65,505,000		65,505,000	N/A	N/A
2017	63,235,000		63,235,000	N/A	N/A

Notes:

a See Exhibit J-6 for property tax data.

b Population data can be found in J-14.

Fort Lee Public Schools  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2016

Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Net Overlapping Debt of School District:			
Borough of Fort Lee	\$ 57,336,944	100%	\$ 57,336,944
County of Bergen - Borough's Share	3,451,126	3.967%	136,906
Bergen County Utility Authority - Borough's Share	16,510,906	7.889%	<u>1,302,545</u>
Subtotal, Overlapping Debt			58,776,396
Fort Lee School District Direct Debt			<u>64,800,000</u>
<b>Total Direct and Overlapping Bonded Debt</b>			<u><u>\$ 123,576,396</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Bergen County Board of Taxation.  
Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Fort Lee. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

- (a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the District's boundaries and dividing it by each unit's total equalized property value.

Fort Lee Public Schools  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

Unaudited

Year	Equalized Valuation Basis
2017	\$ 6,595,156,782
2016	6,452,355,023
2015	<u>6,691,878,554</u>
[A]	\$ <u>19,729,390,359</u>

Average Equalized Valuation of Taxable Property	\$ <u>6,576,483,453</u>
Debt Limit (4% of Average Equalization Value)	\$ 263,058,538
Net Bonded School Debt	<u>63,235,000</u>
Legal Debt Margin	\$ <u>199,823,538</u>

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 227,749,168	\$ 239,922,048	\$ 251,121,316	\$ 259,326,993	\$ 256,555,056	\$ 172,693,511	\$ 239,831,696	\$ 239,831,696	\$ 262,902,474	\$ 265,083,477	\$ 263,058,538
Total net debt applicable to limit							17,870,000	17,015,000	66,190,000	65,505,000	63,235,000
Legal debt margin	\$ <u>227,749,168</u>	\$ <u>239,922,048</u>	\$ <u>251,121,316</u>	\$ <u>259,326,993</u>	\$ <u>256,555,056</u>	\$ <u>172,693,511</u>	\$ <u>222,161,696</u>	\$ <u>222,816,696</u>	\$ <u>196,712,474</u>	\$ <u>199,578,477</u>	\$ <u>199,823,538</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.37%	7.09%	25.18%	24.71%	24.04%

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

**Fort Lee Public Schools  
Demographic and Economic Statistics  
Last Ten Fiscal Years**

Unaudited

Year	Population <sup>a</sup>	Personal Income <sup>b</sup>	Bergen County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2008	36,107	\$ 2,431,120,417	\$ 67,331	3.2%
2009	36,288	2,317,859,712	63,874	5.9%
2010	35,392	2,261,017,920	63,885	6.3%
2011	35,664	2,398,332,672	67,248	6.2%
2012	35,841	2,483,100,321	69,281	5.8%
2013	36,310	2,523,363,450	69,495	5.8%
2014	37,026	2,722,743,936	73,536	4.2%
2015	36,672	N/A	N/A	3.5%
2016	35,461	N/A	N/A	N/A
2017	37,577	N/A	N/A	N/A

Source:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development.

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 and 2010 Census published by the US Bureau of Economic Analysis

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development.

N/A - Not Available at Time of Audit

R - Revised

P - Projected

Fort Lee Public Schools  
Principal Employers  
Current Year and Nine Years Ago

Unaudited

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
Not available		0.00%		0.00%
		0.00%		0.00%
		0.00%		0.00%
		0.00%		0.00%
		0.00%		0.00%
		0.00%		0.00%
	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>

Fort Lee Public Schools  
Full-time Equivalent District Employees by Function/Program  
Last Ten Fiscal Years

Unaudited

<u>Function/Program</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>	<u>2017</u>
Instruction										
Regular	233.0	237.0	241.0	229.0	212.0	231.0	260.0	271.5	271.5	237.1
Special Education	27.0	27.0	29.0	37.0	64.0	82.0	63.0	61.5	61.5	70.3
Other Special Education	31.0	29.0	28.5	33.5	23.0	24.0	27.0	26.0	26.0	47.0
Other Instructional										25.2
Support Services:										
Student and Instructional Related Services	64.0	66.0	67.0	71.5	78.5	95.0	82.0	79.0	79.0	55.6
General Administration	12.0	12.0	12.0	10.0	8.5	8.0	8.0	8.5	8.5	5.0
School Administrative Services	33.0	33.0	33.0	24.0	24.0	22.0	26.0	26.5	26.5	25.8
Business Administrative Services	6.0	6.0	6.0	13.0	14.0	15.0	17.0	17.0	17.0	21.6
Plant Operations and Maintenance	46.0	45.0	44.0	21.0	20.5	21.0	21.0	22.0	22.0	24.1
<b>Total</b>	<u>452.0</u>	<u>455.0</u>	<u>460.5</u>	<u>439.0</u>	<u>444.5</u>	<u>498.0</u>	<u>504.0</u>	<u>512.0</u>	<u>512.0</u>	<u>511.7</u>

Source: District Personnel Records

Fort Lee Public Schools  
Operating Statistics  
Last Ten Fiscal Years

Unaudited

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle	Senior High School				
2008	3,551	\$ 54,965,631	\$ 15,479	-1.52%	233.0	1:17	1:12	1:14	3,488.0	3,338.0	0.37%	95.70%
2009	3,545	54,277,637	15,311	1.08%	237.0	1:18	1:11	1:14	3,454.0	3,296.0	0.97%	95.43%
2010	3,621	58,592,077	16,181	-5.68%	241.0	1:18	1:11	1:14	3,543.0	3,406.0	-2.58%	96.13%
2011	3,671	55,927,646	15,235	5.85%	229.0	1:17	1:11	1:14	3,601.0	3,450.0	-1.64%	95.81%
2012	3,727	57,018,458	15,299	-0.42%	212.0	1:17	1:11	1:14	3,689.0	3,547.0	-2.44%	96.15%
2013	3,791	61,773,381	16,295	-6.51%	231.0	1:17	1:11	1:14	3,740.0	3,570.0	-1.38%	95.45%
2014	3,819	62,807,709	16,446	-0.93%	291.0	1:10	1:10	1:10	3,779.0	3,606.0	-1.04%	95.42%
2015	3,787	65,063,700	17,181	-4.47%	299.0	1:09	1:09	1:09	3,728.0	3,545.0	1.35%	95.09%
2016	3,857	67,101,634	17,397	-1.26%	295.0	N/A	N/A	N/A	3,705.0	3,549.0	0.62%	95.79%
2017	3,824	69,802,470	18,254	4.92%	294.0	1:11	1:13	1:12	3,747.3	3,586.5	1.14%	95.71%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

N/A Not Available

Fort Lee Public Schools  
School Building Information  
Last Ten Fiscal Years

Unaudited

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Facility</b>										
<b>Elementary</b>										
<b>Elementary School #1</b>										
Square Feet	57,938	57,938	57,938	57,938	57,938	57,938	57,938	57,938	57,938	57,938
Functional Capacity	447	447	447	447	447	447	447	447	447	447
Enrollment	517	529	529	634	644	678	708	666	708	677
<b>Elementary School #2</b>										
Square Feet	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989
Functional Capacity	339	339	339	339	339	339	339	339	447	447
Enrollment <sup>a</sup>	415	421	421	422	428	455	457	470	457	483
<b>Elementary School #3</b>										
Square Feet	41,974	41,974	41,974	41,974	41,974	41,974	41,974	41,974	41,974	41,974
Functional Capacity	392	392	392	392	392	392	392	392	392	392
Enrollment	490	497	497	513	533	530	536	534	536	560
<b>Elementary School #4</b>										
Square Feet	48,722	48,722	48,722	48,722	48,722	48,722	48,722	48,722	48,722	48,722
Functional Capacity	395	395	395	395	395	395	395	395	395	395
Enrollment	474	493	493	535	516	540	541	551	541	574
<b>Middle Schools</b>										
<b>Lewis F. Cole Middle School</b>										
Square Feet	78,455	78,455	78,455	78,455	78,455	78,455	78,455	78,455	78,455	78,455
Functional Capacity	295	295	295	295	295	295	295	295	395	395
Enrollment	528	477	477	526	556	574	558	534	541	578
<b>High School</b>										
<b>Fort Lee High School</b>										
Square Feet	142,789	142,789	142,789	142,789	142,789	142,789	142,789	142,789	142,789	142,789
Functional Capacity	552	552	552	552	552	552	552	552	552	552
Enrollment	1,041	1,039	1,039	979	995	959	978	983	978	953

Number of Schools at June 30, 2017

    Elementary = 4

    Middle School = 1

    Senior High School = 1

**Source:** District Records, ASSA



Fort Lee Public Schools  
General Fund  
Schedule of Required Maintenance  
Last Ten Fiscal Years

Unaudited

**Undistributed Expenditures - Required Maintenance for School Facilities**

Undistributed Expenditures - Required Maintenance for Required School facilities  
11-000-261-XXX

<u>School Facilities</u>	<u>School #</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Fort Lee High School	50	\$ 178,060	\$ 230,785	\$ 143,804	\$ 211,437	\$ 177,364	\$ 201,794	\$ 136,945	\$ 210,988	\$ 287,542	\$ 271,993
Lewis F. Cole Middle School	100	67,317	52,546	77,481	97,829	80,173	78,468	67,095	86,179	126,885	111,862
Elementary School #1	60	97,856	45,004	50,383	80,468	65,678	78,720	76,040	98,065	108,715	124,887
Elementary School #2	70	76,727	26,777	53,205	39,226	39,221	82,480	49,203	68,348	83,985	88,111
Elementary School #3	80	63,688	42,970	42,834	47,362	53,743	48,255	44,730	58,245	77,274	75,086
Elementary School #4	90	92,449	100,747	34,504	71,315	68,262	50,202	53,676	72,508	87,104	94,240
		<u>576,097</u>	<u>498,829</u>	<u>402,211</u>	<u>547,637</u>	<u>484,441</u>	<u>539,919</u>	<u>427,689</u>	<u>594,333</u>	<u>771,505</u>	<u>766,179</u>

\* School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Fort Lee Public Schools  
Insurance Schedule  
June 30, 2017

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
<b>School Package Property - School Alliance Fund</b>		
Property - Blanket Building and Contents	\$ 500,000,000	\$ 2,500
Flood/earthquake		25,000
Comprehensive General Liability		
General Aggregate	5,000,000	
Each Occurance	5,000,000	
Prod/Completed Oper.	5,000,000	
Fire Damage Legal Liability	2,500,000	
Personal Injury	5,000,000	
Medical Expense	5,000	
Employee Benefit each occurrence/aggregate	5,000,000	1,000
Automobile Liability CSL		
Combined Limit	5,000,000	1,000
Comprehensive Crime Coverage		
Employee Dishonesty	500,000	1,000
Robbery - Outside/Inside	50,000/50,000	1,000
Boiler and Machinery - School Alliance Insurance Fund		
Property Damage		
Board of Education Liability - National Union Fire Ins	100,000,000	1,000
Limit of Liability	5,000,000	5,000
School Board Legal Liability		
Directors' and Officers' Policy		
Excess Liability - Fireman's Fund Insurance Co		
Each Occurance/Aggregate	30,000,000	
Excess of	10,000,000	
Environmental Site Specific - ACE American Insurance Co.		
Each Occurance/Aggregate	1,000,000/25,000,000	10,000
Public Officials Board		
Board Secretary/Business Administrator	200,000	
Treasurer of School Monies	340,000	
Assistant Board Secretary/Business Administrator	200,000	
Student Accident - Monument Life Insurance Co.		
Students	In 500,000	
Athletics	5,000,000	
Worker's Compensation		
Employee Dishonesty Bond		

Note: The District is part of the Northeast Bergen County School Insurance Group (NESBIG). The above coverages are the combined amounts for all the school districts under master policies with insurance companies.

## **Single Audit Section**

**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 Auditors' Report**

**The Honorable President and Members  
of the Board of Education  
Fort Lee Public Schools  
County of Bergen  
Fort Lee, New Jersey**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fort Lee Public Schools, in the County of Bergen, New Jersey (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 4, 2017.

**Internal Control Over Financial Reporting**

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

**The Honorable President and Members  
of the Board of Education  
Fort Lee Public Schools**

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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 item 2017-001 that we consider to be a significant deficiency.

**Compliance and Other Matters**

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

**District's Response to Finding 2017-001**

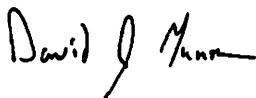
The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

December 4, 2017  
Cranford, New Jersey



David J. Gannon  
Licensed Public School Accountant  
No. 2305



**Report on Compliance For Each Major Federal and State Program and  
on Internal Control Over Compliance Required by the  
Uniform Guidance and New Jersey OMB Circular 15-08**

**Independent Auditors' Report**

**The Honorable President and Members  
of the Board of Education  
Fort Lee Public Schools  
County of Bergen  
Fort Lee, New Jersey**

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

We have audited the Fort Lee Public Schools, in the County of Bergen, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2017. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District'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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 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 and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

**The Honorable President and Members  
of the Board of Education  
Fort Lee Public Schools**

Page 2

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 District's compliance.

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

In our opinion, the District 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 year ended June 30, 2017.

**Report on Internal Control Over Compliance**

Management of the District 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 District'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 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 District's internal control over compliance.

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

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

**The Honorable President and Members  
of the Board of Education  
Fort Lee Public Schools**

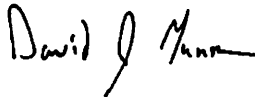
Page 3

**Purpose of this Report**

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 Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purposes.

*PKF O'Connor Davies, LLP*

December 4, 2017  
Cranford, New Jersey



David J. Gannon  
Licensed Public School Accountant  
No. 2305



Fort Lee Public Schools  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Award Amount	Grant Period		Balance at June 30, 2016	Carryover/Walkover Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2017		
				From	To					(Accounts Receivable)	Unearned Revenue	Due to Grantor
<b>U.S. Department of Health and Human Services</b>												
<b>Passed Through State Department of Education</b>												
General Fund:												
Medical Assistance Program - SEMI	93.778	1705NJ5MAP	\$ 21,355	7/1/2016	6/30/2017			\$ 21,355	\$ (21,355)			
Total General Fund								21,355	(21,355)			
<b>U.S. Department of Education—Passed-Through State</b>												
<b>Department of Education</b>												
Special Revenue Fund:												
Title I, Part A	84.010A	S010A170030	551,915	7/1/2016	6/30/2017			370,462	(530,990)	\$ (160,528)		
Title I, Part A	84.010A	S010A160030	431,026	7/1/2015	6/30/2016	\$ (425,024)		420,994		(4,030)		
Title II, Part A	84.367A	S367A170029	142,486	7/1/2016	6/30/2017			103,850	(140,430)	(36,580)		
Title II, Part A	84.367A	S367A160029	124,117	7/1/2015	6/30/2016	(119,760)		119,760				
Title III	84.365A	S365A170030	87,547	7/1/2016	6/30/2017			62,638	(87,547)	(24,909)		
Title III	84.365A	S365A160030	169,733	7/1/2015	6/30/2016	(169,733)		133,678		(36,055)		
Title III, Supplemental Immigrant Student Aid	84.365A	S365A170030	31,604	7/1/2016	6/30/2017			30,069	(33,280)	(3,211)		
Title III, Supplemental Immigrant Student Aid	84.365A	S365A160030	93,113	7/1/2015	6/30/2016	(91,830)		91,830				
Special Education Cluster:												
IDEA Part B	84.027	S027A170100	891,933	7/1/2016	6/30/2017			757,357	(873,041)	(115,684)		
IDEA Part B	84.027	S027A160100	1,002,105	7/1/2015	6/30/2016	(455,938)		455,938				
IDEA Preschool	84.173	S173A170114	26,531	7/1/2016	6/30/2017			20,545	(20,545)			
IDEA Preschool	84.173	S173A160114	21,273	7/1/2015	6/30/2016	(20,298)		20,298				
Subtotal of Special Education Cluster						(476,238)		1,254,138	(893,586)	(115,684)		
Total Special Revenue Fund						(1,282,583)		2,587,419	(1,685,833)	(380,997)		
<b>U.S. Department of Agriculture—Passed-Through State</b>												
<b>Department of Agriculture</b>												
Enterprise Fund:												
Child Nutrition Cluster:												
Food Donation Program (NC)	10.555	171NJ304N109	81,597	7/1/2016	6/30/2017			83,868	(81,597)	\$ 2,271		
School Breakfast Program	10.553	171NJ304N109	21,631	7/1/2016	6/30/2017			25,418	(32,137)	(6,719)		
School Breakfast Program	10.553	161NJ304N109	35,547	7/1/2015	6/30/2016	(8,441)		8,441				
National School Lunch Program	10.555	171NJ304N109	337,334	7/1/2016	6/30/2017			270,084	(337,334)	(67,250)		
National School Lunch Program	10.555	161NJ304N109	326,131	7/1/2015	6/30/2016	(68,867)		68,867				
Subtotal of Child Nutrition Cluster						(77,308)		456,678	(451,068)	(73,969)	2,271	
Federal PB Lunch - Healthy Hunger-Free Kids Act of 2010	10.555	171NJ304N109	19,351	7/1/2016	6/30/2017			15,551	(19,351)	(3,800)		
Federal PB Lunch - Healthy Hunger-Free Kids Act of 2010	10.555	161NJ304N109	19,042	7/1/2015	6/30/2016	(3,954)		3,954				
Total Enterprise Fund						(81,262)		476,183	(470,419)	(77,789)	2,271	
Total Federal Awards						<u>\$(1,363,845)</u>	<u>\$ -</u>	<u>\$ 3,084,957</u>	<u>\$ (2,177,607)</u>	<u>\$ (458,766)</u>	<u>\$ 2,271</u>	<u>\$ -</u>

NC - non-cash expenditures

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

Fort Lee Public Schools  
Schedule of Expenditures of State Financial Assistance  
Year ended June 30, 2017

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2016			Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2017			Memo	
			From	To	Unearned Rev. (Accts Rec)	Due to Grantor	Cash Received				Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures
<b>State Department of Education</b>															
<b>General Fund:</b>															
Special Education Categorical Aid	495-034-5120-089	\$ 1,788,720	7/1/2016	6/30/2017	\$ (115,126)		\$ 1,812,074							\$ (91,772)	\$ (1,788,720)
Categorical Transportation Aid	495-034-5120-014	91,990	7/1/2016	6/30/2017	(3,639)		90,909							(4,720)	(91,990)
Security Aid	495-034-5120-084	105,243	7/1/2016	6/30/2017	(4,209)		104,052							(5,400)	(105,243)
PARCC Readiness Aid	495-034-5120-098	38,770	7/1/2016	6/30/2017	(1,778)		38,559							(1,989)	(38,770)
Per Pupil Growth Aid	495-034-5120-097	38,770	7/1/2016	6/30/2017	(1,778)		38,559							(1,989)	(38,770)
Professional Learning Community Aid	495-034-5120-101	37,790	7/1/2016	6/30/2017			35,851							(1,938)	(37,790)
Extraordinary Aid	100-034-5120-473	400,000	7/1/2016	6/30/2017									\$ (1,293,607)		(1,293,607)
Extraordinary Aid	100-034-5120-473	1,028,909	7/1/2015	6/30/2016	(1,028,909)		1,028,909								
Additional NP Transportation Aid		Not Available	36,450	7/1/2016	6/30/2017									(36,450)	(36,450)
Additional NP Transportation Aid		Not Available	25,707	7/1/2015	6/30/2016	(25,707)		25,707							
Other Restricted State Aid		Not Available	158,400	7/1/2016	6/30/2017			158,400							(158,400)
Reimbursed TPAF - Social Security	495-034-5094-003	1,955,549	7/1/2016	6/30/2017			1,863,131							(92,418)	(1,955,549)
Reimbursed TPAF - Social Security	495-034-5094-003	2,043,427	7/1/2015	6/30/2016	(179,688)		179,688								
On-behalf TPAF Contributions															
Pension Benefit Contribution	495-034-5094-006	2,782,492	7/1/2016	6/30/2017			2,782,492								(2,782,492)
Post-Retirement Medical Contribution	495-034-5094-001	2,318,449	7/1/2016	6/30/2017			2,318,449								(2,318,449)
Long-Term Disability Insurance Contributions	495-034-5094-001	6,887	7/1/2016	6/30/2017			6,887								(6,887)
<b>Total General Fund</b>					<b>(1,360,834)</b>		<b>10,483,667</b>		<b>(10,653,117)</b>				<b>(1,422,475)</b>	<b>(107,808)</b>	<b>(10,653,117)</b>
<b>Special Revenue Fund:</b>															
<b>New Jersey Non-Public Aid:</b>															
Nursing Aid	100-034-5120-070	20,610	7/1/2016	6/30/2017			20,610								(20,610)
Textbook Aid	100-034-5120-064	13,200	7/1/2016	6/30/2017			13,200						\$ 3,249		(9,951)
Textbook Aid	100-034-5120-064	13,133	7/1/2015	6/30/2016		\$ 1,065				\$ (1,065)					
Technology Initiative	100-034-5120-070	5,954	7/1/2016	6/30/2017			5,954							591	(5,363)
Technology Initiative	100-034-5120-070	5,980	7/1/2015	6/30/2016			595							(595)	
Security Aid	100-034-5120-509	11,450	7/1/2016	6/30/2017			11,450							50	(11,400)
<b>Non Public Auxiliary Services (Ch. 192):</b>															
Home Instruction	100-034-5120-067	173	7/1/2015	6/30/2017	(173)		173							(3,652)	(3,652)
English as a Second Language		23,364	7/1/2016	6/30/2017			23,020							6,486	(16,534)
English as a Second Language		24,157	7/1/2015	6/30/2016			5,090							(5,090)	
Compensatory Education		44,446	7/1/2016	6/30/2017			44,790							3,225	(41,565)
Compensatory Education		36,718	7/1/2015	6/30/2016			1,015							(1,015)	
<b>Non Public Handicapped Services (Ch. 193):</b>															
Supplemental Instruction	100-034-5120-066	8,632	7/1/2016	6/30/2017			8,632								(8,632)
Supplemental Instruction		5,050	7/1/2015	6/30/2016			1,263							(1,263)	
Examination and Classification		13,144	7/1/2016	6/30/2017			13,144							4,325	(8,819)
Examination and Classification		20,442	7/1/2015	6/30/2016			6,135							(6,135)	
Corrective Speech		30,923	7/1/2016	6/30/2017			30,923							20,233	(10,690)
Corrective Speech		12,290	7/1/2015	6/30/2016			2,090							(2,090)	
<b>Total Special Revenue Fund</b>					<b>(173)</b>	<b>17,253</b>	<b>171,896</b>	<b>(137,216)</b>		<b>(17,253)</b>		<b>(3,652)</b>	<b>38,159</b>		<b>(137,216)</b>
<b>Capital Projects Fund:</b>															
NJ Schools Development Authority	2940-045-02-0798/0496	11,011,110	7/1/2002	Completion	(1,269,374)		438,998		\$ 14,528					(815,848)	
<b>Total Capital Projects Fund</b>					<b>(1,269,374)</b>		<b>438,998</b>		<b>14,528</b>					<b>(815,848)</b>	
<b>State Department of Agriculture</b>															
<b>Enterprise Fund:</b>															
State School Lunch Program (State share)	100-010-3360-067	14,210	7/1/2016	6/30/2017			11,415							(2,795)	(14,210)
State School Lunch Program (State share)	100-010-3360-067	14,010	7/1/2015	6/30/2016	(2,916)		2,916								
<b>Total Enterprise Fund</b>					<b>(2,916)</b>		<b>14,331</b>		<b>(14,210)</b>					<b>(2,795)</b>	<b>(14,210)</b>
<b>Total State Awards</b>					<b>\$ (2,633,297)</b>	<b>\$ 17,253</b>	<b>\$ 11,108,892</b>	<b>\$ (10,804,543)</b>	<b>14,528</b>	<b>\$ (17,253)</b>	<b>\$ -</b>	<b>\$ (2,244,770)</b>	<b>\$ 38,159</b>	<b>\$ (107,808)</b>	<b>\$ (10,804,543)</b>
<b>State Financial Assistance Not Subject to Single Audit Determination:</b>															
<b>General Fund:</b>															
On-behalf TPAF Contributions															
Pension Benefit Contribution	495-034-5094-006	2,782,492	7/1/2016	6/30/2017			(2,782,492)		2,782,492						2,782,492
Post-Retirement Medical Contribution	495-034-5094-001	2,318,449	7/1/2016	6/30/2017			(2,318,449)		2,318,449						2,318,449
Long-Term Disability Insurance Contributions	495-034-5094-001	6,887	7/1/2016	6/30/2017			(6,887)		6,887						6,887
<b>Total State Financial Assistance Subject to Single Audit Determination</b>					<b>\$ (2,633,297)</b>	<b>\$ 17,253</b>	<b>\$ 6,001,064</b>	<b>\$ (5,696,715)</b>	<b>14,528</b>	<b>\$ (17,253)</b>	<b>\$ -</b>	<b>\$ (2,244,770)</b>	<b>\$ 38,159</b>	<b>\$ (107,808)</b>	<b>\$ (5,696,715)</b>

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

Fort Lee Public Schools

Notes to Schedules of Expenditures of  
Federal Awards and State Financial Assistance

Year ended June 30, 2017

**1. General**

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

**2. Basis of Accounting**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise funds, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These basis of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

**3. Relationship to Basic Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic 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 fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

Fort Lee Public Schools

Notes to Schedules of Expenditures of  
Federal Awards and State Financial Assistance

Year ended June 30, 2017

**3. Relationship to Basic Financial Statements (Continued)**

The general fund is presented in the accompanying schedules on the modified accrual basis of accounting with the exception of the revenue recognition of the last two state aid payments in the current 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 the last two 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, whereas the GAAP basis does not. The special revenue fund also recognizes the last 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 \$18,722 for the general fund and \$7,228 for the special revenue fund. See note 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 (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 21,355	\$ 10,671,839	\$ 10,693,194
Special Revenue Fund	1,689,355	137,216	1,826,571
Food Service Enterprise Fund	470,419	14,210	484,629
Total financial award revenues	<u>\$ 2,181,129</u>	<u>\$ 10,823,265</u>	<u>\$ 13,004,394</u>

The adjustment to reconcile from budgetary basis accounts to GAAP basis accounts receivable for the special revenue fund is \$2,820 for federal awards. This is a result of recognizing encumbrances as expenditures on the budgetary basis on the schedules of federal awards and state financial assistance and not on the GAAP basis.

**4. Relationship to Federal and State Financial Reports**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

Fort Lee Public Schools

Notes to Schedules of Expenditures of  
Federal Awards and State Financial Assistance

Year ended June 30, 2017

**5. Other**

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2017.

The post-retirement pension, medical and disability insurance benefits received on behalf of the District for the year ended June 30, 2017 amounted to \$5,107,828. Since on-behalf post retirement, medical and disability insurance benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

**6. Indirect Costs**

The District did not use the 10% de minimis indirect cost rate.

Fort Lee Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2017

**Part I - Summary of Auditor's Results (continued)**

**Financial Statements Section**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?            Yes   X   No

Are any significant deficiencies identified?   X   Yes            None Reported

Is any noncompliance material to financial statements noted?            Yes   X   No

**Federal Awards**

Internal control over major federal programs:

Are any material weaknesses identified?            Yes   X   No

Are any significant deficiencies identified?            Yes   X   None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?            Yes   X   No

Identification of major programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027	S027A170100	Special Education Cluster:
84.173	S173A170114	IDEA Part B, Basic
		IDEA Part B, Preschool Cluster

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

Auditee qualified as low-risk auditee?   X   Yes            No

Fort Lee Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2017

**Part I - Summary of Auditor's Results (continued)**

**State Awards Section**

Internal control over major state programs:

Are any material weaknesses identified? \_\_\_\_\_ Yes   X   No

Are any significant deficiencies identified? \_\_\_\_\_ Yes   X   None reported

Type of auditors' report issued on compliance for major state programs: \_\_\_\_\_   Unmodified  

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08? \_\_\_\_\_ Yes   X   No

Identification of major state programs:

<b>GMIS/Program Number</b>	<b>Name of State Program or Cluster</b>
	State Aid Cluster:
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-101	Professional Learning Community Aid

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

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

Fort Lee Public Schools

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

**Part II – Schedule of Financial Statement Findings**

**Significant Deficiency in Internal Control**

***Finding 2017-001***

*Criteria:*

A properly functioning financial statement close process provides an adequate internal control system to ensure that appropriate month and year-end internal controls are in place to ensure that financial statements produced on a timely basis and are materially accurate.

*Condition:*

The District's business office personnel perform certain financial statement close process procedures on a monthly basis and at year end which include the posting of journal entries and other various accruals and reconciliations. During our audit, we noted some opportunities for improvement as it relates to the District's financial statement close process.

*Context:*

In addition to the District maintaining its general ledger on Systems 3000, the District also maintained the activity of the food service fund, certain capital projects activity and certain capital lease activity in Quick Books. This process of maintaining this information separate from the District's general ledger was started prior to the 2016 fiscal year.

As a result of not maintaining all activity within the general ledger, the District's 2016 financial statements were required to be re-stated for the omission of cash and fund balance in the amount of \$4,353,116 related to its energy savings improvement program. Additionally, \$1,218,328 of expenditures from the 2016 fiscal year were omitted and not capitalized as construction in progress as of June 30, 2016.

The following was also noted:

- By not maintaining all funds within one general ledger system, it was difficult to track and reconcile inter fund activity;
- Capital projects fund cash from June 30, 2016 was under-stated by \$54,950;



Fort Lee Public Schools

Schedule of Findings and Questioned Costs

Year ended June 30, 2017

**Part II – Schedule of Financial Statement Findings**

- The District maintained deferred charges for bond issuance costs on its balance sheet in the amount of \$255,403 that should have been written off when GASB Statement No. 65 was implemented in the 2014 fiscal year;
- The District amortized its bond premium over a 10 year period when it should have been amortized over a 20 year period resulting in a misstatement of \$496,169.

*Cause and Effect:*

An appropriately designed financial statement close process, as well as a general ledger system that encompasses all of the financial activity of the organization, will reduce the risk of errors in the financial statements.

*Recommendation:*

We suggest that the District ensure all of the financial activity of the organization is processed and recorded within one general ledger system.

*View of Responsible Officials and Planned Corrective Actions:*

District management concurs with the finding and has already started to implement corrective actions in response to the recommendation above.

Fort Lee Public Schools

Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2017

**Part III - 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 2 CFR 200 Section 516(a) of the Uniform Guidance and New Jersey Treasury Circular OMB 15-08, respectively.

**Federal Award Programs**

No compliance or internal control findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a) of the Uniform Guidance.

**State Award Programs**

No compliance or internal control findings noted that are required to be reported in accordance with New Jersey State OMB Circular 15-08.

Fort Lee Public Schools  
Summary Schedule of Prior Year Audit Findings  
Year ended June 30, 2017

None.