

SECAUCUS BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017

Secaucus, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Secaucus Board of Education

Secaucus, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

**Secaucus Board of Education
Business Department**

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INTRODUCTORY SECTION

Public School District Secaucus

Growing Global Learners 20 Centre Avenue • Secaucus, New Jersey • 07094 *through Positive Culture*
and Academic Challenges

November 1, 2017

Honorable President and Members of the
Secaucus Board of Education
20 Centre Avenue
Secaucus, New Jersey 07094

Dear Board Members:

State Department of Education statutes require that all School District's prepare a complete set of financial statements presented in conformity with accounting principles generally accepted in the United State of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Secaucus Board of Education for the fiscal year ended June 30, 2017.

This report consists of management's representations concerning the finances of the Secaucus Board of Education. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Secaucus Board of Education has established a comprehensive internal control framework that is designed both to protect the school district's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Secaucus Board of Education's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Secaucus Board of Education's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects

The Secaucus Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Secaucus Board of Education for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Secaucus Board of Education's financial statements for the fiscal year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Secaucus Board of Education was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report

not only on the fair presentation of the financial statements, but also on the audited government's internal control and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance. These reports are available in the Single Audit Section of the Secaucus Board of Education's CAFR.

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

1).REPORTING ENTITY AND ITS SERVICES: Secaucus Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB). All funds of the District are included in this report. The Secaucus 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 PK through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2016-2017 fiscal year with an enrollment of 2114 students. The following details the changes in the student enrollment of the District over the last ten (10) years.

Fiscal Year	Student Count	Percent Change
2016-2017	2114	(0.3)
2015-2016	2120	(3.0)
2014-2015	2185	0.1
2013-2014	2183	(.1)
2012-2013	2185	1.8
2011-2012	2146	(2.3)
2010-2011	2196	2.5
2009-2010	2143	1.1
2008-2009	2120	2.2
2007-2008	2074	3.9

2). ECONOMIC CONDITION AND OUTLOOK: The Town of Secaucus continues significant increase in residential construction. This is due to the continuation of the housing units at Exchange Place; which is adjacent to the New Jersey Turnpike interchange 15X; and the Frank Lautenberg Rail Transfer Facility in Secaucus. Under construction is building K, luxury apartments which should have no impact on student population. Construction at Plaza Center for 340 condominiums consisting of one, two and three bedrooms is 90% completed and rentals will begin in January 2018. It could impact the student population with 63 units with two bedrooms and 10 units with three bedrooms. The additional rateable's will continue to stabilize the tax rate. This in turn will provide revenues which will enable the Town of Secaucus to continue providing services that were the basis for Secaucus being considered a very good place to live in New Jersey. The town, for the second year in a row, was able to absorb the school tax increase without increasing the property tax rate. For all these reasons, Secaucus will continue to prosper economically and its residents will continue to enjoy a high quality of life.

3).MAJOR INITIATIVES: The Secaucus Board of Education continued its emphasis on the improvement of instruction, Common Core Curriculum Content Standards through the implementation of web-based on-going performance-based assessments and standards-based programs, in-service training/professional development, and facility improvements and expansion. Specific actions completed in the school year include:

- Expansion/renovations of Middle/High School which began in June 2015 (referendum of Dec. 2012) and completed December 2016 (on time).
- Continued to support class size which is conducive to learning.
- We began offering a full day Pre-K in 2017 which will be charged to the parents/guardians allowing additional revenue to the Board of Education. The town provides before and after care for the full day Pre-K students. We continued to offer free half day Pre-K to parents as well.

The following information provided is reflective of the continuing improvement of the educational program provided by the Secaucus Board of Education:

- 97% of Secaucus High School Graduates went onto further their education
- 77% went onto 4 year college
- 20% went onto 2 year college
- 2% Employment
- 1% Military

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

As a recipient of federal and state financial assistance, the District also is responsible for 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 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.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as a re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

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

7). DEBT ADMINISTRATION: As of June 30, 2017 the District's outstanding debt issues included \$27,305,000 of general obligation and refunding bonds.

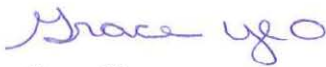
8). CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions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

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

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

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

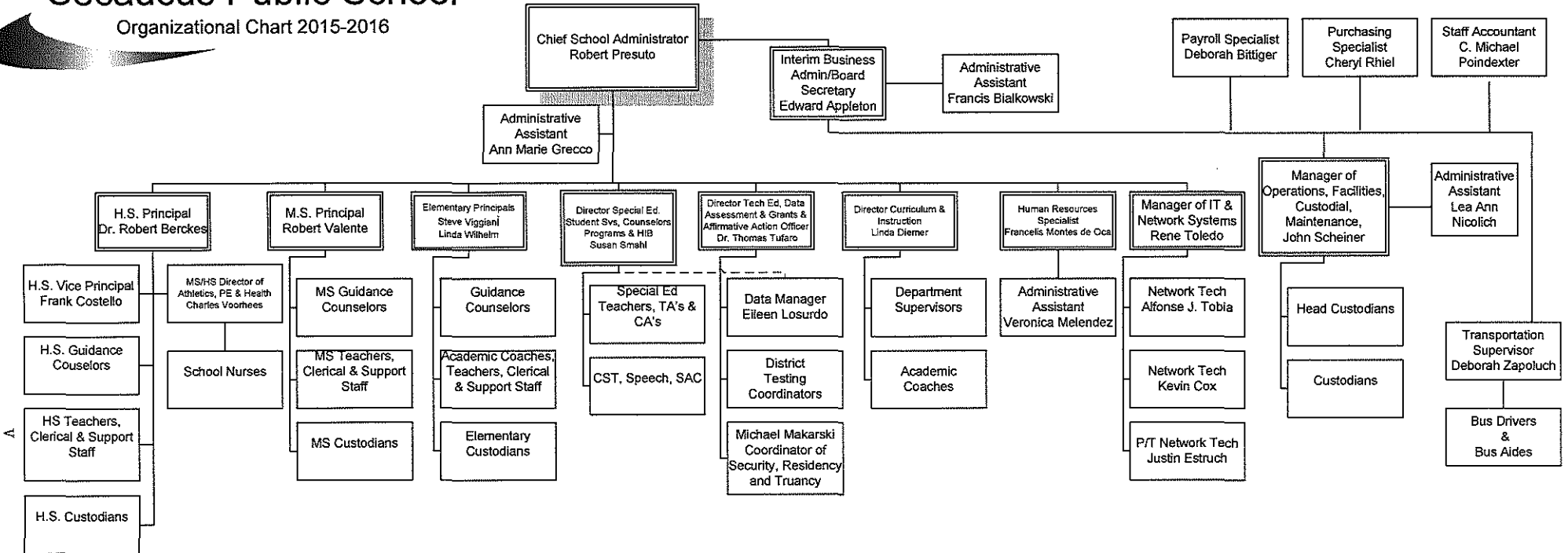
Respectfully submitted,



Grace Yeo
Business Administrator/Board Secretary

Secaucus Public School

Organizational Chart 2015-2016



Roster of Officials
Secaucus Board of Education
June 30, 2017

	<u>Term Expires</u>
John McStowe, President	2019
Ruby Pantoliano, Vice President	2017
Joseph Lewis	2017
Lance Bartletta	2017
Joan Cali	2018
Louis Giele	2018
Norma Hanley	2018
Kathy O'Connell	2019
Sharon Dellafave	2019

**SECAUCUS BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

Audit Firm

Lerch, Vinci, Higgins LLP
17-17 Route 208
Fair Lawn, New Jersey 07410

Attorneys

Fogarty & Hara
21-00 Route 208 South
Fair Lawn, NJ 07410

Wilentz Goldman & Spitzer
90 Woodbridge Center Drive Suite 900 Box 10
Woodbridge, New Jersey 07095-0958

Official Depository

TD Bank
1262 Paterson Plank Road
Secaucus, NJ 0709

Consultant

DiCara/Rubino Architects
30 Galesi Drive, West Wing
Wayne, NJ 07470

Construction Manager:

Legacy Construction Management, Inc.
435 Slopping Hill Terrace
Brick, NJ 08723

Benefit Advisors:

Brown & Brown Benefit Advisors
24 Arnett Ave. Ste. 110
Lambertville, NJ 08530

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2017 on our consideration of the Secaucus 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 Secaucus 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 Secaucus Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 1, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The discussion and analysis of the Secaucus Board of Education's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$14,144,115 (net position).
- General revenues accounted for \$37,102,922 in revenue or 72 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$14,683,478 or 28 percent of total revenues of \$51,786,400.
- Total net position of governmental activities amounted to \$13,166,487 as of June 30, 2017.
- The District had \$49,950,960 in expenses related to governmental activities; only \$13,593,160 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$37,102,922 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$39,798,986 in revenues and transfers and \$38,912,565 in expenditures. The General Fund's fund balance increased \$886,421 or 22 percent from the fiscal year ended June 30, 2016.

Using the Comprehensive Annual Financial report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Secaucus Board of Education as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the district's most significant funds. In the case of the Secaucus Board of Education, the General Fund is by far the most significant fund.

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2017?" The *Statement of Net position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental Activities – most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extra-curricular activities.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods and services provided. The District's food service program is reported as a business-type activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. The District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund. The Enterprise Fund includes the District's Food Service Fund.

Governmental Funds

The District's activities are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end available for spending in the future years. These funds are reported using the *modified accrual accounting method*, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the District as a whole.

Notes to the Financial Statements

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

The District as a Whole

The *Statement of Net position* provides the perspectives of the District as a whole, showing assets and deferred outflows of resources and liabilities and deferred inflows of resources and the difference between them (net position). Net position may serve over time as a useful indicator of a government's financial position.

Table 1 provides a summary of the District's 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>
Assets						
Current Assets	\$ 6,350,997	\$ 12,222,936	\$ 962,654	\$ 818,949	\$ 7,313,651	\$ 13,041,885
Capital Assets	48,591,501	44,435,177	32,804	36,209	48,624,305	44,471,386
Total Assets	<u>54,942,498</u>	<u>56,658,113</u>	<u>995,458</u>	<u>855,158</u>	<u>55,937,956</u>	<u>57,513,271</u>
Deferred Outflows of Resources						
Deferred Amount on Net Pension Liability	4,664,282	1,696,385	-	-	4,664,282	1,696,385
Total Deferred Outflows of Resources	<u>4,664,282</u>	<u>1,696,385</u>	<u>-</u>	<u>-</u>	<u>4,664,282</u>	<u>1,696,385</u>
Liabilities						
Other Liabilities	883,228	2,317,689	17,292		900,520	2,317,689
Long-Term Liabilities	45,544,691	43,403,415	-	-	45,544,691	43,403,415
Total Liabilities	<u>46,427,919</u>	<u>45,721,104</u>	<u>17,292</u>	<u>-</u>	<u>46,445,211</u>	<u>45,721,104</u>
Deferred Inflows of Resources						
USDA Commodities			538	826	538	826
Deferred Amount on Net Pension Liability	12,374	212,029	-	-	12,374	212,029
Total Deferred Inflows of Resources	<u>12,374</u>	<u>212,029</u>	<u>538</u>	<u>826</u>	<u>12,912</u>	<u>212,855</u>
Net Position:						
Net Investment in Capital Assets	22,249,472	20,860,209	32,804	36,209	22,282,276	20,896,418
Restricted	3,041,745	1,950,928			3,041,745	1,950,928
Unrestricted	<u>(12,124,730)</u>	<u>(10,389,772)</u>	<u>944,824</u>	<u>818,123</u>	<u>(11,179,906)</u>	<u>(9,571,649)</u>
Total Net Position	<u>\$ 13,166,487</u>	<u>\$ 12,421,365</u>	<u>\$ 977,628</u>	<u>\$ 854,332</u>	<u>\$ 14,144,115</u>	<u>\$ 13,275,697</u>

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The District's combined net position was \$14,144,115 and \$13,275,697 on June 30, 2017 and 2016, respectively. This was an increase of \$868,418 or 6.5 percent from the fiscal year ended June 30, 2016.

Table 2 shows changes in net position for the fiscal years ended June 30, 2017 and 2016.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	\$ 13,782	\$ 9,050	\$ 685,843	\$ 648,083	\$ 699,625	\$ 657,133
Grants and Contributions	13,579,378	10,318,266	404,475	395,104	13,983,853	10,713,370
General Revenues						
Property Taxes	36,401,377	35,689,653			36,401,377	35,689,653
State Aid	527,128	616,251			527,128	616,251
Other	174,417	199,307	-	-	174,417	199,307
Total Revenues	50,696,082	46,832,527	1,090,318	1,043,187	51,786,400	47,875,714
Program Expenses						
Instruction	29,991,904	26,299,914			29,991,904	26,299,914
Support Services						
Student and Instruction Related	5,129,110	4,600,464			5,129,110	4,600,464
General Administration	1,210,746	1,046,506			1,210,746	1,046,506
School Administration	2,974,427	2,789,015			2,974,427	2,789,015
Central Services	1,430,431	1,267,410			1,430,431	1,267,410
Operations and Maintenance of Facilities	6,377,866	5,135,538			6,377,866	5,135,538
Pupil Transportation	1,939,996	1,640,332			1,939,996	1,640,332
Interest on Debt	896,480	948,658			896,480	948,658
Food Service	-	-	967,022	896,165	967,022	896,165
Total Expenses	49,950,960	43,727,837	967,022	896,165	50,917,982	44,624,002
Change in Net Position	745,122	3,104,690	123,296	147,022	868,418	3,251,712
Net Position, Beginning of Year	12,421,365	9,316,675	854,332	707,310	13,275,697	10,023,985
Net Position, End of Year	\$ 13,166,487	\$ 12,421,365	\$ 977,628	\$ 854,332	\$ 14,144,115	\$ 13,275,697

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Governmental Activities

The District's total governmental activities revenues were \$50,696,082 and \$46,832,527 for the years ended June 30, 2017 and 2016, respectively. Property taxes made up 72 and 76 percent of revenues for governmental activities for the Secaucus Board of Education for fiscal years 2017 and 2016, respectively. Federal, state and local grants accounted for 28 and 24 percent of revenue for the fiscal years ended June 30, 2017 and 2016, respectively.

The total cost of all programs and services was \$49,950,960 and \$43,727,837 for the fiscal years ended June 30, 2017 and 2016, respectively. Instruction comprises 60 percent of governmental program expenses for both years ended June 30, 2017 and 2016. Support services expenses make up 38 percent of governmental expenses for both years ended June 30, 2017 and 2016. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table A-3
Total and Net Cost of Services
for the Fiscal Years Ended June 30, 2017 and 2016

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 29,991,904	\$ 26,299,914	\$ 19,212,370	\$ 18,147,628
Support Services				
Student and Instruction Related	5,129,110	4,600,464	3,771,514	3,609,497
General Administration, School Admin., Central Services	5,615,604	5,102,931	4,636,720	4,362,330
Operation and Maintenance of Facilities	6,377,866	5,135,538	6,302,361	5,071,748
Pupil Transportation	1,939,996	1,640,332	1,725,441	1,509,645
Interest on Debt	<u>896,480</u>	<u>948,658</u>	<u>709,394</u>	<u>699,673</u>
Total	<u>\$ 49,950,960</u>	<u>\$ 43,727,837</u>	<u>\$ 36,357,800</u>	<u>\$ 33,400,521</u>

Business-Type Activities

The only business-type activity is the food service operation. The program had revenues of \$1,090,318 and \$1,043,187 and expenses of \$967,022 and \$896,165 in fiscal years ended June 30, 2017 and 2016, respectively. Of the revenues, \$685,843 and \$648,083 was charges for services paid by patrons for daily food service; \$404,475 and \$395,104 was from State and Federal reimbursements for the years ended June 30, 2017 and 2016, respectively.

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$43,549,724 and \$42,487,795 and expenditures were \$48,010,313 and \$59,132,165 for the fiscal years ended June 30, 2017 and 2016, respectively. The net change in the fund balance for the year was a decrease of \$4,460,589 mainly as the result of the expenditure of \$5,065,192 of Capital Projects Fund proceeds from the prior year referendum approved by the voters net of the increase in the General Fund current year operations.

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 financial management. The following schedules present a summary of the revenues of the governmental funds for the fiscal years ending June 30, 2017 and 2016.

<u>Revenue</u>	<u>Years Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2017</u>	<u>2016</u>		
Local Sources	\$ 36,589,576	\$ 35,898,010	\$ 691,566	1.93%
State Sources	6,054,287	5,728,295	325,992	5.69%
Federal Sources	<u>905,861</u>	<u>861,490</u>	<u>44,371</u>	5.15%
Total Governmental Fund Revenues	<u>\$ 43,549,724</u>	<u>\$ 42,487,795</u>	<u>\$ 1,061,929</u>	2.50%

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ending June 30, 2017 and 2016.

	<u>Years Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2017</u>	<u>2016</u>		
Current Expense				
Instruction	\$ 23,877,636	\$ 22,791,666	\$ 1,085,970	4.76%
Support Services	15,037,801	14,392,707	645,094	4.48%
Capital Outlay	5,697,524	18,221,641	(12,524,117)	-68.73%
Debt Service				
Principal	2,477,761	2,744,828	(267,067)	-9.73%
Interest	<u>919,591</u>	<u>981,323</u>	<u>(61,732)</u>	-6.29%
Total Expenditures	<u>\$ 48,010,313</u>	<u>\$ 59,132,165</u>	<u>\$ (11,121,852)</u>	-18.81%

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budget fund is the General Fund.

During the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over-expenditures in specific line item accounts.

Capital Assets

At the end of fiscal years 2017 and 2016, the District had \$48,591,501 and \$32,804 and \$44,435,177 and \$36,209 invested in land, buildings, furniture and equipment and vehicles and construction in progress for governmental activities and business type activities net of accumulated depreciation, respectively. Overall capital assets for governmental activities increased \$4,156,324 and capital assets of business type activities decreases \$3,405 from the fiscal year ended June 30, 2016 to fiscal year ended June 30, 2017. Table A-4 and A-5 shows capital assets and the related depreciation for governmental activities and business type activities at June 30, 2017 and 2016, respectively.

Table A-4
Capital Assets
as of June 30, 2017 and 2016
Governmental Activities

	<u>2017</u>	<u>Total</u>	<u>2016</u>
Land	\$ 533,623		\$ 533,623
Improvements Other Than Buildings	964,052		914,302
Construction in Progress			21,378,972
Buildings	63,966,727		37,537,229
Machinery and Equipment	<u>4,841,732</u>		<u>4,373,721</u>
	70,306,134		64,737,847
Less Accumulated Depreciation	<u>21,714,633</u>		<u>20,302,670</u>
Net	<u>\$ 48,591,501</u>		<u>\$ 44,435,177</u>

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

Table A-5
Capital Assets
as of June 30, 2017 and 2016
Business Type Activities

	<u>2017</u>	<u>Total</u>	<u>2016</u>
Machinery and Equipment	\$ 276,650	\$	276,650
Less Accumulated Depreciation	<u>243,846</u>	<u></u>	<u>240,441</u>
Net	<u>\$ 32,804</u>	<u>\$</u>	<u>36,209</u>

Additional information about the District's capital assets can be found in Note 3 of this report.

Long-Term Liabilities

At June 30, 2017 and 2016, the District had \$45,544,691 and \$43,403,415 of long-term liabilities. Of this amount, \$1,619,376 and \$1,316,454 is for compensated absences; and \$27,305,000 and \$29,585,000 of bonds payable, \$-0- and \$168,664 for capital leases payable; \$110,065 and \$139,162 for deferred pension obligations, and \$16,510,250 and \$12,194,135 for net pension liability, respectively.

Additional information about the District's Long-Term Debt can be found in Note 3 of this report.

For the Future

Secaucus Board of Education demonstrated strengths in developing and implementing budgets was a major factor in the successes of the 2016-2017 school year. The process is broad based and includes the staff, administration and Board of Education. All effort in the development of a budget are directed at achieving district goals. As we look forward, the administration and staff are prepared to face the new economic realities of no increases in state aid and 2% caps on tax increases. In these difficult times improvement of student achievement will always be our paramount consideration.

Contacting the District's Financial Management

This financial report is designed to provide the citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Grace Yeo, Business Administrator/Board Secretary at Secaucus Board of Education, 685 Fifth Street, Secaucus, New Jersey 07094.

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,010,296	\$ 929,958	\$ 6,940,254
Receivables, Net	339,451	26,778	366,229
Due from Other Funds	1,250		1,250
Inventory		5,918	5,918
Capital Assets Not Being Depreciated	533,623		533,623
Capital Assets, Being Depreciated, net	<u>48,057,878</u>	<u>32,804</u>	<u>48,090,682</u>
Total Assets	<u>54,942,498</u>	<u>995,458</u>	<u>55,937,956</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>4,664,282</u>	-	<u>4,664,282</u>
Total Deferred Outflows of Resources	<u>4,664,282</u>	-	<u>4,664,282</u>
Total Assets and Deferred Outflows of Resources	<u>59,606,780</u>	<u>995,458</u>	<u>60,602,238</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	513,342	1,112	514,454
Due to Other Funds	19,437		19,437
Payable to Federal Government	9,873		9,873
Payable to State Government	584		584
Accrued Interest Payable	339,992		339,992
Unearned Revenue		16,180	16,180
Noncurrent Liabilities			
Due Within One Year	2,476,938		2,476,938
Due Beyond One Year	<u>43,067,753</u>	-	<u>43,067,753</u>
Total Liabilities	<u>46,427,919</u>	<u>17,292</u>	<u>46,445,211</u>
DEFERRED INFLOWS OF RESOURCES			
USDA Commodities		538	538
Deferred Amount on Net Pension Liability	<u>12,374</u>	-	<u>12,374</u>
Total Deferred Inflows of Resources	<u>12,374</u>	<u>538</u>	<u>12,912</u>
Total Liabilities and Deferred Inflows of Resources	<u>46,440,293</u>	<u>17,830</u>	<u>46,458,123</u>
NET POSITION			
Net Investment in Capital Assets	22,249,472	32,804	22,282,276
Restricted for			
Capital Projects	3,041,745		3,041,745
Unrestricted	<u>(12,124,730)</u>	<u>944,824</u>	<u>(11,179,906)</u>
Total Net Position	<u>\$ 13,166,487</u>	<u>\$ 977,628</u>	<u>\$ 14,144,115</u>

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

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

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities						
Instruction						
Regular	\$ 21,972,466		\$ 7,474,846	\$ (14,497,620)		\$ (14,497,620)
Special Education	5,873,674		2,619,851	(3,253,823)		(3,253,823)
Other Instruction	546,407		167,248	(379,159)		(379,159)
School Sponsored Activities and Athletics	1,554,978		517,589	(1,037,389)		(1,037,389)
Community Services	44,379			(44,379)		(44,379)
Support Services						
Student and Instruction Related Services	5,129,110		1,357,596	(3,771,514)		(3,771,514)
School Administration Services	2,974,427		787,471	(2,186,956)		(2,186,956)
General Administration Services	1,210,746		106,716	(1,104,030)		(1,104,030)
Plant Operations and Maintenance	6,377,866		75,505	(6,302,361)		(6,302,361)
Pupil Transportation	1,939,996	\$ 13,782	200,773	(1,725,441)		(1,725,441)
Central Services	1,430,431		84,697	(1,345,734)		(1,345,734)
Interest on Long Term Debt	896,480	-	187,086	(709,394)	-	(709,394)
Total Governmental Activities	<u>49,950,960</u>	<u>13,782</u>	<u>13,579,378</u>	<u>(36,357,800)</u>	<u>-</u>	<u>(36,357,800)</u>
Business-Type Activities						
Food Service	967,022	685,843	404,475	-	\$ 123,296	123,296
Total Business-Type Activities	<u>967,022</u>	<u>685,843</u>	<u>404,475</u>	<u>-</u>	<u>123,296</u>	<u>123,296</u>
Total Primary Government	<u>\$ 50,917,982</u>	<u>\$ 699,625</u>	<u>\$ 13,983,853</u>	<u>\$ (36,357,800)</u>	<u>\$ 123,296</u>	<u>\$ (36,234,504)</u>

Continued

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues			
Property Taxes Levied for General Purposes	\$ 33,987,669		\$ 33,987,669
Property Taxes Levied for Debt Service	2,413,708		2,413,708
State Aid Restricted for Debt Service	465,009		465,009
State Aid-Unrestricted	62,119		62,119
Miscellaneous Income	174,417	-	174,417
 Total General Revenues and Transfers	 37,102,922	 -	 37,102,922
 Change in Net Position	 745,122	 \$ 123,296	 868,418
 Net Position, Beginning of Year	 12,421,365	 854,332	 13,275,697
 Net Position, End of Year	 \$ 13,166,487	 \$ 977,628	 \$ 14,144,115

FUND FINANCIAL STATEMENTS

**SECAUCUS 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>
ASSETS					
Cash and Cash Equivalents	\$ 5,049,531		\$ 960,765		\$ 6,010,296
Due from Other Funds	156,596		2,206		158,802
Receivables from Other Governments	<u>69,936</u>	<u>\$ 269,515</u>	<u>-</u>	<u>-</u>	<u>339,451</u>
Total Assets	<u>\$ 5,276,063</u>	<u>\$ 269,515</u>	<u>\$ 962,971</u>	<u>\$ -</u>	<u>\$ 6,508,549</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 409,630	\$ 103,712			\$ 513,342
Due to Other Funds	21,643	155,346			176,989
Payable to Federal Government		9,873			9,873
Payable to State Government	<u>-</u>	<u>584</u>	<u>-</u>	<u>-</u>	<u>584</u>
Total Liabilities	<u>431,273</u>	<u>269,515</u>	<u>-</u>	<u>-</u>	<u>700,788</u>
Fund Balances					
Restricted					
Capital Projects			\$ 962,971		962,971
Excess Surplus	300,000				300,000
Excess Surplus-Designated for Subsequent Year's Expenditures	400,000				400,000
Emergency Reserve	100,000				100,000
Capital Reserve	2,591,745				2,591,745
Capital Reserve-Designated for Subsequent Year's Expenditures	450,000				450,000
Committed					
Year End Encumbrances	133,001				133,001
Assigned					
Year End Encumbrances	345,588				345,588
Designated for Subsequent Year's Expenditures	28,734				28,734
ARRA/SEMI - Designated for Subsequent Year's Expenditures	3,162				3,162
Unassigned	<u>492,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>492,560</u>
Total Fund Balances	<u>4,844,790</u>	<u>-</u>	<u>962,971</u>	<u>-</u>	<u>5,807,761</u>
Total Liabilities and Fund Balances	<u>\$ 5,276,063</u>	<u>\$ 269,515</u>	<u>\$ 962,971</u>	<u>\$ -</u>	<u>\$ 6,508,549</u>
Total Fund Balances-governmental Funds (Exhibit B-1)					\$ 5,807,761
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$70,306,134 and the accumulated depreciation is \$21,714,633.					
					48,591,501
The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:					
					(339,992)
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.					
			\$ 4,664,282		
			<u>(12,374)</u>		
					4,651,908
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. These items are as follows:					
			(27,305,000)		
			(110,065)		
			(16,510,250)		
			<u>(1,619,376)</u>		
					<u>(45,544,691)</u>
Net position of governmental activities					\$ 13,166,487

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

SECAUCUS 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>
REVENUES					
Local Sources					
Property Tax Levy	\$ 33,987,669			\$ 2,413,708	\$ 36,401,377
Rents and Royalties	51,681				51,681
Other Restricted Miscellaneous Revenues	13,782				13,782
Unrestricted Miscellaneous Revenues	<u>122,736</u>	-	-	-	<u>122,736</u>
Total - Local Sources	34,175,868	-	-	2,413,708	36,589,576
State Sources	5,402,192			652,095	6,054,287
Federal Sources	<u>70,393</u>	<u>\$ 835,468</u>	-	-	<u>905,861</u>
Total Revenues	<u>39,648,453</u>	<u>835,468</u>	-	<u>3,065,803</u>	<u>43,549,724</u>
EXPENDITURES					
Current					
Regular Instruction	17,006,471	189,115			17,195,586
Special Education Instruction	4,582,972	405,005			4,987,977
Other Instruction	437,645				437,645
School Sponsored Activities and Athletics	1,218,386				1,218,386
Community Services	38,042				38,042
Support Services					
Student and Instruction Related Services	4,042,934	141,348			4,184,282
School Administration Services	2,356,554				2,356,554
General Administration Services	1,093,413				1,093,413
Plant Operations and Maintenance	4,630,399				4,630,399
Pupil Transportation	1,557,112				1,557,112
Central Services	1,216,041				1,216,041
Debt Service					
Principal	197,761			2,280,000	2,477,761
Interest and Other Charges	2,503			917,088	919,591
Capital Outlay	<u>532,332</u>	<u>100,000</u>	<u>5,065,192</u>	-	<u>5,697,524</u>
Total Expenditures	<u>38,912,565</u>	<u>835,468</u>	<u>5,065,192</u>	<u>3,197,088</u>	<u>48,010,313</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>735,888</u>	-	<u>(5,065,192)</u>	<u>(131,285)</u>	<u>(4,460,589)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	150,533				150,533
Transfers Out	-	-	<u>(150,533)</u>	-	<u>(150,533)</u>
Total Other Financing Sources and Uses	<u>150,533</u>	-	<u>(150,533)</u>	-	-
Net Change in Fund Balances	886,421	-	<u>(5,215,725)</u>	<u>(131,285)</u>	<u>(4,460,589)</u>
Fund Balance, Beginning of Year	<u>3,958,369</u>	-	<u>6,178,696</u>	<u>131,285</u>	<u>10,268,350</u>
Fund Balance, End of Year	<u>\$ 4,844,790</u>	<u>\$ -</u>	<u>\$ 962,971</u>	<u>\$ -</u>	<u>\$ 5,807,761</u>

**SECAUCUS BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (4,460,589)

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

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

Capital Outlay	\$ 5,697,524	
Depreciation Expense	<u>(1,517,995)</u>	4,179,529

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals and donations) is to decrease net position. These transactions are not reported in the governmental funds financial statements.

Loss on Disposal of Capital Assets		(23,205)
------------------------------------	--	----------

Repayment of Bond and lease purchase principal and deferred pension obligation is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Bond Principal	2,280,000	
Deferred Pension Obligation	29,097	
Capital Lease Principal	<u>168,664</u>	2,477,761

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

Decrease in accrued interest		23,111
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In the statement of activities, certain operating expenses - compensated absences and other retirement programs - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by 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 (+)

Increase in Pension Expense	(1,148,563)	
Increase in Compensated Absences	<u>(302,922)</u>	(1,451,485)

Change in net position of governmental activities(Exhibit A-2) \$ 745,122

**SECAUCUS BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

	Business-Type Activities
	<u>Enterprise Fund</u>
	<u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 929,958
Intergovernmental Receivable	
State	550
Federal	22,805
Other Receivables	3,423
Inventory	<u>5,918</u>
Total Current Assets	<u>962,654</u>
Capital Assets	
Machinery and Equipment	276,650
Less: Accumulated Depreciation	<u>(243,846)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>32,804</u>
Total Assets	<u>995,458</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	1,112
Unearned Revenue	<u>16,180</u>
Total Current Liabilities	<u>17,292</u>
DEFERRED INFLOWS OF RESOURCES	
U.S.D.A Commodities	<u>538</u>
Total Deferred Inflows of Resources	<u>538</u>
Total Liabilities and Deferred Inflows of Resources	<u>17,830</u>
NET POSITION	
Investment in Capital Assets, Net of Related Debt	32,804
Unrestricted	<u>944,824</u>
Total Net Position	<u>\$ 977,628</u>

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

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

	Business-Type Activities
	<u>Enterprise Fund</u>
	<u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 327,485
Daily Sales - Non-Reimbursable Programs	<u>358,358</u>
 Total Operating Revenues	 <u>685,843</u>
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	407,070
Cost of Sales - Non-Reimbursable Programs	146,920
Salaries and Employee Benefits	281,235
Other Purchased Professional Services	25,219
Management Fee	75,000
General Supplies	22,936
Miscellaneous Expenditures	5,237
Depreciation Expense	<u>3,405</u>
 Total Operating Expenses	 <u>967,022</u>
Operating Loss	<u>(281,179)</u>
NONOPERATING REVENUES	
State Sources	
School Lunch Program	8,650
Federal Sources	
National School Lunch Program	290,403
Food Distribution Program	46,764
National School Breakfast Program	<u>58,658</u>
 Total Nonoperating Revenues	 <u>404,475</u>
Net Income	<u>123,296</u>
Change in Net Position	123,296
Total Net Position, Beginning of Year	<u>854,332</u>
Total Net Position, End of Year	<u>\$ 977,628</u>

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

**SECAUCUS BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 698,600
Cash Payments to Employees' Salaries and Benefits	(281,235)
Cash Payments to Suppliers for Goods and Services	<u>(635,024)</u>
Net Cash Used by Operating Activities	<u>(217,659)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>398,111</u>
Net Cash Provided by Noncapital Financing Activities	<u>398,111</u>
Net Increase in Cash and Cash Equivalents	180,452
Cash and Cash Equivalents, Beginning of Year	<u>749,506</u>
Cash and Cash Equivalents, End of Year	<u>\$ 929,958</u>
Reconciliation of Operating Loss to Net Cash	
Used by Operating Activities	
Operating Loss	\$ <u>(281,179)</u>
Adjustments to Reconcile Operating Loss to	
Net Cash Used by Operating Activities	
Depreciation	3,405
Non-Cash Federal Assistance - Food Distribution - National	
School Lunch Program	46,764
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(518)
(Increase)/Decrease in Other Receivables	(3,423)
Increase/(Decrease) in Unearned Revenue	16,180
Increase/(Decrease) in Accounts Payable	<u>1,112</u>
Total Adjustments	<u>63,520</u>
Net Cash Used by Operating Activities	<u>\$ (217,659)</u>
Non-Cash Financing Activities	
National School Lunch (Food Distribution Program)	<u>\$ 46,476</u>

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

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 467	\$ 12	\$ 1,192,561
Due from Other Funds	<u>69,730</u>	<u>-</u>	<u>19,437</u>
Total Assets	<u>70,197</u>	<u>12</u>	<u>\$ 1,211,998</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 964,034
Accrued Salaries and Wages			794
Payable to State Government	1,324		
Due to Other Funds	1,250		69,730
Due to Student Groups	<u>-</u>	<u>-</u>	<u>177,440</u>
Total Liabilities	<u>2,574</u>	<u>-</u>	<u>\$ 1,211,998</u>
NET POSITION			
Reserved for Scholarships		<u>\$ 12</u>	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 67,623</u>		

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

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
ADDITIONS		
Contributions		
Other		\$ 650
Board Contributions	\$ 55,750	
Employee Contributions	<u>35,085</u>	<u>-</u>
Total Additions	<u>90,835</u>	<u>650</u>
DEDUCTIONS		
Scholarships Awarded		750
Unemployment Claims and Contributions	54,355	-
Other	<u>1,000</u>	<u>-</u>
Total Deductions	<u>55,355</u>	<u>750</u>
Change in Net Position	35,480	(100)
Net Position, Beginning of the Year	<u>32,143</u>	<u>112</u>
Net Position, End of the Year	<u>\$ 67,623</u>	<u>\$ 12</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**SECAUCUS 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 Secaucus 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 Secaucus 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 as required:

- 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*.

**SECAUCUS 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.

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.

**SECAUCUS 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)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**SECAUCUS 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 (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. 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.

**SECAUCUS 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)

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>
Land Improvements	20
Buildings and Building Improvements	20-50
Machinery and Equipment	5-20

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The one 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 which arise only under the accrual basis of accounting that qualify for reporting in this category. The one 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; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other 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.

**SECAUCUS 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)

6. *Compensated Absences*

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

7. *Pensions*

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

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

8. *Long-Term Obligations*

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.

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.

SECAUCUS 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

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 – 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.

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.

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

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

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.

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

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

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.

ARRA/SEMI – Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2017 that will be appropriated in the adopted 2017/2018 budget certified for taxes.

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

SECAUCUS 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, unrestricted state aid, investment earnings and miscellaneous revenues.

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

Tuition 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.

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.

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

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. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 22, 2015, 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 \$1,130,047. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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

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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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		\$ 1,819,643
Increased by		
Deposits Approved by Board Resolution	\$ 1,222,102	
Unexpended Balances in District Budget	<u>430,000</u>	
Total Increases		<u>1,652,102</u>
		3,471,745
Withdrawals		
Approved in District Budget		<u>430,000</u>
Balance, June 30, 2017		<u>\$ 3,041,745</u>

The 2017/18 budget includes a withdrawal of \$450,000 from the Capital Reserve to fund the local share of certain capital projects.

C. 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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Emergency Reserve (Continued)

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

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

D. 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 \$700,000. Of this amount, \$400,000 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$300,000 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.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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 \$8,133,294 and bank and brokerage firm balances of the Board's deposits amounted to \$9,289,622. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>9,289,622</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 none of the Board's bank balances were exposed to custodial credit risk.

Investments

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

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

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

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

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

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

**SECAUCUS 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 in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental-				
Federal		\$ 269,515	\$ 22,805	\$ 292,320
State	\$ 69,936	-	550	70,486
Gross Receivables	69,936	269,515	23,355	362,806
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 69,936</u>	<u>\$ 269,515</u>	<u>\$ 23,355</u>	<u>\$ 362,806</u>

C. Capital Assets

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

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance, June 30, 2017</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 533,623				\$ 533,623
Construction in Progress	21,378,972	\$ 5,065,192	-	\$ (26,444,164)	-
Total Capital Assets, Not Being Depreciated	<u>21,912,595</u>	<u>5,065,192</u>	<u>-</u>	<u>(26,444,164)</u>	<u>533,623</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	37,537,229	72,460		26,357,038	63,966,727
Land Improvements	914,302	49,750			964,052
Machinery and Equipment	4,373,721	510,122	\$ (129,237)	87,126	4,841,732
Total Capital Assets Being Depreciated	<u>42,825,252</u>	<u>632,332</u>	<u>(129,237)</u>	<u>26,444,164</u>	<u>69,772,511</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(16,243,870)	(1,227,047)			(17,470,917)
Land Improvements	(860,413)	(6,577)			(866,990)
Machinery and Equipment	(3,198,387)	(284,371)	106,032	-	(3,376,726)
Total Accumulated Depreciation	<u>(20,302,670)</u>	<u>(1,517,995)</u>	<u>106,032</u>	<u>-</u>	<u>(21,714,633)</u>
Total Capital Assets, Being Depreciated, Net	<u>22,522,582</u>	<u>(885,663)</u>	<u>(23,205)</u>	<u>26,444,164</u>	<u>48,057,878</u>
Governmental Activities Capital Assets, Net	<u>\$ 44,435,177</u>	<u>\$ 4,179,529</u>	<u>\$ (23,205)</u>	<u>\$ -</u>	<u>\$ 48,591,501</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	<u>Balance, July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2017</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 276,650	-	-	\$ 276,650
Total Capital Assets Being Depreciated	<u>276,650</u>	<u>-</u>	<u>-</u>	<u>276,650</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(240,441)	\$ (3,405)	-	(243,846)
Total Accumulated Depreciation	<u>(240,441)</u>	<u>(3,405)</u>	<u>-</u>	<u>(243,846)</u>
Total Capital Assets, Being Depreciated, Net	<u>36,209</u>	<u>(3,405)</u>	<u>-</u>	<u>32,804</u>
Business-Type Activities Capital Assets, Net	<u>\$ 36,209</u>	<u>\$ (3,405)</u>	<u>\$ -</u>	<u>\$ 32,804</u>

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

Governmental Activities:

Instruction	
Regular	\$ 38,915
Total Instruction	<u>38,915</u>
Support Services	
Support Services-Students	6,662
School Administration	17,793
Operations and Maintenance of Plant	1,267,098
Student Transportation	160,812
Business and Other Support Services	<u>26,715</u>
Total Support Services	<u>1,479,080</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,517,995</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 3,405</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 3,405</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. 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>Spent to Date</u>	<u>Remaining Commitment</u>
Additions and Renovations to the Secaucus High School and Middle School	\$ 22,767,407	\$ <u>556,724</u>

D. 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	Special Revenue Fund	\$ 155,346
General Fund	Unemployment Compensation Trust	1,250
Agency Fund	General Fund	19,437
Capital Projects Fund	General Fund	2,206
Unemployment Compensation Trust	Agency Fund	<u>69,730</u>
 Total		 <u>\$ 247,969</u>

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

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

Interfund transfers

	<u>Transfer In:</u>	
	<u>General</u>	<u>Total</u>
Transfer Out:		
Capital Projects Fund	\$ 150,533	\$ 150,533
Total transfers out	<u>\$ 150,533</u>	<u>\$ 150,533</u>

The above transfers are the result of Capital Projects Fund unexpended lease purchase balances cancelled to General Fund.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. 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:

\$2,910,000, 2009 Refunding Bonds, due in annual installments of \$270,000 to \$275,000 through July 15, 2020, interest at 4.00%	\$1,095,000
\$4,550,000, 2011 Refunding Bonds, due in annual installments of \$945,000 through July 15, 2017, interest at 2.23%	945,000
\$27,400,000, 2014 School Bonds, due in annual installments of \$1,095,000 to \$1,870,000 through August 15, 2034, interest at 3.00% to 4.00%	<u>25,265,000</u>
Total	<u>\$27,305,000</u>

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 2,315,000	\$ 859,631	\$ 3,174,631
2019	1,395,000	804,775	2,199,775
2020	1,415,000	759,875	2,174,875
2021	1,435,000	714,400	2,149,400
2022	1,195,000	673,601	1,868,601
2023-2027	6,470,000	2,804,671	9,274,671
2028-2032	9,415,000	1,816,208	11,231,208
2033-2035	<u>3,665,000</u>	<u>221,400</u>	<u>3,886,400</u>
	<u>\$ 27,305,000</u>	<u>\$ 8,654,561</u>	<u>\$ 35,959,561</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. 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:

4% of Equalized Valuation Basis (Municipal)	\$ 177,785,822
Less: Net Debt	<u>27,305,000</u>
Remaining Borrowing Power	<u>\$ 150,480,822</u>

F. Other Long-Term Liabilities

Deferred Pension Obligation

During the 2009/2010 school year the Board elected to contribute only 50% of its normal and accrued liability components of the Public Employee Retirement System (PERS) obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$139,317 and is being paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.90% effective July 1, 2013 and 8.25% prior to July 1, 2013) at June 30, 2017 is \$110,065.

Changes in Long-Term Liabilities

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

	<u>Balance,</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2017</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 29,585,000		\$ 2,280,000	\$ 27,305,000	\$ 2,315,000
Net Pension Liability	12,194,135	\$ 4,811,351	495,236	16,510,250	
Capital Leases	168,664		168,664	-	
Compensated Absences	1,316,454	302,922		1,619,376	161,938
Deferred Pension Obligation	<u>139,162</u>	<u>-</u>	<u>29,097</u>	<u>110,065</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 43,403,415</u>	<u>\$ 5,114,273</u>	<u>\$ 2,972,997</u>	<u>\$ 45,544,691</u>	<u>\$ 2,476,938</u>

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

**SECAUCUS 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 School Alliance Insurance Fund (SAIF). The Group is a risk sharing public entity pool, established for the purpose of insuring against various risks of loss.

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

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

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

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	\$ 55,750	\$ 35,085	\$ 55,355	\$ 67,623
2016	19,250	34,645	49,340	32,143
2015		56,642	38,091	27,588

**SECAUCUS 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.

**SECAUCUS 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.

Basis of Accounting

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

Investment Valuation

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

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

**SECAUCUS 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.

**SECAUCUS 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 495,236	\$ 1,666,197	\$ 17,078
2016	467,021	1,193,716	16,045
2015	464,094	775,885	18,176

In addition for fiscal year 2016/2017 the District contributed \$1,677 for PERS and the State contributed \$4,941 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 \$1,138,473 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 \$16,510,250 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 .05575 percent, which was an increase of .00143 percent from its proportionate share measured as of June 30, 2015 of .05432 percent.

**SECAUCUS 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)

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,643,799 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	\$ 307,041	
Changes of Assumptions	3,420,042	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	629,551	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>307,648</u>	<u>\$ 12,374</u>
Total	<u>\$ 4,664,282</u>	<u>\$ 12,374</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	\$ 1,048,635
2019	1,048,635
2020	1,198,477
2021	1,019,249
2022	336,912
Thereafter	<u>-</u>
	<u>\$ 4,651,908</u>

**SECAUCUS 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.

SECAUCUS 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)

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%

**SECAUCUS 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 \$8,812,555 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 \$117,287,912. 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 .14910 percent, which was an increase of .00559 percent from its proportionate share measured as of June 30, 2015 of .14351 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.

**SECAUCUS 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%

**SECAUCUS 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:

	1% Decrease <u>(2.22%)</u>	Current Discount Rate <u>(3.22%)</u>	1% Increase <u>(4.22%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 140,067,978</u>	<u>\$ 117,287,912</u>	<u>\$ 98,685,048</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.

**SECAUCUS 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.

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.

**SECAUCUS 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.

**SECAUCUS 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 \$1,388,321, \$1,421,386 and \$1,231,719, 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.

F. Tax Abatements

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

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Budgeted</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>		<u>Final To Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 33,987,669		\$ 33,987,669	\$ 33,987,669	
Rents and Royalties	53,000		53,000	51,681	\$ (1,319)
Other Restricted Miscellaneous Revenues	16,000		16,000	13,782	(2,218)
Unrestricted Miscellaneous Revenue	58,600		58,600	122,736	64,136
State Sources					
Extraordinary Aid	130,000		130,000	177,349	47,349
Additional Non Public Transportation				14,583	14,583
Categorical Special Education Aid	773,872		773,872	773,872	
Categorical Security Aid	75,507		75,507	75,507	
Categorical Transportation Aid	86,193		86,193	86,193	
Professional Learning Community Aid	21,230		21,230	21,230	
PARCC Readiness Aid	21,370		21,370	21,370	
Per Pupil Growth Aid	21,370		21,370	21,370	
On-behalf TPAF Non-Contributory Insurance Contribution (Nonbudgeted)				58,259	58,259
On-behalf TPAF Long Term Disability Insurance Contribution (Nonbudgeted)				4,941	4,941
On-behalf TPAF Normal Cost and Accrued Liability Contribution (Nonbudgeted)				1,607,938	1,607,938
On-Behalf TPAF Post Retirement Medical Benefit Contribution (Nonbudgeted)				1,388,321	1,388,321
Reimbursed TPAF Soc. Sec. Contr. (Nonbudgeted)				1,138,473	1,138,473
Federal Sources					
ARRA - Medical Assistance Program (SEMI)				3,162	3,162
Medical Assistance Program (SEMI)	32,922	-	32,922	67,231	34,309
Total Revenues	<u>35,277,733</u>	<u>-</u>	<u>35,277,733</u>	<u>39,635,667</u>	<u>4,357,934</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Preschool	248,548	(34,000)	214,548	214,102	446
Kindergarten	355,278	120,623	475,901	474,037	1,864
Grades 1-5	4,229,136	(421,458)	3,807,678	3,799,261	8,417
Grades 6-8	2,779,267	81,863	2,861,130	2,846,766	14,364
Grades 9-12	3,281,255	132,082	3,413,337	3,413,337	-
Regular Programs - Home Instruction					
Salaries of Teachers	20,000	11,784	31,784	30,981	803
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		5,310	5,310	5,310	-
Purchased Professional/Educational Services	257,015	108,777	365,792	364,993	799
Other Purchased Services	248,222	(27,771)	220,451	211,976	8,475
General Supplies	380,842	(41,215)	339,627	271,465	68,162
Textbooks	295,955	(90,795)	205,160	191,985	13,175
Other Objects	2,000	(660)	1,340	516	824
Total Regular Programs	<u>12,097,518</u>	<u>(155,460)</u>	<u>11,942,058</u>	<u>11,824,729</u>	<u>117,329</u>

**SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Budgeted</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>		<u>Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 325,403	\$ 9,400	\$ 334,803	\$ 333,326	\$ 1,477
Other Salaries for Instruction	357,644	(22,807)	334,837	251,934	82,903
General Supplies	9,500	-	9,500	5,277	4,223
Textbooks	4,500	-	4,500	2,317	2,183
Total Learning and/or Language Disabilities	<u>697,047</u>	<u>(13,407)</u>	<u>683,640</u>	<u>592,854</u>	<u>90,786</u>
Multiple Disabilities					
Salaries of Teachers	62,174	(35,441)	26,733	26,711	22
Other Salaries for Instruction	61,220	(45,258)	15,962	12,796	3,166
Purchased Professional/Educational Services	93,069	51,235	144,304	143,825	479
Other Purchased Services	-	265	265	261	4
General Supplies	8,000	(2,600)	5,400	4,971	429
Total Multiple Disabilities	<u>224,463</u>	<u>(31,799)</u>	<u>192,664</u>	<u>188,564</u>	<u>4,100</u>
Resource Room/Resource Center					
Salaries of Teachers	1,381,939	9,429	1,391,368	1,215,468	175,900
Other Salaries for Instruction	129,030	2,598	131,628	131,628	-
Purchased Professional/Educational Services	279,477	54,800	334,277	334,186	91
General Supplies	9,500	(1,300)	8,200	4,597	3,603
Textbooks	4,000	(3,500)	500	-	500
Total Resource Room/Resource Center	<u>1,803,946</u>	<u>62,027</u>	<u>1,865,973</u>	<u>1,685,879</u>	<u>180,094</u>
Preschool Disabilities - Part Time					
Salaries of Teachers	61,003	-	61,003	61,003	-
Total Preschool Disabilities - Part Time	<u>61,003</u>	<u>-</u>	<u>61,003</u>	<u>61,003</u>	<u>-</u>
Preschool Disabilities - Full Time					
Salaries of Teachers	61,588	120	61,708	61,708	-
Other Salaries for Instruction	32,040	81,666	113,706	113,706	-
General Supplies	2,000	-	2,000	1,136	864
Other Objects	500	-	500	-	500
Total Preschool Disabilities - Full Time	<u>96,128</u>	<u>81,786</u>	<u>177,914</u>	<u>176,550</u>	<u>1,364</u>

**SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budgeted			Actual	Variance
	Original Budget	Adjustments	Final Budget		Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Home Instruction:					
Salaries of Teachers	\$ 30,000	\$ (5,707)	\$ 24,293	\$ 10,253	\$ 14,040
Total Home Instruction	30,000	(5,707)	24,293	10,253	14,040
Total Special Education	2,912,587	92,900	3,005,487	2,715,103	290,384
Basic Skills/Remedial					
Salaries of Teachers	182,587	-	182,587	114,963	67,624
General Supplies	2,700	-	2,700	1,415	1,285
Total Basic Skills/Remedial	185,287	-	185,287	116,378	68,909
Bilingual Education					
Salaries of Teachers	128,745	3,130	131,875	131,874	1
General Supplies	3,000	2,600	5,600	446	5,154
Total Bilingual Education	131,745	5,730	137,475	132,320	5,155
School Sponsored Co-Curricular Activities					
Salaries	248,050	2,924	250,974	234,649	16,325
Purchased Services	6,000	-	6,000	2,927	3,073
Supplies and Materials	16,000	13	16,013	4,002	12,011
Other Objects	450	-	450	-	450
Total School Sponsored Co-Curricular Activities	270,500	2,937	273,437	241,578	31,859
School Sponsored Athletics					
Salaries	482,429	580	483,009	454,205	28,804
Purchased Services	95,350	(17,466)	77,884	74,854	3,030
Supplies and Materials	92,380	2,975	95,355	87,084	8,271
Other Objects	12,050	17,622	29,672	13,058	16,614
Total School Sponsored Athletics	682,209	3,711	685,920	629,201	56,719
Other Instructional Programs					
Salaries	83,992	-	83,992	75,041	8,951
Supplies and Materials	1,800	1,050	2,850	1,234	1,616
Other Objects	-	350	350	350	-
Total Other Instructional Programs	85,792	1,400	87,192	76,625	10,567

**SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budgeted		Actual	Variance	
	Original Budget	Adjustments		Final Budget	Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Community Services Programs/Operations					
Salaries	\$ 30,000	\$ -	\$ 30,000	\$ 27,102	\$ 2,898
Total Community Services Programs/Operations	30,000	-	30,000	27,102	2,898
Total - Instruction	16,395,638	(48,782)	16,346,856	15,763,036	583,820
Undistributed Expenditures					
Instruction					
Tuition to CSSD & Reg Day Schools	75,000	23,574	98,574	97,595	979
Tuition to Private Schools for the Disabled Within the State	680,154	64,200	744,354	714,895	29,459
Tuition - State Facilities		57,960	57,960	57,960	
Tuition - Other	269,185	(237,759)	31,426	-	31,426
Total Undistributed Expenditures - Instruction	1,024,339	(92,025)	932,314	870,450	61,864
Health Services					
Salaries	339,186	15,271	354,457	342,608	11,849
Purchased Professional and Technical Services	45,300	9,356	54,656	47,207	7,449
Other Purchased Services		211	211	211	-
Supplies and Materials	20,547	(1,800)	18,747	15,839	2,908
Total Health Services	405,033	23,038	428,071	405,865	22,206
Speech, OT, PT & Related Services					
Salaries	189,925	-	189,925	187,973	1,952
Purchased Professional- Educational Services	160,100	(13,074)	147,026	109,189	37,837
Supplies and Materials	4,000	(1,500)	2,500	2,157	343
Total Speech, OT, PT & Related Services	354,025	(14,574)	339,451	299,319	40,132
Other Support Services - Students - Extra Services					
Purchased Professional - Educational Services	148,960	124,720	273,680	249,295	24,385
Total Other Support Services - Students - Extra Serv.	148,960	124,720	273,680	249,295	24,385

**SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Budgeted</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>		<u>Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Guidance					
Salaries of Other Prof. Staff	\$ 526,538	\$ 59,756	\$ 586,294	\$ 586,004	\$ 290
Salaries of Secretarial and Clerical Assistants	170,651	(23,276)	147,375	147,353	22
Purchased Professional - Educational Services	4,100	-	4,100	4,100	-
Other Purchased Prof. and Technical Services	2,850	(83)	2,767	2,285	482
Supplies and Materials	20,363	278	20,641	6,810	13,831
Other Objects	160	-	160	160	-
Total Guidance	<u>724,662</u>	<u>36,675</u>	<u>761,337</u>	<u>746,712</u>	<u>14,625</u>
Child Study Teams					
Salaries of Other Professional Staff	748,059	(44,000)	704,059	698,616	5,443
Salaries of Secretarial and Clerical Assistants	172,014	-	172,014	168,781	3,233
Purchased Professional - Educational Services	5,000	44,000	49,000	44,900	4,100
Other Purchased Prof. and Technical Services	13,000	(5,500)	7,500	5,367	2,133
Other Purchased Services	7,000	-	7,000	6,987	13
Miscellaneous Purchased Services	3,500	-	3,500	772	2,728
Supplies and Materials	20,000	(46)	19,954	6,721	13,233
Other Objects	3,000	46	3,046	3,045	1
Total Child Study Teams	<u>971,573</u>	<u>(5,500)</u>	<u>966,073</u>	<u>935,189</u>	<u>30,884</u>
Improvement of Instructional Services					
Salaries of Other Professional Staff	137,750	(11,578)	126,172	84,351	41,821
Salaries of Secretarial and Clerical Assistants	28,535	5,465	34,000	34,000	-
Purchased Professional-Educational Services	5,000	-	5,000	-	5,000
Other Purchased Services	23,500	(2,000)	21,500	1,410	20,090
Total Improvement of Instructional Services	<u>194,785</u>	<u>(8,113)</u>	<u>186,672</u>	<u>119,761</u>	<u>66,911</u>
Educational Media Services/School Library					
Salaries	220,469	(32,200)	188,269	175,082	13,187
Other Purchased Services	4,300	-	4,300	2,100	2,200
Supplies and Materials	32,747	-	32,747	28,459	4,288
Total Educational Media Services/School Library	<u>257,516</u>	<u>(32,200)</u>	<u>225,316</u>	<u>205,641</u>	<u>19,675</u>

SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Budgeted</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>		<u>Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Instructional Staff Training Services					
Salaries of Other Professional Staff	\$ 4,000	\$ -	\$ 4,000		\$ 4,000
Purchased Professional - Educational Services	10,000	-	10,000	\$ 5,075	4,925
Other Purchased Prof. and Technical Services	7,350	-	7,350	3,377	3,973
Other Purchased Services	21,250	(8,000)	13,250	1,682	11,568
Total Instructional Staff Training Services	<u>42,600</u>	<u>(8,000)</u>	<u>34,600</u>	<u>10,134</u>	<u>24,466</u>
Support Services General Administration					
Salaries	398,590	(13,263)	385,327	362,529	22,798
Legal Services	100,000	(750)	99,250	96,373	2,877
Audit Fees	32,500	4,876	37,376	37,358	18
Architectural/Engineering Services	10,000	8,042	18,042	17,710	332
Other Purchased Professional Services	37,000	13,554	50,554	50,554	-
Communications/Telephone	162,301	(1,481)	160,820	151,319	9,501
BOE Other Purchased Services	5,000	(121)	4,879	4,827	52
Miscellaneous Purchased Services	103,040	16,616	119,656	119,204	452
General Supplies	3,000	(55)	2,945	2,591	354
BOE In-House Training/Meeting Supplies	2,000	3,137	5,137	4,639	498
Miscellaneous Expenditures	3,000	18,286	21,286	20,524	762
BOE Membership Due and Fees	15,500	135	15,635	15,482	153
Total Support Services General Administration	<u>871,931</u>	<u>48,976</u>	<u>920,907</u>	<u>883,110</u>	<u>37,797</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	687,482	(26,969)	660,513	659,464	1,049
Salaries of Other Professional Staff	545,033	(21,950)	523,083	502,744	20,339
Salaries of Secretarial and Clerical Assistants	349,012	34,068	383,080	376,316	6,764
Other Purchased Services	101,400	(44,498)	56,902	56,033	869
Supplies and Materials	63,483	28,187	91,670	74,738	16,932
Other Objects	8,200	300	8,500	6,499	2,001
Total Support Services School Administration	<u>1,754,610</u>	<u>(30,862)</u>	<u>1,723,748</u>	<u>1,675,794</u>	<u>47,954</u>
Central Services					
Salaries	427,543	4,794	432,337	432,337	-
Miscellaneous Purchased Services	77,250	41,013	118,263	94,783	23,480
Supplies and Materials	20,000	(3,629)	16,371	14,712	1,659
Miscellaneous Expenditures	1,500	-	1,500	1,500	-
Total Central Services	<u>526,293</u>	<u>42,178</u>	<u>568,471</u>	<u>543,332</u>	<u>25,139</u>

**SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budgeted			Actual	Variance
	Original Budget	Adjustments	Final Budget		Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Technology					
Salaries	\$ 249,056	\$ 10,752	\$ 259,808	\$ 259,807	\$ 1
Other Purchased Services	232,360	2,850	235,210	129,676	105,534
Supplies and Materials	22,550	17,984	40,534	26,511	14,023
Total Admin. Info. Technology	503,966	31,586	535,552	415,994	119,558
Required Maintenance for School Facilities					
Salaries	132,250	(9,480)	122,770	122,633	137
Cleaning, Repairs & Maintenance Service	320,970	226,337	547,307	506,283	41,024
General Supplies	74,000	(9,491)	64,509	56,348	8,161
Other Objects	-	1,989	1,989	1,339	650
Total Required Maintenance for School Facilities	527,220	209,355	736,575	686,603	49,972
Custodial Services					
Salaries	1,684,495	(2,852)	1,681,643	1,674,632	7,011
Purchased Professional Technical Services		12,099	12,099	12,099	-
Cleaning, Repairs & Maintenance Service	65,000	-	65,000	59,358	5,642
Rental of Land & Buildings Other Than Leases	50,000	23,703	73,703	73,703	-
Other Purchased Property Services	40,700	4,793	45,493	45,387	106
Insurance	147,800	(1,974)	145,826	145,826	-
Miscellaneous Purchased Services		1,000	1,000	664	336
General Supplies	81,500	26,048	107,548	105,585	1,963
Energy (Natural Gas)	167,000	(4,870)	162,130	122,551	39,579
Energy (Electricity)	607,000	20,772	627,772	597,350	30,422
Other Objects	-	3,807	3,807	2,458	1,349
Total Custodial Services	2,843,495	82,526	2,926,021	2,839,613	86,408
Security					
Salaries	200,002	58,878	258,880	257,382	1,498
Purchased Professional and Technical Services	5,000	193	5,193	5,193	-
General Supplies	12,280	-	12,280	12,236	44
Total Security	217,282	59,071	276,353	274,811	1,542
Student Transportation Services					
Salaries of Non-Instructional Aides	319,907	(21,995)	297,912	283,363	14,549
Salaries for Pupil Transportation (Between Home and School) - Regular	185,923	(16,001)	169,922	169,859	63
Salaries for Pupil Transportation (Between Home and School) - Special Ed	357,286	360	357,646	354,646	3,000
Salaries for Pupil Transportation (Other than Between Home and School) -	74,000	(5,225)	68,775	42,732	26,043
Cleaning, Repair and Maintenance Svcs.	153,100	(1,000)	152,100	111,805	40,295
Contracted Services (Between Home and School) - Vendors	145,860	(2,487)	143,373	131,352	12,021
Contracted Services (Spec Ed)-ESC & CTSA	12,000	487	12,487	12,372	115
Miscellaneous Purchased Services	16,440	(13,774)	2,666	2,666	-
General Supplies	3,769	(10)	3,759	2,929	830
Transportation Supplies	135,528	1,010	136,538	85,670	50,868
Other Objects	22,600	3,500	26,100	16,368	9,732
Total Student Transportation Services	1,426,413	(55,135)	1,371,278	1,213,762	157,516

**SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Budgeted</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>		<u>Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits-Employee Benefits					
Social Security Contributions	\$ 503,000	\$ 2,089	\$ 505,089	\$ 505,089	
Other Retirement Contributions - PERS	515,000	3,532	518,532	518,532	
Other Retirement Contributions - Regular	20,000	294	20,294	17,078	\$ 3,216
Unemployment Compensation	25,000	30,750	55,750	55,750	-
Worker's Compensation	417,500	-	417,500	375,949	41,551
Health Benefits	3,907,127	(90,905)	3,816,222	3,808,439	7,783
Other Employee Benefits	255,000	(5,637)	249,363	247,279	2,084
Total Regular Programs-Instr. - Employee Benefits	<u>5,642,627</u>	<u>(59,877)</u>	<u>5,582,750</u>	<u>5,528,116</u>	<u>54,634</u>
On-behalf TPAF Non-Contributory Insurance Contribution (Nonbudgeted)				58,259	(58,259)
On-behalf TPAF Long Term Disability Insurance Contribution (Nonbudgeted)				4,941	(4,941)
On-behalf TPAF Normal Cost and Accrued Liability Contribution (Nonbudgeted)				1,607,938	(1,607,938)
On-Behalf TPAF Post Retirement Medical Benefit Contribution (Nonbudgeted)				1,388,321	(1,388,321)
Reimbursed TPAF Soc. Sec. Contr. (Nonbudgeted)	-	-	-	1,138,473	(1,138,473)
Total Undistributed Expenditures	<u>18,437,330</u>	<u>351,839</u>	<u>18,789,169</u>	<u>22,101,433</u>	<u>(3,312,264)</u>
Total Expenditures - Current Expenditures	<u>34,832,968</u>	<u>303,057</u>	<u>35,136,025</u>	<u>37,864,469</u>	<u>(2,728,444)</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Admin Info Technology	79,750	(8,001)	71,749	27,042	44,707
Custodial Services	15,902	-	15,902	15,897	5
School Buses - Regular	100,000	392,753	492,753	387,343	105,410
School Buses - Special	25,000	2,591	27,591	-	27,591
Total Equipment	<u>220,652</u>	<u>387,343</u>	<u>607,995</u>	<u>430,282</u>	<u>177,713</u>

**SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Budgeted</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>		<u>Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	\$ 21,000	\$ (21,000)			
Construction Services	189,000	61,250	\$ 250,250	\$ 122,210	\$ 128,040
Assessment for Debt Service on SDA	55,872	-	55,872	55,872	-
Total Facilities Acquisition and Constr. Services	<u>265,872</u>	<u>40,250</u>	<u>306,122</u>	<u>178,082</u>	<u>128,040</u>
Total Capital Outlay	<u>486,524</u>	<u>427,593</u>	<u>914,117</u>	<u>608,364</u>	<u>305,753</u>
Transfer of Funds to Charter Schools	<u>427,657</u>	<u>59,672</u>	<u>487,329</u>	<u>439,732</u>	<u>47,597</u>
Total Expenditures	<u>35,747,149</u>	<u>790,322</u>	<u>36,537,471</u>	<u>38,912,565</u>	<u>(2,375,094)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(469,416)</u>	<u>(790,322)</u>	<u>(1,259,738)</u>	<u>723,102</u>	<u>1,982,840</u>
Other Financing Sources(Uses)					
Transfer In-Capital Projects Fund	-	-	-	150,533	(150,533)
Capital Reserve-Transfer to Capital Projects	(430,000)	-	(430,000)	-	(430,000)
Total Other Financing Sources (Uses)	<u>(430,000)</u>	<u>-</u>	<u>(430,000)</u>	<u>150,533</u>	<u>(580,533)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(899,416)</u>	<u>(790,322)</u>	<u>(1,689,738)</u>	<u>873,635</u>	<u>2,563,373</u>
Fund Balances, Beginning of Year	<u>4,234,820</u>	<u>-</u>	<u>4,234,820</u>	<u>4,234,820</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,335,404</u>	<u>\$ (790,322)</u>	<u>\$ 2,545,082</u>	<u>\$ 5,108,455</u>	<u>\$ 2,563,373</u>

Recapitulation

Restricted:

Capital Reserve	\$ 2,591,745
Capital Reserve - Designated for Subsequent Year's Expenditures	450,000
Emergency Reserve	100,000
Excess Surplus	300,000
Excess Surplus - Designated for Subsequent Year's Expenditures	400,000
Committed	
Year End Encumbrances	133,001
Assigned:	
Year End Encumbrances	345,588
ARRA/SEMI Unreserved - Designated for Subsequent Year's Expenditures	3,162
Designated for Subsequent Year's Expenditures	28,734
Unassigned	<u>756,225</u>

Total Fund Balance

5,108,455

Reconciliation to Governmental Funds Statements (GAAP)Less : Last State Aid Payments not Recognized on
GAAP Basis(263,665)

Fund Balance per Governmental Fund

\$ 4,844,790

**SECAUCUS BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 780,602	\$ 339,725	\$ 1,120,327	\$ 735,468	\$ (384,859)
Total Revenues	<u>780,602</u>	<u>339,725</u>	<u>1,120,327</u>	<u>735,468</u>	<u>(384,859)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	171,286	160,714	332,000	135,072	196,928
Purchased Professional Educational Services		6,674	6,674	-	6,674
Other Purchased Services	377,613	48,969	426,582	399,384	27,198
General Supplies	151,428	(79,210)	72,218	54,043	18,175
Other Objects	-	400	400	-	400
Total Instruction	<u>700,327</u>	<u>137,547</u>	<u>837,874</u>	<u>588,499</u>	<u>249,375</u>
Support Services					
Salaries of Teachers		3,001	3,001	-	3,001
Salaries of Other Professional Staff	13,650	4,550	18,200	18,200	-
Purchased Professional Educational Services		47,621	47,621	13,881	33,740
Other Purchased Professional Services		70,850	70,850	29,311	41,539
Employee Benefits	54,824	17,374	72,198	42,487	29,711
General Supplies	11,801	13,156	24,957	3,526	21,431
Other Objects	-	2,000	2,000	-	2,000
Total Support Services	<u>80,275</u>	<u>158,552</u>	<u>238,827</u>	<u>107,405</u>	<u>131,422</u>
Facilities Acquisition and Construction Svs					
Instructional Equipment		43,626	43,626	39,564	4,062
Noninstructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Const Svs	<u>-</u>	<u>43,626</u>	<u>43,626</u>	<u>39,564</u>	<u>4,062</u>
Total Expenditures	<u>780,602</u>	<u>339,725</u>	<u>1,120,327</u>	<u>735,468</u>	<u>384,859</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**SECAUCUS BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
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 Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibit C-1 and C-2)	\$ 39,635,667	\$ 735,468
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2016 Encumbrances		\$ 100,000
June 30, 2017 Encumbrances		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. (2015-2016)	276,451	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. (2016-2017)	<u>(263,665)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.(Exhibit B-2)	<u>\$ 39,648,453</u>	<u>\$ 835,468</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 38,912,565	\$ 735,468
Differences - Budget to GAAP		
Encumbrances for good and services ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the goods and services are received for financial reporting purposes.		
June 30, 2016 Encumbrances		100,000
June 30, 2017 Encumbrances	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 38,912,565</u>	<u>\$ 835,468</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**SECAUCUS 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)	<u>0.05575%</u>	<u>0.05432%</u>	<u>0.05372%</u>	<u>0.05384%</u>
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 16,510,250</u>	<u>\$ 12,194,135</u>	<u>\$ 10,057,446</u>	<u>\$ 10,289,706</u>
District's Covered-Employee Payroll	<u>\$ 3,685,550</u>	<u>\$ 3,765,997</u>	<u>\$ 3,670,569</u>	<u>\$ 3,617,264</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	448%	324%	274%	284%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.92%	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.

**SECAUCUS BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Four Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 495,236	\$ 467,021	\$ 464,094	\$ 426,440
Contributions in Relation to the Contractually Required Contributions	<u>495,236</u>	<u>467,021</u>	<u>464,094</u>	<u>426,440</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 3,685,550</u>	<u>\$ 3,765,997</u>	<u>\$ 3,670,569</u>	<u>\$ 3,617,264</u>
Contributions as a Percentage of Covered-Employee Payroll	13.44%	12.40%	12.64%	11.79%

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.

**SECAUCUS 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)	0.00%	0.00%	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 117,287,912</u>	<u>\$ 90,706,484</u>	<u>\$ 76,735,244</u>	<u>\$ 76,465,713</u>
Total	<u>\$ 117,287,912</u>	<u>\$ 90,706,484</u>	<u>\$ 76,735,244</u>	<u>\$ 76,465,713</u>
District's Covered-Employee Payroll	<u>\$ 15,167,830</u>	<u>\$ 14,823,127</u>	<u>\$ 14,925,265</u>	<u>\$ 14,492,650</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%
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.

**SECAUCUS 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: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4.

SPECIAL REVENUE FUND

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

	<u>NCLB</u>		<u>I.D.E.A.</u>	<u>I.D.E.A.</u>	<u>Totals</u>
	<u>Title I</u>	<u>Title IIA</u>	<u>B-Basic Regular</u>	<u>Preschool</u>	
REVENUES					
Intergovernmental					
Federal	\$ 320,008	\$ 10,455	\$ 404,417	\$ 588	\$ 735,468
Total Revenues	<u>\$ 320,008</u>	<u>\$ 10,455</u>	<u>\$ 404,417</u>	<u>\$ 588</u>	<u>\$ 735,468</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 135,072				\$ 135,072
Other Purchased Services			\$ 398,796	\$ 588	399,384
General Supplies	54,043	-	-	-	54,043
Total Instruction	<u>189,115</u>	<u>-</u>	<u>398,796</u>	<u>588</u>	<u>588,499</u>
Support Services					
Salaries of Teachers					-
Salaries of Other Professional Staff	18,200				18,200
Purchased Professional Educational Services		\$ 8,260	5,621		13,881
Other Purchased Prof. Services	29,311				29,311
Employee Benefits	42,487				42,487
General Supplies	1,331	2,195	-	-	3,526
Total Support Services	<u>91,329</u>	<u>10,455</u>	<u>5,621</u>	<u>-</u>	<u>107,405</u>
Facilities Acquisition and Construction Svs					
Instructional Equipment	39,564				39,564
Noninstructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Const Svs	<u>39,564</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,564</u>
Total Expenditures	<u>\$ 320,008</u>	<u>\$ 10,455</u>	<u>\$ 404,417</u>	<u>\$ 588</u>	<u>\$ 735,468</u>

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

**SECAUCUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue/Project Title</u>	<u>Expenditures to Date</u>			<u>Transfer to General Fund</u>	<u>Unexpended Balance</u>
	<u>Appropriations</u>	<u>Prior Years</u>	<u>Current Year</u>		
Various Equipment Purchases - 2010/11	\$ 1,670,000	\$ 1,641,050		\$ 28,950	
Various Equipment Purchases - 2012/13	750,000	628,417		121,583	
12/10/2013 Referendum - Middle School Renovations and Expansion Project	<u>27,400,000</u>	<u>21,371,837</u>	\$ 5,065,192	-	\$ 962,971
	<u>\$ 29,820,000</u>	<u>\$ 23,641,304</u>	<u>\$ 5,065,192</u>	<u>\$ 150,533</u>	<u>\$ 962,971</u>

Recapitulation of Balance

Restricted for Capital Projects:

Year End Encumbrances	\$ 561,813
Available for Capital Projects	<u>401,158</u>

Total Fund Balance - Restricted
For Capital Projects

\$ 962,971

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

Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	\$ 287,748
Construction Services	4,346,718
Equipment	312,702
Other Objects	118,024
Transfer to General Fund	<u>150,533</u>
 Total Expenditures and Other Financing Uses	 <u>5,215,725</u>
 Excess of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	 (5,215,725)
 Fund Balance, Beginning of Year	 <u>6,178,696</u>
 Fund Balance, End of Year	 <u>\$ 962,971</u>
 <u>Reconciliation to GAAP Basis</u>	
Fund Balance, June 30, 2017 - Budgetary Basis	<u>\$ 962,971</u>
 Fund Balance, June 30, 2017 - GAAP Basis	 <u>\$ 962,971</u>

**SECAUCUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS EQUIPMENT PURCHASES - 2010/11
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	\$ 1,670,000	-	\$ 1,670,000	\$ 1,670,000
Total Revenues	<u>1,670,000</u>	<u>-</u>	<u>1,670,000</u>	<u>1,670,000</u>
 Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	1,195,867		1,195,867	1,200,000
Supplies and Materials	223,263		223,263	270,000
Equipment	221,920		221,920	200,000
Transfer to General Fund	-	\$ 28,950	28,950	-
Total Expenditures	<u>1,641,050</u>	<u>28,950</u>	<u>1,670,000</u>	<u>1,670,000</u>
Excess of Revenue Over Expenditures	<u>\$ 28,950</u>	<u>\$ (28,950)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,670,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 1,670,000

Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	2011/2012
Revised Target Completion Date	2011/2012

**SECAUCUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
VARIOUS EQUIPMENT PURCHASES - 2012/13
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	\$ 750,000	-	\$ 750,000	\$ 750,000
Total Revenues	<u>750,000</u>	<u>-</u>	<u>750,000</u>	<u>750,000</u>
 Expenditures and Other Financing Uses				
Construction Services	326,098		326,098	469,000
Equipment	300,460		300,460	281,000
Other Objects	1,859		1,859	
Transfer to General Fund	-	\$ 121,583	121,583	-
Total Expenditures	<u>628,417</u>	<u>121,583</u>	<u>750,000</u>	<u>750,000</u>
Excess of Revenue Over Expenditures	<u>\$ 121,583</u>	<u>\$ (121,583)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bonds Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 750,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 750,000

Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	2013/2014
Revised Target Completion Date	2013/2014

**SECAUCUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
12/10/2013 REFERENDUM - MIDDLE SCHOOL RENOVATIONS AND EXPANSION PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 27,400,000	-	\$27,400,000	\$27,400,000
 Total Revenues	 <u>27,400,000</u>	 <u>-</u>	 <u>27,400,000</u>	 <u>27,400,000</u>
Expenditures and Other Financing Uses				
Legal	108,774		108,774	129,063
Purchased Professional and Technical Services	2,059,764	\$ 287,748	2,347,512	3,010,871
Construction Services	18,417,610	4,346,718	22,764,328	21,708,135
Equipment	583,860	312,702	896,562	606,000
Other Objects	201,829	118,024	319,853	1,945,931
 Total Expenditures	 <u>21,371,837</u>	 <u>5,065,192</u>	 <u>26,437,029</u>	 <u>27,400,000</u>
 Excess of Revenue Over Expenditures	 <u>\$ 6,028,163</u>	 <u>\$ (5,065,192)</u>	 <u>\$ 962,971</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	4730-050-13-1000
Grant Date	N/A
Bond Authorization (Referendum) Date	12/10/2013
Bonds Authorized	\$ 27,400,000
Bonds Issued	\$ 27,400,000
Original Authorized Cost	\$ 27,400,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 27,400,000

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	96.49%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2016/2017

ENTERPRISE FUNDS

NOT APPLICABLE

FIDUCIARY FUNDS

**SECAUCUS BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 177,440	\$ 1,015,121	\$ 1,192,561
Due from Other Funds	-	19,437	19,437
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 177,440</u>	<u>\$ 1,034,558</u>	<u>\$ 1,211,998</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 964,034	\$ 964,034
Accrued Salaries and Wages		794	794
Due to Other Funds		69,730	69,730
Due to Student Groups	\$ 177,440	-	177,440
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 177,440</u>	<u>\$ 1,034,558</u>	<u>\$ 1,211,998</u>

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

NOT APPLICABLE

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

	Balance, July 1, <u>2016</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2017</u>
ELEMENTARY SCHOOLS				
Clarendon	\$ 7,030	\$ 24,104	\$ 23,246	\$ 7,888
Huber School	7,514	39,425	39,203	7,736
JUNIOR HIGH SCHOOL				
Middle School	27,040	39,550	40,819	25,771
HIGH SCHOOL				
High School Activity	97,579	225,768	189,968	133,379
High School Athletic	<u>2,735</u>	<u>67,301</u>	<u>67,370</u>	<u>2,666</u>
Total All Schools	<u>\$ 141,898</u>	<u>\$ 396,148</u>	<u>\$ 360,606</u>	<u>\$ 177,440</u>

**SECAUCUS BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance, July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2017</u>
ASSETS				
Cash and Cash Equivalents	\$ 958,172	\$ 25,625,325	\$ 25,568,376	\$ 1,015,121
Due from Other Funds	<u>19,250</u>	<u>187</u>	<u>-</u>	<u>19,437</u>
 Total Assets	 <u>\$ 977,422</u>	 <u>\$ 25,625,512</u>	 <u>\$ 25,568,376</u>	 <u>\$ 1,034,558</u>
LIABILITIES				
Due to Other Funds	\$ 34,645	\$ 35,085		\$ 69,730
Payroll Deductions and Withholdings	922,881	12,159,763	12,118,610	964,034
Accrued Salaries and Wages	<u>19,896</u>	<u>13,430,664</u>	<u>13,449,766</u>	<u>794</u>
 Total Liabilities	 <u>\$ 977,422</u>	 <u>\$ 25,625,512</u>	 <u>\$ 25,568,376</u>	 <u>\$ 1,034,558</u>

LONG-TERM DEBT

**SECAUCUS BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF 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 Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2016</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
Refunding Bonds	5/27/2009	\$ 2,910,000	7/15/2017	\$ 275,000	4.00%	\$ 1,375,000	\$ 280,000	\$ 1,095,000
			7/15/2018	275,000	4.00%			
			7/15/2019	275,000	4.00%			
			7/15/2020	270,000	4.00%			
Refunding Bonds	7/15/2011	4,550,000	7/15/2017	945,000	2.23%	1,865,000	920,000	945,000
School Bonds Series 2014	7/16/2014	27,400,000	8/15/2017	1,095,000	3.00%			
			8/15/2018	1,120,000	3.00%			
			8/15/2019	1,140,000	3.00%			
			8/15/2020	1,165,000	3.00%			
			8/15/2021	1,195,000	3.00%			
			8/15/2022	1,220,000	3.00%			
			8/15/2023	1,255,000	3.00%			
			8/15/2024	1,290,000	3.00%			
			8/15/2025	1,330,000	3.00%			
			8/15/2026	1,375,000	3.00%			
			8/15/2027	1,425,000	3.125%			
			8/15/2028	1,475,000	3.125%			
			8/15/2029	1,535,000	3.250%			
			8/15/2030	1,595,000	3.375%			
			8/15/2031	1,660,000	3.500%			
8/15/2032	1,725,000	3.625%						
8/15/2033	1,795,000	4.000%						
8/15/2034	1,870,000	4.000%						
						<u>26,345,000</u>	<u>1,080,000</u>	<u>25,265,000</u>
						<u>\$ 29,585,000</u>	<u>\$ 2,280,000</u>	<u>\$ 27,305,000</u>

**SECAUCUS BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF CAPITAL LEASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2016</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
Various Purchases of Equipment (2012-13)	1.484%	\$ 750,000	\$ 168,664	\$ 168,664	\$ -
			<u>\$ 168,664</u>	<u>\$ 168,664</u>	<u>\$ -</u>

**SECAUCUS BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance Final to Actual</u>
	<u>Original</u>	<u>Transfers</u>	<u>Final</u>		
REVENUES					
Local Sources					
Local Tax Levy	\$ 2,413,708		\$ 2,413,708	\$ 2,413,708	
State Sources					
Debt Service Aid Type II	<u>652,095</u>	<u>-</u>	<u>652,095</u>	<u>652,095</u>	<u>-</u>
Total Revenues	<u>3,065,803</u>	<u>-</u>	<u>3,065,803</u>	<u>3,065,803</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Interest on Bonds	917,088		917,088	917,088	
Redemption of Principal	<u>2,280,000</u>	<u>-</u>	<u>2,280,000</u>	<u>2,280,000</u>	<u>-</u>
Total Expenditures	<u>3,197,088</u>	<u>-</u>	<u>3,197,088</u>	<u>3,197,088</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(131,285)</u>	<u>-</u>	<u>(131,285)</u>	<u>(131,285)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>131,285</u>	<u>-</u>	<u>131,285</u>	<u>131,285</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Secaucus 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.

SECAUCUS 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 (Restated)	2015	2016	2017
Governmental Activities										
Invested in Capital Assets, Net of Related Deb	\$ 13,520,617	\$ 14,560,199	\$ 14,586,629	\$ 14,762,168	\$ 15,097,529	\$ 15,980,330	\$ 14,720,735	\$ 18,324,882	\$ 20,860,209	\$ 22,249,472
Restricted	3	4	73,029	73,028	699,334	620,909	3,882,864	881,285	1,950,928	3,041,745
Unrestricted	493,889	282,180	(568,724)	(1,027,289)	(875,430)	(695,185)	(10,872,549)	(9,889,492)	(10,389,772)	(12,124,730)
Total Governmental Activities Net Position	\$ 14,014,509	\$ 14,842,383	\$ 14,090,934	\$ 13,807,907	\$ 14,921,433	\$ 15,906,054	\$ 7,731,050	\$ 9,316,675	\$ 12,421,365	\$ 13,166,487
Business-Type Activities										
Invested in Capital Assets, Net of Related Deb	\$ 115,817	\$ 101,340	\$ 86,862	\$ 72,385	\$ 57,908	\$ 43,431	\$ 28,954	\$ 28,276	\$ 36,209	\$ 32,804
Unrestricted	(19,385)	30,993	84,108	181,306	293,315	442,657	565,638	679,034	818,123	944,824
Total Business-Type Activities Net Position	\$ 96,432	\$ 132,333	\$ 170,970	\$ 253,691	\$ 351,223	\$ 486,088	\$ 594,592	\$ 707,310	\$ 854,332	\$ 977,628
District-Wide										
Invested in Capital Assets, Net of Related Deb	\$ 13,636,434	\$ 14,661,539	\$ 14,673,491	\$ 14,834,553	\$ 15,155,437	\$ 16,023,761	\$ 14,749,689	\$ 18,353,158	\$ 20,896,418	\$ 22,282,276
Restricted	3	4	73,029	73,028	699,334	620,909	3,882,864	881,285	1,950,928	3,041,745
Unrestricted	474,504	313,173	(484,616)	(845,983)	(582,115)	(252,528)	(10,306,911)	(9,210,458)	(9,571,649)	(11,179,906)
Total District Net Position	\$ 14,110,941	\$ 14,974,716	\$ 14,261,904	\$ 14,061,598	\$ 15,272,656	\$ 16,392,142	\$ 8,325,642	\$ 10,023,985	\$ 13,275,697	\$ 14,144,115

Note 1 - Net position at June 30, 2012 is restated to reflect the implementation of GASB 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65.

Note 2 - Net position at June 30, 2014 is restated to reflect the implementation of GASB 68, "Accounting and Financial Reporting for Pensions".

SECAUCUS 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
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 14,289,456	\$ 14,122,338	\$ 15,751,201	\$ 14,999,035	\$ 17,473,247	\$ 18,455,000	\$ 17,287,422	\$ 17,891,698	\$ 18,631,672	\$ 21,972,466
Special Education	3,349,063	3,659,284	3,922,175	3,712,888	2,860,092	3,146,845	3,077,142	5,299,019	5,636,227	5,873,674
Other Special Instruction						290,070	262,571			
Other Instruction	468,406	396,392	232,785	225,880	200,960	1,212,538	1,166,714	438,715	585,582	546,407
School Sponsored Activities And Athletics	1,038,042	1,084,016	1,159,150	1,031,952	1,076,225			1,345,292	1,406,365	1,554,978
Community Services	71,329	60,663	53,528	58,372				42,123	40,968	44,379
Support Services:										
Tuition					299,726	192,571	394,392			
Student & Instruction Related Services	3,837,645	3,805,878	4,249,798	3,629,009	3,852,337	3,652,990	3,622,645	4,394,143	4,600,464	5,129,110
School Administration Services	1,796,341	1,656,438	1,900,168	2,443,713	2,007,116	1,783,165	1,250,439	2,429,217	2,789,015	2,974,427
General Administrative Services	951,153	1,180,325	989,193	1,133,855	1,324,622	1,807,722	1,966,545	1,005,038	1,046,506	1,210,746
Business/Central Services	744,207	817,001	954,600	1,416,831	702,578	587,510	735,185	1,221,673	1,267,410	1,430,431
Administration of Information Technology					342,923	450,274	442,727			
Plant Operations And Maintenance	4,851,726	4,836,715	4,811,744	4,671,900	3,620,091	3,493,530	4,072,940	4,802,450	5,135,538	6,377,866
Pupil Transportation	1,209,925	1,340,523	1,569,972	1,745,170	1,597,291	1,202,110	1,364,581	1,756,128	1,640,332	1,939,996
Transfer to Charter School					45,420	40,985				
Interest On Long-Term Debt	682,232	496,809	382,044	456,488	453,858	195,837		965,431	948,658	896,480
Total Governmental Activities Expenses	33,289,525	33,456,382	35,976,358	35,525,003	35,856,486	36,511,147	35,696,391	41,591,027	43,727,837	49,950,960
Business-Type Activities:										
Enterprise Fund	1,522,750	1,611,941	1,744,015	1,661,422	847,236	1,716,826	1,712,055	938,181	896,165	967,022
Total Business-Type Activities	1,522,750	1,611,941	1,744,015	1,661,422	847,236	1,716,826	1,712,055	938,181	896,165	967,022
Total District Expenses	\$ 34,812,275	\$ 35,068,323	\$ 37,720,373	\$ 37,186,515	\$ 36,703,722	\$ 38,227,973	\$ 37,408,446	\$ 42,529,208	\$ 44,624,002	\$ 50,917,982
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular	\$ 21,014		\$ 1,358					\$ 3,200	\$ 9,050	\$ -
Plant Operations and Maintenance										
Special Schools and Programs	52,717	\$ 12,751								
Transportation	95,939	70,456	79,250	61,748				33,850		13,782
Operating Grants And Contributions	4,745,786	4,136,069	4,127,583	3,451,205	3,407,310	3,875,799	3,913,673	8,395,904	10,318,266	13,579,378
Capital Grants And Contributions	11,172									
Total Governmental Activities Program Revenues	4,926,628	4,219,276	4,208,191	3,512,953	3,407,310	3,875,799	3,913,673	8,432,954	10,327,316	13,593,160
Business-Type Activities:										
Charges For Services										
Food Service	\$ 646,252	\$ 683,807	\$ 681,054	\$ 672,715	\$ 642,920	\$ 618,136	\$ 621,045	\$ 646,804	\$ 648,083	\$ 685,843
Operating Grants And Contributions	298,619	354,371	317,715	312,078	286,053	315,849	356,729	404,095	295,104	404,475
Total Business Type Activities Program Revenues	944,871	1,038,178	998,769	984,793	928,973	933,985	977,774	1,050,899	1,043,187	1,090,318
Total District Program Revenues	\$ 5,871,499	\$ 5,257,454	\$ 5,206,960	\$ 4,497,746	\$ 4,336,283	\$ 4,809,784	\$ 4,891,447	\$ 9,483,853	\$ 11,370,503	\$ 14,683,478
Net (Expense)/Revenue										
Governmental Activities	\$ (28,362,897)	\$ (29,237,106)	\$ (31,768,167)	\$ (32,012,140)	\$ (32,449,176)	\$ (32,635,348)	\$ (31,782,718)	\$ (33,158,073)	\$ (33,400,521)	\$ (36,357,800)
Business-Type Activities	(577,879)	(573,763)	(745,246)	(676,629)	81,737	(782,841)	(734,281)	112,718	147,022	123,296
Total District-Wide Net Expense	\$ (28,940,776)	\$ (29,810,869)	\$ (32,513,413)	\$ (32,688,769)	\$ (32,367,439)	\$ (33,418,189)	\$ (32,516,999)	\$ (33,045,355)	\$ (33,253,499)	\$ (36,234,504)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 28,455,747	\$ 29,233,491	\$ 30,309,145	\$ 31,066,874	\$ 31,015,985	\$ 31,506,805	\$ 32,311,941	\$ 32,748,152	\$ 33,321,245	\$ 33,987,669
Taxes Levied For Debt Service	1,288,165	1,293,073	1,294,240	1,287,318	1,217,257	1,265,839	1,276,826	1,877,925	2,368,408	2,413,708
Federal and State Aid - Restricted									573,563	465,009
Federal and State Aid - Unrestricted	275,384	12,701			1,140,697	1,153,722	1,153,386	39,072	42,688	62,119
Investment Earnings	182,282	57,952	23,861	9,660				41,595	37,644	-
Miscellaneous Income	102,192	77,427	173,355	124,611	188,763	624,363	637,242	36,954	161,663	174,417
Transfers	(545,732)	(609,664)	(783,883)	(759,350)	-	(930,760)	(884,624)	-	-	-
Total Governmental Activities	29,758,018	30,064,280	31,016,718	31,729,113	33,562,702	33,619,969	34,494,771	34,743,698	36,505,211	37,102,922
Business-Type Activities:										
Transfers	545,752	609,664	783,883	759,350	-	913,486	842,784	-	-	-
Miscellaneous Income	-	-	-	-	15,795	4,219	-	42,688	-	-
Total Business-Type Activities	545,752	609,664	783,883	759,350	15,795	917,705	842,784	42,688	-	-
Total District-Wide	\$ 30,303,770	\$ 30,674,644	\$ 31,800,601	\$ 32,488,463	\$ 33,578,497	\$ 34,537,674	\$ 35,337,555	\$ 34,786,386	\$ 36,505,211	\$ 37,102,922
Change in Net Position										
Governmental Activities	\$ 1,395,121	\$ 827,874	\$ (751,449)	\$ (283,027)	\$ 1,113,526	\$ 984,621	\$ 2,712,053	\$ 1,585,625	\$ 3,104,690	\$ 745,122
Business-Type Activities	(32,127)	35,901	38,637	82,721	97,532	134,864	108,503	155,406	147,022	123,296
Total District	\$ 1,362,994	\$ 863,775	\$ (712,812)	\$ (200,306)	\$ 1,211,058	\$ 1,119,485	\$ 2,820,556	\$ 1,741,031	\$ 3,251,712	\$ 868,418

SECAUCUS BOARD OF EDUCATION
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
General Fund										
Reserved	\$ 1,764,811	\$ 1,576,345	\$ 1,070,295	\$ 350,517	\$ 628,426	\$ 686,816	\$ 1,761,756			
Unreserved	661,869	722,552	470,276	539,980	718,175	771,330	766,083			
Restricted								\$ 1,548,141	\$ 2,604,017	\$ 3,841,745
Committed								302,900	387,343	133,001
Assigned								796,128	488,021	377,484
Unassigned	-	-	-	-	-	-	-	470,999	478,988	492,560
Total General Fund	\$ 2,426,680	\$ 2,298,897	\$ 1,540,571	\$ 890,497	\$ 1,346,601	\$ 1,458,146	\$ 2,527,839	\$ 3,118,168	\$ 3,958,369	\$ 4,844,790
All Other Governmental Funds										
Reserved	\$ 65,394									
Unreserved	224,967	\$ 172,249	\$ 245,274							
Restricted	-	-	-	\$ 232,988	\$ 70,909	\$ 61,183	\$ 2,121,108	\$ 23,794,552	\$ 6,309,981	\$ 962,971
Total All Other Governmental Funds	\$ 290,361	\$ 172,249	\$ 245,274	\$ 232,988	\$ 70,909	\$ 61,183	\$ 2,121,108	\$ 23,794,552	\$ 6,309,981	\$ 962,971

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.

SECAUCUS 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
Revenues										
Tax Levy	\$ 29,743,912	\$ 30,526,564	\$ 31,603,385	\$ 32,354,192	\$ 32,233,242	\$ 32,772,644	\$ 33,588,767	\$ 34,626,077	\$ 35,689,653	\$ 36,401,377
Other Local Governmental Units-Restricted	168,485	70,456	152,060	61,748	99,017	72,228	1,375	3,200	9,050	-
Tuition Charges	11,014		1,358		3,750	4,125	4,125			
Interest Earnings	182,282	75,167	23,861	9,660						
Rents and Royalties									65,041	51,681
Restricted Revenue from Intermediate Sources	52,717	12,751					83,385	33,850	13,442	13,782
Miscellaneous	64,750	83,742	116,283	135,275	85,995	548,010	548,357	175,718	120,824	122,736
State Sources	4,455,976	3,535,788	3,159,108	2,342,386	3,605,257	4,318,938	4,268,224	4,088,104	5,728,295	6,054,287
Federal Sources	551,262	589,452	952,737	1,098,155	942,750	720,436	798,836	896,511	861,490	905,861
Total Revenue	35,230,398	34,893,920	36,008,792	36,001,416	36,970,011	38,436,381	39,293,069	39,823,460	42,487,795	43,549,724
Expenditures										
Instruction										
Regular Instruction	14,316,246	13,881,652	15,588,371	14,959,930	11,739,981	11,949,947	12,044,626	15,709,509	15,933,860	17,195,586
Special Education Instruction	3,326,548	3,659,122	3,926,917	3,767,137	2,034,889	2,094,337	2,183,184	4,889,398	5,101,040	4,987,977
Other Special Instruction					860,547	188,751	180,019			
Other Instruction	366,919	279,174	234,109	255,637	139,781	979,481	958,536	393,617	508,514	437,645
School Sponsored Activities and Athletics	1,038,042	1,079,363	1,159,150	1,031,952				1,189,777	1,209,951	1,218,386
Community Services	71,329	60,352	53,528	58,372				41,525	38,301	38,042
Support Services:										
Tuition					299,726	192,571	394,392			
Student and Inst. Related Services	3,836,246	3,792,296	4,220,319	3,627,745	3,096,463	2,938,415	3,000,150	3,986,083	4,062,874	4,184,282
General Administration Services	944,413	958,317	971,209	1,134,521	1,059,166	1,660,104	884,507	968,588	993,383	1,093,413
School Administration Services	1,693,202	1,755,904	1,810,992	2,435,106	1,486,017	1,169,597	1,615,653	2,194,588	2,439,118	2,356,554
Central Services					561,780	467,521	131,002			
Administration of Information Technology					274,201	398,242	363,731			
Plant Operations And Maintenance	4,003,950	3,947,986	4,096,160	3,880,866	2,894,619	3,013,492	3,346,203	3,970,609	4,209,721	4,630,399
Pupil Transportation	1,209,925	1,335,562	1,462,873	1,613,561	1,277,191	1,135,591	1,121,098	1,620,705	1,492,560	1,557,112
Business/Central Services	741,624	805,635	947,517	1,171,496			473,003	1,164,975	1,195,051	1,216,041
Employee Benefits					8,565,134	9,127,227	9,077,269			
Transfer to Charter School					45,420	40,985	53,088			
Capital Outlay										
Principal	1,623,165	580,658	638,481	1,373,014	405,837	781,705	1,175,539	3,290,438	18,221,641	5,697,524
Payments to Refunding Escrow Agent	1,612,196	1,721,991	1,488,535	1,570,615	985,000	1,070,000	1,115,000	1,936,598	2,744,828	2,477,761
Cost of Issuance of Refunding Bonds										
Interest and Other Charges	741,257	672,139	387,049	408,347	264,020	195,837	161,826	674,370	981,323	919,591
Total Expenditures	35,525,062	34,672,778	36,985,210	37,288,299	35,989,772	37,403,803	38,278,826	42,030,780	59,132,165	48,010,313
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(294,664)	221,142	(976,418)	(1,286,883)	980,239	1,032,578	1,014,243	(2,207,320)	(16,644,370)	(4,460,589)
Other Financing Sources (Uses)										
Capital Lease Proceeds	871,000		1,075,000	1,670,000				27,400,000		
Premium on Note										
Premium on Refunding Bonds		81,627								
Payment to Refunding Escrow Agent		(2,849,000)								
Refunding Bond Proceeds		2,910,000								
Refunding of Unfunded Pension Liability										
Bond Proceeds							3,000,000			
State Grants Receivable Cancelled				(286,127)		(17,273)	(41,840)			
Transfers to Cover Deficit - Food Service	(545,752)	(609,664)	(783,883)	(759,350)	(686,215)		(842,784)			
Transfers In	29,215	342,487	169	303	113,881			2	257	150,533
Transfers Out	(29,215)	(342,487)	(169)	(303)	(113,881)	(913,486)		(2)	(257)	(150,533)
Total Other Financing Sources (Uses)	325,248	(467,037)	291,117	624,523	(686,215)	(930,759)	2,115,376	27,400,000	-	-
Net Change in Fund Balances	\$ 30,584	\$ (245,895)	\$ (685,301)	\$ (662,360)	\$ 294,024	\$ 101,819	\$ 3,129,619	\$ 25,192,680	\$ (16,644,370)	\$ (4,460,589)
Debt Service as a Percentage of										
Noncapital Expenditures	6.94%	7.02%	5.16%	5.51%	3.51%	3.46%	3.44%	6.74%	9.11%	8.03%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Year</u>	<u>Interlocal Agreements</u>	<u>Adult Education Program Fees</u>	<u>Tuition</u>	<u>Interest Earned on Investments</u>	<u>Miscellaneous</u>	<u>Sale of Assets</u>	<u>Total</u>
2008	\$ 168,485	\$ 52,717	\$ 21,014	\$ 182,282	\$ 431		\$ 424,929
2009	70,456	12,751		57,952	75,167		216,326
2010	152,060		1,358	23,861	100,376		277,655
2011	61,748			9,357	124,611		195,716
2012	99,017		3,750		74,890		177,657
2013	66,756		4,125	1,597	52,928		125,406
2014	31,862		4,125	1,393	412,448		449,828
2015	33,850		3,200	41,593	36,954		115,597
2016	13,442		9,050	37,130	145,918	\$ 2,560	208,100
2017	13,782		8,122	17,765	148,530		188,199

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2008	\$ 71,412,400	\$ 788,258,000			\$ 741,522,475	\$ 904,364,000	\$ 16,861,200	\$ 2,522,418,075	\$ 3,258,321	\$ 2,525,676,396	\$ 5,601,324,816	\$ 1.19
2009	69,947,500	837,108,300			748,314,375	861,030,800	16,861,200	2,533,262,175	3,588,479	2,536,850,654	5,102,274,042	1.23
2010	72,162,000	836,754,000			749,407,275	849,172,500	16,861,200	2,524,356,975	3,588,479	2,527,945,454	5,123,437,347	1.27
2011	70,381,700	826,938,200			770,934,475	846,900,400	16,861,200	2,532,015,975	3,588,479	2,535,252,214	5,377,088,565	1.27
2012	62,246,400	827,075,000			794,806,875	813,653,800	16,861,200	2,514,643,275	3,588,107	2,518,231,382	4,852,769,008	1.29
2013	62,317,200	816,160,000			819,622,775	807,360,900	41,712,200	2,547,173,075	3,185,224	2,550,358,299	4,955,875,892	1.30
2014	65,552,700	809,674,400			780,089,475	826,429,600	54,043,000	2,535,789,175	2,903,044	2,538,692,219	4,789,253,168	1.34
2015	60,295,500	867,609,000			799,892,975	869,802,300	54,043,000	2,651,642,775	3,339,721	2,654,982,496	4,402,341,949	1.41
2016	60,427,100	865,092,000			797,560,475	867,274,300	56,537,100	2,646,890,975	3,293,675	2,650,184,650	4,577,186,263	1.36
2017	60,578,100	829,147,250			892,345,175	906,471,500	65,058,400	2,753,600,425	3,232,106	2,756,832,531	4,832,900,084	1.30

Source: County Abstract of Ratables

a Tax rates are per \$100

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
2008	\$ 3.23	\$ 1.19	\$ 1.20	\$ 0.84
2009	3.41	1.23	1.31	0.87
2010	3.45	1.27	1.36	0.82
2011	3.65	1.27	1.41	0.97
2012	3.69	1.29	1.40	1.00
2013	3.76	1.30	1.40	1.06
2014	3.77	1.34	1.40	1.03
2015	3.70	1.41	1.39	0.90
2016	3.71	1.36	1.43	0.92
2017	3.61	1.30	1.44	0.87

Source: Tax Duplicate, Township of Secaucus

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

Taxpayer	2017		Taxpayer	2008	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Fraternity Meadows LLC	\$ 85,159,400	3.09%	Hartz and Affiliates	\$ 365,000,000	14.45%
755 Secaucus LLC % Hartz	58,353,200	2.12%	First Penn Bank	66,059,600	2.62%
PMP 500 Plaza Corp % Marcus	50,760,000	1.84%	Hartz C/O Urban Poole	57,059,600	2.26%
800 Secaucus LLC % Hartz	49,977,600	1.81%	300-400 Park Plaza Drive Inc	48,709,900	1.93%
NY2 Hartz Way LLC % Equinix	42,739,200	1.55%	500 Plaza Drive Corp	48,407,600	1.92%
300-400 Park Plaza Dr. Inc	41,679,000	1.51%	Hartz C/O Matsushita	46,625,000	1.85%
50 Meadowland Parkway LLC	35,985,800	1.31%	BT NewYO LLC	32,795,400	1.30%
Fraternity Meadows LLC	33,793,600	1.23%	Mach Co	27,908,200	1.10%
Mill Creek Mall LLC % Hartz	33,158,200	1.20%	Atrium IV, LLC	26,459,100	1.05%
BT NewYo LLC	31,668,500	1.15%	Harmon, Pond, Rumson	21,320,200	0.84%
	<u>\$ 463,274,500</u>	<u>16.80%</u>		<u>\$ 740,344,600</u>	<u>29.31%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	29,743,912	29,743,912	100.00%	N/A
2009	30,526,564	30,526,564	100.00%	N/A
2010	31,978,788	31,978,788	100.00%	N/A
2011	32,293,717	32,293,717	100.00%	N/A
2012	32,502,943	32,502,943	100.00%	N/A
2013	33,180,707	33,180,707	100.00%	N/A
2014	34,107,422	34,107,422	100.00%	N/A
2015	34,626,077	34,626,075	99.99%	\$ 2
2016	35,689,653	35,689,653	100.00%	N/A
2017	36,401,377	36,401,377	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population (1)	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)			
2008	\$ 11,158,000		\$ 2,265,579	\$ 4,119,890	\$ 17,543,469	15,162	\$ 1,157
2009	10,369,000		1,393,588	670,818	12,433,406	15,281	814
2010	9,484,000		1,865,053	670,818	12,019,871	15,768	762
2011	8,534,000		2,914,438	670,818	12,119,256	16,706	725
2012	7,745,000		2,211,566		9,956,566	16,982	586
2013	6,675,000		2,153,763		8,828,763	18,114	487
2014	5,560,000		1,453,838	3,000,000	10,013,838	18,257	548
2015	31,810,000		688,492		32,498,492	18,395	1,767
2016	29,585,000		168,664		29,753,664	19,104	1,557
2017	27,305,000				27,305,000	19,822	1,378

Source: District records

(1) Estimated

SECAUCUS 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 ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2008	\$ 11,158,000		\$ 11,158,000	0.44%	\$ 736
2009	10,369,000		10,369,000	0.41%	679
2010	9,484,000		9,484,000	0.38%	601
2011	8,534,000		8,534,000	0.34%	511
2012	7,745,000		7,745,000	0.31%	456
2013	6,675,000		6,675,000	0.26%	368
2014	5,560,000		5,560,000	0.22%	305
2015	31,810,000		31,810,000	1.20%	1,729
2016	29,585,000		29,585,000	1.12%	1,549
2017	27,305,000		27,305,000	0.99%	1,378

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**SECAUCUS BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
AS OF DECEMBER 31, 2016
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Secaucus Board of Education	\$ 27,305,000	\$ 27,305,000	
Town of Secaucus	<u>45,671,676</u>	<u>-</u>	<u>\$ 45,671,676</u>
	<u>\$ 72,976,676</u>	<u>\$ 27,305,000</u>	45,671,676
Overlapping Debt Apportioned to the Municipality:			
Hudson County:			
County of Hudson (2)			<u>42,844,192</u>
Total Direct and Overlapping Debt			<u>\$ 88,515,868</u>

Source:

- (1) 2016 Annual Debt Statement of the Town of Secaucus
- (2) Hudson County Treasurer's Office

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

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized Valuation Basis	
2016	\$ 4,613,719,671
2015	4,383,310,601
2014	4,336,906,405
	<u>\$ 13,333,936,677</u>
 Average Equalized Valuation Of Taxable Property	 \$ 4,444,645,559
 Debt Limit (4% of Average Equalization)	 177,785,822
Total Net Debt Applicable to Limit	<u>27,305,000</u>
Legal Debt Margin	<u>\$ 150,480,822</u>

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 170,717,263	\$ 198,780,849	\$ 222,364,406	\$ 220,139,675	\$ 215,153,842	\$ 200,286,295	\$ 193,011,901	\$ 186,236,835	\$ 179,928,993	\$ 177,785,822
Total Net Debt Applicable To Limit	<u>11,973,820</u>	<u>11,158,820</u>	<u>10,369,000</u>	<u>9,484,820</u>	<u>8,534,000</u>	<u>6,675,000</u>	<u>5,560,000</u>	<u>31,810,000</u>	<u>29,585,000</u>	<u>27,305,000</u>
Legal Debt Margin	<u>\$ 158,743,443</u>	<u>\$ 187,622,029</u>	<u>\$ 211,995,406</u>	<u>\$ 210,654,855</u>	<u>\$ 206,619,842</u>	<u>\$ 193,611,295</u>	<u>\$ 187,451,901</u>	<u>\$ 154,426,835</u>	<u>\$ 150,343,993</u>	<u>\$ 150,480,822</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.01%	5.61%	4.66%	4.31%	3.97%	3.33%	2.88%	17.08%	16.44%	15.36%

Source: Annual Debt Statements

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (A)</u>	<u>School District Population (1)</u>
2008	2.7	\$ 43,644	15,162
2009	5.0	42,181	15,281
2010	5.1	44,241	15,768
2011	N/A	46,295	16,706
2012	N/A	47,819	16,982
2013	N/A	47,886	18,114
2014	7.3	50,088	18,257
2015	4.6	53,945	18,395
2016	4.3	N/A	19,104
2017	N/A	N/A	19,822

(A) Represents the County of Hudson

(1) Estimated

Source: State of New Jersey Dept. of Labor
United States Bureau of Census

SECAUCUS 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

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

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	130	130	140	132	138	137	141	138	141	150
Special Education	44	44	44	29	37	37	37	39	37	41
Other Instruction	3	3	3	3	3	3	3	4	3	3
Adult/Continuing Education Programs	2	2								
Support Services:										
Student and Instruction Related Services	36	36	36	29	38	38	33	33	33	33
General Administration	6	6	6	6	7	7	9	8	8	6
School Administrative Services	13	13	14	10	12	13	16	16	16	16
Central Services	4	4	4	5	4	4	3	5	5	5
Administrative Information Technology	1	3	2	2	1	1	1	1	1	1
Plant Operations And Maintenance	24	24	27	22	22	21	27	27	21	21
Pupil Transportation	23	23	23	30	30	30	30	30	30	30
Total	<u>286</u>	<u>288</u>	<u>299</u>	<u>268</u>	<u>292</u>	<u>291</u>	<u>300</u>	<u>301</u>	<u>295</u>	<u>306</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2008	2,077	\$ 31,548,444	\$ 15,189	2.54%	N/A	12:05	12:06	11:04	2,078	1,961	5.32%	94.37%
2009	2,120	31,555,363	14,885	-2.01%	N/A	12:05	12:06	11:04	2,121	2,009	2.05%	94.72%
2010	2,143	34,471,145	16,085	8.07%	N/A	14:01	11:76	11:71	2,158	2,040	1.76%	94.53%
2011	2,196	33,936,323	15,454	-3.93%	N/A	15:6	14:00	19:8	2,182	2,059	1.11%	94.36%
2012	2,165	32,780,508	15,141	-2.02%	N/A	10:5	22:2	19:8	2,148	2,041	-1.56%	95.02%
2013	2,185	35,356,260	16,181	6.87%	N/A	N/A	N/A	N/A	2,123	2,069	-1.16%	97.46%
2014	2,181	35,826,462	16,427	1.52%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	2,189	36,129,374	16,505	0.48%	N/A	N/A	N/A	N/A	2,181	2,076	N/A	95.19%
2016	2,114	37,184,373	17,590	6.57%	N/A	N/A	N/A	N/A	2,110	2,017	-3.26%	95.59%
2017	2,113	38,915,437	18,417	4.70%	N/A	N/A	N/A	N/A	2,109	2,012	-0.05%	95.40%

Sources: District records

N/A - Not Available

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

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

	<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>District Building</u>										
<u>Elementary</u>										
Clarendon School										
Square Feet	97,715	97,715	97,715	97,715	97,715	97,715	97,715	97,715	97,715	97,715
Capacity (students)	456	456	456	456	456	456	456	456	456	456
Enrollment	621	616	637	705	619	650	641	579	448	448
Huber School										
Square Feet	58,240	58,240	58,240	58,240	58,240	58,240	58,240	58,240	58,240	58,240
Capacity (students)	466	466	466	466	466	466	466	466	466	466
Enrollment	541	551	582	583	637	648	640	694	600	593
 <u>High School / Middle School</u>										
Square Feet	159,070	159,070	159,070	159,070	159,070	159,070	159,070	159,070	159,070	213,695
Capacity (students)	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109
Enrollment	915	953	924	908	889	887	892	916	1,066	1,072

Number of Schools at June 30, 2017

Elementary = 2 Clarendon/Huber Street

Middle School / High School = 1

Other = 2 Pre K and Board Office

Source: District Records

SECAUCUS BOARD OF EDUCATION
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST TEN FISCAL YEARS
 (Unaudited)

Undistributed Expenditures-Required
 Required Maintenance For School Facilities
 11-000-261-xxx

<u>School Facility</u>	<u>Project #</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Clarendon School	N/A	\$ 197,023	\$ 164,193	\$ 157,179	\$ 105,413	\$ 161,691	\$ 307,899	\$ 230,684	\$ 133,113	\$ 218,018	\$ 181,614
Huber School	N/A	163,478	136,174	130,357	87,425	239,581	170,010	129,114	74,504	122,026	101,651
High School / Middle School	N/A	<u>293,754</u>	<u>244,889</u>	<u>234,427</u>	<u>157,220</u>	<u>294,575</u>	<u>434,797</u>	<u>502,818</u>	<u>290,144</u>	<u>475,210</u>	<u>395,862</u>
Total School Facilities		654,255	545,256	521,963	350,058	695,847	912,706	862,616	497,761	815,254	679,127
Other Facilities	N/A	<u>17,954</u>	<u>15,130</u>	<u>14,483</u>	<u>9,714</u>	<u>22,224</u>	<u>21,632</u>	<u>9,495</u>	<u>5,479</u>	<u>8,974</u>	<u>7,476</u>
Grand Total		<u>\$ 672,209</u>	<u>\$ 560,386</u>	<u>\$ 536,446</u>	<u>\$ 359,772</u>	<u>\$ 718,071</u>	<u>\$ 934,338</u>	<u>\$ 872,111</u>	<u>\$ 503,240</u>	<u>\$ 824,228</u>	<u>\$ 686,603</u>

SECAUCUS BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2017
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund (SAIF)		
Property - Blanket Property	\$ 250,000,000	\$ 2,500 Per Claim
Comprehensive General Liability - Per Occurrence	5,000,000	
Flood - Per Member	25,000,000	1,000
Business Automobile - Per Occurrence	5,000,000	1,000
Boiler and Machinery	Included in Blanket Buildings and Contents	
Excess Liability	10,000,000	
Public Officials - Selective Insurance Co.		
Treasurer	300,000	
Board Secretary	250,000	
All Risk (subject to certain exclusions) including equipment breakdowns, demolition and increased cost of construction, EDP equipment, extra expenses and newly acquired equipment		
Sub-Limits:		
Newly Acquired Property	\$ 25,000,000	
Builder's Risk	25,000,000	
Demolition and Increased Cost of Construction	25,000,000	
Flood (Zone A or V)	25,000,000	
Flood (Other Zones)	10,000,000	
Earthquakes	25,000,000	
Boiler and Machinery	100,000,000	
Terrorism	100,000,000	
Unnamed Locations	25,000,000	
Accounts Receivable	2,500,000	
Fine Arts	2,500,000	
Trees/Shrubs/Plants (Unscheduled)	1,000,000	
Windstorm	200,000,000	
Blanket Dishonesty Bond (includes Faithful Performance Elected Officials);		
Per Loss	500,000	1,000
Computer Fraud:		
Per Loss	50,000	1,000
Forgery and Alteration:		
Per Loss	50,000	1,000
School Leaders Professional Liability - Each Claim	5,000,000	10,000
Workers' Compensation and Employers Liability:		
Workers Compensation	Statutory Limits	
Employers Liability	5,000,000	

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
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RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Secaucus Board of Education
Secaucus, 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 Secaucus 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 Secaucus Board of Education's basic financial statements and have issued our report thereon dated November 1, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Secaucus 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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2017-00.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Secaucus Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 1, 2017.

Secaucus Board of Education's Responses to Findings

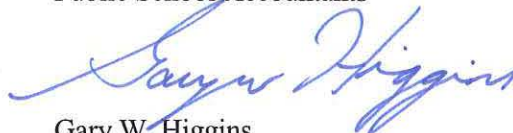
The Secaucus Board of Education's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Secaucus Board of Education's responses were not subjected to the auditing procedures applied in the audit of the financial statements and,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

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 Secaucus 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 Secaucus 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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 1, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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GARY W. HIGGINS, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major Federal and State Program

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

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which is described in the accompanying schedule of findings and questioned costs as item 2017-002. Our opinion on each major federal and state program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as 2017-002 that we consider to be a significant deficiency.

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

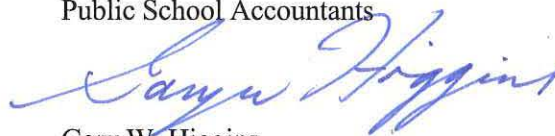
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Secaucus 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 November 1, 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 federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
November 1, 2017

SECAUCUS BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or Project Number	Grant Period	Award Amount	Balance, July 1, 2016	Unearned Revenue Carryover	Accounts Receivable Carryover	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balance	Unearned Revenue Adjustments	Accounts Receivable Adjustments	June 30, 2017			MEMO GAAP Receivable
														(Account Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Agriculture																	
Passed-Through State Department of Education																	
Enterprise Fund:																	
National School Lunch Program	10.555		N/A														
Cash Assistance		171NJ304N1099		07/01/16-6/30/17	\$ 290,403				\$ 272,561	\$ 290,403				\$ (17,842)			\$ (17,842)
Cash Assistance		16161NJ304N1099		07/01/15-6/30/16	279,436	\$ (50,853)			50,853								
Non-Cash Assistance (Food Distribution)		171NJ304N1099		07/01/16-6/30/17	46,764				46,476	45,938					\$ 538		
Non-Cash Assistance (Food Distribution)		16161NJ304N1099		07/01/15-6/30/16	47,238	826			826								
School Breakfast Program	10.553	171NJ304N1099	N/A	07/01/16-6/30/17	58,658				53,695	58,658				(4,963)			(4,963)
School Breakfast Program	10.553	16161NJ304N1099	N/A	07/01/15-6/30/16	59,809	(11,296)			11,296								
Child Nutrition Cluster					(61,323)				434,881	395,825				(22,805)	538		(22,805)
U.S. Department of Education																	
Passed-Through State Department of Education																	
Special Revenue Fund:																	
NCLB																	
Title I	84.010	S010A160030	NCLB473017	07/01/16-6/30/17	423,317		\$ 176,336	\$ (326,176)	315,406	320,008		\$ (216,148)	\$ 216,148	(217,939)	63,497		(154,442)
Title I, Carryover	84.010	S010A150030	NCLB473016	07/01/15-6/30/16	420,078	(149,840)			326,176								
Title II - Part A	84.367A	S367A160029	NCLB473017	07/01/16-6/30/17	35,443			40,144	(58,494)	21,002	10,455	(29,689)	29,689	(43,246)	35,443		(7,803)
Title II - Part A, Carryover	84.367A	S367A150029	NCLB473016	07/01/15-6/30/16	40,144	(18,350)			58,494								
Title II - Part A, Carryover	84.367A	N/A	NCLB473015	07/01/14-6/30/15	41,000	3,827									\$ 3,827		
Title III-immigrant	84.365	S365A150030	NCLB473017	07/01/16-6/30/17	13,884	(8,417)			13,062	(21,479)	3,192	(13,062)	13,062	(5,225)			(5,225)
Title III-immigrant, Carryover	84.365	S365A150030	NCLB473016	07/01/15-6/30/16	17,092	6,046			21,479								
Title III-immigrant, Carryover	84.365	N/A	NCLB473015	07/01/14-6/30/15											6,046		
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	FT473017	07/01/16-6/30/17	417,802		49,878	(258,505)	517,551	404,417				(158,756)	63,263		(95,493)
I.D.E.A. Part B, Basic Regular	84.027	H027A150100	FT473016	07/01/15-6/30/16	444,250	(208,627)	(49,878)	258,505									
I.D.E.A. Part B, Preschool	84.173	H173A160114	PS473017	07/01/16-6/30/17	13,401					588				(13,401)	12,813		(588)
I.D.E.A. Part B, Preschool, Carryover	84.173	H173A150114	PS473016	07/01/15-6/30/16	13,272	(13,272)			7,308					(5,964)			(5,964)
Special Education Cluster (IDEA)										405,005							
EPA-National Clean Diesel Rebate Program	N/A		N/A	07/01/15-6/30/16	100,000	(100,000)			100,000								
Race to the Top	84.413A	B413A120008	N/A	7/01/12-11/30/15	22,614		2,098	(2,098)				(2,098)	2,098				
Total Special Revenue Fund					(488,633)	2,098	(2,098)	964,459	735,468			(260,997)	260,997	(444,531)	175,016	9,873	(269,515)
U.S. Department of Education																	
Passed-Through State Department of Education																	
General Fund:																	
Medicaid Assistance Program (SEMI)	93.778	1705N15MAP	N/A	07/01/16-6/30/17	67,231				67,231	67,231							
ARRA - Medical Assistance Program (SEMI)	93.778	1705N15MAP	N/A	4/1/09-12/31/09	3,162				3,162	3,162							
Total General Fund									70,393	70,393							
Total Federal Financial Awards					\$ (549,956)	\$ 2,098	\$ (2,098)	\$ 1,469,733	\$ 1,201,686	\$ -	\$ (260,997)	\$ 260,997	\$ (467,336)	\$ 175,554	\$ 9,873	\$ (292,320)	

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

SECAUCUS 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		Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	June 30, 2017			MEMO	
				(Accts. Rec.) Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Expenditures
State Department of Education														
General Fund														
Special Education Aid	17-495-034-5120-089	07/01/2016-6/30/2017	\$ 773,872			\$ 707,044	\$ 773,872			\$ (66,828)				\$ 773,872
Special Education Aid	16-495-034-5120-089	07/01/2015-6/30/2016	792,919	\$ (69,012)		69,012								
Security Aid	17-495-034-5120-084	07/01/2016-6/30/2017	75,507			68,986	75,507			(6,521)				75,507
Security Aid	16-495-034-5120-084	07/01/2015-6/30/2016	63,867	(5,559)		5,559								
Professional Learning Community Aid	17-495-034-5120-101	07/01/2016-6/30/2017	21,230			19,398	21,230			(1,832)				21,230
Per Pupil Growth Aid	17-495-034-5120-097	07/01/2016-6/30/2017	21,370			19,524	21,370			(1,846)				21,370
Per Pupil Growth Aid	16-495-034-5120-097	07/01/2015-6/30/2016	21,370	(1,860)		1,860								
PARCC Readiness	17-495-034-5120-098	07/01/2016-6/30/2017	21,370			19,524	21,370			(1,846)				21,370
PARCC Readiness	16-495-034-5120-098	07/01/2015-6/30/2016	21,370	(1,860)		1,860								
Subtotal State Aid Public Cluster							913,349							
Transportation Aid	17-495-034-5120-014	07/01/2016-6/30/2017	86,193			78,750	86,193			(7,443)				86,193
Transportation Aid	16-495-034-5120-014	07/01/2015-6/30/2016	70,500	(6,136)		6,136								
Extraordinary Aid	17-495-034-5120-044	07/01/2016-6/30/2017	177,349				177,349			(177,349)				177,349
Extraordinary Aid	16-495-034-5120-044	07/01/2015-6/30/2016	192,024	(192,024)		192,024								
Non-Public Transportation Reimb.	17-495-034-5120-014	07/01/2016-6/30/2017	14,583				14,583			(14,583)			\$ (14,583)	14,583
Non-Public Transportation Reimb.	16-495-034-5120-014	07/01/2015-6/30/2016	15,271	(15,271)		15,271								
T.P.A.F. NCGI	17-495-034-5094-004	07/01/2016-6/30/2017	58,259			58,259	58,259							58,259
T.P.A.F. LTDI	17-495-034-5094-004	07/01/2016-6/30/2017	4,941			4,941	4,941							4,941
T.P.A.F. Post Retirement Medical	17-495-034-5094-001	07/01/2016-6/30/2017	1,607,938			1,607,938	1,607,938							1,607,938
T.P.A.F. Normal Cost & Accrued Liab	17-495-034-5094-002	07/01/2016-6/30/2017	1,388,321			1,388,321	1,388,321							1,388,321
Reimbursed T.P.A.F. Social Security Aid	17-495-034-5094-003	07/01/2016-6/30/2017	1,138,473			1,083,120	1,138,473			(55,353)			(55,353)	1,138,473
Reimbursed T.P.A.F. Social Security Aid	16-495-034-5094-003	07/01/2015-6/30/2016	1,130,270	(55,768)		55,768								
Total General Fund				(347,490)	-	5,403,295	5,389,406	-	-	(333,601)	-	-	(69,936)	5,389,406
Special Revenue Fund														
H.L.B. Grant	N/A	07/01/2013-6/30/2014	2,437		\$ 20								\$ 20	
H.L.B. Grant	N/A	07/01/2012-6/30/2013	3,071		564								564	
Total Special Revenue Fund					584								584	
Debt Service Fund														
School Construction Debt Service Aid	17-495-034-5120-075	07/01/2016-6/30/2017	652,095			652,095	652,095							652,095
Total Debt Service Fund						652,095	652,095	-	-	-	-	-	-	652,095
State Department of Agriculture														
Enterprise Fund														
National School Lunch (State Share)	17-100-010-3350-023	07/01/2016-6/30/2017	8,650			8,100	8,650			(550)			(550)	8,650
National School Lunch (State Share)	16-100-010-3350-023	07/01/2015-6/30/2016	8,627	(1,606)		1,606								
Total Enterprise Fund				(1,606)	-	9,706	8,650	-	-	(550)	-	-	(550)	8,650
State Financial Assistance Subject to Single Audit Determination				\$ (349,096)	\$ 584	\$ 6,065,096	\$ 6,050,151	\$ -	\$ -	\$ (334,151)	\$ -	\$ 584	\$ (70,486)	\$ 6,050,151
State Financial Assistance Not Subject to Single Audit														
General Fund														
T.P.A.F. NCGI	17-495-034-5094-004	07/01/2016-6/30/2017				(58,259)	(58,259)							(58,259)
T.P.A.F. LTDI	17-495-034-5094-004	07/01/2016-6/30/2017				(4,941)	(4,941)							(4,941)
T.P.A.F. Post Retirement Medical	17-495-034-5094-001	07/01/2016-6/30/2017				(1,607,938)	(1,607,938)							(1,607,938)
T.P.A.F. Normal Cost & Accrued Liab	17-495-034-5094-002	07/01/2016-6/30/2017				(1,388,321)	(1,388,321)							(1,388,321)
Total State Financial Assistance for Major Program Determination				\$ (349,096)	\$ 584	\$ 3,005,637	\$ 2,990,692	\$ -	\$ -	\$ (334,151)	\$ -	\$ 584	\$ (70,486)	\$ 2,990,692

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**SECAUCUS 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 Secaucus 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 \$12,786 for the general fund and an increase of \$100,000 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 70,393	\$ 5,402,192	\$ 5,472,585
Special Revenue Fund	835,468		835,468
Debt Service Fund		652,095	652,095
Food Service Fund	395,825	8,650	404,475
	<hr/>	<hr/>	<hr/>
Total Awards Financial Assistance	<u>\$ 1,301,686</u>	<u>\$ 6,062,937</u>	<u>\$ 7,364,623</u>

**SECAUCUS 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 \$1,138,473 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 \$1,666,197, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,388,321 and TPAF Long-Term Disability Insurance in the amount of \$4,941 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, 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.

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

Part I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

2) Significant deficiencies identified not considered to be material weakness(es)? X yes none reported

Noncompliance material to basic financial statements noted? X yes no

Federal Awards Section

Internal Control over major programs:

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

2) Significant deficiencies identified not considered to be material weakness(es)? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 .510(a) of U.S. Uniform Guidance? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>H027A160100</u>	<u>IDEA - Basic</u>
<u>84.173</u>	<u>H173A160114</u>	<u>IDEA Preschool</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

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

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

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

2) Significant deficiencies identified not considered to be material weakness(es)?
 _____ X _____ yes _____ none reported

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

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

Identification of major state programs:

<u>GMIS Number</u>	<u>Name of State Program or Cluster</u>
<u>17-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>
<u>17-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>

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

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

**SECAUCUS 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.

Finding 2017-001

Our audit of year end open purchase orders in the General and Special Revenue Funds revealed certain encumbrances should have been classified as accounts payable or cancelled. Additionally, an account s payable in the Special Revenue Fund was not recorded at June 30, 2017.

Criteria or specific requirement:

Internal controls over year end closing procedures of open orders.

Condition

Certain encumbrances were determined to not have been classified properly or were overstated. In addition, certain accounts payable were not recorded at year end.

Context

Certain purchase orders classified as reserve for encumbrances should have been classified as accounts payable totaling \$109,729 in the General Fund and \$993,330 in the Capital Projects Fund was overstated and should have been cancelled. Additionally, accounts payable totaling \$42,487 in the Special Revenue Fund was not recorded at year end.

Effect

Financial statements presented for audit did not properly reflect liabilities, encumbrances, expenditures and fund balance at year end. Audit adjustments have been made to correct the respective financial transactions.

Cause

Unknown.

Recommendation

Procedures be revised and enhanced to ensure open purchase orders orders are reviewed at year end for proper recording and classification as an accounts payable and/or encumbrance.

View of Responsible Officials and Planned Corrective Action

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

SECAUCUS BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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

THERE ARE NONE.

**SECAUCUS BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 STATE AWARDS

Finding 2017-002

Our audit of purchases and procedures related to compliance with the Public School Contracts Law indicated two instances where contract awards and purchases were made in excess of the bid threshold where there was no documentation provided to support publicly advertised bids were sought, State contract or cooperative purchasing contracts were awarded or a competitive contracting process was conducted in accordance with the requirements of the Public School Contracts Law (N.J.S.A. 18A:18A).

State program information:

Per Pupil Growth Aid	495-034-5120-097
PAARC Readiness	495-034-5120-098
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Professional Learning Community Aid	495-034-5120-101

Criteria or specific requirement:

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

Condition:

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

Questioned Costs:

Unknown.

Context:

Purchases and contracts for gasoline in the amount of \$78,507 and collection and disposal of refuse in the amount of \$47,767 were made in excess of the bid threshold for which documents were unavailable to determine if awards were procured through public bids advertised or other required processes in accordance with Public School Contracts Law.

**SECAUCUS BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 STATE AWARDS (Continued)

Finding 2017-002 (Continued)

Effect:

Noncompliance with requirements of the Public School Contracts Law.

Cause:

Unknown.

Recommendation:

Internal control procedures over purchasing be reviewed and revised to ensure all contract awards and purchases which exceed the bid threshold are made in accordance with the requirements of the Public School Contracts Law.

Views of Responsible Officials and Planned Corrective Action Plan:

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

SECAUCUS BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2016-001

Our audit of year end open purchase orders in the General and Special Revenue Funds revealed certain accounts payable should have been classified as encumbrances. Additionally, change orders pertaining to a construction contract were not recorded at June 30, 2016.

Status

See Finding 2017-001.

Finding 2016-002

Our audit of the District's capital assets revealed certain additions were not included in the updated records for the 2015/2016 school year.

Status

Corrective action has been taken.