

**LITTLE FALLS**  
**BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Little Falls, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Little Falls Board of Education**

**Little Falls, New Jersey**

**For The Fiscal Year Ended June 30, 2017**

**Prepared by**

**Business Office**

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**INTRODUCTORY SECTION**

**Little Falls Board of Education  
32 Stevens Ave.  
Little Falls School #1  
Little Falls, New Jersey 07424**

Honorable President and  
Members of the Board of Education  
Little Falls School District  
Little Falls, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report of the Little Falls Township School District (the "District") for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this Report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this Transmittal Letter, the District's Organizational Chart and a list of principal officials. The Financial Section includes the basic financial statements and schedules, as well as the auditors' report thereon. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Uniform Guidance, and the state Treasury Letter 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this Single Audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit section of this report.

**REPORTING ENTITY AND ITS SERVICES:** Little Falls Township School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this Report. The Little Falls Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include Regular, as well as Special Education including Preschool Inclusive. The District completed the 2016/2017 fiscal year with a student enrollment of 885 students, which is a 9 student decrease from the previous year's enrollment.



REPORTING ENTITY AND ITS SERVICES: (Continued)

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

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	885	(1.0)
2015-2016	894	(0.6)
2014-2015	900	(2.2)
2013-2014	920	1.4
2012-2013	907	(.10)
2011-2012	916	(2.4)
2010-2011	938	0.01
2009-2010	931	1.09
2008-2009	921	3.80
2007-2008	887	.70

ECONOMIC CONDITION AND OUTLOOK: The Little Falls Township is located in northeastern Passaic County, New Jersey. It is bordered on the north by Totowa, Wayne, and Woodland Park, on the east by Clifton, on the south by Montclair and Cedar Grove, and on the west by North Caldwell and Fairfield.

School # 1 serves the needs of students in Grades Five through Eight, as well as having self-contained LLD classrooms. School #1 currently houses approximately 386 students.

School #2 serves Pre-Kindergarten through Grade Two students and has self-contained LLD classes. The total enrollment for School #2 is approximately 310 students.

School #3 serves Grades 3 and 4 and has one self-contained special education classes serving LLD. School #3 houses approximately 189 students.

The Little Falls Township School District is governed by a nine-member Board of Education elected by the voters. It should be noted here, that on January 17, 2012, Chapter 202 of the Laws, P.L. 2011, was approved and pursuant to the Law, the Board of Education has moved its annual election of members to the General Election date in November with its Organization to be held in the first week of January. No vote on Budgets will be required if the tax increase does not exceed 2%.

Facility interior and exterior needs continue to be of concern. Through proper planning and aggressive negotiations by the Board, the District was able to again increase the Capital Reserve Account prior to the June 30, 2017 fiscal year-end. The prior implementation of 1.5% employee contribution towards the cost of their medical insurance benefit continues to provide budget relief and indeed with the implementation of P.L. 2011, c. Chapter 78, which became effective June 28, 2011, employees, will be "phased in" for greater contributions.

We currently have in excess of sixty-two (62) students on roll in self-contained Special Education in three (3) LLD classrooms at School #2, one (1) at School #3 and two (2) LLD classrooms at School #1 and a Preschool Program at School #2. These Programs have successfully passed Special Education monitoring and continue to meet the needs of Little Falls residents. We expect to continue to offer recommended ABA Behaviorist support and all mandated programs in compliance with State and Federal codes, while analyzing the costs of these offering, in an effort to create improvement in the classroom while creating possible efficiencies.

## MAJOR INITIATIVES:

The Little Falls Board of Education continues to refurbish its facilities. In January 2017 our District opened a fully functional kitchen in School #1.

A bond referendum was approved by the public on September 29, 2015. All work was performed during the summer of 2016. The primary focus was safety and security for the students and staff. A restricted main entrance to each of the three schools was completed to eliminate the current access that existed. Unit ventilator upgrades to improve air quality in all three schools was completed. Other renovations in School 1 include toilet room improvements, upgrading of lighting and ceiling materials and partial window replacements. A cooking kitchen was installed in January 2017 which allowed the district to hire a Food Service Management Company and prepare meals on premise. School #3 will be renovated two bathrooms. ROD grants the Board applied for and received in 2013 will help offset a portion of the referendum cost.

Safety and Security continue to be a top priority, the district installed **LOCKAIDEs** on every interior door, a sliding door anti latch device which allows rapid engagement or disengagement of the latch prevention mechanism. Security shades were installed on all classroom doors and windows at all three schools. License swipe machines were installed at all three schools. All visitors must show their license and have it scanned through the machine.

The district's website has undergone a major overhaul. A new company was retained to bring fresh ideas to the public face of the district. Information has been rearranged to make it easier for the public to find.

Communication with the public does not end with the website. The Superintendent has started a Twitter account to update followers on activities in the schools. Email blasts go home every week with important announcements. A regular newsletter written by the Superintendent is distributed to the public so people are aware of the accomplishments in district.

Parent academies were formed by the Superintendent. The academies provided opportunities for parents and teachers to collaborate on raising children in a responsible way so they will become productive citizens. Topics included literacy framework, PARCC expectations, HIB training, and specific learning guidelines by grade level.

Increased use of technology continues to be a priority focus in the district. I pads were introduced in the lower grades in School 2 for students and staff. The eventual goal is to introduce this technology in a gradual rollout to all elementary grades. Chromebooks will continue in use in the middle school grades with the 2017/2018 school year goal to be a 1:1. Students will then have had exposure to various operating systems when they graduate to high school

Cultivating an interest in science in young people is a priority at many levels throughout our nation. An AV Rover, which provides a host of STEM lessons in three dimensional presentations, was used in the middle school and will spark interest in this critical area. STEAM classrooms were installed in all three schools and all students have a STEAM class.

Electives were introduced in the middle school. Programs include Fitness for Life, Battle of the Books, Digital World, Creative Writing, Music Appreciation, Financial Literacy, and Studio Art.

The need to update curriculum based on evolving state and national standards is challenging. The district retained the services of a Language Arts consultant to review the scope and sequence of the existing curriculum. Math and Language Arts Curriculum was aligned to the NJ Student Learning Standards and the Middle School Science curriculum was aligned with the Next Generation Science Standards.

The district continues to work with the Little Falls Educational Foundation. The Foundation fundraises to supplement programs in each school. Competitive grants were submitted by teaching staff members for consideration. The Foundation selected the submissions that most closely work with the district's plans for its programs. Twenty-Two grants were approved with a total award of \$10,000.

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

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

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

BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated Budget. Annual appropriated Budgets are adopted for the General and Special Revenue Funds. The final Budget amount as amended for the fiscal year is reflected in the Financial Section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as 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 statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability, comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. We participate in the NJSBAIG, thru the ERIC-West sub fund.

OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, & Higgins, LLP, Certified Public Accountants, was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended by U.S Uniform Guidance and State Treasury Circular Letter 15-08. The auditors' report on the basic financial statements and combining and individual fund statements and schedules 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.

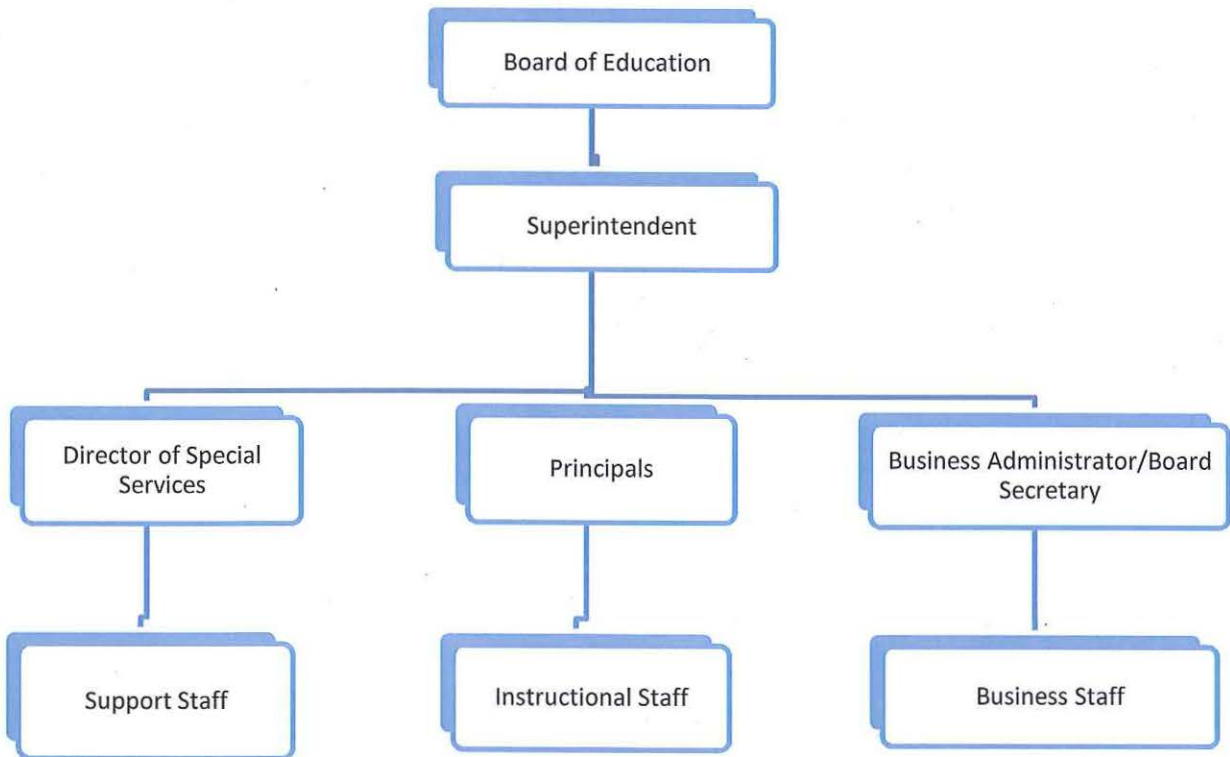
ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Little Falls Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance 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,



Carol Delsandro  
School Business Administrator/Board Secretary  
September 13, 2017

Little Falls Board of Education  
Organizational Chart  
2016-2017



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

**ROSTER OF OFFICIALS  
JUNE 30, 2017**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Lauren Verdi, President	2018
Michael Russo, Vice President	2017
Janine Veteri Barone	2018
Thomas Breitwieser	2019
Rachel Capizzi	2017
Fred Demarco	2017
Doug Jandoli	2017
Diana Kribs	2019
Michael O'Neil	2019

**Other Officials**

Mrs. Tracey Marinelli, Superintendent

Mrs. Carol Delsandro, School Business Administrator/Board Secretary

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

**Consultants and Advisors**

**Architect**

EI Associates  
8 Ridgedale Ave.  
Cedar Knolls, NJ 07927

**Audit Firm**

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

**Attorney**

Mr. Rodney T. Hara  
Fogarty & Hara  
16-00 Route 208 South  
Fair Lawn, NJ 07410

**Official Depository**

PNC Bank  
89 Main Street  
Little Falls, NJ 07424

Lakeland Bank  
86 Main Street  
Little Falls, NJ 07424

**FINANCIAL SECTION**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Falls Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

## *Opinions*

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

## *Other Matters*

### *Required Supplementary Information*

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

### *Other Information*

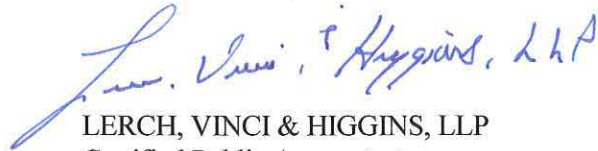
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Little Falls Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Little Falls Board of Education.

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

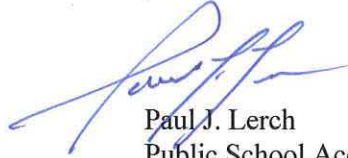
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated September 13, 2017 on our consideration of the Little Falls Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Little Falls Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Little Falls Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
September 13, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**Management's Discussion and Analysis**

This discussion and analysis of the Little Falls School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2017. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for the 2016/17 school year are as follows:

- District-wide - Overall revenues were \$21,138,747. General revenues accounted for \$14,290,956 or 68 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,847,791 or 32 percent of total revenues.
- District-wide - The School District had \$19,918,314 in expenses; only \$6,847,791 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14,290,956 were adequate to provide for these programs.
- Fund Financial Statements - As of the close of the current fiscal year, the Little Falls Board of Education's governmental funds reported combined ending fund balances of \$4,007,858 an decrease of \$2,413,220 in comparison with the prior year.
- Fund Financial Statements - At the end of June 30, 2017, unassigned fund balance for the General Fund was \$244,116 an increase of \$1,188 from the previous year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

### District-wide Statements

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

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

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

## **District-wide Statements (Continued)**

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

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

## **Fund Financial Statements**

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

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

The District has three kinds of funds:

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

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



## **Fund Financial Statements (Continued)**

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

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

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

## **DISTRICT-WIDE FINANCIAL ANALYSIS OF THE LITTLE FALLS BOARD OF EDUCATION AS A WHOLE**

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

Table A-1 provides a summary of the school district's net position at June 30, 2017 and 2016.

**Net position.** The District's combined net position were \$3,285,726 on June 30, 2017 and \$2,065,293 on June 30, 2016. (See Table A-1).

By far the largest portion of the District's net position (76 percent) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The majority of the restricted portion of net position represents the capital reserve which is reserved for capital expenditures.

**Table A-1**  
**Statement of Net Position**  
**As of June 30, 2017 and 2016**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$ 4,321,214	\$ 7,670,476	\$ 31,047	\$ 11,745	\$ 4,352,261	\$ 7,682,221
Capital Assets	8,115,626	4,500,053	1,937	-	8,117,563	4,500,053
<b>Total Assets</b>	<u>12,436,840</u>	<u>12,170,529</u>	<u>32,984</u>	<u>11,745</u>	<u>12,469,824</u>	<u>12,182,274</u>
Deferred Amounts on Refunding on Debt	6,582	9,399			6,582	9,399
Deferred Amounts on Pension Liability	1,458,068	588,568	-	-	1,458,068	588,568
<b>Total Deferred Outflow of Resources</b>	<u>1,464,650</u>	<u>597,967</u>	<u>-</u>	<u>-</u>	<u>1,464,650</u>	<u>597,967</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>13,901,490</u>	<u>12,768,496</u>	<u>32,984</u>	<u>11,745</u>	<u>13,934,474</u>	<u>12,780,241</u>
Long-Term Liabilities	9,846,619	9,035,562			9,846,619	9,035,562
Other Liabilities	353,844	1,286,038	27,010	8,729	380,854	1,294,767
<b>Total Liabilities</b>	<u>10,200,463</u>	<u>10,321,600</u>	<u>27,010</u>	<u>8,729</u>	<u>10,227,473</u>	<u>10,330,329</u>
Deferred Commodities Revenue			2,247		2,247	-
Deferred Amounts on Pension Liability	419,028	384,619	-	-	419,028	384,619
<b>Total Deferred Inflows of Resources</b>	<u>419,028</u>	<u>384,619</u>	<u>2,247</u>	<u>-</u>	<u>421,275</u>	<u>384,619</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>10,619,491</u>	<u>10,706,219</u>	<u>29,257</u>	<u>8,729</u>	<u>10,648,748</u>	<u>10,714,948</u>
Net Position:						
Net Investment in Capital Assets	4,096,858	2,814,436	1,937		4,098,795	2,814,436
Restricted	2,299,360	2,290,644			2,299,360	2,290,644
Unrestricted	(3,114,219)	(3,042,803)	1,790	3,016	(3,112,429)	(3,039,787)
<b>Total Net Position</b>	<u>\$ 3,281,999</u>	<u>\$ 2,062,277</u>	<u>\$ 3,727</u>	<u>\$ 3,016</u>	<u>\$ 3,285,726</u>	<u>\$ 2,065,293</u>

**Governmental activities.** Governmental activities increased the District's net position by \$1,219,722. Key elements of this increase are as follows:

**Table A-2**  
**Changes in Net Position**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 60,150	\$ 57,231	\$ 174,746	\$ 130,443	\$ 234,896	\$ 187,674
Operating Grants and Contributions	5,530,450	4,563,462	115,048	125,609	5,645,498	4,689,071
Capital Grants and Contributions	967,397	249,543			967,397	249,543
General Revenues						
Property Taxes	14,228,416	13,898,541			14,228,416	13,898,541
Other	62,537	84,362	3	2	62,540	84,364
<b>Total Revenues</b>	<b>20,848,950</b>	<b>18,853,139</b>	<b>289,797</b>	<b>256,054</b>	<b>21,138,747</b>	<b>19,109,193</b>
<b>Expenses</b>						
Instruction						
Regular	8,982,732	8,007,850			8,982,732	8,007,850
Special Education	4,077,683	4,028,196			4,077,683	4,028,196
Other Instruction	493,058	431,333			493,058	431,333
School Sponsored Activities and Ath.	64,763	64,670			64,763	64,670
Support Services						
Student and Instruction Related Serv.	2,498,207	2,300,792			2,498,207	2,300,792
School Administrative Services	766,661	747,319			766,661	747,319
General Administrative Services	498,679	439,008			498,679	439,008
Plant Operations and Maintenance	1,198,916	1,158,616			1,198,916	1,158,616
Pupil Transportation	493,467	470,858			493,467	470,858
Central Services	460,312	392,287			460,312	392,287
Food Services			307,854	272,390	307,854	272,390
Interest on Long-Term Debt	75,982	109,882	-	-	75,982	109,882
<b>Total Expenses</b>	<b>19,610,460</b>	<b>18,150,811</b>	<b>307,854</b>	<b>272,390</b>	<b>19,918,314</b>	<b>18,423,201</b>
Increase/(Decrease) in Net Position Before Transfers	1,238,490	702,328	(18,057)	(16,336)	1,220,433	685,992
Transfers	(18,768)	(18,000)	18,768	18,000	-	-
Change in Net Position	1,219,722	684,328	711	1,664	1,220,433	685,992
Net Position, Beginning of Year	2,062,277	1,617,674	3,016	1,352	2,065,293	1,619,026
Prior Period Restatement	-	(239,725)	-	-	-	(239,725)
Net Position, End of Year	<b>\$ 3,281,999</b>	<b>\$ 2,062,277</b>	<b>\$ 3,727</b>	<b>\$ 3,016</b>	<b>\$ 3,285,726</b>	<b>\$ 2,065,293</b>

**Governmental activities.** The District's total governmental revenues were \$20,848,950. The local share of the revenues that included property taxes, interest and miscellaneous revenue, amounted to \$14,290,953 or 69% of total revenues. Funding from state and federal sources amounted to \$6,497,847 or 31%. Charges for services amounted to \$60,150 or less than 1%.

The District's total governmental expenses were \$19,610,460 and are predominantly related to instruction and support services. Instruction totaled \$13,618,236 (69%), student and other support services totaled \$5,916,242 (30%) and interest on long-term debt total \$75,982 (1%) of total expenditures. (See Table A-4.)

Table A-3 Revenues by Source - Governmental Activities  
For Fiscal Year 2017

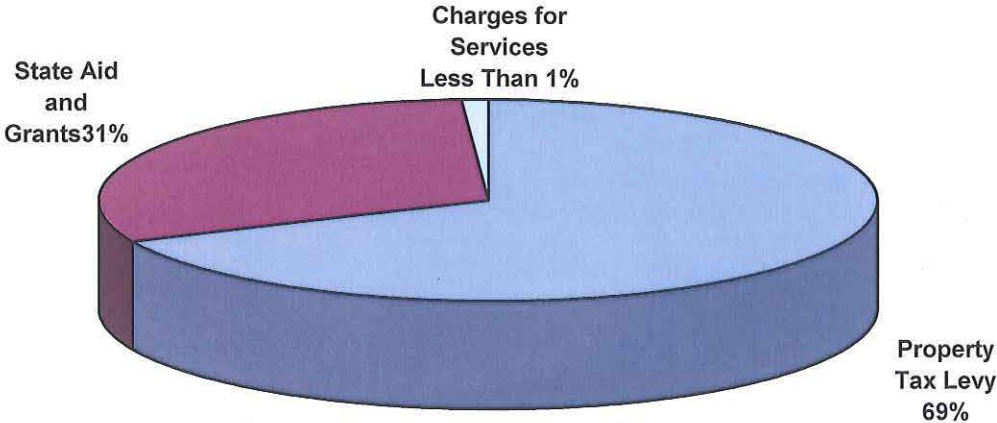
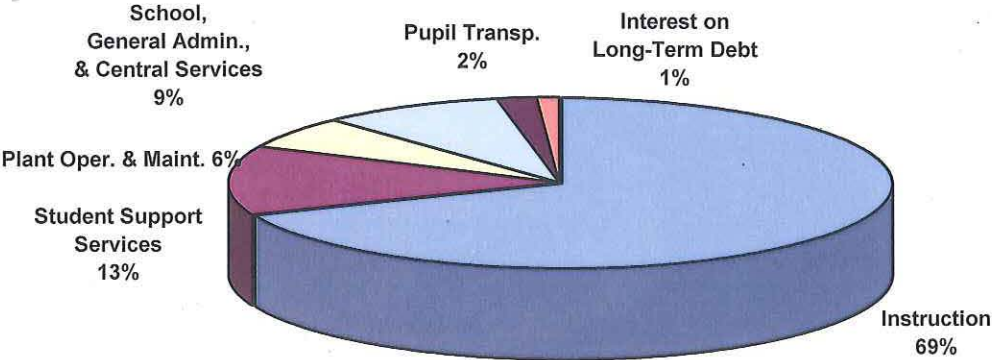


Table A-4 Expenditures by Type- Governmental Activities  
For Fiscal Year 2017



**Table A-5**  
**Cost of Services and Net Cost of Services of Governmental Activities**  
**For the Fiscal Years Ended June 30, 2017 and 2016**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Instruction				
Regular	\$ 8,982,732	\$ 8,007,850	\$ 6,008,906	\$ 5,787,664
Special Education	4,077,683	4,028,196	2,465,898	2,426,153
Other Instruction	493,058	431,333	247,384	264,501
School Sponsored Activities and Athletics	64,763	64,670	64,763	64,670
Support Services				
Student and Instruction Related Svcs.	2,498,207	2,300,792	1,980,106	1,876,374
School Administrative Services	766,661	747,319	597,328	599,598
General Administrative Services	498,679	439,008	498,679	439,008
Plant Operations and Maintenance	1,198,916	1,158,616	207,974	888,867
Pupil Transportation	493,467	470,858	445,131	431,571
Central Services	460,312	392,287	460,312	392,287
Interest on Long-Term Debt	75,982	109,882	75,982	109,882
Total Governmental Activities	<u>\$ 19,610,460</u>	<u>\$ 18,150,811</u>	<u>\$ 13,052,463</u>	<u>\$ 13,280,575</u>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2017 was \$307,854. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-2). The operations resulted in an increase in net position of \$711.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

As the District completed the 2016/17 fiscal year, its governmental funds reported a combined fund balance of \$4,007,858. As of June 30, 2016 the fund balance was \$6,421,078.

**The District's Funds**

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$18,105,477 and expenditures were \$20,499,929 for the fiscal year ended June 30, 2017.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental funds revenues for the fiscal years ended June 30, 2017 and 2016.

	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Local Sources	\$ 14,328,776	\$ 14,044,356	\$ 284,420	2%
State Sources	3,401,731	2,394,595	1,007,136	42%
Federal Sources	<u>374,970</u>	<u>391,684</u>	<u>(16,714)</u>	-4%
Total Revenues	<u>\$ 18,105,477</u>	<u>\$ 16,830,635</u>	<u>\$ 1,274,842</u>	8%

The following schedule presents a summary of governmental fund expenditures for the fiscal years ended June 30, 2017 and 2016.

	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 10,977,639	\$ 10,621,055	\$ 356,584	3%
Undistributed	5,226,932	5,137,052	89,880	2%
Capital Outlay	3,961,424	877,939	3,083,485	351%
Debt Service				
Principal	240,431	243,630	(3,199)	-1%
Interest and other charges	<u>93,503</u>	<u>42,316</u>	<u>51,187</u>	121%
 Total Expenditures	 <u>\$ 20,499,929</u>	 <u>\$ 16,921,992</u>	 <u>\$ 3,577,937</u>	 21%

### **General and Special Revenue Fund**

#### **Budgetary Highlights**

The District's budget is prepared according to New Jersey law and is based on generally accepted accounting principles on the basis of cash receipts, disbursement and encumbrances. The primary funds are the General Fund and Special Revenue Fund (grants and restricted aid).

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent overexpenditures in specific line item accounts.

**Capital Assets and Debt Administration.** The Little Falls Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2017 amounts to \$8,117,563 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and building improvements, construction in progress and machinery and equipment.

**Table A-6**  
**Capital Assets (net of depreciation)**  
**as of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 23,264	\$ 23,264			\$ 23,264	\$ 23,264
Construction In Progress	2,702,990	370,532			2,702,990	370,532
Buildings and Building Improvements	7,957,846	6,410,854			7,957,846	6,410,854
Machinery and Equipment	<u>2,637,419</u>	<u>2,555,444</u>	\$ 35,232	\$ 33,228	<u>2,672,651</u>	<u>2,588,672</u>
<b>Total</b>	13,321,519	9,360,094	35,232	33,228	13,356,751	9,393,322
Less: Accumulated Depreciation	<u>5,205,893</u>	<u>4,860,041</u>	<u>33,295</u>	<u>33,228</u>	<u>5,239,188</u>	<u>4,893,269</u>
<b>Total</b>	<u>\$ 8,115,626</u>	<u>\$ 4,500,053</u>	<u>\$ 1,937</u>	<u>\$ -</u>	<u>\$ 8,117,563</u>	<u>\$ 4,500,053</u>

Additional information on Little Falls Board of Education's capital assets can be found in the Notes of this report.

**Debt Administration.** As of June 30, 2017 and 2016 the school district had long-term debt and outstanding long-term liabilities in the amount of \$9,846,619 and \$9,035,562, respectively, as stated in Table A-7.

**Table A-7**  
**Long-Term Debt**  
**Outstanding Long-Term Liabilities**

	<u>2017</u>	<u>2016</u>
Bonds Payable, Net	\$ 4,048,734	\$ 4,246,026
Capital/Lease Purchase	50,687	118,012
Compensated Absences	251,672	263,895
Net Pension Liability	<u>5,495,526</u>	<u>4,407,629</u>
<b>Total</b>	<u>\$ 9,846,619</u>	<u>\$ 9,035,562</u>

The District has outstanding general obligation serial bonds including premium in the amount of \$4,048,734. These bonds were used to finance the facilities acquisitions and construction services at Schools #1, #2 and #3. The District has a capital lease for a bus in the amount of \$10,876 and lease purchase agreement for the purchase of computers in the amount of \$39,811. The compensated absences represent the District's liability for unused accrued sick leave. The District has a net pension liability in the amount of \$5,495,526.

Additional information on Little Falls Board of Education's long-term debt can be found in the Notes of this report.



## **FOR THE FUTURE**

Currently, the District is in superior financial condition. Everyone associated with the Little Falls School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. This, in an environment of flat state aid support, means an ever-increasing reliance on local property taxes.

In conclusion, the Little Falls School District has committed itself to financial and educational excellence. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have questions about this report or need additional information, contact the School Business Administrator at the Little Falls Board of Education, 560 Main St., Little Falls, NJ 07424.

**BASIC FINANCIAL STATEMENTS**

**LITTLE FALLS BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,973,704	\$ 16,030	\$ 2,989,734
Receivables, net			
Receivables from Other Governments	1,320,828	8,256	1,329,084
Other Accounts Receivable	26,682		26,682
Inventory		6,761	6,761
Capital Assets, net			
Not Being Depreciated	2,726,254		2,726,254
Being Depreciated, Net	<u>5,389,372</u>	<u>1,937</u>	<u>5,391,309</u>
Total Assets	<u>12,436,840</u>	<u>32,984</u>	<u>12,469,824</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	6,582		6,582
Deferred Amounts on Net Pension Liability	<u>1,458,068</u>	-	<u>1,458,068</u>
Total Deferred Outflows of Resources	<u>1,464,650</u>	-	<u>1,464,650</u>
Total Assets and Deferred Outflows of Resources	<u>13,901,490</u>	<u>32,984</u>	<u>13,934,474</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Liabilities	155,162	22,894	178,056
Unearned Revenue	158,194	4,116	162,310
Accrued Interest Payable	40,488		40,488
Noncurrent Liabilities			
Due Within One Year	368,805		368,805
Due Beyond One Year	<u>9,477,814</u>	-	<u>9,477,814</u>
Total Liabilities	<u>10,200,463</u>	<u>27,010</u>	<u>10,227,473</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue		2,247	2,247
Deferred Amounts on Net Pension Liability	<u>419,028</u>	-	<u>419,028</u>
Total Deferred Inflows of Resources	<u>419,028</u>	<u>2,247</u>	<u>421,275</u>
Total Liabilities and Deferred Inflows of Resources	<u>10,619,491</u>	<u>29,257</u>	<u>10,648,748</u>
<b>NET POSITION</b>			
Net Investment in Capital Asset	4,096,858	1,937	4,098,795
Restricted for:			
Other Purposes	325,000		325,000
Capital Projects	1,974,360		1,974,360
Unrestricted	<u>(3,114,219)</u>	<u>1,790</u>	<u>(3,112,429)</u>
Total Net Position	<u>\$ 3,281,999</u>	<u>\$ 3,727</u>	<u>\$ 3,285,726</u>

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

**LITTLE FALLS BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 8,982,732		\$ 2,973,826		\$ (6,008,906)		\$ (6,008,906)
Special Education	4,077,683	\$ 60,150	1,551,635		(2,465,898)		(2,465,898)
Other Instruction	493,058		245,674		(247,384)		(247,384)
School Sponsored Activities	64,763				(64,763)		(64,763)
Support Services:							
Student and Instruction Related Services	2,498,207		518,101		(1,980,106)		(1,980,106)
General Administrative Services	498,679				(498,679)		(498,679)
School Administrative Services	766,661		169,333		(597,328)		(597,328)
Plant Operations and Maintenance	1,198,916		23,545	\$ 967,397	(207,974)		(207,974)
Pupil Transportation	493,467		48,336		(445,131)		(445,131)
Central Services	460,312				(460,312)		(460,312)
Interest on Long-Term Debt	75,982	-	-	-	(75,982)	-	(75,982)
<b>Total Governmental Activities</b>	<b>19,610,460</b>	<b>60,150</b>	<b>5,530,450</b>	<b>967,397</b>	<b>(13,052,463)</b>	<b>-</b>	<b>(13,052,463)</b>
Business-Type Activities:							
Food Service	307,854	174,746	115,048	-	-	\$ (18,060)	(18,060)
<b>Total Business-Type Activities</b>	<b>307,854</b>	<b>174,746</b>	<b>115,048</b>	<b>-</b>	<b>-</b>	<b>(18,060)</b>	<b>(18,060)</b>
<b>Total Primary Government</b>	<b>\$ 19,918,314</b>	<b>\$ 234,896</b>	<b>\$ 5,645,498</b>	<b>\$ 967,397</b>	<b>(13,052,463)</b>	<b>(18,060)</b>	<b>(13,070,523)</b>
General Revenues and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					13,945,428		13,945,428
Taxes Levied for Debt Service					282,988		282,988
Unrestricted Grants & Contributions					25,977		25,977
Interest					8,306	3	8,309
Miscellaneous Income					28,254		28,254
Transfers					(18,768)	18,768	-
<b>Total General Revenues and Transfers</b>					<b>14,272,185</b>	<b>18,771</b>	<b>14,290,956</b>
Change in Net Position					1,219,722	711	1,220,433
Net Position—Beginning of Year (Restatement)					2,062,277	3,016	2,065,293
Net Position—End of Year					<b>\$ 3,281,999</b>	<b>\$ 3,727</b>	<b>\$ 3,285,726</b>

**FUND FINANCIAL STATEMENTS**

**LITTLE FALLS BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,962,495	\$ 11,209			\$ 2,973,704
Receivables From Other Governments	34,777	6	\$ 1,286,045	-	1,320,828
Due from Other Funds	1,029,903				1,029,903
Other Receivables	<u>26,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,682</u>
Total Assets	<u>\$ 4,053,857</u>	<u>\$ 11,215</u>	<u>\$ 1,286,045</u>	<u>\$ -</u>	<u>\$ 5,351,117</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to Other Funds			\$ 1,029,903		\$ 1,029,903
Accounts Payable	\$ 62,187	\$ 3,100	73,703		138,990
Accrued Salaries	16,172				16,172
Unearned Revenue	<u>1,900</u>	<u>8,115</u>	<u>148,179</u>	<u>-</u>	<u>158,194</u>
Total Liabilities	<u>80,259</u>	<u>11,215</u>	<u>1,251,785</u>	<u>-</u>	<u>1,343,259</u>
Fund Balance:					
Restricted					
Excess Surplus	409,525				409,525
Excess Surplus Designated for Subsequent Year's Expenditures	596,862				596,862
Capital Reserve	1,974,360				1,974,360
Emergency Reserve	202,409				202,409
Maintenance Reserve	325,000				325,000
Capital Projects			34,260		34,260
Assigned					
Year-end Encumbrances	144,361				144,361
Designated for Subsequent Yr Exp	75,399				75,399
Unassigned					
General Fund	<u>245,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>245,688</u>
Total Fund Balances	<u>3,973,604</u>	<u>-</u>	<u>34,260</u>	<u>-</u>	<u>4,007,864</u>
Total Liabilities and Fund Balances	<u>\$ 4,053,863</u>	<u>\$ 11,215</u>	<u>\$ 1,286,045</u>	<u>\$ -</u>	

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

**LITTLE FALLS BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2017**

<b>Amounts reported for governmental activities in the statement of net position (A-1) are different because:</b>	<b>\$ 4,007,858</b>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,321,519 and the accumulated depreciation is \$5,205,893.	8,115,626
Amount resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.	6,582
The District has financed capital assets through the issuance of serial bonds. The interest accrued at year end is:	(40,488)
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows or resources or deferred outflows of resources on the statement of net position and deferred over future years.	
Deferred Outflows of Resources	\$ 1,458,068
Deferred Inflows of Resources	<u>(419,028)</u>
	1,039,040
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:	
Bonds Payable, Net	(4,048,734)
Capital/Leases Agreements	(50,687)
Compensated Absence	(251,672)
Net Pension Liability	<u>(5,495,526)</u>
	<u>(9,846,619)</u>
<b>Net position of governmental activities</b>	<b><u>\$ 3,281,999</u></b>

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

**LITTLE FALLS BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources:					
Property Tax Levy	\$ 13,945,428			\$ 282,988	\$ 14,228,416
Tuition	60,150				60,150
Interest	8,306				8,306
Miscellaneous	28,254	\$ 3,650	-	-	31,904
Total - Local Sources	<u>14,042,138</u>	<u>3,650</u>	<u>-</u>	<u>282,988</u>	<u>14,328,776</u>
State Sources	2,434,334		\$ 967,397		3,401,731
Federal Sources	22,128	352,842	-	-	374,970
Total Revenues	<u>16,498,600</u>	<u>356,492</u>	<u>967,397</u>	<u>282,988</u>	<u>18,105,477</u>
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	7,030,455	3,650			7,034,105
Special Education Instruction	3,271,906	200,049			3,471,955
Other Instruction	286,574	124,432			411,006
School Sponsored Activities and Athletics	60,573				60,573
Support Services					
Student and Instruction Related Services	2,071,202	28,361			2,099,563
General Administrative Services	467,612				467,612
School Administrative Services	632,269				632,269
Plant Operations and Maintenance	1,123,455				1,123,455
Pupil Transportation	484,543				484,543
Central Services	419,490				419,490
Debt Service:					
Principal	50,431	-		190,000	240,431
Interest and Other Charges	515			92,988	93,503
Capital Outlay	114,066	-	3,847,358	-	3,961,424
Total Expenditures	<u>16,013,091</u>	<u>356,492</u>	<u>3,847,358</u>	<u>282,988</u>	<u>20,499,929</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>485,509</u>	<u>-</u>	<u>(2,879,961)</u>	<u>-</u>	<u>(2,394,452)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-		158,734		158,734
Transfers Out	(177,502)	-	-	-	(177,502)
Total Other Financing Sources and (Uses)	<u>(177,502)</u>	<u>-</u>	<u>158,734</u>	<u>-</u>	<u>(18,768)</u>
Net Change in Fund Balances	308,007	-	(2,721,227)	-	(2,413,220)
Fund Balance, Beginning of Year	3,665,591	-	2,755,487	-	6,421,078
Fund Balance, End of Year	<u>\$ 3,973,598</u>	<u>\$ -</u>	<u>\$ 34,260</u>	<u>\$ -</u>	<u>\$ 4,007,858</u>

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



**LITTLE FALLS BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Total net change in fund balances - governmental funds (from B-2)** **\$ (2,413,220)**

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

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

Capital Outlay	\$	3,961,424	
Depreciation Expense		<u>(345,851)</u>	
			3,615,573

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

Bond Principal		190,000	
Capital Leases, Net Cancellations		<u>67,325</u>	
			257,325

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

Amortization of Bond Premium		7,292	
Amortization of Deferred Outflow on Refunding		<u>(2,817)</u>	
			4,475

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

Increase in Accrued Interest Payable			(3,848)
--------------------------------------	--	--	---------

In the statement of activities, certain operating expenses, e.g., compensated absences and pension expense 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). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Decrease in Compensated Absences		12,223	
Increase in Pension Expense		<u>(252,806)</u>	
			<u>(240,583)</u>

**Change in net assets of governmental activities (Exhibit A-2)** **\$ 1,219,722**

**LITTLE FALLS BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2017**

	<b>Business-Type Activities Enterprise Funds</b>
	<b><u>Food Services</u></b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 16,030
Intergovernmental Receivable	
State	248
Federal	8,008
Inventory	<u>6,761</u>
Total Current Assets	<u>31,047</u>
Noncurrent Assets	
Furniture, Machinery and Equipment	35,232
Less: Accumulated Depreciation	<u>(33,295)</u>
Total Noncurrent Assets	<u>1,937</u>
Total Assets	<u>32,984</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	22,894
Unearned Revenue	<u>4,116</u>
Total Current Liabilities	<u>27,010</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Commodities Revenue	<u>2,247</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,257</u>
<b>NET POSITION</b>	
Unrestricted	<u>3,727</u>
Total Net Position	<u>\$ 3,727</u>

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

**LITTLE FALLS BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Business-Type Activities Enterprise Funds</b>
	<u><b>Food Services</b></u>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 134,428
Daily Sales - Non-reimbursable Programs	<u>40,318</u>
Total Operating Revenues	<u>174,746</u>
<b>OPERATING EXPENSES</b>	
Cost of Food - Reimbursable Programs	134,532
Cost of Food - Non-reimbursable Programs	19,894
Salaries and Wages	120,593
Purchased Professional Services	17,102
Supplies and Materials	15,666
Depreciation Expense	<u>67</u>
Total Operating Expenses	<u>307,854</u>
Operating Income (Loss)	<u>(133,108)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
State School Lunch Program	3,003
Federal Sources	
National School Lunch Program	107,656
National School Breakfast Program	4,389
Interest and Investment Revenue	<u>3</u>
Total Nonoperating Revenues	<u>115,051</u>
Change in Net Position Before Transfers	(18,057)
Transfers In	<u>18,768</u>
Change in Net Position	711
Total Net Position - Beginning of Year	<u>3,016</u>
Total Net Position - End of Year	<u>\$ 3,727</u>

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

**LITTLE FALLS BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Business-Type Activities Enterprise Funds</b>
	<u>Food Services</u>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 174,746
Cash Payments for Employees' Salaries and Benefits	(120,593)
Cash Payments to Suppliers for Goods and Services	<u>(158,202)</u>
Net Cash Provided by (Used for ) Operating Activities	<u>(104,049)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Received from State and Federal Subsidy Reimbursements	99,419
Cash Received from Other Funds	<u>18,768</u>
Net Cash Provided by Noncapital Financing Activities	<u>118,187</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition of Capital Assets	<u>(2,004)</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(2,004)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>3</u>
Net Cash Provided by Investing Activities	<u>3</u>
Net Increase in Cash and Cash Equivalents	12,137
Cash and Cash Equivalents, Beginning of Year	<u>3,893</u>
Cash and Cash Equivalents, End of Year	<u>\$ 16,030</u>
<b>Reconciliation of Operating (Loss) / Income to Net Cash (Used) / Provided by Operating Activities</b>	
Operating (Loss) / Income	<u>\$ (133,108)</u>
Adjustments to Reconcile Operating Loss to Net Cash (Used) / Provided by Operating Activities	
Depreciation Expense	67
Non-Cash Federal Assistance - USDA Commodity Program	13,048
(Increase) Decrease in Inventory	(4,583)
Increase (Decrease) in Unearned Revenue	4,116
Increase (Decrease) in Deferred Commodities Revenue	2,247
Increase (Decrease) in Accounts Payable	<u>14,164</u>
Total Adjustments	<u>29,059</u>
Net Cash (Used) / Provided by Operating Activities	<u>\$ (104,049)</u>
<b>Non-Cash Investing, Capital and Financial Activities</b>	
Value Received - Food Distribution Program	\$ 15,295

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

**LITTLE FALLS BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2017**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 155,345	\$ 20,801
Total Assets	<u>155,345</u>	<u>\$ 20,801</u>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings		\$ 285
Due to the State	2,413	
Reserve for Flex Spending		603
Due to Student Groups	<u>-</u>	<u>19,913</u>
Total Liabilities	<u>2,413</u>	<u>\$ 20,801</u>
<b>NET POSITION</b>		
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 152,932</u>	

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

**LITTLE FALLS BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Unemployment Compensation <u>Trust Fund</u></b>
<b>ADDITIONS</b>	
Contributions	
Board Contribution	\$ 15,000
Employee	<u>16,146</u>
Total Contributions	<u>31,146</u>
Investment Earnings:	
Interest	<u>275</u>
Net Investment Earnings	<u>275</u>
Total Additions	<u>31,421</u>
<b>DEDUCTIONS</b>	
Unemployment Claims	<u>17,513</u>
Total Deductions	<u>17,513</u>
Change in Net Position	13,908
Net Position, Beginning of Year	<u>139,024</u>
Net Position, End of Year	<u>\$ 152,932</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 2017, the District adopted the following GASB statements:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.



**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

**District-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**Fund Financial Statements (Continued)**

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

**Reclassifications**

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

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**D. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

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

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

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**2. *Receivables***

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

**3. *Inventories***

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

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

**4. *Capital Assets***

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	20-50
Machinery and Equipment	5-10

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

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

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

***6. Compensated Absences***

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

LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

**7. Pensions**

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

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

**8. Long-Term Obligations**

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

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

**9. Net Position/Fund Balance**

**District-Wide Statements**

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

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

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**Governmental Fund Statements**

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

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

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

*Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that was appropriated in the 2017/2018 original budget certified for taxes.

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

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

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

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

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

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.



**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

**Governmental Fund Statements (Continued)**

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

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

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

**2. *Property Taxes***

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

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

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

***Tuition Expenditures*** - Tuition charges for the fiscal years 2015-2016 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**F. Revenues and Expenditures/Expenses (Continued)**

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 7, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$425,399. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances and the appropriation of capital reserve funds.

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

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

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

**B. Capital Reserve**

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016		\$ 1,882,594
Increased by		
Interest Earnings	\$ 500	
Deposits Approved by Board Resolution	<u>250,000</u>	
		<u>250,500</u>
		2,133,094
Withdrawals		
Approved by Board Resolution		<u>158,734</u>
Balance, June 30, 2017		<u>\$ 1,974,360</u>

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Maintenance Reserve**

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

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

The activity of the maintenance reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ 225,000
Increased by	
Deposits Approved by Board Resolution	<u>100,000</u>
Balance, June 30, 2017	<u>\$ 325,000</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$721,143.

**D. Emergency Reserve**

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

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district's General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	<u>\$ 202,409</u>
Balance, June 30, 2017	<u>\$ 202,409</u>

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**E. Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2017 is \$1,006,387. Of this amount, \$596,862 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$409,525 will be appropriated in the 2018/2019 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$3,165,880 and bank and brokerage firm balances of the Board's deposits amounted to \$3,558,917. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	<u>\$ 3,558,917</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 the Board's bank balance was not exposed to custodial credit risk.

**Investments**

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

As of June 30, 2017, the Board had no outstanding investments.

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2017 for the district's individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental	\$ 34,777	\$ 6	\$ 1,286,045	\$ 8,256	\$ 1,329,084
Other	<u>26,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,682</u>
Net Total Receivables	<u>\$ 61,459</u>	<u>\$ 6</u>	<u>\$ 1,286,045</u>	<u>\$ 8,256</u>	<u>\$ 1,355,766</u>

**C. Unearned Revenue**

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

General Fund	
Unearned Tuition Revenue	\$ 1,900
Special Revenue Fund	
Unencumbered Grant Draw Downs	8,115
Capital Projects Fund	
Unrealized School Facilities Grant	<u>148,179</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 158,194</u>

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance, <u>July 1, 2016</u> (Restated)	<u>Increases</u>	<u>Transfer</u>	Balance, <u>June 30, 2017</u>
<b>Governmental activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 23,264			\$ 23,264
Construction In Progress	<u>370,532</u>	<u>\$ 2,332,458</u>	<u>-</u>	<u>2,702,990</u>
Total Capital Assets, Not Being Depreciated	<u>393,796</u>	<u>2,332,458</u>	<u>-</u>	<u>2,726,254</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	6,410,855	1,546,991	-	7,957,846
Machinery and Equipment	<u>2,555,444</u>	<u>81,975</u>	<u>-</u>	<u>2,637,419</u>
Total Capital Assets Being Depreciated	<u>8,966,299</u>	<u>1,628,966</u>	<u>-</u>	<u>10,595,265</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(3,513,524)	(122,157)		(3,635,681)
Machinery and Equipment	<u>(1,346,518)</u>	<u>(223,694)</u>	<u>-</u>	<u>(1,570,212)</u>
Total Accumulated Depreciation	<u>(4,860,042)</u>	<u>(345,851)</u>	<u>-</u>	<u>(5,205,893)</u>
Total Capital Assets, Being Depreciated, Net	<u>4,106,257</u>	<u>1,283,115</u>	<u>-</u>	<u>5,389,372</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,500,053</u>	<u>\$ 3,615,573</u>	<u>\$ -</u>	<u>\$ 8,115,626</u>

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 33,228	\$ 2,004	-	\$ 35,232
Total Capital Assets Being Depreciated	<u>33,228</u>	<u>2,004</u>	-	<u>35,232</u>
Less Accumulated Depreciation For:				
Machinery and Equipment	<u>(33,228)</u>	<u>(67)</u>	-	<u>(33,295)</u>
Total Accumulated Depreciation	<u>(33,228)</u>	<u>(67)</u>	-	<u>(33,295)</u>
Total Capital Assets, Being Depreciated, Net	<u>-</u>	<u>1,937</u>	-	<u>1,937</u>
Business-Type Activities Capital Assets, Net	<u>\$ -</u>	<u>\$ 1,937</u>	<u>\$ -</u>	<u>\$ 1,937</u>

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

**Governmental Activities:**

Instruction		
Regular		\$ 155,772
Special Education		63,706
Other Instruction		<u>6,294</u>
Total Instruction		<u>225,772</u>
Support Services		
Students and Instruction Related Services		62,772
General Administrative Services		9,545
School Administrative Services		19,610
Plan Operations and Maintenance		18,538
Pupil Transportation		1,487
Central Services		<u>8,127</u>
Total Support Services		<u>120,079</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 345,851</u>
<b>Business-Type Activities:</b>		
Food Service Fund		<u>\$ 67</u>



**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2017:

<u>Project</u>	<u>Remaining Commitment</u>
Exterior Door & Roof Replacement School #3	\$ 4,248
Referendum School Improvements School #1, #2, & #2	130,907
ADA Toilet Upgrades School #1	2,378
Unit Ventilator Replacement School #1	10,077
Exterior Door/Window Replacement School #1	5,795
Door Replacement School #2	301
Boiler Replacement School #2	4,618
Unit Ventilator Replacement School #3	24,115
	<u>\$ 182,439</u>

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

The composition of interfund balances as of June 30, 2017, is as follows:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	<u>\$ 1,029,903</u>

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

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

**Interfund transfers**

	<u>Transfer In:</u>		
	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Transfer Out: General Fund	<u>\$ 158,734</u>	<u>\$ 18,768</u>	<u>\$ 177,502</u>

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

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

**Capital Leases**

The District is leasing a bus totaling \$50,000 under capital leases. The leases are for terms of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 11,136
Total Minimum Lease Payments	11,136
Less: Amount Representing Interest	<u>260</u>
Present Value of Minimum Lease Payments	<u>\$ 10,876</u>

**Lease Purchase Agreements**

The maturity schedule of the remaining lease payments for principal and interest is as follows:

**Governmental Activities:**

<u>Year Ended June 30,</u>	<u>Principal</u>
2018	\$ <u>39,811</u>
	<u>\$ 39,811</u>

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2017 are comprised of the following issues:

\$1,850,000, 2012 Refunding Bonds, due in annual installments of \$180,000 to \$190,000 through August 1, 2021, interest at 3.125% to 4.00%	\$930,000
\$3,067,000, 2016 Bonds, due in annual installments of \$120,000 to \$240,000 through August 1, 2031, interest at 1.00% to 3.00%	<u>3,067,000</u>
Total	<u>\$3,997,000</u>

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

**Governmental Activities:**

Fiscal Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 310,000	\$ 94,466	\$ 404,466
2019	320,000	86,391	406,391
2020	325,000	77,132	402,132
2021	340,000	67,244	407,244
2022	350,000	56,810	406,810
2023-2027	1,155,000	201,600	1,356,600
2028-2032	<u>1,197,000</u>	<u>76,545</u>	<u>1,273,545</u>
	<u>\$ 3,997,000</u>	<u>\$ 660,188</u>	<u>\$ 4,657,188</u>

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

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

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 48,773,886
Less: Net Debt	<u>3,997,000</u>
Remaining Borrowing Power	<u>\$ 44,776,886</u>

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2017</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 4,187,000		\$ 190,000	\$ 3,997,000	\$ 310,000
Deferred Amounts:					
Add: Original Issue Premium	<u>59,026</u>	<u>-</u>	<u>7,292</u>	<u>51,734</u>	<u>8,118</u>
Total Bonds Payable	4,246,026	-	197,292	4,048,734	318,118
Capital/Lease Purchase	118,012		67,325	50,687	50,687
Compensated Absences	263,895	\$ 1,773	13,996	251,672	
Net Pension Liability	<u>4,407,629</u>	<u>1,252,944</u>	<u>165,047</u>	<u>5,495,526</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 9,035,562</u>	<u>\$ 1,254,717</u>	<u>\$ 443,660</u>	<u>\$ 9,846,619</u>	<u>\$ 368,805</u>

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

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

The District is a member of the New Jersey School Boards Association (NJSBAIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017	\$ 15,000	\$ 16,146	\$ 17,513	\$ 152,932
2016	50,000	15,650	1,090	139,024
2015		15,704	48,877	74,223

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

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

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

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

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

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

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**Other Pension Funds**

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

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

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

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2015 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.



**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 165,047	\$ 701,797	\$ 18,249
2016	168,807	466,683	18,180
2015	182,549	348,712	8,063

In addition for fiscal year 2016/2017 the State contributed \$1,237 for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$515,337 during the fiscal year ended June 30, 2017 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

**Public Employees Retirement System (PERS)**

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$5,495,526 for its proportionate share of the PERS 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 as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District’s proportionate share was .01856 percent, which was an decrease of .00107 percent from its proportionate share measured as of June 30, 2015 of .01963 percent.

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$417,640 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 1,138,380	
Changes of Assumptions	102,200	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	209,549	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	-	
	<u>7,939</u>	<u>\$ 419,028</u>
Total	<u>\$ 1,458,068</u>	<u>\$ 419,028</u>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 233,895
2019	233,895
2020	233,895
2021	233,895
2022	103,460
Thereafter	<u>-</u>
	<u>\$ 1,039,040</u>

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

*Actuarial Assumptions*

The District's 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 in the measurement:

	<u>PERS</u>
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%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

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

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

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

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

***Long-Term Expected Rate of Return***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 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%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
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%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

***Discount Rate***

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

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



**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,445,270 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the District is \$45,853,739. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .05829 percent, which was a decrease of .00621 percent from its proportionate share measured as of June 30, 2015 of .06450 percent.

**Actuarial Assumptions**

The 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 in the measurement.

	<u>TPAF</u>
Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

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

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

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Long-Term Expected Rate of Return**

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

**LITTLE FALLS BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate***

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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

**Period of Projected Benefit**

Payments for which the Following  
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 3.22%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	<b>1% Decrease <u>(2.22%)</u></b>	<b>Current Discount Rate <u>(3.22%)</u></b>	<b>1% Increase <u>(4.22%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 54,759,612</u>	<u>\$ 45,853,739</u>	<u>\$ 38,580,945</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.



**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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

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

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

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Significant Legislation**

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 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 and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

<http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2017, 2016 and 2015 were \$584,756, \$555,691 and \$553,581, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**NOTE 5 RESTATEMENT**

On July 1, 2016, the Little Falls Board of Education had a capital asset evaluation performed. The Little Falls Board of Education has determined that the effect of this evaluation on the financial statements previously reported as of and for the fiscal year ended June 30, 2016 was to reduce the valuation of the capital assets in the amount of \$239,725.

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 5 RESTATEMENT (Continued)**

The result of this restatement is to reduce total net pension of governmental activities at June 30, 2016 from \$2,302,002 as originally reported to \$2,062,277.

	Beginning Balance Prior to <u>Restatement</u>	<u>Restatement</u>	Beginning Balance, <u>Restated</u>
<b>Governmental Activities</b>			
<b>ASSETS</b>			
Capital Assets			
Capital Assets Net of Accumulated Depreciation			
Land	\$ 29,415	\$ (6,151)	\$ 23,264
Construction in Progress	601,193	(230,661)	370,532
Land Improvements	585,378	(585,378)	-
Buildings and Building Improvements	3,277,497	(380,166)	2,897,331
Machinery and equipment	<u>246,295</u>	<u>962,631</u>	<u>1,208,926</u>
Governmental Activities Capital Assets, Net	<u>4,739,778</u>	<u>(239,725)</u>	<u>4,500,053</u>
Total Assets	<u>\$ 4,739,778</u>	<u>\$ (239,725)</u>	<u>\$ 4,500,053</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	<u>\$ 2,302,002</u>	<u>\$ (239,725)</u>	<u>\$ 2,062,277</u>
Total Governmental Activities Net Assets	<u>\$ 2,302,002</u>	<u>\$ (239,725)</u>	<u>\$ 2,062,277</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Tax Levy	\$ 13,945,428		\$ 13,945,428	\$ 13,945,428	
Tuition	27,000		27,000	60,150	\$ 33,150
Interest	500		500	8,306	7,806
Miscellaneous	-	-	-	28,254	28,254
<b>Total Local Sources</b>	<b>13,972,928</b>	<b>-</b>	<b>13,972,928</b>	<b>14,042,138</b>	<b>69,210</b>
State Sources					
Special Education Aid	450,207		450,207	450,207	
Transportation Aid	39,581		39,581	39,581	
Security Aid	23,895		23,895	23,895	
Adjustment Aid	1		1	1	
PARCC Readiness Aid	9,010		9,010	9,010	
Per Pupil Growth Aid	9,010		9,010	9,010	
Prof Learning Comm Aid	8,790		8,790	8,790	
Extraordinary Aid				70,095	70,095
Additional Nonpublic Transportation Aid				9,396	9,396
On-behalf TPAF Pension System Contribution (Non-Budgeted)					
Normal				677,258	677,258
Premium NCGI				24,539	24,539
Post Retirement Medical Benefits				584,756	584,756
Long Term Disability Insurance				1,237	1,237
On-behalf TPAF Social Security Contributions (Non-budgeted)	-	-	-	515,337	515,337
<b>Total State Sources</b>	<b>540,494</b>	<b>-</b>	<b>540,494</b>	<b>2,423,112</b>	<b>1,882,618</b>
Federal Sources					
Semi Medicaid Reimbursement	15,584	-	15,584	22,128	6,544
<b>Total Federal Sources</b>	<b>15,584</b>	<b>-</b>	<b>15,584</b>	<b>22,128</b>	<b>6,544</b>
<b>Total Revenues</b>	<b>14,529,006</b>	<b>-</b>	<b>14,529,006</b>	<b>16,487,378</b>	<b>1,958,372</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	55,257		55,257	53,925	1,332
Kindergarten	382,831	\$ 12,948	395,779	395,779	-
Grades 1-5	2,376,563	(57,849)	2,318,714	2,308,001	10,713
Grades 6-8	1,632,216	53,702	1,685,918	1,685,918	-
Regular Programs - Home Instruction					
Salaries of Teachers	7,000	(1,592)	5,408	5,408	-
Purchases Professional Education Svs.		3,900	3,900	3,338	562
Regular Programs - Undistributed Instruction					
Unused Vacation Payment to Terminated/ Retired Staff					
	65,000	(14,053)	50,947	-	50,947
Purchased Professional Education Svs.	14,500	328	14,828	14,828	-
Purchased Technical Services	19,052	-	19,052	19,052	-
Other Purchased Services	151,976	1,453	153,429	147,621	5,808
General Supplies	264,815	22,133	286,948	271,862	15,086
Textbooks	16,902	(13,497)	3,405	3,358	47
<b>Total Regular Programs</b>	<b>4,986,112</b>	<b>7,473</b>	<b>4,993,585</b>	<b>4,909,090</b>	<b>84,495</b>

**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE (Continued)</b>					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 305,214	\$ 2,497	\$ 307,711	\$ 302,245	\$ 5,466
Other Salaries for Instruction	157,640	64,709	222,349	219,976	2,373
General Supplies	1,800	347	2,147	2,135	12
Textbooks	1,600	(7)	1,593	975	618
Total Learning and/or Language Disabilities	<u>466,254</u>	<u>67,546</u>	<u>533,800</u>	<u>525,331</u>	<u>8,469</u>
Multiple Disabilities					
Salaries of Teachers	112,418	4,561	116,979	116,979	-
Other Salaries for Instruction	312,138	(50,277)	261,861	211,875	49,986
Purchased Professional-Educational Svs.	31,400	-	31,400	31,400	-
General Supplies	3,000	14	3,014	3,014	-
Total Multiple Disabilities	<u>458,956</u>	<u>(45,702)</u>	<u>413,254</u>	<u>363,268</u>	<u>49,986</u>
Resource Room/Resource Center					
Salaries of Teachers	638,004	-	638,004	624,846	13,158
Other Salaries for Instruction	97,509	41,491	139,000	134,000	5,000
Supplies	2,500	-	2,500	2,330	170
Textbooks	1,200	-	1,200	209	991
Total Resource Room/Resource Center	<u>739,213</u>	<u>41,491</u>	<u>780,704</u>	<u>761,385</u>	<u>19,319</u>
Preschool Disabilities - Part Time					
Salaries of Teachers	69,478	-	69,478	64,054	5,424
Other Salaries for Instruction	80,368	-	80,368	60,739	19,629
General Supplies	-	661	661	655	6
Total Preschool Disabilities - Part Time	<u>149,846</u>	<u>661</u>	<u>150,507</u>	<u>125,448</u>	<u>25,059</u>
Preschool Disabilities - Full Time					
Salaries of Teachers	84,992	2,577	87,569	84,369	3,200
Other Salaries for Instruction	186,882	11,114	197,996	192,231	5,765
Purchased Professional-Educational Svs.	10,000	(5,010)	4,990	-	4,990
General Supplies	2,000	-	2,000	1,915	85
Total Preschool Disabilities - Full Time	<u>283,874</u>	<u>8,681</u>	<u>292,555</u>	<u>278,515</u>	<u>14,040</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	173,890	7,718	181,608	181,608	-
General Supplies	1,000	(14)	986	-	986
Total Basic Skills/Remedial - Instruction	<u>174,890</u>	<u>7,704</u>	<u>182,594</u>	<u>181,608</u>	<u>986</u>
Bilingual Education					
Purchased Professional-Educational Services	41,000	-	41,000	18,603	22,397
General Supplies	2,000	-	2,000	712	1,288
Total Bilingual Education	<u>43,000</u>	<u>-</u>	<u>43,000</u>	<u>19,315</u>	<u>23,685</u>
School Sponsored Co-Curricular Activities					
Salaries	49,616	-	49,616	45,150	4,466
Total School Sponsored Co-Curricular Activities	<u>49,616</u>	<u>-</u>	<u>49,616</u>	<u>45,150</u>	<u>4,466</u>
Total - Instruction	<u>7,351,761</u>	<u>87,854</u>	<u>7,439,615</u>	<u>7,209,110</u>	<u>230,505</u>



**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE (Continued)</b>					
Undistributed Expenditures					
Instruction					
Tuition to Priv Sch. For Disabled w/in State	\$ 316,693	\$ 5,590	\$ 322,283	\$ 322,283	-
Total Undistributed Expenditures - Instruction	<u>316,693</u>	<u>5,590</u>	<u>322,283</u>	<u>322,283</u>	<u>-</u>
Health Services					
Salaries	224,365	(1,580)	222,785	220,107	2,678
Purchased Professional and Technical Svs.	17,370	13,412	30,782	30,782	-
Supplies and Materials	4,000	2,186	6,186	6,145	41
Total Health Services	<u>245,735</u>	<u>14,018</u>	<u>259,753</u>	<u>257,034</u>	<u>2,719</u>
Speech, OT, PT and Related Services					
Salaries	245,148	-	245,148	236,677	8,471
Purchased Professional-Educational Services	-	1,900	1,900	1,900	-
Supplies and Materials	5,500	76	5,576	5,576	-
Total Speech, OT, PT and Related Services	<u>250,648</u>	<u>1,976</u>	<u>252,624</u>	<u>244,153</u>	<u>8,471</u>
Other Support Services - Students - Extra Services					
Salaries	159,439	(1)	159,438	137,664	21,774
Purchased Professional-Educational Services	72,300	(8,844)	63,456	62,230	1,226
Total Other Support Services - Students - Extra Services	<u>231,739</u>	<u>(8,845)</u>	<u>222,894</u>	<u>199,894</u>	<u>23,000</u>
Guidance					
Salaries of Other Professional Staff	57,345	-	57,345	56,725	620
Supplies and Materials	500	(500)	-	-	-
Total Guidance	<u>57,845</u>	<u>(500)</u>	<u>57,345</u>	<u>56,725</u>	<u>620</u>
Child Study Teams					
Salaries of Other Professional Staff	461,900	8,465	470,365	470,365	-
Salaries of Secretarial and Clerical Assistants	62,680	-	62,680	62,519	161
Other Purchased Professional-Technical Svs.	3,000	-	3,000	3,000	-
Supplies and Materials	2,000	(76)	1,924	1,792	132
Other Objects	1,500	(340)	1,160	970	190
Total Child Study Teams	<u>531,080</u>	<u>8,049</u>	<u>539,129</u>	<u>538,646</u>	<u>483</u>
Improvement of Instruction Services					
Salaries of Other Professional Staff	55,000	5,000	60,000	60,000	-
Purchased Professional-Educational Services	22,300	(11,638)	10,662	4,712	5,950
Other Purchased Services	5,000	-	5,000	414	4,586
Total Improvement of Instruction Services	<u>82,300</u>	<u>(6,638)</u>	<u>75,662</u>	<u>65,126</u>	<u>10,536</u>

**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE (Continued)</b>					
Undistributed Expenditures					
Educational Media Services/School Library					
Salaries	\$ 80,453	1,957	\$ 82,410	\$ 82,410	\$ -
Purchased Professional and Technical Services	78,280	\$ (997)	77,283	77,283	-
Supplies and Materials	2,500	(1,053)	1,447	1,447	-
Total Educational Media Services/School Library	<u>161,233</u>	<u>(93)</u>	<u>161,140</u>	<u>161,140</u>	<u>-</u>
Instructional Staff Training Service					
Purchased Professional - Educational Svs.	10,000	(1,400)	8,600	-	8,600
Other Purchased Services	2,400	-	2,400	-	2,400
Total Instructional Staff Training Service	<u>12,400</u>	<u>(1,400)</u>	<u>11,000</u>	<u>-</u>	<u>11,000</u>
Support Services General Administration					
Salaries	214,660	17,270	231,930	231,930	-
Legal Services	48,000	(17,271)	30,729	13,150	17,579
Audit Fees	27,500	-	27,500	27,500	-
Other Purchased Professional Services	30,303	-	30,303	25,057	5,246
Communications/Telephone	22,000	132	22,132	22,132	-
BOE Other Purchased Services	3,000	-	3,000	578	2,422
Miscellaneous Purchased Services	51,050	(160)	50,890	35,231	15,659
Supplies and Materials	5,000	15,231	20,231	3,899	16,332
Miscellaneous Expenditures	2,700	28	2,728	2,728	-
BOE Membership Dues and Fees	8,100	-	8,100	6,040	2,060
Total Support Services General Administration	<u>412,313</u>	<u>15,230</u>	<u>427,543</u>	<u>368,245</u>	<u>59,298</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	273,327	-	273,327	253,645	19,682
Salaries of Secretarial and Clerical Assistants	169,598	41	169,639	169,639	-
Other Salaries	11,000	(41)	10,959	5,069	5,890
Purchased Professional and Technical Svs.	3,050	15,786	18,836	2,550	16,286
Other Purchased Services	500	-	500	-	500
Supplies and Materials	7,150	-	7,150	4,802	2,348
Other Objects	3,235	-	3,235	2,264	971
Total Support Services School Administration	<u>467,860</u>	<u>15,786</u>	<u>483,646</u>	<u>437,969</u>	<u>45,677</u>
Undistributed Expenditures - Central Services					
Salaries	295,283	8,473	303,756	303,756	-
Purchased Professional Services	1,500	150	1,650	150	1,500
Purchased Technical Services	3,500	(320)	3,180	-	3,180
Misc. Purchased Services - Travel	2,000	(316)	1,684	1,684	-
Supplies and Materials	6,600	2,381	8,981	8,981	-
Other Objects	1,200	-	1,200	1,165	35
Total Undistributed Expenditures -Central Services	<u>310,083</u>	<u>10,368</u>	<u>320,451</u>	<u>315,736</u>	<u>4,715</u>

**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE (Continued)</b>					
Undist. Expend. - Admin. Info. Technology					
Purchased Technical Services	\$ 1,600	\$ -	\$ 1,600	\$ -	\$ 1,600
Supplies and Materials	2,000	-	2,000	-	2,000
	<u>3,600</u>	<u>-</u>	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Undist. Expend. - Required Maint. For School Facilities					
Salaries	70,000	-	70,000	70,000	-
Cleaning, Repair, and Maintenance	52,961	49,002	101,963	96,463	5,500
General Supplies	40,150	(33,698)	6,452	6,258	194
Other Objects	757	(157)	600	498	102
	<u>163,868</u>	<u>15,147</u>	<u>179,015</u>	<u>173,219</u>	<u>5,796</u>
Custodial Services					
Salaries	388,873	(3,309)	385,564	383,687	1,877
Salaries of Non-Instructional Aides	25,000	4,000	29,000	28,558	442
Purchased Professional and Technical Svcs.	9,727	-	9,727	6,355	3,372
Cleaning, Repair, and Maintenance Services	60,148	150,341	210,489	84,406	126,083
Other Purchased Property Services	14,000	(1,120)	12,880	12,100	780
Insurance	66,671	6,636	73,307	73,184	123
General Supplies	58,035	(40,360)	17,675	14,820	2,855
Energy (Natural Gas)	120,000	(34,250)	85,750	71,553	14,197
Energy(Electricity)	120,000	-	120,000	105,469	14,531
Energy (Gasoline)	18,000	(11,985)	6,015	5,133	882
Other Objects	800	-	800	250	550
	<u>881,254</u>	<u>69,953</u>	<u>951,207</u>	<u>785,515</u>	<u>165,692</u>
Security					
Supplies	-	8,985	8,985	-	8,985
	<u>-</u>	<u>8,985</u>	<u>8,985</u>	<u>-</u>	<u>8,985</u>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	22,268	-	22,268	19,170	3,098
Salaries for Pupil Transportation (Between Home and School) - Sp Ed	57,970	-	57,970	55,729	2,241
Management Fee - ESC & CTSA Transportation Prog.	4,500	-	4,500	4,326	174
Cleaning, Repair & Maint. Services	19,000	-	19,000	11,722	7,278
Lease Purchase Payments - School Buses	11,137	-	11,137	11,136	1
Contracted Services (Other Than Between Home and School) - Vendors	3,000	300	3,300	620	2,680
Contracted Services (Between Home and School) - Joint Agreements	20,500	(10,595)	9,905	-	9,905
Contracted Services (Regular Ed. Students)- ESCs & CTSA	232,000	(1,168)	230,832	225,270	5,562
Contracted Services (Special Ed. Students)- ESCs & CTSA	97,437	3,502	100,939	100,939	-
Contracted Services-Aid in Lieu of Payments - Non-Public Schools	30,000	10,595	40,595	40,595	-
Miscellaneous Purchased Services-Trans.	500	89	589	589	-
Supplies and Materials	6,200	(2,723)	3,477	-	3,477
	<u>504,512</u>	<u>-</u>	<u>504,512</u>	<u>470,096</u>	<u>34,416</u>

**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENSE (Continued)</b>					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 201,500	4,801	\$ 206,301	\$ 191,002	\$ 15,299
Other Retirement Contributions-PERS	195,000	(29,953)	165,047	165,047	-
Other Retirement Contributions-DCRP		29,953	29,953	18,249	11,704
Workmen's Compensation	69,871	-	69,871	69,809	62
Health Benefits	2,304,189	(185,768)	2,118,421	1,877,022	241,399
Tuition Reimbursement	30,000	(2,732)	27,268	18,213	9,055
Other Employee Benefits	66,000	17,732	83,732	77,928	5,804
<b>Total Unallocated Benefits - Employee Benefits</b>	<u>2,866,560</u>	<u>(165,967)</u>	<u>2,700,593</u>	<u>2,417,270</u>	<u>283,323</u>
On-behalf TPAF Pension System Contribution (Non-Budget)					
NCGI Premium				677,258	(677,258)
Normal				24,539	(24,539)
Post Retirement Medical Benefits				584,756	(584,756)
Long Term Disability Insurance				1,237	(1,237)
On-behalf TPAF Social Security Contributions (Non-budgeted)	-	-	-	515,337	(515,337)
<b>Total On-behalf Contributions</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,803,127</u>	<u>(1,803,127)</u>
<b>Total Undistributed Expenditures</b>	<u>7,499,723</u>	<u>(18,341)</u>	<u>7,481,382</u>	<u>8,616,178</u>	<u>(1,134,796)</u>
<b>Total Expenditures - Current Expense</b>	<u>14,851,484</u>	<u>69,513</u>	<u>14,920,997</u>	<u>15,825,288</u>	<u>(904,291)</u>
<b>CAPITAL OUTLAY</b>					
Interest Deposit to Capital Reserve	500	-	500	-	500
<b>Total Capital Outlay</b>	<u>500</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>500</u>
Facilities Acquisition and Construction Serv.					
Assessment for Debt Service on SDA Funding	20,146	-	20,146	20,146	-
Construction Services	-	134,816	134,816	114,066	20,750
<b>Total Facilities Acquisition and Construction Serv.</b>	<u>20,146</u>	<u>134,816</u>	<u>154,962</u>	<u>134,212</u>	<u>20,750</u>
<b>Total Capital Outlay</b>	<u>20,646</u>	<u>134,816</u>	<u>155,462</u>	<u>134,212</u>	<u>21,250</u>
Transfer of Funds to Charter Schools	42,599	10,992	53,591	53,591	-
<b>Total Expenditures</b>	<u>14,914,729</u>	<u>215,321</u>	<u>15,130,050</u>	<u>16,013,091</u>	<u>(883,041)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(385,723)	(215,321)	(601,044)	474,287	1,075,331
Other Financing Sources (Uses)					
Transfers to Enterprise Fund - Food Service		(18,768)	(18,768)	(18,768)	-
Transfers Out - Capital Projects	-	(158,734)	(158,734)	(158,734)	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(177,502)</u>	<u>(177,502)</u>	<u>(177,502)</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(385,723)	(392,823)	(778,546)	296,785	1,075,331
Fund Balances, Beginning of Year	3,797,996	-	3,797,996	3,797,996	-
<b>Fund Balances, End of Year</b>	<u>\$ 3,412,273</u>	<u>\$ (392,823)</u>	<u>\$ 3,019,450</u>	<u>\$ 4,094,781</u>	<u>\$ 1,075,331</u>

LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>Recapitulation:</b>					
Fund Balance:					
Restricted					
Excess Surplus				\$ 409,525	
Excess Surplus Designated for Subsequent Year's Expenditures				596,862	
Capital Reserve				1,974,360	
Emergency Reserve				202,409	
Maintenance Reserve				325,000	
Assigned					
Year-end Encumbrances				144,361	
Designated for Subsequent Year's Expenditures				75,399	
Unassigned				<u>366,865</u>	
				4,094,781	
Less: State Aid Payment Not Recognized on GAAP				(51,088)	
Extraordinary Aid Payment Not Recognized on GAAP				<u>(70,095)</u>	
Fund Balance, GAAP Basis				<u>\$ 3,973,598</u>	

**LITTLE FALLS BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Federal Sources	\$ 324,530	\$ 28,312	\$ 352,842	\$ 352,842	\$ -
Local Sources	-	4,264	4,264	3,650	(614)
Total Revenues	<u>324,530</u>	<u>32,576</u>	<u>357,106</u>	<u>356,492</u>	<u>(614)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	19,250	13,150	32,400	32,400	-
Other Purchased Services	196,399	3,650	200,049	200,049	-
General Supplies	<u>72,606</u>	<u>23,690</u>	<u>96,296</u>	<u>95,682</u>	<u>614</u>
Total Instruction	<u>288,255</u>	<u>40,490</u>	<u>328,745</u>	<u>328,131</u>	<u>614</u>
Support Services					
Purchase Professional & Educational	9,990	(9,990)	-	-	-
Other Purchased Services	24,812	(14,812)	10,000	10,000	-
Personal Services- Employee Benefits	1,473	(1,473)	-	-	-
Miscellaneous Purchase Services	-	18,361	18,361	18,361	-
General Supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support Services	<u>36,275</u>	<u>(7,914)</u>	<u>28,361</u>	<u>28,361</u>	<u>-</u>
Total Expenditures	<u>324,530</u>	<u>32,576</u>	<u>357,106</u>	<u>356,492</u>	<u>614</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 16,487,378	\$ 356,492
State Aid payment not recognized for budgetary purposes, recognized for GAAP statements (2015/2016 State Aid)	132,405	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2016/2017 State Aid)	<u>(121,183)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibits B-2)	<u>\$ 16,498,600</u>	<u>\$ 356,492</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 16,013,091</u>	<u>\$ 356,492</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 16,013,091</u>	<u>\$ 356,492</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

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

**Public Employees Retirement System**

**Last Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.05829 %	0.01963 %	0.01957 %	0.02195 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,495,526	\$ 4,407,629	\$ 3,664,306	\$ 4,195,569
District's Covered-Employee Payroll	\$ 1,288,695	\$ 1,247,726	\$ 1,335,781	\$ 1,352,320
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	426 %	353 %	274 %	310 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14 %	47.93 %	52.08 %	48.72 %

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

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

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

Public Employees Retirement System

Last Four Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 165,047	\$ 168,807	\$ 182,549	\$ 165,408
Contributions in Relation to the Contractually Required Contribution	<u>165,047</u>	<u>168,807</u>	<u>182,549</u>	<u>165,408</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,288,695	\$ 1,247,726	\$ 1,335,781	\$ 1,352,320
Contributions as a Percentage of Covered-Employee Payroll	12.81 %	13.53 %	13.67 %	12.23 %

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

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

**Teachers Pension and Annuity Fund**

**Last Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	%	%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	%	%	0%	0%
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ <u>45,853,739</u>	\$ <u>40,766,917</u>	\$ <u>34,855,179</u>	\$ <u>31,882,257</u>
Total	\$ <u>45,853,739</u>	\$ <u>40,766,917</u>	\$ <u>34,855,179</u>	\$ <u>31,882,257</u>
District's Covered-Employee Payroll	\$ 6,662,989	\$ 6,327,908	\$ 5,850,530	\$ 6,462,351
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00 %	0.00 %	0.00 %	0.00 %
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 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**LITTLE FALLS BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Change of Benefit Terms:**           None.

**Change of Assumptions:**       The discount rate changed from the District's rate as of June 30, 2016 to the District's rate as of June 30, 2017, in accordance with GASB Statement No. 67.

**SCHOOL LEVEL SCHEDULES**

**EXHIBITS D-1, D-2 AND D-3**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**LITTLE FALLS BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>NCLB Title I</u>	<u>NCLB Title II - A</u>	<u>I.D.E.I.A. Part B Basic</u>	<u>I.D.E.I.A. Part B Preschool</u>	<u>Local Grant</u>	<u>Total</u>
<b>REVENUES</b>						
Intergovernmental						
Federal	\$ 134,432	\$ 18,361	\$ 189,956	\$ 10,093		\$ 352,842
Local	-	-	-	-	\$ 3,650	3,650
Total Revenues	<u>\$ 134,432</u>	<u>\$ 18,361</u>	<u>\$ 189,956</u>	<u>\$ 10,093</u>	<u>\$ 3,650</u>	<u>\$ 356,492</u>
<b>EXPENDITURES</b>						
Instruction						
Salaries of Teachers	\$ 32,400					\$ 32,400
Other Purchased Services			\$ 189,956	\$ 10,093		200,049
General Supplies	92,032	-	-	-	\$ 3,650	95,682
Total Instruction	<u>124,432</u>	<u>-</u>	<u>189,956</u>	<u>10,093</u>	<u>3,650</u>	<u>328,131</u>
Support Services						
Purchase Professional & Educational						-
Other Purchase Services	10,000					10,000
Personal Services-Emp. Benefits						-
Miscellaneous Purchase Services	-	\$ 18,361	-	-	-	18,361
Total Support Services	<u>10,000</u>	<u>18,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,361</u>
Total Expenditures	<u>\$ 134,432</u>	<u>\$ 18,361</u>	<u>\$ 189,956</u>	<u>\$ 10,093</u>	<u>\$ 3,650</u>	<u>\$ 356,492</u>



**LITTLE FALLS BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS SCHEDULE IS NOT APPLICABLE

**CAPITAL PROJECTS FUND**

**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Project</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2017</u>
		<u>Prior Periods</u>	<u>Current Year</u>	
Referendum School Improvements School #1,2,& 3 - 2015/16	\$ 1,591,815	\$ 215,183	\$ 1,245,725	\$ 130,907
School #1 Electrical Upgrade 2014/15	175,089	175,089		-
School #1 ADA Toilet Upgrades 2015/16	501,938	90,584	408,976	2,378
School #1 Unit Ventilator Replacement 2015/16	641,984	100,683	531,224	10,077
School #1 Exterior Door/Window Replacement 2015/16	339,221	25,795	307,631	5,795
School #2 Electrical Upgrade 2014/15	165,979	165,979		-
School #2 Door Replacement 2015/16	113,020	7,455	105,264	301
School #2 Boiler Replacement 2015/16	575,251	78,675	491,958	4,618
School #3 Exterior Door & Roof Replacement 2015/16	119,774	35,695	79,831	4,248
School #3 Unit ventilator Replacement 2015/16	695,963	77,074	594,774	24,115
School #1 Food Service Equipment Upgrade 2016/17	81,975	-	81,975	-
	<u>\$ 5,002,009</u>	<u>\$ 972,212</u>	<u>\$ 3,847,358</u>	<u>\$ 182,439</u>
Project Balance, Budgetary				\$ 182,439
Less: Unrealized Grant Awards				<u>(148,179)</u>
Fund Balance - GAAP, June 30, 2017				<u>\$ 34,260</u>
<u>Reconciliation to GAAP</u>				
Restricted for Capital Projects:				
Available for Capital Projects				<u>34,260</u>
Total Fund Balance - Restricted for Capital Projects				<u>\$ 34,260</u>

**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Revenues and Other Financing Sources**

## Other Financing Sources

Transfer In - Capital Reserve Local Contribution	\$ <u>158,734</u>
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Total Revenues and Other Financing Sources	<u>158,734</u>
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**Expenditures and Other Financing Uses**

## Capital Outlays

Architect Engineer	91,985
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Construction Services	3,673,398
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Equipment	81,975
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Prior Year Unearned State Aid Revenue - Budgetary Basis	<u>4,084</u>
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Total Expenditures and Other Financing Uses	<u>3,851,442</u>
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Excess (Deficiency) of Revenues and Other Financing Sources over (under)

Expenditures and Other Financing Uses	(3,692,708)
---------------------------------------	-------------

Fund Balance- Beginning of Year	<u>3,875,147</u>
---------------------------------	------------------

Fund Balance- End of Year	<u>\$ 182,439</u>
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Reconciliation to GAAP

Fund Balance - End of Year - Budgetary Basis	\$ 182,439
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Less: Unearned Revenue	<u>(148,179)</u>
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Fund Balance, June 30, 2017 - GAAP	<u>\$ 34,260</u>
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**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
REFERENDUM SCHOOL IMPROVEMENTS FOR SCHOOL #1, 2 & 3  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
Transfer from Capital Reserve Local Contribution	\$ 22,000	\$ 25,441		\$ 47,441	\$ 47,441
Bond Referendum Proceeds	1,269,181	-	\$ 275,193	1,544,374	1,544,374
	<u>1,291,181</u>	<u>25,441</u>	<u>275,193</u>	<u>1,591,815</u>	<u>1,591,815</u>
<b>Expenditures and Other Financing Uses</b>					
Architect Engineer	167,746	\$ 46,345		214,091	214,091
Other Purchased Professional/Technical Service	47,437	-		47,437	47,437
Construction Services	-	1,199,380	-	1,199,380	1,330,287
	<u>215,183</u>	<u>1,245,725</u>	<u>-</u>	<u>1,460,908</u>	<u>1,591,815</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 1,075,998</u>	<u>\$ (1,220,284)</u>	<u>\$ 275,193</u>	<u>\$ 130,907</u>	<u>\$ -</u>
<b>Additional Project Information:</b>					
Project Number					N/A
Project Number					N/A
Grant Date					N/A
Bond Authorization Date					February 2016
Bonds Authorized		\$ 3,067,000			
Original Authorized Cost		\$ 1,291,181			
Revised Authorized Cost		\$ 1,591,815			
Percentage Completion					
Original Target Completion Date					September 2017
Revised Target Completion Date					September 2017

**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SCHOOL #1 ELECTRICAL UPGRADE  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments Cancellations</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
State Sources- SDA Grant	\$ 58,076		\$ (3,864)	\$ 54,212	\$ 54,212
Transfer from Capital Reserve Local Contribution	<u>117,013</u>	<u>\$ 3,864</u>	<u>-</u>	<u>120,877</u>	<u>120,877</u>
 Total Revenues and Other Financing Sources	 <u>175,089</u>	 <u>3,864</u>	 <u>(3,864)</u>	 <u>175,089</u>	 <u>175,089</u>
<b>Expenditures and Other Financing Uses</b>					
Architect Engineer	21,712			21,712	21,712
Other Purchased Professional/Technical Service	4,450	-		4,450	4,450
Construction Services	119,027	-		119,027	119,027
Supplies	<u>29,900</u>	<u>-</u>	<u>-</u>	<u>29,900</u>	<u>29,900</u>
 Total Expenditures and Other Financing Uses	 <u>175,089</u>	 <u>-</u>	 <u>-</u>	 <u>175,089</u>	 <u>175,089</u>
 Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ -</u>	 <u>\$ 3,864</u>	 <u>\$ (3,864)</u>	 <u>\$ -</u>	 <u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Project Number	SDA #2700-050-14-1001-G04
Grant Date	Various
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 500,000
Revised Authorized Cost	\$ 175,089
 Percentage Completion	
Original Target Completion Date	June 2016
Revised Target Completion Date	June 2016

**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SCHOOL #1 ADA TOILET UPGRADE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
State Sources - SDA Grant	\$ 175,000			\$ 175,000	\$ 175,000
Transfer from Capital Reserve		\$ 39,438		39,438	39,438
Bond Referendum Proceeds	<u>262,500</u>	<u>-</u>	<u>\$ 25,000</u>	<u>287,500</u>	<u>287,500</u>
 Total Revenues and Other Financing Sources	 <u>437,500</u>	 <u>39,438</u>	 <u>25,000</u>	 <u>501,938</u>	 <u>501,938</u>
<b>Expenditures and Other Financing Uses</b>					
Architect Engineer	20,000	5,520		25,520	25,810
Legal Services	759	-		759	800
Construction Services	<u>69,825</u>	<u>403,456</u>	<u>-</u>	<u>473,281</u>	<u>475,328</u>
 Total Expenditures and Other Financing Uses	 <u>90,584</u>	 <u>408,976</u>	 <u>-</u>	 <u>499,560</u>	 <u>501,938</u>
 Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 346,916</u>	 <u>\$ (369,538)</u>	 <u>\$ 25,000</u>	 <u>\$ 2,378</u>	 <u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Project Number	SDA #2700-050-14-1004
Grant Date	Various
Bond Authorization Date	February 2016
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 437,500
Revised Authorized Cost	\$ 501,938
 Percentage Completion	
Original Target Completion Date	September 2017
Revised Target Completion Date	September 2017

**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SCHOOL #1 UNIT VENTILATOR REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustment</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
State Sources - SDA Grant	\$ 300,000			\$ 300,000	\$ 300,000
Bond Referendum Proceeds	450,000	-	\$ (108,016)	341,984	341,984
Total Revenues and Other Financing Sources	<u>750,000</u>	<u>-</u>	<u>(108,016)</u>	<u>641,984</u>	<u>641,984</u>
<b>Expenditures and Other Financing Uses</b>					
Architect Engineer	41,321	11,230	-	52,551	58,686
Legal Services	1,064	-	-	1,064	1,064
Construction Services	58,298	519,994	-	578,292	582,234
Total Expenditures and Other Financing Uses	<u>100,683</u>	<u>531,224</u>	<u>-</u>	<u>631,907</u>	<u>641,984</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 649,317</u>	<u>\$ (531,224)</u>	<u>\$ (108,016)</u>	<u>\$ 10,077</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Project Number	SDA #2700-050-14-1005
Grant Date	Various
Bond Authorization Date	February 2016
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 750,000
Revised Authorized Cost	\$ 641,984
Percentage Completion	
Original Target Completion Date	September 2017
Revised Target Completion Date	September 2017



**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SCHOOL #1 EXTERIOR DOOR/WINDOW REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
State Sources - SDA Grant	\$ 152,506			\$ 152,506	\$ 152,506
Bond Referendum Proceeds	228,759	-	\$ (42,044)	186,715	186,715
	<u>381,265</u>	<u>-</u>	<u>(42,044)</u>	<u>339,221</u>	<u>339,221</u>
<b>Expenditures and Other Financing Uses</b>					
Architect Engineer	19,255	5,565		24,820	26,590
Legal Services	726			726	1,000
Construction Services	5,814	302,066	-	307,880	305,836
	<u>25,795</u>	<u>307,631</u>	<u>-</u>	<u>333,426</u>	<u>333,426</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 355,470</u>	<u>\$ (307,631)</u>	<u>\$ (42,044)</u>	<u>\$ 5,795</u>	<u>\$ 5,795</u>

**Additional Project Information:**

Project Number	N/A
Project Number	SDA #2700-050-14-1006
Grant Date	Various
Bond Authorization Date	February 2016
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 381,265
Revised Authorized Cost	\$ 333,426
Percentage Completion	
Original Target Completion Date	September 2017
Revised Target Completion Date	September 2017

**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SCHOOL #2 ELECTRICAL UPGRADE  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments Cancellations</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
State Sources- SDA Grant	\$ 54,432		\$ (220)	\$ 54,212	\$ 54,212
Transfer from Capital Reserve Local Contribution	111,547	\$ 220	-	111,767	111,767
<b>Total Revenues and Other Financing Sources</b>	<u>165,979</u>	<u>220</u>	<u>(220)</u>	<u>165,979</u>	<u>165,979</u>
<b>Expenditures and Other Financing Uses</b>					
Architect Engineer	21,711			21,711	21,711
Other Purchased Professional/Technical Service	4,450			4,450	4,450
Construction Services	109,918			109,918	109,918
Supplies	29,900	-	-	29,900	29,900
<b>Total Expenditures and Other Financing Uses</b>	<u>165,979</u>	<u>-</u>	<u>-</u>	<u>165,979</u>	<u>165,979</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ (220)</u>	<u>\$ -</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Project Number	SDA #2700-060-14-1009-G04
Grant Date	Various
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 550,000
Revised Authorized Cost	\$ 165,979
Percentage Completion	
Original Target Completion Date	June 2016
Revised Target Completion Date	June 2016

**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SCHOOL #2 DOOR REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustment</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
State Sources - SDA Grant	\$ 33,530	\$ 7,796		\$ 41,326	\$ 41,326
Bond Referendum Proceeds	<u>50,295</u>	<u>-</u>	<u>\$ 21,399</u>	<u>71,694</u>	<u>71,694</u>
Total Revenues and Other Financing Sources	<u>83,825</u>	<u>7,796</u>	<u>21,399</u>	<u>113,020</u>	<u>113,020</u>
<b>Expenditures and Other Financing Uses</b>					
Architect Engineer	6,640	\$ 1,920		8,560	8,560
Legal Services	159			159	159
Construction Services	<u>656</u>	<u>103,344</u>	<u>-</u>	<u>104,000</u>	<u>104,301</u>
Total Expenditures and Other Financing Uses	<u>7,455</u>	<u>105,264</u>	<u>-</u>	<u>112,719</u>	<u>113,020</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 76,370</u>	<u>\$ (97,468)</u>	<u>\$ 21,399</u>	<u>\$ 301</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Project Number	SDA #2700-060-14-1007
Grant Date	Various
Bond Authorization Date	February 2016
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 83,825
Revised Authorized Cost	\$ 113,020
Percentage Completion	
Original Target Completion Date	September 2017
Revised Target Completion Date	September 2017

**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SCHOOL #2 BOILER REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustment</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
State Sources - SDA Grant	\$ 257,510			\$ 257,510	\$ 257,510
Bond Referendum Proceeds	<u>386,265</u>	<u>-</u>	<u>\$ (68,524)</u>	<u>317,741</u>	<u>317,741</u>
Total Revenues and Other Financing Sources	<u>643,775</u>	<u>-</u>	<u>(68,524)</u>	<u>575,251</u>	<u>575,251</u>
<b>Expenditures and Other Financing Uses</b>					
Architect Engineer	32,228	\$ 8,735	-	40,963	42,000
Legal Services	916	-	-	916	1,000
Construction Services	<u>45,531</u>	<u>483,223</u>	<u>-</u>	<u>528,754</u>	<u>532,251</u>
Total Expenditures and Other Financing Uses	<u>78,675</u>	<u>491,958</u>	<u>-</u>	<u>570,633</u>	<u>575,251</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 565,100</u>	<u>\$ (491,958)</u>	<u>\$ (68,524)</u>	<u>\$ 4,618</u>	<u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Project Number	SDA #2700-060-14-1008
Grant Date	Various
Bond Authorization Date	February 2016
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 643,775
Revised Authorized Cost	\$ 575,251
Percentage Completion	
Original Target Completion Date	September 2017
Revised Target Completion Date	September 2017

**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SCHOOL #3 EXTERIOR DOOR & ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
State Sources- SDA Grant	\$ 87,498			\$ 87,498	\$ 87,498
Transfer from Capital Reserve Local Contribution	<u>131,247</u>	<u>-</u>	<u>\$ (98,971)</u>	<u>32,276</u>	<u>32,276</u>
 Total Revenues and Other Financing Sources	 <u>218,745</u>	 <u>-</u>	 <u>(98,971)</u>	 <u>119,774</u>	 <u>119,774</u>
<b>Expenditures and Other Financing Uses</b>					
Architect Engineer	4,980	\$ 1,440		6,420	6,500
Legal Services	109	-		109	110
Construction Services	<u>30,606</u>	<u>78,391</u>	<u>-</u>	<u>108,997</u>	<u>113,164</u>
 Total Expenditures and Other Financing Uses	 <u>35,695</u>	 <u>79,831</u>	 <u>-</u>	 <u>115,526</u>	 <u>119,774</u>
 Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 <u>\$ 183,050</u>	 <u>\$ (79,831)</u>	 <u>\$ (98,971)</u>	 <u>\$ 4,248</u>	 <u>\$ -</u>

**Additional Project Information:**

Project Number	N/A
Project Number	SDA #2700-070-14-1012-G04
Grant Date	Various
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 218,745
Revised Authorized Cost	\$ 119,774
 Percentage Completion	
Original Target Completion Date	September 2017
Revised Target Completion Date	September 2017

**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SCHOOL #3 UNITE VENTILATOR REPLACEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustment</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>					
State Sources - SDA Grant	\$ 280,000			\$ 280,000	\$ 280,000
Bond Referendum Proceeds	420,000	-	\$ (4,037)	415,963	345,000
Total Revenues and Other Financing Sources	700,000	-	(4,037)	695,963	625,000
<b>Expenditures and Other Financing Uses</b>					
Architect Engineer	41,321	11,230		52,551	65,000
Legal Services	975	-		975	1,000
Construction Services	34,778	583,544	-	618,322	559,000
Total Expenditures and Other Financing Uses	77,074	594,774	-	671,848	625,000
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 622,926	\$ (594,774)	\$ (4,037)	\$ 24,115	\$ -

**Additional Project Information:**

Project Number	N/A
Project Number	SDA #2700-070-14-1011
Grant Date	Various
Bond Authorization Date	February 2016
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 700,000
Revised Authorized Cost	\$ 695,963
Percentage Completion	
Original Target Completion Date	September 2017
Revised Target Completion Date	September 2017

**LITTLE FALLS BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS  
SCHOOL #1 FOOD SERVICE EQUIPMENT UPGRADE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	\$ -	\$ 81,975	\$ 81,975	\$ 81,975
Total Revenues and Other Financing Sources	-	81,975	81,975	81,975
<b>Expenditures and Other Financing Uses</b>				
Equipment	-	81,975	81,975	81,975
Total Expenditures and Other Financing Uses	-	81,975	81,975	81,975
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -

**Additional Project Information:**

Project Number	N/A
Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Original Authorized Cost	\$ 81,975
Revised Authorized Cost	\$ 81,975
Percentage Completion	
Original Target Completion Date	September 2017
Revised Target Completion Date	September 2017

**ENTERPRISE FUNDS**



**EXHIBIT G-1**

**LITTLE FALLS BOARD OF EDUCATION  
PROPRIETARY FUND  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2017**

**NOT APPLICABLE**

**EXHIBIT G-2**

**PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOT APPLICABLE**

**EXHIBIT G-3**

**PROPRIETARY FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOT APPLICABLE**

**FIDUCIARY FUNDS**

**LITTLE FALLS BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY NET POSITION  
AS OF JUNE 30, 2017**

	<u>Agency</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
<b>ASSETS</b>			
Cash	\$ 19,913	\$ 888	\$ 20,801
Total Assets	<u>\$ 19,913</u>	<u>\$ 888</u>	<u>\$ 20,801</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 285	\$ 285
Reserve for Flex Spending		603	603
Due to Student Groups	<u>\$ 19,913</u>	<u>-</u>	<u>19,913</u>
Total Liabilities	<u>\$ 19,913</u>	<u>\$ 888</u>	<u>\$ 20,801</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**LITTLE FALLS BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>School</u>	<u>Balance July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
<b>ELEMENTARY SCHOOLS</b>				
School #1	\$ 12,285	\$ 71,656	\$ 65,873	\$ 18,068
School #2	48	4,179	4,179	48
School #3	1,180	3,888	3,271	1,797
	<u>\$ 13,513</u>	<u>\$ 79,723</u>	<u>\$ 73,323</u>	<u>\$ 19,913</u>

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance, July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2017</u>
Due to/from Other Funds		\$ 508,841	\$ 508,841	
Payroll Deductions and Withholdings	\$ 12,695	4,111,816	4,124,226	\$ 285
Accrued Salaries and Wages		5,935,392	5,935,392	
Flex Spending	159	6,620	6,176	603
	<u>\$ 12,854</u>	<u>\$ 10,562,669</u>	<u>\$ 10,574,635</u>	<u>\$ 888</u>

**LONG-TERM DEBT**

**LITTLE FALLS BOARD OF EDUCATION  
LONG TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	4/7/2012	\$ 1,850,000	8/1/2017	\$ 190,000	3.125 %				
			8/1/2018	190,000	3.375				
			8/1/2019	185,000	3.625				
			8/1/2020	185,000	3.875				
			8/1/2021	180,000	4.000	\$ 1,120,000	\$ 190,000	\$ 930,000	
School Bonds	5/24/2016	3,067,000	8/1/2017	120,000	1.000				
			8/1/2018	130,000	2.000				
			8/1/2019	140,000	2.000				
			8/1/2020	155,000	2.000				
			8/1/2021	170,000	2.000				
			8/1/2022	195,000	2.000				
			8/1/2023-30	240,000	2-2.550				
8/1/2031	237,000	3.000	<u>3,067,000</u>	<u>\$ -</u>	<u>-</u>	<u>3,067,000</u>			
						<u>\$ 4,187,000</u>	<u>\$ -</u>	<u>\$ 190,000</u>	<u>\$ 3,997,000</u>
							Paid by Budget Appropriation	<u>\$ 190,000</u>	

**LITTLE FALLS BOARD OF EDUCATION  
LONG-TERM DEBT  
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, June 30, 2016</u>	<u>Issued</u>	<u>Matured</u>	<u>Cancellations</u>	<u>Balance, June 30, 2017</u>
<b><u>Capital Leases</u></b>							
Bus Lease -2015	\$ 50,000	2.395%	\$ 21,497	-	\$ 10,621	-	\$ 10,876
<b><u>Lease Purchase Agreements</u></b>							
Computer Leases - 2016	119,431	0.00%	79,621	-	39,810		39,811
Computer Leases - 2016	25,341	0.00%	16,894	-	-	\$ 16,894	-
Total Lease Purchase Agreements			96,515	-	39,810	16,894	39,811
			<u>\$ 118,012</u>	<u>\$ -</u>	<u>\$ 50,431</u>	<u>\$ 16,894</u>	<u>\$ 50,687</u>

**LITTLE FALLS BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources	\$ 282,988	-	\$ 282,988	\$ 282,988	\$ -
Total Revenues	<u>282,988</u>	<u>-</u>	<u>282,988</u>	<u>282,988</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	190,000		190,000	190,000	
Interest	<u>92,988</u>	<u>-</u>	<u>92,988</u>	<u>92,988</u>	<u>-</u>
Total Expenditures	<u>282,988</u>	<u>-</u>	<u>282,988</u>	<u>282,988</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities				(1)			(2)			
Net Investment in Capital Assets	\$ 3,060,740	\$ 3,509,356	\$ 3,720,730	\$ 3,588,307	\$ 3,866,993	\$ 3,936,967	\$ 2,761,687	\$ 2,782,904	\$ 3,054,161	\$ 4,096,858
Restricted	442,441	565,426	426,750	931,018	1,017,535	1,051,516	1,117,003	1,932,914	2,290,644	2,299,360
Unrestricted	690,525	131,299	74	183,193	548,348	796,769	(3,255,346)	(3,098,144)	(3,042,803)	(3,114,219)
<b>Total Governmental Activities Net Position</b>	<b>\$ 4,193,706</b>	<b>\$ 4,206,081</b>	<b>\$ 4,147,554</b>	<b>\$ 4,702,518</b>	<b>\$ 5,432,876</b>	<b>\$ 5,785,252</b>	<b>\$ 623,344</b>	<b>\$ 1,617,674</b>	<b>\$ 2,302,002</b>	<b>\$ 3,281,999</b>
Business-type activities										
Net Investment in Capital Assets		\$ 1,768	\$ 1,326	\$ 884	\$ 442					\$ 1,937
Restricted										
Unrestricted	\$ 8,269	31,982	67,850	74,400	78,374	\$ 6,566	\$ 4,997	\$ 1,352	\$ 3,016	1,790
<b>Total Business-Type Activities Net Position</b>	<b>\$ 8,269</b>	<b>\$ 33,750</b>	<b>\$ 69,176</b>	<b>\$ 75,284</b>	<b>\$ 78,816</b>	<b>\$ 6,566</b>	<b>\$ 4,997</b>	<b>\$ 1,352</b>	<b>\$ 3,016</b>	<b>\$ 3,727</b>
District-Wide										
Net Investment in Capital Assets	\$ 3,060,740	\$ 3,511,124	\$ 3,722,056	\$ 3,589,191	\$ 3,867,435	\$ 3,936,967	\$ 2,761,687	\$ 2,782,904	\$ 3,054,161	\$ 4,098,795
Restricted	442,441	565,426	426,750	931,018	1,017,535	1,051,516	1,117,003	1,932,914	2,290,644	2,299,360
Unrestricted	698,794	163,281	67,924	257,593	626,722	803,335	(3,250,349)	(3,096,792)	(3,039,787)	(3,112,429)
<b>Total District-Wide Net Position</b>	<b>\$ 4,201,975</b>	<b>\$ 4,239,831</b>	<b>\$ 4,216,730</b>	<b>\$ 4,777,802</b>	<b>\$ 5,511,692</b>	<b>\$ 5,791,818</b>	<b>\$ 628,341</b>	<b>\$ 1,619,026</b>	<b>\$ 2,305,018</b>	<b>\$ 3,285,726</b>

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

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 5,078,355	\$ 4,848,757	\$ 5,097,365	\$ 5,120,002	\$ 5,617,550	\$ 6,033,664	\$ 6,124,204	\$ 7,280,993	\$ 8,007,850	\$ 8,982,732
Special education	2,112,337	2,536,565	2,890,096	3,195,971	3,005,060	2,532,687	3,342,399	3,824,169	4,028,196	4,077,683
Other instruction	198,936	252,146	313,019	266,115	177,692	225,448	323,518	251,226	431,333	493,058
School Sponsored Activities and Athletics	46,639	58,865	64,404	43,368	59,276	61,740	63,845	47,942	64,670	64,763
Support Services:										
Student & instruction related services	2,543,975	2,182,613	2,160,196	2,157,528	2,185,634	2,862,433	2,002,335	2,187,789	2,300,792	2,498,207
School Administrative services	588,764	542,530	649,661	631,840	567,107	640,021	754,923	743,079	747,319	766,661
General administration	482,775	470,477	435,252	451,282	397,089	399,352	515,227	468,797	439,008	498,679
Central Services	344,592	298,703	323,753	308,143	346,694	368,369	388,214	364,088	392,287	460,312
Plant operations and maintenance	1,207,088	1,084,625	1,104,511	1,069,624	1,090,995	1,104,938	1,127,070	1,158,476	1,158,616	1,198,916
Pupil transportation	397,987	421,367	441,960	494,498	495,664	480,777	467,648	446,749	470,858	493,467
Other support services										
Interest on long-term debt	113,984	107,841	100,411	97,182	54,050	52,169	48,314	45,208	109,882	75,982
Total governmental activities expenses	<u>13,115,432</u>	<u>12,804,489</u>	<u>13,580,628</u>	<u>13,835,553</u>	<u>13,996,811</u>	<u>14,761,598</u>	<u>15,157,697</u>	<u>16,818,516</u>	<u>18,150,811</u>	<u>19,610,460</u>
Business-type activities:										
Food service	126,205	120,790	160,851	206,366	220,312	262,168	253,234	252,114	272,390	307,854
Inclusive Preschool	12,779	16,686	20,429	46,500	65,000	985	-	-	-	-
Total business-type activities expense	<u>138,984</u>	<u>137,476</u>	<u>181,280</u>	<u>252,866</u>	<u>285,312</u>	<u>263,153</u>	<u>253,234</u>	<u>252,114</u>	<u>272,390</u>	<u>307,854</u>
Total district expenses	<u>\$ 13,254,416</u>	<u>\$ 12,941,965</u>	<u>\$ 13,761,908</u>	<u>\$ 14,088,419</u>	<u>\$ 14,282,123</u>	<u>\$ 15,024,751</u>	<u>\$ 15,410,931</u>	<u>\$ 17,070,630</u>	<u>\$ 18,423,201</u>	<u>\$ 19,918,314</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 263,542	\$ 211,404	\$ 147,035	\$ 257,695	\$ 109,782	\$ 109,101	\$ 92,292	\$ 84,299	\$ 57,231	\$ 60,150
Operating grants and contributions	2,290,082	1,919,572	1,789,668	1,765,174	1,951,744	2,336,741	2,219,819	4,015,044	4,563,462	5,530,450
Capital grants and contributions	-	19,544	139,490	-	-	-	-	29,349	249,543	967,397
Total governmental activities program revenues	<u>2,553,624</u>	<u>2,150,520</u>	<u>2,076,193</u>	<u>2,022,869</u>	<u>2,061,526</u>	<u>2,445,842</u>	<u>2,312,111</u>	<u>4,128,692</u>	<u>4,870,236</u>	<u>6,557,997</u>

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Business-type activities:</b>										
Charges for services										
Food service	\$ 76,109	\$ 76,208	\$ 100,827	\$ 126,435	\$ 121,221	\$ 143,193	\$ 127,277	\$ 117,186	\$ 130,443	\$ 174,746
Inclusive Preschool	22,242	36,850	51,985	46,540	68,250					
Operating grants and contributions	29,915	31,397	45,664	67,597	91,065	100,722	110,386	118,281	125,609	115,048
<b>Total business type activities program revenues</b>	<b>128,266</b>	<b>144,455</b>	<b>198,476</b>	<b>240,572</b>	<b>280,536</b>	<b>243,915</b>	<b>237,663</b>	<b>235,467</b>	<b>256,052</b>	<b>289,794</b>
<b>Total district program revenues</b>	<b>\$ 2,681,890</b>	<b>\$ 2,294,975</b>	<b>\$ 2,274,669</b>	<b>\$ 2,263,441</b>	<b>\$ 2,342,062</b>	<b>\$ 2,689,757</b>	<b>\$ 2,549,774</b>	<b>\$ 4,364,159</b>	<b>\$ 5,126,288</b>	<b>\$ 6,847,791</b>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (10,561,808)	\$ (10,653,969)	\$ (11,504,435)	\$ (11,812,684)	\$ (11,935,285)	\$ (12,315,756)	\$ (12,845,586)	\$ (12,689,824)	\$ (13,280,575)	\$ (13,052,463)
Business-type activities	(10,718)	6,979	17,196	(12,294)	(4,776)	(19,238)	(15,571)	(16,647)	(16,338)	(18,060)
<b>Total district-wide net expense</b>	<b>\$ (10,572,526)</b>	<b>\$ (10,646,990)</b>	<b>\$ (11,487,239)</b>	<b>\$ (11,824,978)</b>	<b>\$ (11,940,061)</b>	<b>\$ (12,334,994)</b>	<b>\$ (12,861,157)</b>	<b>\$ (12,706,471)</b>	<b>\$ (13,296,913)</b>	<b>\$ (13,070,523)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,064,639	\$ 10,383,528	\$ 11,250,627	\$ 12,113,531	\$ 12,355,802	\$ 12,355,802	\$ 12,806,443	\$ 13,403,910	\$ 13,671,988	\$ 13,945,428
Taxes levied for debt service	230,910	230,398	229,660	233,585	223,676	218,725	220,656	221,060	226,553	282,988
Unrestricted grants and contributions	141,318	28,036	75,562	11,575				16,334	18,007	25,977
Interest						5,544	6,889	7,006	10,071	8,306
Miscellaneous income	74,786	42,392	25,940	26,957	94,165	35,046	19,738	48,844	56,284	28,254
Donated Capital Assets	19,500									
Transfers	(15,500)	(18,010)	(18,000)	(18,000)	(8,000)	53,015	(14,000)	(13,000)	(18,000)	(18,768)
<b>Total governmental activities</b>	<b>10,515,653</b>	<b>10,666,344</b>	<b>11,563,789</b>	<b>12,367,648</b>	<b>12,665,643</b>	<b>12,668,132</b>	<b>13,039,726</b>	<b>13,684,154</b>	<b>13,964,903</b>	<b>14,272,185</b>
Business-type activities:										
Investment earnings	161	492	230	402	308	3	2	2	2	3
Transfers	15,500	18,010	18,000	18,000	8,000	(53,015)	14,000	13,000	18,000	18,768
<b>Total business-type activities</b>	<b>15,661</b>	<b>18,502</b>	<b>18,230</b>	<b>18,402</b>	<b>8,308</b>	<b>(53,012)</b>	<b>14,002</b>	<b>13,002</b>	<b>18,002</b>	<b>18,771</b>
<b>Total district-wide</b>	<b>\$ 10,531,314</b>	<b>\$ 10,684,846</b>	<b>\$ 11,582,019</b>	<b>\$ 12,386,050</b>	<b>\$ 12,673,951</b>	<b>\$ 12,615,120</b>	<b>\$ 13,053,728</b>	<b>\$ 13,697,156</b>	<b>\$ 13,982,905</b>	<b>\$ 14,290,956</b>
<b>Change in Net Position</b>										
Governmental activities	\$ (46,155)	\$ 12,375	\$ 59,354	\$ 554,964	\$ 730,358	\$ 352,376	\$ 194,140	\$ 994,330	\$ 684,328	\$ 1,219,722
Business-type activities	4,943	25,481	35,426	6,108	3,532	(72,250)	(1,569)	(3,645)	1,664	711
<b>Total district</b>	<b>\$ (41,212)</b>	<b>\$ 37,856</b>	<b>\$ 94,780</b>	<b>\$ 561,072</b>	<b>\$ 733,890</b>	<b>\$ 280,126</b>	<b>\$ 192,571</b>	<b>\$ 990,685</b>	<b>\$ 685,992</b>	<b>\$ 1,220,433</b>

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

	2008	2009	2010	2011	Fiscal Year Ended June 30,		2014	2015	2016	2017
					2012	2013				
General Fund										
Reserved	\$ 1,205,077	\$ 598,173	\$ 804,349							
Unreserved	431,936	252,804	57,265							
Restricted				\$ 1,432,759	\$ 1,810,228	\$ 1,857,384	\$ 2,055,705	\$ 2,258,248	\$ 3,292,589	\$ 3,508,150
Committed				42,719	29,852	19,693	-	-		
Assigned				41,131	143,887	168,734	44,509	52,690	130,075	219,760
Unassigned	-	-	-	81,440	26,296	219,301	229,510	240,402	242,927	245,688
<b>Total general fund</b>	<b><u>\$ 1,637,013</u></b>	<b><u>\$ 850,977</u></b>	<b><u>\$ 861,614</u></b>	<b><u>\$ 1,598,049</u></b>	<b><u>\$ 2,010,263</u></b>	<b><u>\$ 2,265,112</u></b>	<b><u>\$ 2,329,724</u></b>	<b><u>\$ 2,551,340</u></b>	<b><u>\$ 3,665,591</u></b>	<b><u>\$ 3,973,598</u></b>
All Other Governmental Funds										
Reserved	\$ 7,530	\$ 286,304								
Unreserved	70,574	2,423								
Restricted					\$ 4,450	\$ 4,450	\$ 131,247	\$ 767,323	\$ 2,755,487	\$ 34,260
Committed										
Assigned										
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b><u>\$ 78,104</u></b>	<b><u>\$ 288,727</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,450</u></b>	<b><u>\$ 4,450</u></b>	<b><u>\$ 131,247</u></b>	<b><u>\$ 767,323</u></b>	<b><u>\$ 2,755,487</u></b>	<b><u>\$ 34,260</u></b>

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax levy	\$ 10,295,549	\$ 10,613,926	\$ 11,480,287	\$ 12,347,116	\$ 12,579,478	\$ 12,574,527	\$ 13,027,099	\$ 13,624,970	\$ 13,898,541	\$ 14,228,416
Miscellaneous	338,328	253,796	172,975	284,652	203,947	150,174	126,858	146,935	145,815	100,360
State sources	2,187,886	1,673,387	1,646,376	1,361,402	1,640,606	2,063,424	1,874,448	2,177,268	2,394,595	3,401,731
Federal sources	243,514	293,765	358,344	415,347	311,138	272,834	337,432	349,850	391,684	374,970
<b>Total revenue</b>	<b>13,065,277</b>	<b>12,834,874</b>	<b>13,657,982</b>	<b>14,408,517</b>	<b>14,735,169</b>	<b>15,060,959</b>	<b>15,365,837</b>	<b>16,299,023</b>	<b>16,830,635</b>	<b>18,105,477</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	4,904,030	4,720,139	5,009,208	4,987,090	5,543,768	5,916,582	5,988,018	6,223,551	6,645,560	7,034,105
Special education instruction	2,022,456	2,525,745	2,854,977	3,091,306	2,958,334	2,482,906	3,309,026	3,494,449	3,558,237	3,471,955
Other instruction	204,677	246,157	250,233	257,909	178,449	194,531	363,749	238,617	353,523	411,006
School sponsored activities and athletics	46,639	58,865	64,404	43,368	59,276	61,740	63,845	48,556	63,735	60,573
<b>Support Services:</b>										
Student & inst. related services	2,407,007	2,132,357	2,217,257	2,118,241	2,146,189	2,839,384	1,973,235	1,984,110	2,031,563	2,099,563
General administration	461,439	460,943	438,968	428,546	387,348	647,264	507,864	691,331	445,186	467,612
School administrative services	532,632	566,266	618,372	588,991	550,871	405,799	704,047	452,433	669,194	632,269
Central services	327,339	291,581	306,086	302,661	338,534	360,262	370,283	361,822	386,777	419,490
Plant operations and maintenance	1,184,112	1,081,968	1,051,765	1,054,915	1,077,038	1,087,039	1,111,914	1,164,291	1,134,538	1,123,455
Pupil transportation	396,800	419,952	440,957	493,495	494,594	479,657	466,502	442,702	469,794	484,543
Capital outlay	674,878	625,308	285,696	-	332,381	165,236	118,839	94,273	877,939	3,961,424
<b>Debt service:</b>										
Principal	143,629	152,382	158,956	166,900	195,047	165,000	183,000	185,130	243,630	240,431
Interest and other charges	116,650	110,624	103,312	120,660	48,676	53,725	50,106	47,066	42,316	93,503
Cost of Issuance	-	-	-	66,218	-	-	-	-	-	-
Advance Refunding Escrow	-	-	-	41,492	-	-	-	-	-	-
<b>Total expenditures</b>	<b>13,422,288</b>	<b>13,392,287</b>	<b>13,800,191</b>	<b>13,761,792</b>	<b>14,310,505</b>	<b>14,859,125</b>	<b>15,210,428</b>	<b>15,428,331</b>	<b>16,921,992</b>	<b>20,499,929</b>
Excess (Deficiency) of revenues over (under) expenditures	(357,011)	(557,413)	(142,209)	646,725	424,664	201,834	155,409	870,692	(91,357)	(2,394,452)
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing	-	-	-	1,850,000	-	-	-	-	3,067,000	-
Premium on Refunding Bonds	-	-	-	42,710	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	(1,785,000)	-	-	-	-	-	-
Premium on Bond Sale	-	-	-	-	-	-	-	-	49,352	-
Underwriter Discount on Bond Sale	-	-	-	-	-	-	-	-	(49,352)	-
Capital Lease Proceeds	72,842	-	-	-	-	-	50,000	-	144,772	-
Transfers in	94,309	317,119	150,728	-	-	65,015	131,247	701,000	1,535,444	158,734
Transfers out	(109,809)	(335,129)	(168,728)	(18,000)	(8,000)	(12,000)	(145,247)	(714,000)	(1,553,444)	(177,502)
<b>Total other financing sources (uses)</b>	<b>57,342</b>	<b>(18,010)</b>	<b>(18,000)</b>	<b>89,710</b>	<b>(8,000)</b>	<b>53,015</b>	<b>36,000</b>	<b>(13,000)</b>	<b>3,193,772</b>	<b>(18,768)</b>
<b>Net change in fund balances</b>	<b>\$ (299,669)</b>	<b>\$ (575,423)</b>	<b>\$ (160,209)</b>	<b>\$ 736,435</b>	<b>\$ 416,664</b>	<b>\$ 254,849</b>	<b>\$ 191,409</b>	<b>\$ 857,692</b>	<b>\$ 3,102,415</b>	<b>\$ (2,413,220)</b>
<b>Debt service as a percentage of</b>										
noncapital expenditures	1.13%	1.19%	1.18%	1.51%	1.40%	1.12%	1.21%	1.21%	1.52%	1.45%

\* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Year</u>	<u>Other</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Total</u>
2008	\$ 10,288	\$ 263,542	\$ 55,100	\$ 328,930
2009	15,398	211,404	26,354	253,156
2010	21,686	147,035	3,187	171,908
2011	20,314	257,695	6,643	284,652
2012	84,520	109,782	5,195	199,497
2013	35,046	109,101	5,544	149,691
2014	19,738	92,292	6,889	118,919
2015	48,844	84,299	7,006	140,149
2016	56,284	57,231	10,071	123,586
2017	28,254	60,150	8,306	96,710

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2008	\$ 16,872,000	\$ 542,293,100	\$ 96,911,800	\$ 28,454,700	\$ 39,977,300	\$ 724,508,900	\$ 2,484,700	\$ 726,993,600	\$ 1,967,283,064	\$ 1.450
2009 *	34,303,900	1,389,066,700	301,526,300	69,114,000	122,049,600	1,916,060,500	7,056,766	1,923,117,266	1,991,873,881	0.520
2010	36,499,400	1,385,258,500	304,646,000	64,840,900	122,049,600	1,913,294,400	6,569,100	1,919,863,500	1,929,790,969	0.621
2011	37,838,400	1,376,785,400	303,200,600	64,602,700	120,741,600	1,903,168,700	6,429,200	1,909,597,900	1,902,086,209	0.653
2012	36,882,200	1,376,430,700	283,233,000	65,340,500	117,147,600	1,879,034,000	6,627,100	1,885,661,100	1,892,934,504	0.667
2013 **	26,783,060	1,066,372,000	246,005,100	54,397,400	108,646,700	1,502,204,260	5,200,700	1,507,404,960	1,623,729,535	0.8505
2014	27,412,500	1,051,978,100	232,899,200	54,169,600	116,124,200	1,482,583,600	4,169,300	1,486,752,900	1,663,010,478	0.8970
2015	28,120,300	1,049,623,100	231,829,600	53,267,000	115,646,700	1,478,486,700	4,260,500	1,482,747,200	1,643,964,705	0.9222
2016	28,060,000	1,051,777,300	229,699,200	52,554,000	115,646,700	1,477,737,200	4,443,100	1,482,180,300	1,482,180,300	0.9551
2017	31,827,900	1,053,630,100	238,172,400	45,285,800	115,646,700	1,484,562,900	4,415,500	1,488,978,400	1,488,978,400	0.9734

Source: County Abstract of Ratables

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

N/A = Not Available

\* The Borough had a revaluation which became effective in 2009.

\*\* The Borough had a reassessment which became effective in 2013.



**LITTLE FALLS BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
PER \$100 OF ASSESSED VALUATION  
LAST TEN FISCAL YEARS  
(Unaudited)  
(rate per \$100 of assessed value)**

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Regional High School District</u>	<u>Municipality</u>	<u>County</u>	<u>Total Direct and Overlapping Tax Rate</u>	
2008	\$1.45	\$0.90	\$1.30	\$1.37	\$5.02	
2009	*	0.52	0.58	0.32	0.51	1.93
2010	0.621	0.331	0.57	0.54	2.062	
2011	0.653	0.337	0.58	0.57	2.145	
2012	0.667	0.385	0.61	0.64	2.30	
2013	**	0.8505	0.5053	0.7735	0.716	2.845
2014	0.8970	0.5200	0.8010	0.776	2.994	
2015	0.9222	0.4875	0.8170	0.849	3.076	
2016	0.9551	0.4940	0.8373	0.835	3.121	
2017	0.9734	0.5102	0.8654	0.814	3.163	

\* The Borough had a revaluation which became effective in 2009.

\*\* The Borough had a reassessment which became effective in 2013.

Source: Tax Collector

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

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Inwood Owners Inc	\$ 68,500,000	4.60%	\$ 27,000,000	3.73%
Theta Holding Co	50,055,000	3.36%	24,601,500	3.38%
North Jersey District PAR 3 PAR 5			5,283,500	0.73%
Park Falls Associates	13,285,000	0.89%	4,852,400	0.67%
PAR3 LLC	12,432,200	0.83%		
Ward Trucking Corp			4,748,700	0.66%
AMB			4,545,000	0.63%
Great Notch Village	10,027,700	0.67%	4,481,400	0.62%
Park Falls Associates			4,400,000	0.61%
Andrew Realty			3,750,000	0.52%
Saturn Realty	9,656,300	0.65%		
Sisco	8,965,100	60.21%		
Andrew Realty	8,500,000	0.57%		
Hilltop Manor Associates LLC	7,000,000	0.47%		
Brownstone Inc	6,898,800	0.46%		
Verizon			3,378,452	0.47%
	<u>\$ 195,320,100</u>	<u>72.73%</u>	<u>\$ 87,040,952</u>	<u>12.02%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 10,295,549	\$ 10,295,549	100.00%	N/A
2009	10,613,926	10,613,926	100.00%	N/A
2010	11,480,287	11,480,287	100.00%	N/A
2011	12,347,116	12,347,116	100.00%	N/A
2012	12,579,478	12,579,478	100.00%	N/A
2013	12,574,527	12,574,527	100.00%	N/A
2014	13,027,099	13,027,099	100.00%	N/A
2015	13,624,970	13,624,970	100.00%	N/A
2016	13,898,541	13,898,541	100.00%	N/A
2017	14,228,416	14,228,416	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2008	\$ 2,325,000	\$ 103,285		\$ 2,428,285	11,585	\$ 210
2009	2,200,000	75,903		2,275,903	11,646	195
2010	2,070,000	46,947		2,116,947	14,441	147
2011	1,995,000	20,047		2,015,047	14,449	139
2012	1,820,000			1,820,000	14,472	126
2013	1,655,000			1,655,000	14,522	114
2014	1,480,000	42,000		1,522,000	14,516	105
2015	1,305,000	31,870		1,336,870	14,533	92
2016	4,187,000	21,497		4,208,497	14,423	292
2017	3,997,000	10,876		4,007,876	14,423 *	278

Source: District records

\*Estimate

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2008	\$ 2,325,000		\$ 2,325,000	0.32%	\$ 201
2009	2,200,000		2,200,000	0.11%	189
2010	2,070,000		2,070,000	0.11%	143
2011	1,995,000		1,995,000	0.10%	138
2012	1,820,000		1,820,000	0.10%	126
2013	1,655,000		1,655,000	0.11%	114
2014	1,480,000		1,480,000	0.10%	102
2015	1,305,000		1,305,000	0.09%	90
2016	4,187,000		4,187,000	0.28%	288
2017	3,997,000		3,997,000	0.27%	277

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**LITTLE FALLS BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT  
FOR YEAR ENDED DECEMBER 31, 2016  
(Unaudited)**

Net Direct Debt of School District as of December 31, 2016	\$ 3,997,000
Net Overlapping Debt of School District:	
Little Falls Township (100%)	24,785,089
County of Passaic - Township's Share (4.85%)	12,718,717
Passaic County Utilities Authority - Township's Share (4.85%)	1,871,064
Passaic Valley Sewage Commission (1.72%)	<u>2,370,083</u>
 Total Direct and Overlapping Bonded Debt as of December 31, 2016	 <u>\$ 45,741,953</u>

Source: Little Falls Township Chief Financial Officer and Passaic County Treasurer's Office,  
Sewerage Commission and Utilities Authority Auditors

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

Equalized valuation basis

2016	\$ 1,607,983,896
2015	1,628,289,317
2014	1,641,115,342
	<u>\$ 4,877,388,555</u>
	\$ 1,625,796,185
	48,773,886
	3,997,000
	<u>\$ 44,776,886</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 54,899,836	\$ 57,818,438	\$ 58,344,139	\$ 57,782,231	\$ 57,097,672	\$ 55,631,003	\$ 53,404,497	\$ 50,812,469	\$ 49,418,654	\$ 48,773,886
Total net debt applicable to limit	2,325,000	2,200,000	2,070,000	1,995,000	1,820,000	1,655,000	1,480,000	1,305,000	4,187,000	3,997,000
Legal debt margin	<u>\$ 52,574,836</u>	<u>\$ 55,618,438</u>	<u>\$ 56,274,139</u>	<u>\$ 55,787,231</u>	<u>\$ 55,277,672</u>	<u>\$ 53,976,003</u>	<u>\$ 51,924,497</u>	<u>\$ 49,507,469</u>	<u>\$ 45,231,654</u>	<u>\$ 44,776,886</u>
Total net debt applicable to the limit as a percentage of debt limit	4.23%	3.81%	3.55%	3.45%	3.19%	2.97%	2.77%	2.57%	8.47%	8.19%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	11,585	\$ 41,658	5.4%
2009	11,646	41,249	10.5%
2010	14,441	41,997	10.7%
2011	14,449	43,857	10.5%
2012	14,472	44,900	10.5%
2013	14,547	44,688	8.9%
2014	14,516	44,688	5.9%
2015	14,533	47,189	4.4%
2016	14,423	47,189 *	4.4% *
2017	14,423 *	47,189 *	4.4% *

Source: New Jersey State Department of Education

\* Estimate



LITTLE FALLS BOARD OF EDUCATION  
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>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Instruction</b>										
Regular	52.0	53.0	55.0	55.0	55.0	60.0	61.2	62.8	70.0	60.3
Special education	22.5	21.5	21.5	21.5	21.5	16.0	21.4	15.8	16.0	23.0
Other special education	24.5	26.5	32.0	32.0	32.0	37.0	42.0	38.0	30.0	29.0
Other instruction	10.5	15.0	9.5	9.5	9.5	8.6	8.6	10.0	15.0	13.2
<b>Support Services:</b>										
Student & instruction related services	3.0	3.0	3.0	3.0	3.0	8.0	8.0	9.0	6.0	7.0
General administration	1.0	1.0	1.0	1.0	1.0	2.0	2.0	1.5	1.5	2.0
School administrative services	2.0	2.0	2.0	2.0	2.0	6.0	6.0	5.5	4.0	4.0
Other administrative services	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.5	4.0
Central services	1.0	1.0	1.0	1.0	1.0	3.5	3.5	2.6	5.0	5.0
Administrative Information Technology	1.0	1.0	1.0	1.0	1.0					
Plant operations and maintenance	9.0	9.0	7.0	7.0	7.0	8.6	8.6	7.5	8.0	8.0
Pupil transportation	1.5	1.5	1.5	1.5	1.5	2.8	2.8	1.5	1.5	2.0
Other support services	6.5	6.5	6.5	6.5	6.5	5.6	5.6	4.1	5.0	5.0
<b>Total</b>	<b>135.5</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>142.0</b>	<b>159.1</b>	<b>170.7</b>	<b>160.3</b>	<b>164.5</b>	<b>162.5</b>

Source: District Personnel Records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only nine (9) years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
							Elementary				
2008	887	\$ 12,487,131	14,078	8.92%	83.0		Not Available	884.40	843.70	0.36%	95.40%
2009	921	12,503,963	13,577	-3.56%	83.0		Not Available	917.30	874.60	3.72%	95.35%
2010	931	13,252,227	14,234	4.85%	81.0		Not Available	934.70	895.50	1.90%	95.81%
2011	942	13,366,522	14,190	-0.32%	89.0		Not Available	938.50	897.00	0.41%	95.58%
2012	925	13,734,401	14,848	4.64%	89.0		Not Available	916.40	879.90	-2.35%	96.02%
2013	907	14,475,164	15,959	7.49%	91.6		Not Available	900.90	864.60	-1.69%	95.97%
2014	920	14,858,483	16,151	1.20%	92.0		Not Available	905.80	866.54	0.54%	95.67%
2015	898	15,101,862	16,817	4.13%	87.6		Not Available	897.71	859.86	-0.89%	95.78%
2016	894	15,758,107	17,627	4.81%	91.2		Not Available	889.30	850.70	-0.94%	95.66%
2017	885	16,204,571	18,310	3.88%	90.3		Not Available	888.00	847.30	-0.15%	95.42%

Sources: District records

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>District Building</b>										
<u>Elementary</u>										
Square Feet	53,756	53,756	53,756	53,756	53,756	53,756	53,756	53,756	53,756	59,905
Capacity (students)	418	418	418	418	418	418	418	418	418	418
Enrollment	393	393	393	393	374	391	391	391	391	386
Square Feet	38,907	38,907	38,907	38,907	38,907	38,907	38,907	38,907	38,907	43,590
Capacity (students)	280	280	280	280	280	280	280	280	280	280
Enrollment <sup>a</sup>	294	294	294	294	340	297	297	297	297	310
Square Feet	28,901	28,901	28,901	28,901	28,901	28,901	28,901	28,901	28,901	32,255
Capacity (students)	178	178	178	178	178	178	178	178	178	178
Enrollment	197	197	197	197	203	208	208	208	208	189

Number of Schools at June 30, 2017  
 Elementary = 3

Source: District Records

**LITTLE FALLS BOARD OF EDUCATION  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN YEARS  
(Unaudited)**

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
MAINTENANCE FOR SCHOOL FACILITIES**

		<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>
<u>School Facilities</u>	<u>School Number</u>										
Number 1	050	\$ 54,689	\$ 52,537	\$ 50,072	\$ 50,067	\$ 43,182	\$ 71,563	\$ 58,843	\$ 51,113	\$ 82,840	\$ 71,272
Number 2	060	43,546	47,703	55,888	51,648	49,101	44,096	41,898	49,535	61,045	52,381
Number 3	999	<u>49,362</u>	<u>48,623</u>	<u>42,262</u>	<u>45,084</u>	<u>46,452</u>	<u>46,096</u>	<u>35,403</u>	<u>43,092</u>	<u>51,995</u>	<u>49,566</u>
Total Required Maintenance for School Faci		<u>\$ 147,597</u>	<u>\$ 148,863</u>	<u>\$ 148,222</u>	<u>\$ 146,799</u>	<u>\$ 138,735</u>	<u>\$ 161,755</u>	<u>\$ 136,144</u>	<u>\$ 143,740</u>	<u>\$ 195,880</u>	<u>\$ 173,219</u>

Source: District Records

**LITTLE FALLS BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2017  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - NJSBAIG		
Property - Blanket Building & Contents	\$ 30,185,845	\$ 5,000
Comprehensive General Liability	11,000,000	
Comprehensive Automobile Liability	11,000,000	
Computer and Scheduled Equipment	900,000	1,000
Umbrella Liability - Fireman's Fund Insurance Co. Umbrella Policy	50,000,000	
School Board Legal Liability - NJSBAIG	11,000,000	5,000
Public Employees' Faithful Performance Blanket NJSBAIG	100,000 per person	
Surety Bond Coverage - Business Administrator	200,000	
Student Accident - Peoples Benefits Life Insurance Co.	5,000,000	
Worker's Compensation	2,000,000	
Pollution	500,000	10,000
Flood	1,000,000	1,250

Source: District Records.

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Falls Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Little Falls Board of Education's basic financial statements and have issued our report thereon dated September 13, 2017.

**Internal Control Over Financial Reporting**

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

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



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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
September 13, 2017



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Little Falls Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Little Falls Board of Education's major state programs for the fiscal year ended June 30, 2017. The Little Falls Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Little Falls Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Little Falls Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the Little Falls Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2017.

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

Management of the Little Falls Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Little Falls Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with the New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Little Falls Board of Education's internal control over compliance.

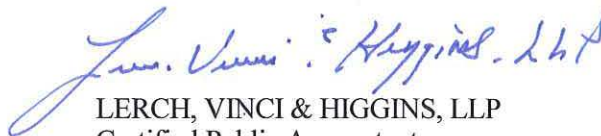
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a 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 state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

**Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Falls Board of Education, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated September 13, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
September 13, 2017

LITTLE FALLS BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016			Budgetary Expenditures	Adjustments	Balance, June 30, 2017			Memo GAAP Receivable
						(Accounts Receivable)	Unearned Revenue	Cash Received			(Account Receivable)	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Agriculture Passed-Through State Department of Education</b>														
<u>Enterprise Fund</u>														
National School Lunch Program	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	\$94,608			\$ 87,157	\$ 94,608			\$ (7,451)		\$ (7,451)
National School Lunch Program	10.555	16161NJ304N1099	N/A	7/1/15-6/30/16	103,299	\$ (5,425)		5,425						
National School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	4,389			3,832	4,389			(557)		(557)
National School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	1,531	(91)		91						
Non-Cash Assistance	10.555	171NJ304L1603	N/A	7/1/16-6/30/17	15,295	-	-	15,295	13,048	-		-	\$ 2,247	-
<b>Total Enterprise Fund Cluster</b>						(5,516)	-	111,800	112,045	-		(8,008)	2,247	(8,008)
<b>U.S. Department of Education Passed-Through State Department of Education</b>														
<u>General Fund</u>														
Medicaid Reimbursement	93.778	1705NJ5MAP	N/A	7/1/16-6/30/17	22,128			22,128	22,128			-		-
Medicaid Reimbursement	93.778	165NJ5MAP	N/A	7/1/15-6/30/16	29,572	(12,091)		12,091	-			-		-
<b>Total General Fund</b>						(12,091)	-	34,219	22,128	-		-		-
<u>Special Revenue</u>														
I.D.E.I.A. Part B-Basic	84.027	H027A150100	IDEA270009	9/1/16-8/31/17	189,956			189,956	189,956					
I.D.E.I.A. Part B-Preschool	84.173	H173A150114	IDEA270009	9/1/16-8/31/17	10,093	-	-	10,093	10,093			-		-
<b>Total Special Education Cluster (IDEA)</b>						-	-	200,049	200,049			-		-
N.C.L.B. - Title I	84.010A	S010A160030	NCLB270009	9/1/16-8/31/17	134,432			134,426	134,432			(6)		(6)
N.C.L.B. - Title I	84.010A	S010A150030	NCLB270009	9/1/15-8/31/16	98,329		\$ 1,598			\$ (1,598)				
N.C.L.B. - Title II - A	84.367A	S367A160029	NCLB270009	9/1/16-8/31/17	18,361			18,361	18,361					
<b>Total Special Revenue</b>						-	1,598	352,836	352,842	(1,598)		(6)		(6)
<b>Total Federal Financial Awards</b>						\$ (17,607)	\$ 1,598	\$ 498,855	\$ 487,015	\$ (1,598)		\$ (8,014)	\$ 2,247	\$ (8,014)

Note - This schedule was not subject to a single audit in accordance with U.S. Uniform Guidance.

LITTLE FALLS BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Yr. Balances	Balance, June 30, 2017			Memo				
									Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures			
<b>State Department of Education</b>																
<b>General Fund</b>																
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	\$450,207			\$ 407,653	\$ 450,207			\$ (42,554)						
Special Education Categorical Aid	16-495-034-5120-089	7/1/15-6/30/16	458,142	\$ (43,246)		43,246										
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	23,895			21,637	23,895			(2,258)						
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	20,222	(1,909)		1,909										
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1			1	1									
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	9,010			8,158	9,010			(852)						
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	9,010	(850)		850										
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	9,010			8,158	9,010			(852)						
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	9,010	(850)		850										
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	8,790			7,959	8,790			(831)						
<b>Total State Aid- Public Cluster</b>				<b>(46,855)</b>		<b>500,421</b>	<b>500,913</b>			<b>(47,347)</b>						<b>500,913</b>
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	70,095				70,095			(70,095)						
Extraordinary Aid	16-100-034-5120-473	7/1/15-6/30/16	82,450	(82,450)		82,450										
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	39,581			35,840	39,581			(3,741)						
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	32,836	(3,100)		3,100										
Additional Nonpublic Transportation Aid	N/A	7/1/16-6/30/17	9,396				9,396			(9,396)			\$ (9,396)			9,396
Additional Nonpublic Transportation Aid	N/A	7/1/15-6/30/16	6,478	(6,478)		6,478										
Reimbursed TPAF Social Security Contribution	17-495-034-5094-003	7/1/16-6/30/17	515,337			489,956	515,337			(25,381)				(25,381)		515,337
Reimbursed TPAF Social Security Contribution	16-495-034-5094-003	7/1/15-6/30/16	488,241	(2,200)		2,200										
On-Behalf TPAF Normal Pension Contribution	17-495-034-5094-006	7/1/16-6/30/17	677,258			677,258										677,258
On-Behalf TPAF - NCGI Premium	17-495-034-5094-007	7/1/16-6/30/17	24,539			24,539										24,539
On-Behalf TPAF Post Retirement																
Medical Contribution	17-495-034-5094-001	7/1/16-6/30/17	584,756			584,756	584,756									584,756
On-Behalf Long Term Disability Insurance	17-495-034-5094-008	7/1/16-6/30/17	1,237			1,237	1,237									1,237
<b>Total General Fund</b>				<b>(141,083)</b>		<b>2,408,235</b>	<b>2,423,112</b>			<b>(155,960)</b>				<b>(34,777)</b>		<b>2,423,112</b>
<b>State Department of Agriculture</b>																
<b>Enterprise Fund</b>																
National School Lunch Program (State Share)	17-100-010-3350-023	7/1/16-6/30/17	3,003			2,755	3,003			(248)				(248)		3,003
National School Lunch Program (State Share)	16-100-010-3350-023	7/1/15-6/30/16	3,061	(158)		158										
<b>Total Enterprise Fund</b>				<b>(158)</b>		<b>2,913</b>	<b>3,003</b>			<b>(248)</b>				<b>(248)</b>		<b>3,003</b>
<b>State of New Jersey Schools Development Authority:</b>																
<b>Capital Projects</b>																
School #1 Electrical Upgrade	#2700-050-14-1001-G04	N/A	58,075	(58,075)		54,212		\$3,863								54,212
School #1 ADA Toilet Upgrades	#2700-050-14-1004-G2MA	N/A	175,000	(36,234)			138,766			(175,000)				(175,000)		175,000
School #1 Exterior Door/Window Replacement	#2700-050-14-1006-G2MC	N/A	152,506	(10,318)			123,052			(152,506)	\$ 19,136			(152,506)		133,370
School #1 Unit Ventilator Replacement	#2700-050-14-1005-G2MB	N/A	300,000	(40,273)			212,490			(300,000)	47,237			(300,000)		252,763
School #2 Electrical Upgrade	#2700-060-14-1009-G04	N/A	54,432	(54,432)		54,212		220								54,212
School #2 Boiler Replacement	#2700-060-14-1008-G2ME	N/A	257,510	(31,470)			196,783			(257,510)	29,257			(257,510)		228,253
School #2 Door Replacement	#2700-060-14-1007-G2MD	N/A	33,530	(2,982)			30,548			(33,530)				(33,530)		33,530
School #3 Exterior Door & Roof Replacement	#2700-070-14-1012-G04	N/A	87,498	(14,278)			31,932			(87,499)	41,288			(87,499)		46,210
School #3 Unit Ventilator Replacement	#2700-070-14-1011-G2MH	N/A	280,000	(30,830)			237,909			(280,000)	11,261			(280,000)		268,739
<b>Total SDA Cluster/Capital Projects Fund</b>				<b>(278,892)</b>		<b>108,424</b>	<b>971,480</b>	<b>4,083</b>		<b>(1,286,045)</b>	<b>148,179</b>			<b>(1,286,045)</b>		<b>1,246,289</b>
<b>Total State Financial Assistance</b>				<b>\$ (420,133)</b>	<b>\$ -</b>	<b>\$ 2,519,572</b>	<b>3,397,595</b>	<b>\$4,083</b>	<b>\$ -</b>	<b>\$(1,442,253)</b>	<b>\$148,179</b>	<b>\$ -</b>	<b>\$(1,321,070)</b>	<b>\$ 3,672,404</b>		
<b>Not Subject to Single Audit Determination</b>																
<b>General Fund</b>																
On-Behalf TPAF Pension System Contributions-Normal	17-495-034-5094-006	7/1/16-6/30/17	677,258				(677,258)									
On-Behalf TPAF Post-Retirement Medical Contributions	17-495-034-5094-007	7/1/16-6/30/17	24,539				(24,539)									
On-Behalf TPAF - NCGI Premium	17-495-034-5094-001	7/1/16-6/30/17	584,756				(584,756)									
On-Behalf TPAF Long Term Disability Insurance	17-495-034-5094-008	7/1/16-6/30/17	1,237				(1,237)									
<b>Total State Financial Assistance Subject to Single Audit</b>							<b>\$ 2,109,805</b>									

**NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**

**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$11,222 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 22,128	\$ 2,434,334	\$ 2,456,462
Special Revenue Fund	352,842		352,842
Capital Projects Fund	-	967,397	967,397
Food Service Fund	<u>112,045</u>	<u>3,003</u>	<u>115,048</u>
Total Financial Assistance	<u>\$ 487,015</u>	<u>\$ 3,404,734</u>	<u>\$ 3,891,749</u>



**LITTLE FALLS BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$515,337 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$701,797 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$584,756 and TPAF Long-Term Disability Insurance in the amount of \$1,237 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

**LITTLE FALLS BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Part 1 – Summary of Auditor’s Results*

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?            Yes   X   No

2) Significant deficiencies identified that are not considered to be material weaknesses?            Yes   X   None reported

Noncompliance material to the basic financial statements noted?            Yes   X   No

**Federal Awards Section** - Not Applicable

**LITTLE FALLS BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Part I – Summary of Auditor’s Results*

**State Awards**

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

Auditee qualified as low-risk auditee?  X  yes       no

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

Internal Control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08       yes  X  no

Identification of major state programs:

GMIS Number(s)	Name of State Program
17-495-034-5120-089	Special Education Categorical Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-098	PARCC Readiness
17-495-034-5120-101	Professional Learning Community Aid
17-495-034-5120-085	Additional Adjustment Aid

**LITTLE FALLS BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Part 2 - Schedule of Financial Statement Findings*

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

There are none.

**LITTLE FALLS BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CURRENT YEAR STATE AWARDS**

There are none.

**LITTLE FALLS BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**STATUS OF PRIOR YEAR FINDINGS**

There were none.