



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



***Comprehensive Annual Financial Report
For the Year Ended
June 30, 2018***

Fort Lee Public Schools

Fort Lee, New Jersey

Comprehensive Annual Financial Report
For the Year Ended June 30, 2018

Prepared by

Business Office

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Introductory Section



Fort Lee Public Schools

Central Administration Offices

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www.FLBOE.com

Dr. Sharon Amato

Director of Curriculum and Instruction

Mr. Kenneth J. Rota

Superintendent of Schools

Ms. Haquisha Q. Taylor

School Business Administrator/Board Secretary

February 21, 2019

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

Dear Board Members:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Borough of Fort Lee Public Schools for the fiscal year ended June 30, 2018. This CAFR includes the District's Basic Financial Statements prepared in accordance with Governmental Accounting Standards Board Statement 34. The District believes that this new financial reporting model will provide all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. This report will provide the taxpayers of the Borough of Fort Lee School District with comprehensive financial data in a format enabling them to gain an understanding of the District's financial affairs.

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

- The Introductory Section contains a table of contents, Letter of Transmittal, List of Principal Officials and an Organizational chart of the School District.
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information.

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

School District Organization

The Borough of Fort Lee School District is one of 694 school districts in the State of New Jersey and one of 80 school districts in Bergen County. The School District provides education to 3,920 students, in district and out-of-district, in grades kindergarten through twelve.

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

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

Reporting Entity

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

Economic Conditions and Outlook

The District completed the 2017-2018 fiscal year with an average daily enrollment of 3,920 students, which is forty two students more than the previous year's enrollment. The following details the changes in the student average daily enrollment of the District over the last five years.

Fiscal Year	Average Daily Enrollment Student Enrollment	Percent Change
2017-2018	3,920	4.62%
2016-2017	3,747	1.13%
2015-2016	3,705	-0.62%
2014-2015	3,728	-1.35%
2013-2014	3,779	1.04%

Future trends point towards an increase in enrollment due to approved residential developments. The District's primary funding source is property tax revenue. As a result, the District, along with many other public school systems in the State, faces some difficult economic situations in the future. Overall tax revenue for the general fund increased for the 2017-2018 school year by 3.60%, but the increase in expenditures from inflationary pressures, contractual agreements and benefits have outpaced the additional revenue. The District's administration is closely monitoring the cost of operations and continues to look for innovative ways to contain costs in addition to new funding sources in order to maintain the quality educational services that the District has been accustomed to providing.

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

Major Initiatives/Educational Program

Major activities for the Fort Lee School District for the 2018-2019 school year include:

- Monitor K-12 math and reading benchmark assessment system (STAR 360);
- Monitor student achievement using Phonics and Vocabulary Curriculum K -6 and Literacy Intervention Program (K-8) as supplemental tool for Resource classes (Fountas & Pinnell Reading Intervention Kits);
- Implement Lucy Calkins Units of Study for Reading and Writing in grades K-2 and Lucy Calkins Units of Study for Reading in grades 3 and 4;
- Professional development for Writing Workshop and the use of the Lucy Calkins Units of Study for Writing in grades 3 and 4;
- Professional development to support Reading Workshop and the use of Lucy Calkins Units of Study for Reading in grades 3 and 4;
- Create a standards-based report card for grades K-4;
- Evaluate and plan to revise the English Language Arts Curriculum in grades 5 – 8;
- Continue with developing and writing English curriculum in grades 9-12;

- Pilot new K-4 math programs and make selection for 2019-2020 Curriculum Cycle. Update K-4 math curriculum;
- Monitor new K-5 Science Curriculum;
- Pilot and select new grade 6 science textbook (Integrated iScience Course 1) to align with grades 7-8. Update grade 6 science curriculum;
- Expand participation in STEAM MakerSpace MS and HS (robotics, programming, animation, 3D design, snap circuits, recording studio);
- Monitor new STEAM courses: Innovation and Invention (engineering design based course) and Middle School Coding;
- Continue and expand implementation of K-5 Engineering and Design Standards through push-in STEAM and integrated science lessons;
- Select new curriculum resources and update curricula for HS Biology and Chemistry;
- Deliver 9-12 science staff training on STEM lab safety and Pasco lab sensors and software;
- Support Grade 8 Algebra cohorts to increase enrollment in advanced math courses;
- Create common assessments for all Middle and High school courses;
- Provide K-12 World Language staff training TPRS (Teaching Proficiency through Reading and Storytelling);
- Provide K-12 ESL/BIL staff training in TPRS/CI methodologies;
- Present SIOP Training (Sheltered English Instruction) to selected staff;
- Expand instructional supports for Title 1 and Bilingual students including building based professional development with outside consultant;
- Professional development for ESL/Bilingual staff in Balanced Literacy; professional development and demo lessons to occur in all four elementary schools;
- Professional development to support Writing Workshop and the use of Lucy Calkins Units of Study for Writing in ESL/BIL grades K-4.

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

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

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

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in

the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, special revenue fund and debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

Cash Management: The investment policy of the District is guided in large part by State statutes as detailed in "Notes to Basic Financial Statements," Notes 1 and 2. The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. This requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

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

Acknowledgements:

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

Respectfully submitted,

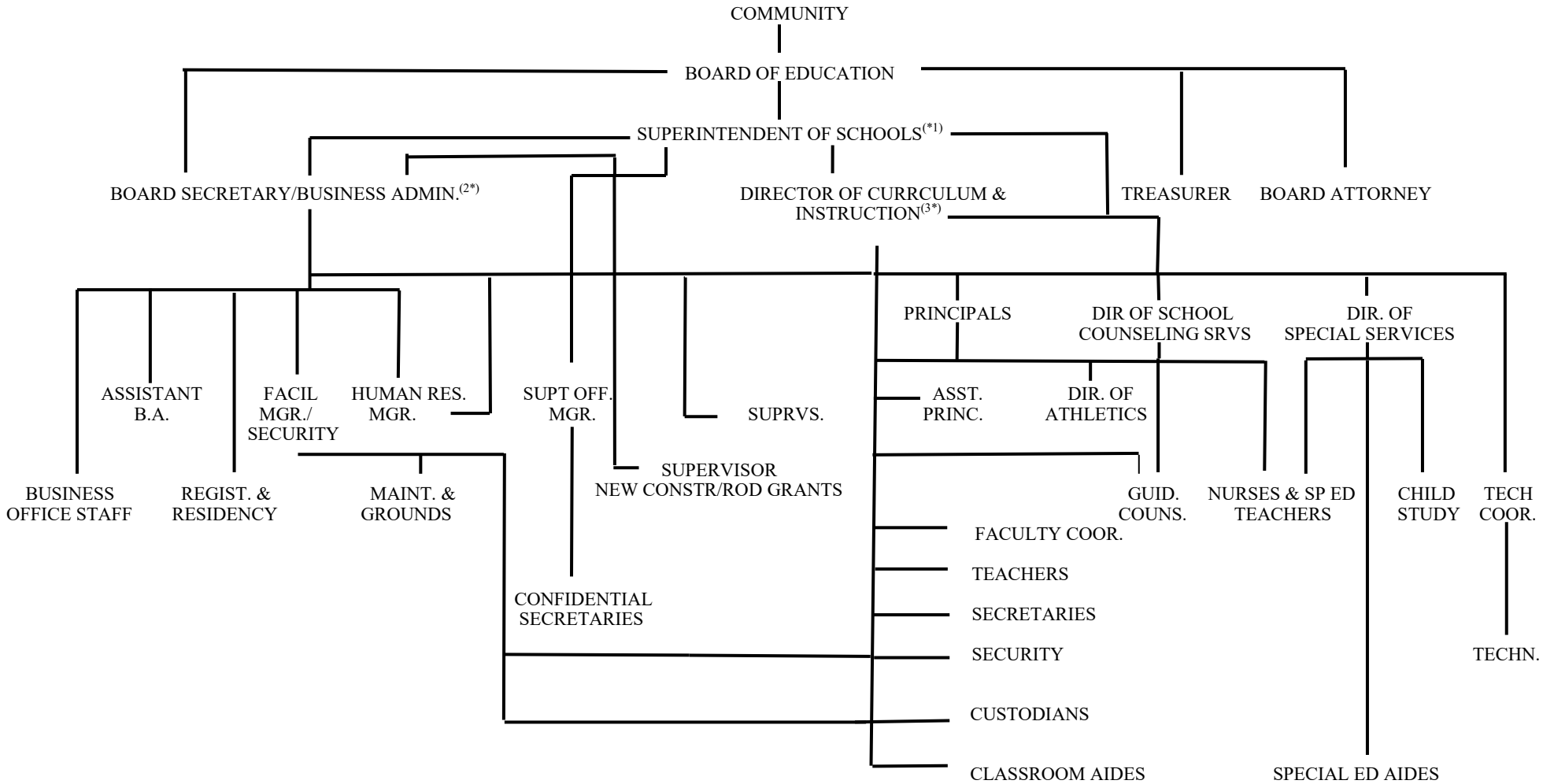


Superintendent of Schools



Business Administrator

**ORGANIZATION OF PERSONNEL AND REPORTING RESPONSIBILITIES
FORT LEE PUBLIC SCHOOLS
2017-2018**



*Order of Authority
 — Order of Responsibility

2P*

Fort Lee Public Schools
Fort Lee, New Jersey

Roster of Officials

June 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Mrs. Candace Romba, President	12/31/2019
Mrs. Esther Han Silver, Vice President	12/31/2018
Mrs. Elisa Cho	12/31/2020
Mrs. Paula Colbath	12/31/2019
Mr. Ralph DiMeglio	12/31/2020
Mrs. Holly Morell	12/31/2018
Mr. Michael Rubino	12/31/2018
Mr. David Sarnoff	12/31/2018
Mrs. Lauran Tuck	12/31/2020

Other Officials

Mr. Kenneth Rota, Superintendent of Schools

Ms. Haquisha Q. Taylor, Business Administrator

Dr. Sharon Amato, Director of Curriculum

Mr. Scott Bendul, Supervisor, B&G/Security

Mr. Jack DeNichilo, Supervisor, New Construction

Dennis McKeever, Esq., Board Attorney

Fort Lee Public Schools
Fort Lee, New Jersey

Independent Auditors and Advisors

Auditor

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

Attorney

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

Official Depository

TD Bank
1100 Lake Street
Ramsey, NJ 07446

NJ ARM
821 Alexander Road, Suite 110
Princeton, NJ 08540

Bank of NJ
Continental Plaza
401 Hackensack Avenue
Hackensack, NJ 07601

Financial Section

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Fort Lee Public Schools, in the County of Bergen, State of New Jersey (the "District"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

PKF O'CONNOR DAVIES, LLP
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**The Honorable President and Members
of the Board of Education
Fort Lee Public Schools**

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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 previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

February 21, 2019
Cranford, New Jersey



David J. Gannon
Licensed Public School Accountant
No. 2305

Required Supplementary Information – Part I

Management's Discussion and Analysis

Fort Lee Public Schools

Management's Discussion and Analysis Year Ended June 30, 2018

As management of the Borough of Fort Lee Public Schools, we offer readers of the District's financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented, in conjunction with additional information that we have furnished in our letter of transmittal.

Management's Discussion and Analysis (MD&A) is Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain comparative information between the current fiscal year (2017-2018) and the prior fiscal year (2016-2017) is presented in the MD&A.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 22 - 23 of this report.

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

proprietary funds, and fiduciary funds.

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

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

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

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

The basic governmental fund financial statements can be found on pages 24 - 26 of this report.

Proprietary funds. The District maintains one proprietary fund type. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program, which is considered a major fund of the District. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 27 - 29 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses agency funds to account for resources held for student activities and groups, and payroll related liabilities. The District also has an unemployment compensation fund and a private-purpose scholarship fund. The basic fiduciary fund financial statements can be found on pages 30 - 31 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 32 - 73 of this report.

Other information. The combining statements referred to earlier in connection with governmental funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found on pages 78 - 107 of this report.

Financial Highlights

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of net position relating to the District's governmental and business-type activities at June 30, 2018 and 2017:

Fort Lee Public Schools Fort Lee, New Jersey Net Position						
	2018			2017		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Current and other assets	\$ 31,425,152	\$ 506,707	\$ 31,931,859	\$ 34,356,875	\$ 281,939	\$ 34,638,814
Capital assets, net	75,685,976	94,533	75,780,509	70,293,693	103,163	70,396,856
Total assets	107,111,128	601,240	107,712,368	104,650,568	385,102	105,035,670
Deferred outflows	6,663,576		6,663,576	6,712,467		6,712,467
Liabilities						
Current liabilities	9,914,437	217,700	10,132,137	6,973,946	37,923	7,011,869
Net pension liability	17,228,330		17,228,330	19,670,339		19,670,339
Long Term Liabilities	69,423,311		69,423,311	72,673,983		72,673,983
Total liabilities	96,566,078	217,700	96,783,778	99,318,268	37,923	99,356,191
Deferred inflows	4,309,543		4,309,543	1,098,655		1,098,655
Net position						
Net investment in capital assets	26,864,312	94,533	26,958,845	25,416,260	103,163	25,519,423
Restricted	4,694,988		4,694,988	2,725,371		2,725,371
Unrestricted (deficit)	(18,660,217)	289,007	(18,371,210)	(17,195,519)	244,016	(16,951,503)
Total net position	\$ 12,899,083	\$ 383,540	\$ 13,282,623	\$ 10,946,112	\$ 347,179	\$ 11,293,291

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

- Net position increased \$1,952,971 resulting from an increase in the local tax levy and as a result of funding for debt service state aid and continued fiscal constraint and control over expenditures.
- Consistent with the prior year, the State withheld the school district's fiscal 2017-2018 last two state aid payments until July 2018.

The District's cash balances decreased significantly during the 2018 fiscal year as a result of progress made on the District's capital projects which is reflected as an increase in capital assets.

Current liabilities experienced a significant increase as a result of the Borough of Fort Lee paying the District's July 2018 tax levy payment in the amount of \$2,652,086 prior to June 30, 2018.

Significant changes to deferred outflows and deferred inflows of resources pertain primarily to the impact of the changes in the GASB 68 net pension liability calculation performed by the State of New Jersey. The changes in 2018 from the prior year resulted from changes in assumptions calculated by the actuary in conjunction with the net pension liability calculation for the measurement date of June 30, 2017 and rolled forward to June 30, 2018. The net pension liability associated with the District's governmental activities at June 30, 2018 amounted to \$17,228,330 also increased in the amount of \$2,442,009 resulting from changes in the net pension calculation. Long-term liabilities decreased by principal payments made in the amount of \$2,120,000 in bonds payable.

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

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

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

District activities. The key elements of the District's changes in net position for the years ended June 30, 2018 and 2017 are as follows:

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

Year ended June 30,

	2018			2017		
	Governmental Activities	Business Type- Activities	Total	Governmental Activities	Business Type- Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 30,211	\$ 1,107,404	\$ 1,137,615	\$ 83,500	\$ 1,039,150	\$ 1,122,650
Operating grants and contributions	1,617,534	445,455	2,062,989	1,836,568	484,629	2,321,197
General revenues:						
Property taxes	63,622,953		63,622,953	62,771,739		62,771,739
State and federal aid not restricted to a specific purpose	25,256,462		25,256,462	22,867,357		22,867,357
Investment Income	273,161		273,161	163,090		163,090
Miscellaneous	561,227		561,227	611,723		611,723
Total revenue	91,361,548	1,552,859	92,914,407	88,333,977	1,523,779	89,857,756
Expenses:						
Instructional services	55,569,883		55,569,883	52,754,543		52,754,543
Support services	31,849,324		31,849,324	30,395,834		30,395,834
Charter school				9,965		9,965
Interest on long term debt	1,989,370		1,989,370	2,982,464		2,982,464
Business Type Activities		1,516,498	1,516,498		1,531,726	1,531,726
Total expenses	89,408,577	1,516,498	90,925,075	86,142,806	1,531,726	87,674,532
Increase (decrease) in net position before transfers	1,952,971	36,361	1,989,332	2,191,171	(7,947)	2,183,224
Net position - beginning				3,183,496	355,126	3,538,622
Restatement				5,571,445		5,571,445
Net position—beginning (as restated)	10,946,112	347,179	11,293,291	8,754,941	355,126	9,110,067
Net position—ending	\$ 12,899,083	\$ 383,540	\$ 13,282,623	\$ 10,946,112	\$ 347,179	\$ 11,293,291

Property tax revenue increased \$851,214 to fund increases to the budget. Included in the State Aid revenue amount is the amount paid by the State on-behalf of the District for TPAF Pension, TPAF Medical Cost and the Employer share of Social Security. This amounts to \$20.7 million in state aid. These amounts also are included in the expenses of the school district.

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

Financial Analysis of the District's Funds

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

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

General Fund

The general fund is the main operating fund of the District. Of the \$6,323,910 fund balance in the General Fund, \$4,444,988 is restricted in the capital reserve account, \$250,000 is restricted in the emergency reserve account, \$110,000 is assigned by the board of education for subsequent years' expenditures, \$196,173 of encumbrances is assigned to other purposes, and \$1,322,749 is unassigned. Fund balance in the General Fund increased by \$1,190,031 from the prior year.

Special Revenue Fund

The special revenue fund is used to track the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes, other than debt service or capital projects. Revenue and expenditures for the current fiscal year remained largely the same as the prior fiscal year. IDEA continues to be the largest grant in the special revenue fund, with expenditures in the current fiscal year of \$769,843.

Capital Projects Fund

The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other assets (other than those financed by proprietary funds). There were expenditures of \$7,114,900 in the current fiscal year compared to expenditures of \$21,846,086 in the prior year. Total fund balance was \$19,725,414 and \$26,833,319 as of June 30, 2018 and 2017, respectively.

Debt Service Fund

The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The fund balance in the debt service fund is \$296,696. As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility of sound financial management.

The following schedule presents a summary of the General Fund, Special Revenue Fund and Debt Service Fund revenues for the fiscal year ended June 30, 2018, and the increases in relation to the prior year:

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) from 2017</u>	<u>Percent of Increase (Decrease)</u>
Local sources	\$ 64,259,928	81.52%	\$ 782,969	1.23
State sources	13,089,394	16.61%	2,280,339	21.10
Federal sources	1,477,211	1.87%	(233,499)	(13.65)
Total	<u>\$ 78,826,533</u>	<u>100.00%</u>	<u>\$ 2,829,809</u>	<u>3.72</u>

The increase in local sources was primarily the result of an increase in the local tax levy. The increase in state sources was mainly attributable to the increase in contributions for TPAF pension and retiree medical contributions the State pays on behalf of the District. The decrease in federal sources is the result of a decrease in Title I and IDEA funding.

The following schedule presents a summary of General Fund, Special Revenue Fund and Debt Service Fund expenditures for the fiscal year ended June 30, 2018 and the increases in relation to the prior year:

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase (Decrease) From 2017</u>	<u>Percent of Increase (Decrease)</u>
Current expenditures:				
Instruction	\$ 28,105,532	36.07%	\$ 670,658	2.4 %
Support services	44,658,787	57.31%	2,301,156	5.4 %
Charter schools	-	0.00%	(9,965)	(100.0) %
Debt service:				
Principal	2,120,000	2.72%	(150,000)	(6.6) %
Interest and other charges	2,170,887	2.79%	(72,126)	(3.2) %
Capital outlay	867,075	1.11%	(961,063)	(52.6) %
Total	<u>\$ 77,922,281</u>	<u>100.00%</u>	<u>\$ 1,778,660</u>	<u>2.34 %</u>

The increase in instruction and support services is mainly the result of an increase in salaries and wages, the cost of benefits as well as an increase in on-behalf TPAF social security, pension and retiree medical contributions, which is also offset by a correlating revenue source. Overall, the District's expenditures increased 2.34%.

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

The following schedule presents a summary of the Enterprise funds revenues for the fiscal year ended June 30, 2018, and the increases in relation to the prior year:

Revenue	Amount	Percent of Total	Increase (Decrease) from 2017	Percent of Increase (Decrease)
Local sources	\$ 1,107,404	71.31%	\$ 68,254	6.57 %
State sources	15,992	1.03%	1,782	12.54 %
Federal sources	429,463	27.66%	(40,956)	(8.71) %
Total	\$ 1,552,859	100.00%	\$ 29,080	1.91 %

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

The following schedule presents a summary of the Enterprise fund operating expenses for the fiscal year ended June 30, 2018, and the increases and (decreases) in relation to the prior year:

Expenditures	Amount	Percent of Total	Increase (Decrease) From 2017	Percent of Increase (Decrease)
Cost of sales	\$ 524,134	34.56%	\$ 125,501	31.5 %
Salaries/employee benefits	602,884	39.76%	19,766	3.4 %
Other purchased services	78,745	5.19%	(158,268)	(66.8) %
Food distribution program -	82,828	5.46%	1,231	1.5 %
Supplies and materials	34,434	2.27%	(19,619)	(36.3) %
Management fee	125,295	8.26%	3,540	2.9 %
Depreciation	23,478	1.55%	(422)	(1.8) %
Miscellaneous	44,700	2.95%	13,043	41.2 %
	\$ 1,516,498	100.00%	\$ (15,228)	(0.99) %

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

Food Service Fund

Total revenues from local sources increased from the prior year by \$68,254 or 6.57% as a result of an increase in daily sales and special functions. Total operating expenses decreased from the prior year by \$15,228 or 1% due to the decrease in other purchased services, supplies and materials expenditures.

The net position of the food service fund is comprised of net investment in capital assets of \$94,533 and unrestricted net position of \$289,007.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2018, the District's governmental activities had capital assets of \$75,685,976 (net of accumulated depreciation), including land, construction in progress, school buildings, machinery, equipment and vehicles.

The District's governmental funds' capital assets, net of depreciation consisted of the following at June 30, 2018 and 2017:

	June 30,	
	2018	2017
Land	\$ 2,509,321	\$ 2,509,321
Construction in progress	35,869,304	28,754,404
Site improvements	1,770,573	1,888,686
Buildings and building improvements	35,036,703	36,572,086
Machinery and equipment	500,075	569,196
Total capital assets, net	<u>\$ 75,685,976</u>	<u>\$ 70,293,693</u>

Debt Administration

During the 2018 fiscal year, the District had outstanding long-term liabilities of \$73,011,712 of which \$3,558,401 was classified as the current portion.

At June 30, 2018 and 2017, the District's governmental activities long-term liabilities consisted of:

	June 30	
	2018	2017
Bonds payable	\$ 61,115,000	\$ 63,235,000
Unamortized premium on bonds	1,699,005	1,819,289
Capital leases payable	5,733,073	6,656,463
Compensated absences payable	4,464,634	4,585,905
Total long-term liabilities	<u>\$ 73,011,712</u>	<u>\$ 76,296,657</u>

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

General Fund Budgetary Highlights

The District budget is prepared according to New Jersey statutes. The most significant budgeted fund is the General Fund.

The largest difference to the budget on the revenue side was due to the increase in the local tax levy.

The District experienced significant variations between the final amended budget and the actual expenditures for various reasons including:

- Various salary appropriations were modified using budget transfers to align the budgets with the final alignment of personnel needs based on the study population enrollment.
- Undistributed expenditure - Tuition to CSSD and regional day schools – a remaining balance of \$171,398 was mainly due to the decrease of special needs students requiring specialized services outside of the District.
- Capital outlay – Facilities Acquisition and Construction Services - Construction Services – a remaining balance of \$271,641 was mainly the result of the timing of the liquidation of the encumbrances as well as many ongoing projects that were carried over to the following year.

Requests for Information

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

Basic Financial Statements

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2018.

Fort Lee Public Schools

Statement of Net Position

June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 24,762,567	\$ 420,069	\$ 25,182,636
Accounts receivable	1,944,665	88,013	2,032,678
Internal balances	2,702	(2,702)	-
Other current assets	20,230		20,230
Inventories		1,327	1,327
Restricted:			
Cash and cash equivalents	4,694,988		4,694,988
Capital assets, non-depreciable	38,378,625		38,378,625
Capital assets, depreciable, net	37,307,351	94,533	37,401,884
Total assets	<u>107,111,128</u>	<u>601,240</u>	<u>107,712,368</u>
Deferred Outflows Of Resources			
Pension deferrals	<u>6,663,576</u>		<u>6,663,576</u>
Liabilities			
Accounts payable	3,075,809	143,798	3,219,607
Accrued interest payable	524,053		524,053
Intergovernmental payables - State	35,673		35,673
Intergovernmental payables - Other	2,652,086		
Unearned revenue	38,415	73,902	112,317
Net pension liability	17,228,330		17,228,330
Current portion of long-term obligations	3,558,401		3,558,401
Noncurrent portion of long-term obligations	69,453,311		69,453,311
Total liabilities	<u>96,566,078</u>	<u>217,700</u>	<u>94,131,692</u>
Deferred Inflow Of Resources			
Pension deferrals	<u>4,309,543</u>		<u>4,309,543</u>
	4,309,543		4,309,543
Net Position			
Net investment in capital assets	26,864,312	94,533	26,958,845
Restricted for:			
Capital reserve	4,444,988		4,444,988
Emergency reserve	250,000		250,000
Unrestricted (deficit)	(18,660,217)	289,007	(18,371,210)
Total net position	<u>\$ 12,899,083</u>	<u>\$ 383,540</u>	<u>\$ 13,282,623</u>

Fort Lee Public Schools

Statement of Activities

Year ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities						
Instruction	\$ 55,569,883	\$ 30,211	\$ 1,247,779	\$ (54,291,893)		\$ (54,291,893)
Support services:						
Attendance/social work	470,115			(470,115)		(470,115)
Health services	1,053,810			(1,053,810)		(1,053,810)
Other support services	10,650,062		369,755	(10,280,307)		(10,280,307)
Improvement of instruction	871,395			(871,395)		(871,395)
Other support: instructional staff	258,044			(258,044)		(258,044)
School library	1,256,258			(1,256,258)		(1,256,258)
General administration	1,602,661			(1,602,661)		(1,602,661)
School administration	4,804,413			(4,804,413)		(4,804,413)
Central services	1,532,868			(1,532,868)		(1,532,868)
Administrative information technology	393,260			(393,260)		(393,260)
Plant operation and maintenance	6,590,175			(6,590,175)		(6,590,175)
Student transportation	2,366,263			(2,366,263)		(2,366,263)
Interest on long-term debt	1,989,370			(1,989,370)		(1,989,370)
Total governmental activities	89,408,577	30,211	1,617,534	(87,760,832)		(87,760,832)
Business-type activities						
Food Service	1,516,498	1,107,404	445,455		\$ 36,361	36,361
Total business-type activities	1,516,498	1,107,404	445,455		36,361	36,361
Total primary government	\$ 90,925,075	\$ 1,137,615	\$ 2,062,989	(87,760,832)	36,361	(87,724,471)
General revenues:						
Taxes:						
Property taxes, levied for general purposes				60,410,472		60,410,472
Property taxes, levied for debt service				3,212,481		3,212,481
State and federal sources—unrestricted				25,256,462		25,256,462
Investment income				273,161		273,161
Miscellaneous				561,227		561,227
Total general revenues				89,713,803		89,713,803
				1,952,971	36,361	1,989,332
Net Position—beginning				10,946,112	347,179	11,293,291
Net Position—ending				\$ 12,899,083	\$ 383,540	\$ 13,282,623

Fund Financial Statements

Governmental Funds

Fort Lee Public Schools
Governmental Funds

Balance Sheet

June 30, 2018

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 4,510,375		\$ 19,938,384	\$ 313,808	\$ 24,762,567
Accounts receivable:					
State	1,187,211	\$ 2,538			1,189,749
Federal		693,320			693,320
Other	880		60,716		61,596
Interfund	794,073		3,113		797,186
Other current assets	20,230				20,230
Restricted assets:					
Cash and cash equivalents	4,694,988				4,694,988
Total assets	<u>\$ 11,207,757</u>	<u>\$ 695,858</u>	<u>\$ 20,002,213</u>	<u>\$ 313,808</u>	<u>\$ 32,219,636</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 2,221,710	\$ 139,594	\$ 3,638		\$ 2,364,942
Intergovernmental payables:					
State		35,673			35,673
Other	2,634,974			\$ 17,112	2,652,086
Interfunds payable	3,113	506,226	273,161		782,500
Unearned revenue	24,050	14,365			38,415
Total liabilities	<u>4,883,847</u>	<u>695,858</u>	<u>276,799</u>	<u>17,112</u>	<u>5,873,616</u>
Fund balances:					
Restricted for:					
Capital reserve	4,444,988				4,444,988
Emergency reserve	250,000				250,000
Capital projects			19,725,414		19,725,414
Debt service				296,696	296,696
Assigned to:					
Other purposes	196,173				196,173
Designated for subsequent year's expenditures	110,000				110,000
Unassigned	1,322,749				1,322,749
Total fund balances	<u>6,323,910</u>	<u>-</u>	<u>19,725,414</u>	<u>296,696</u>	<u>26,346,020</u>
Total liabilities and fund balances	<u>\$ 11,207,757</u>	<u>\$ 695,858</u>	<u>\$ 20,002,213</u>	<u>\$ 313,808</u>	<u>\$ 32,219,636</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$107,581,478 and the accumulated depreciation is \$31,895,502.	75,685,976
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(524,053)
Long-term liabilities, including bonds payable, capital leases and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(73,011,712)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.	2,354,033
Accrued pension contributions for the June 30, 2018 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in the accounts payable in the government-wide statement of net position.	(722,851)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.	<u>(17,228,330)</u>
Net position of governmental activities	<u>\$ 12,899,083</u>

See accompanying notes to the basic financial statements.

Fort Lee Public Schools
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2018

	Major Funds				Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	
Revenues					
Local sources:					
Local tax levy	\$ 60,410,472			\$ 3,212,481	\$ 63,622,953
Tuition	30,211				30,211
Miscellaneous	561,227	\$ 45,537	\$ 273,161		879,925
Total local sources	61,001,910	45,537	273,161	3,212,481	64,533,089
State sources	11,891,545	132,061	6,995	1,065,788	13,096,389
Federal sources	37,275	1,439,936			1,477,211
Total revenues	72,930,730	1,617,534	280,156	4,278,269	79,106,689
Expenditures					
Current:					
Instruction	26,857,753	1,247,779			28,105,532
Undistributed-current:					
Instruction	4,046,180				4,046,180
Attendance/social work	266,912				266,912
Health services	603,279				603,279
Other support services	6,131,599	369,755			6,501,354
Improvement of instruction	471,741				471,741
Education media library	699,852				699,852
Other support: instructional staff	183,936				183,936
General administration	1,106,993				1,106,993
School administration	2,604,814				2,604,814
Central services	864,529				864,529
Administrative information technology	233,474				233,474
Required maintenance of plant services	452,490				452,490
Operation of plant	4,713,977				4,713,977
Student transportation	1,994,279				1,994,279
Unallocated benefits	11,400,947				11,400,947
On-behalf TPAF social security and pension contributions	8,514,030				8,514,030
Capital outlay	867,075		7,114,900		7,981,975
Debt Service:					
Principal				2,120,000	2,120,000
Interest				2,170,887	2,170,887
Total expenditures	72,013,860	1,617,534	7,114,900	4,290,887	85,037,181
Excess (deficiency) of revenues over (under) expenditures	916,870	-	(6,834,744)	(12,618)	(5,930,492)
Other financing sources (uses)					
Transfers in	273,161				273,161
Transfers out			(273,161)		(273,161)
Total other financing sources (uses)	273,161	-	(273,161)	-	-
Net change in fund balances	1,190,031	-	(7,107,905)	(12,618)	(5,930,492)
Fund balances, July 1	5,133,879		26,833,319	309,314	32,276,512
Fund balances, June 30	\$ 6,323,910	\$ -	\$ 19,725,414	\$ 296,696	\$ 26,346,020

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

Fort Lee Public Schools
Governmental Funds

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

Year ended June 30, 2018

Total net change in fund balances - governmental funds (from B-2) \$ (5,930,492)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	\$ (1,961,469)	
	Capital outlays	<u>7,353,752</u>	
			5,392,283

The repayment of the principal of long-term debt, including capital lease obligations, consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position.

	Payment of bond principal	2,120,000	
	Capital lease payment	<u>923,390</u>	
			3,043,390

Governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences.

	Amortization of Premium on Bonds	<u>120,284</u>	
			120,284

In the statement of activities, interest on long-term debt/capital leases is accrued, regardless of when due. In the governmental funds, interest is reported when due.

61,233

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

121,271

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

Pension expense

(854,998)

Change in net position of governmental activities (A-2)

\$ 1,952,971

See accompanying notes to the basic financial statements.

Proprietary Funds

Fort Lee Public Schools
Proprietary Fund

Statement of Net Position

June 30, 2018

	Major Enterprise Funds			Total
	Food Service	Pre K Tuition	Summer Math Program	
Assets				
Current assets:				
Cash and cash equivalents	\$ 381,819	\$ 8,400	\$ 29,850	\$ 420,069
Accounts receivable:				
State	3,168			3,168
Federal	69,325			69,325
Other	15,520			15,520
Inventories	1,327			1,327
Total current assets	<u>471,159</u>	<u>8,400</u>	<u>29,850</u>	<u>\$ 509,409</u>
Capital assets:				
Equipment	517,018			517,018
Accumulated depreciation	<u>(422,485)</u>			<u>(422,485)</u>
Total capital assets, net	<u>94,533</u>			<u>94,533</u>
Total assets	<u>565,692</u>	<u>8,400</u>	<u>29,850</u>	<u>603,942</u>
Liabilities				
Current liabilities:				
Accounts payable	143,798			143,798
Interfund payable	2,702			2,702
Unearned revenue	35,652	8,400	29,850	73,902
Total current liabilities	<u>182,152</u>	<u>8,400</u>	<u>29,850</u>	<u>220,402</u>
Net Position				
Net investment in capital assets	94,533			94,533
Unrestricted	289,007			289,007
Total net position	<u>\$ 383,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 383,540</u>

See accompanying notes to the basic financial statements.

Fort Lee Public Schools
Proprietary Fund

Statement of Revenues, Expenses and
Changes in Fund Net Position

Year ended June 30, 2018

	Major Enterprise Funds			Total
	Food Service	Pre K Tuition	Summer Math Program	
Operating revenues:				
Local sources:				
Daily food sales-reimbursable programs	\$ 693,160	\$ -	\$ -	\$ 693,160
Daily food sales non-reimbursable programs	349,929			349,929
Special functions	64,315			64,315
Total operating revenues	<u>1,107,404</u>	<u>-</u>	<u>-</u>	<u>1,107,404</u>
Operating expenses:				
Salaries	568,175			568,175
Employee benefits	34,709			34,709
Other purchased services	78,745			78,745
Supplies and materials	34,434			34,434
Cost of sales - program	616,537			616,537
Cost of sales - nonprogram	115,720			115,720
Depreciation	23,478			23,478
Miscellaneous	44,700			44,700
Total operating expenses	<u>1,516,498</u>	<u>-</u>	<u>-</u>	<u>1,516,498</u>
Operating (loss)	(409,094)	-	-	(409,094)
Nonoperating revenues:				
State sources:				
State school lunch program	15,992			15,992
Federal sources:				
School breakfast program	25,693			25,693
National school lunch program	302,188			302,188
PB lunch - HHFKA	18,754			18,754
Food donation program	82,828			82,828
Total nonoperating revenues	<u>445,455</u>	<u>-</u>	<u>-</u>	<u>445,455</u>
Change in net position	36,361	-	-	36,361
Total net position-beginning	<u>347,179</u>	<u>-</u>	<u>-</u>	<u>347,179</u>
Total net position-ending	<u>\$ 383,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 383,540</u>

See accompanying notes to the basic financial statements.

Fort Lee Public Schools
Proprietary Fund

Statement of Cash Flows
Year ended June 30, 2018

	Major Fund Enterprise Fund <u>Food Service</u>	Pre K Tuition <u>Program</u>	Summer <u>Math Program</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from customers	\$ 1,111,769	\$ 8,400	\$ 29,850	\$ 1,150,019
Payments to employees	(568,175)			(568,175)
Payments for employee benefits	(34,709)			(34,709)
Payments to suppliers	(746,338)			(746,338)
Receipt of interfund	<u>78,510</u>			<u>78,510</u>
Net cash (used in) provided by operating activities	(158,943)	8,400	29,850	(120,693)
Cash flows from noncapital financing activities				
Cash received from state and federal reimbursements	<u>451,255</u>			<u>451,255</u>
Net cash provided by noncapital financing activities	451,255			
Cash flows from investing activities				
Acquisition of capital assets	<u>(14,848)</u>			<u>(14,848)</u>
Net cash (used in) investing activities	<u>(14,848)</u>			<u>(14,848)</u>
Net increase in cash and cash equivalents	277,464	8,400	29,850	315,714
Cash and cash equivalents, beginning of year	<u>104,355</u>			<u>104,355</u>
Cash and cash equivalents, end of year	<u>\$ 381,819</u>	<u>\$ 8,400</u>	<u>\$ 29,850</u>	<u>\$ 420,069</u>
Reconciliation of operating (loss) to net cash (used in) operating activities:				
Operating (loss)	(409,094)			(409,094)
Adjustments to reconcile operating (loss) to net cash (used in) provided by operating activities:				
Depreciation	23,478			23,478
Change in assets and liabilities:				
(Increase) in other receivable	(5,459)			(5,459)
Decrease in interfund receivable	75,808			75,808
Decrease in inventories	9,824			9,824
Increase in accounts payable	143,798			143,798
Increase in interfunds payable	2,702			2,702
Increase in unearned revenue		8,400	29,850	38,250
Net cash (used in) provided by operating activities	<u>\$ (158,943)</u>	<u>\$ 8,400</u>	<u>\$ 29,850</u>	<u>\$ (120,693)</u>

Noncash noncapital financing activities:

The District received \$80,557 of food commodities from the U.S. Department of Agriculture for the year ended June 30, 2018.

See accompanying notes to the basic financial statements.

Fiduciary Funds

Fort Lee Public Schools
Fiduciary Funds

Statement of Fiduciary Net Position

Year Ended June 30, 2018

	<u>Private-Purpose Scholarship Funds</u>	<u>Unemployment Compensation Trust</u>	<u>Agency Funds</u>
Assets			
Cash and cash equivalents	\$ 32,456	\$ 277,825	\$ 245,707
Interfund receivables		18,552	
Total assets	<u>32,456</u>	<u>296,377</u>	<u>\$ 245,707</u>
Liabilities			
Payroll deductions payable			\$ 99,966
Accounts payable		4,157	
Interfunds payable			30,536
Due to student groups			115,205
Total liabilities		<u>4,157</u>	<u>\$ 245,707</u>
Net position			
Held in trust for unemployment claims		<u>\$ 292,220</u>	
Held in trust for scholarships	<u>\$ 32,456</u>		

See accompanying notes to the basic financial statements.

Fort Lee Public Schools
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2018

	Private-Purpose Scholarship Funds	Unemployment Compensation Trust
Additions		
Contributions:		
Employee		\$ 55,066
Other	\$ 11,608	
Total additions	11,608	55,066
Deductions		
Unemployment claims paid		13,932
Scholarship payments	7,500	
Total deductions	7,500	13,932
Change in net position	4,108	41,134
Net position-beginning of the year	28,348	251,086
Net position-end of the year	\$ 32,456	\$ 292,220

See accompanying notes to the basic financial statements.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies

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

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

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

A. Reporting Entity

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

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

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

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

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

Property taxes, interest, and state and federal equalization monies associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when the District receives cash.

The District has reported the following major governmental funds:

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

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

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

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

The District reports the following major proprietary funds:

Enterprise Fund (Food Service, Pre K Tuition and Summer Math Program): The enterprise fund accounts for all revenues and expenses pertaining to the cafeteria, the preschool education program and the summer math program. The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises.

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

Additionally, the District reports the following fiduciary fund types:

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

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District enterprise funds are charges for sales of food, charges to other funds and tuition. Operating expenses for proprietary funds include the cost of sales, administrative expenses, expenses for the payment of insurance claims and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

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

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

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

D. Budgets/Budgetary Control

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last two state aid payments for budgetary purposes only and the special revenue fund

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

D. Budgets/Budgetary Control (continued)

as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

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

E. Interfund Receivables/Payables

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

F. Inventories

Enterprise fund inventories are recorded at market value at the time of donation, which approximates current market value, using the first-in, first-out (FIFO) method. At June 30, 2018, the District had inventories in the Food Service Enterprise Fund of \$1,327.

G. Tuition

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined. Tuition charges for the 2017-18 fiscal year were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

H. Capital Assets

Capital assets, which include land, construction in progress, property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost through estimation procedures performed by an independent appraisal company.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets (continued)

Land was valued at assessed value based upon information received from the Borough of Fort Lee. Donated capital assets are valued at their estimated fair market value on the date of donation.

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

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

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

I. Compensated Absences

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, a liability existed for compensated absences in the government-wide financial statements in the amount of \$4,464,634 and no liability existed for compensated absences in the enterprise funds.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

J. Unearned Revenue

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

K. Deferred Outflows/Inflows of Resources

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

L. Long-Term Obligations

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

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

M. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories.

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

M. Fund Balances (continued)

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

Of the \$6,323,910 of fund balance in the General Fund, \$196,173 are encumbrances which are classified assigned to other purposes, \$4,444,988 has been restricted for the capital reserve, \$250,000 has been restricted for the emergency reserve, \$110,000 has been assigned and designated for subsequent year's expenditures, and \$1,322,749 is classified as unassigned.

N. Net Position and Fund Balance / Restricted Assets

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

O. Management Estimates

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

P. On-Behalf Payments

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

Q. Calculation of Excess Surplus

The designation for restricted fund balance-excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended New Jersey school districts are required to reserve fund balance in the general fund at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The District did not have excess fund balance at June 30, 2018.

R. Cash, Cash Equivalents and Investments

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

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

S. 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 are authorized to enter into tax abatement agreements. Furthermore, if the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

1. Summary of Significant Accounting Policies (continued)

S. Tax Abatements (continued)

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth. There have been no tax abatement agreements entered into by the Borough that will materially affect the District.

T. Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2018 through February 21, 2019, the date that the financial statements were issued, for possible disclosure, and recognition in the accompanying financial statements, and no items have come to the attention of the District which would require disclosure or recognition.

2. Reconciliation of Government-wide and Fund Financial Statements

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

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

One element of that reconciliation explains that long-term liabilities, including bonds payable, capital leases and compensated absences are not due and payable in the current period and therefore are not reported in the funds. The details of this \$73,011,712 difference are as follows:

Bonds payable	\$ 61,115,000
Capital leases payable	5,733,073
Unamortized premium on bonds	1,699,005
Compensated absences	<u>4,464,634</u>
Net adjustment to reduce fund balance-total governmental funds to arrive at net position – governmental activities	<u>\$ 73,011,712</u>

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

3. Deposits and Investments

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

Deposits

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

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

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

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

3. Deposits and Investments (continued)

Deposits (continued)

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

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

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2018, the District's carrying amount of deposits was \$30,433,612 and the bank balance was \$32,790,287. Of the bank balance, \$750,000 was secured by federal depository insurance and \$31,455,997 was covered by the New Jersey Governmental Unit Deposit Protection Act (GUDPA). \$584,290 held in the District's agency accounts are not covered by GUDPA.

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

3. Deposits and Investments (continued)

Investments

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

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

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

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

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

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

4. Capital Assets

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2018:

	Beginning Balance (Restated)	Increases	Transfers In/Out	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,509,321			\$ 2,509,321
Construction in progress	28,754,404	\$ 7,114,900		35,869,304
Total capital assets, not being depreciated	31,263,725	7,114,900		38,378,625
Capital assets, being depreciated:				
Site Improvements	3,413,491	35,287		3,448,778
Buildings and building improvements	61,828,759	186,841		62,015,600
Machinery, equipment and vehicles	3,721,751	16,724		3,738,475
Total capital assets being depreciated	68,964,001	238,852		69,202,853
Less accumulated depreciation for:				
Site Improvements	1,524,805	153,400		1,678,205
Buildings and building improvements	25,256,673	1,722,224		26,978,897
Machinery, equipment and vehicles	3,152,555	85,845		3,238,400
Total accumulated depreciation	29,934,033	1,961,469		31,895,502
Total capital assets, being depreciated, net	39,029,968	(1,722,617)		37,307,351
Governmental activities capital assets, net	<u>\$70,293,693</u>	<u>\$ 5,392,283</u>	<u>\$ -</u>	<u>\$ 75,685,976</u>

Depreciation expense was charged to functions/programs of the District for the year ended June 30, 2018 as follows:

Instruction	\$ 1,193,291
Attendance/social work	9,906
Health services	22,390
Other support services	241,294
Improvement of instruction	17,508
Education media library	25,975
Other support: Instruction staff	6,827
General administration	41,085
School administration	96,676
Central services	32,086
Administrative information technology	8,665
Plant operation and maintenance	191,750
Student transportation	74,016
Total depreciation expense - governmental activities	<u>\$ 1,961,469</u>

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

4. Capital Assets (continued)

The following schedule is a summarization of business-type activities changes in capital assets for the year ended June 30, 2018:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Ending Balance</u>
Business-type activities			
Capital assets, being depreciated:			
Equipment	\$ 502,170	\$ 14,848	\$517,018
Less accumulated depreciation for:			
Equipment	399,007	23,478	422,485
Total business-type activities capital assets, net	<u>\$ 103,163</u>	<u>\$ (8,630)</u>	<u>\$ 94,533</u>

5. Long-Term Liabilities

During the year ended June 30, 2018, the following changes occurred in governmental activities long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities:					
Compensated absences payable	\$ 4,585,905		\$ 121,271	\$ 4,464,634	\$ 446,000
Bonds payable	63,235,000		2,120,000	61,115,000	2,175,000
Unamortized premium on bonds	1,819,289		120,284	1,699,005	120,284
Capital lease payable	6,656,463		923,390	5,733,073	817,117
Subtotal	<u>76,296,657</u>	-	<u>3,284,945</u>	<u>73,011,712</u>	<u>3,558,401</u>
Net pension liability	19,670,339		2,442,009	17,228,330	
Governmental activity long-term liabilities	<u>\$ 95,966,996</u>	<u>\$ -</u>	<u>\$ 5,726,954</u>	<u>\$ 90,240,042</u>	<u>\$ 3,558,401</u>

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

5. Long-Term Liabilities (continued)

Capital Lease Payable

The District has commitments to lease various machinery and equipment under capital leases that expire in fiscal year 2020. These items are included in machinery and equipment in the District's capital assets. The District also approved a lease purchase agreement in 2014-15 year in the amount of \$5,571,444 at a 2.495% interest rate maturing in 2031 to finance the Energy Savings Improvement Program Project. Total capital lease payments, including interest, made during the year ended June 30, 2018 were \$1,072,722. Future minimum lease payments are as follows:

	Principal	Interest	Total
2019	\$ 817,117	\$ 132,070	\$ 949,187
2020	493,328	117,225	610,553
2021	303,951	108,461	412,412
2022	313,189	100,820	414,009
2023	332,370	92,887	425,257
2024-2028	1,977,656	375,142	2,352,798
2029-2031	1,495,462	67,008	1,562,470
	<u>\$ 5,733,073</u>	<u>\$ 993,613</u>	<u>\$ 6,726,686</u>

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

5. Long-Term Liabilities (continued)

Bonds Payable

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

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

Year ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 2,175,000	\$ 2,099,388	\$ 4,274,388
2020	2,230,000	2,025,113	4,255,113
2021	2,325,000	1,948,338	4,273,338
2022	2,405,000	1,846,488	4,251,488
2023	2,490,000	1,759,838	4,249,838
2024-2028	13,950,000	7,349,864	21,299,864
2029-2033	15,250,000	4,750,500	20,000,500
2034-2038	12,140,000	2,504,345	14,644,345
2039-2041	8,150,000	432,425	8,582,425
	<u>\$ 61,115,000</u>	<u>\$ 24,716,299</u>	<u>\$ 85,831,299</u>

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

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

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

6. Pension Plans

Description of Systems

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Description of Systems (continued)

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

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employee's Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55th of the average annual compensation for the highest Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Public Employee's Retirement System (continued)

benefit generally determined to be 1/55th of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60th of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service.

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

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

Funding Policy

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

During the year ended June 30, 2018, the State of New Jersey contributed \$3,987,521 to the TPAF for normal costs of pension benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,944,959 during the year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included as both revenues and expenditures in the government-wide and fund financial statements.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Funding Policy (continued)

The Board's actuarially determined contributions to PERS for each of the years ended June 30, 2018, 2017 and 2016 were \$685,623, \$590,025, and \$621,678 respectively, equal to the required contributions for each year.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Public Employee's Retirement System (PERS)

At June 30, 2018, the District reported a liability of \$17,228,330 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2016, which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2017, the District's proportion was 0.0740099344 percent, which was an increase of 0.0075945262 from its proportion measured as of June 30, 2016.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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

For the year ended June 30, 2018, the District recognized full accrual pension expense of \$1,573,290 in the government-wide financial statements. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 405,668	\$
Changes of assumptions	3,470,915	3,458,190
Net difference between projected and actual earnings on pension plan investments	117,313	
Changes in proportion and differences between District contributions and proportionate share of contributions	1,946,829	851,353
District contributions subsequent to the measurement date	<u>722,851</u>	
	<u>\$ 6,663,576</u>	<u>\$ 4,309,543</u>

\$722,851 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 674,271
2020	879,050
2021	514,988
2022	(264,934)
2023	<u>(172,193)</u>
	<u>\$ 1,631,182</u>

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Actuarial Assumptions

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

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65 - 4.15% based on age
Thereafter	2.65- 5.15% based on age
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is unlikely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	100.00%	

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Discount rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. State employer contributed 40% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

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

	<u>At 1%</u> <u>Decrease</u> <u>(4.00%)</u>	<u>At Current</u> <u>Discount Rate</u> <u>(5.00%)</u>	<u>At 1%</u> <u>Increase</u> <u>(6.00%)</u>
District's proportionate share of the net pension liability	\$ 21,372,913	\$ 17,228,330	\$ 13,775,379

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 6,424,455,842
Deferred inflows of resources	\$ 5,700,625,981
Net pension liability	\$ 23,278,401,588
District's Proportion	0.0740099344%

Collective pension expense for the Local Group for the measurement period ended June 30, 2017 is \$1,694,305,613.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2017, 2016 and 2015 and 2014 is 5.48, 5.57, 5.72 and 6.44 years, respectively.

Teachers Pensions and Annuity Fund (TPAF)

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2017 was \$166,789,777. The District's proportionate share was \$0.

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2017, the State's proportionate share of the TPAF net pension liability associated with the District was 0.2473759367 percent, which was a decrease of 0.0056685121 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$11,554,351 for contributions incurred by the State.

Actuarial assumptions

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

Inflation rate	2.25%
Salary increases	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Mortality Rates

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute return/risk mitigation	5.00%	5.51%
Cash equivalents	5.50%	1.00%
U.S. treasuries	3.00%	1.87%
Investment grade credit	10.00%	3.78%
Public high yield	2.50%	6.82%
Global diversified credit	5.00%	7.10%
Credit oriented hedge funds	1.00%	6.60%
Debt related private equity	2.00%	10.63%
Debt related real estate	1.00%	6.61%
Private real asset	2.50%	11.83%
Equity related real estate	6.25%	9.23%
U.S. equity	30.00%	8.19%
Non-U.S. developed markets equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts/venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The state contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

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

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

	At 1% Decrease (3.25%)	At Current Discount Rate (4.25%)	At 1% Increase (5.25%)
District's proportionate share of the net pension liability	\$ 198,151,487	\$ 166,789,777	\$ 140,953,864

Pension plan fiduciary net position

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

Additional Information

Collective balances at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 14,353,461,035
Deferred inflows of resources	\$ 11,992,821,439
Net pension liability	\$ 67,670,209,171
State's proportionate share associated with the District	0.2473759367%

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

6. Pension Plans (continued)

Collective pension expense for the plan for the measurement period ended June 30, 2017 is \$4,688,207,089.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at June 30, 2017, 2016, 2015 and 2014 is 8.3, 8.3, 8.3 years and 8.5 years, respectively.

7. Post-Retirement Benefits

Plan Description

The District participates in the New Jersey State Health Benefits Program (the "SHBP"), a multiple-employer defined benefit postemployment healthcare plan administered by the State of New Jersey Division of Pension and Benefits. SHBP provide medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

Funding Policy

P.L. 1987, c.384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994. The State's contributions to the SHBP for post-retirement benefits on behalf of the District for the years ended June 30, 2018, 2017 and 2016 were \$2,575,455, \$2,318,449, and \$2,412,373, respectively, which equaled the regional contributions for each year.

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

As the employer contributions for local government education employers are legally required to be funded by the State, this constitutes a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity.

The State is also responsible for the cost attributable P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service.

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 provides OPEB benefits through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The nonemployer OPEB liability from New Jersey's plan is \$53,639,841,858

The following members were covered by the benefit terms:

Local Education	June 30, 2016
Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Total Plan Members	366,078

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The State's proportionate share of the net OPEB liability associated with the District as of June 30, 2017 was \$110,156,193 or 0.21%. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Actuarial Assumptions and Other Inputs

Inflation rate	2.50%	
	TPAF/ABP	PERS
Salary increases:		
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality tables were based on the RP-2014 Headcount-Weighted Healthy Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount liability is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Fort Lee Public Schools
Notes to the Basic Financial Statements
Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

Changes in the Total Nonemployer OPEB Liability

The following represents the change in the State's proportionate share of the OPEB liability associated with the District:

Balance at June 30, 2016		\$118,561,227
Increased by:		
Service cost	\$ 5,280,116	
Interest cost	3,494,705	
Member contributions	93,951	
		8,868,774
		127,430,001
Decreased by:		
Changes of assumptions	14,722,357	
Gross benefit payments	2,551,451	
		17,273,808
Balance at June 30, 2017		\$110,156,193

The State's proportionate share of deferred inflows of resources associated with the District at June 30, 2017 \$13,027,731.

The following represents sensitivity of the State's proportionate share of the net OPEB liability associated with the District to changes in the discount rate and healthcare cost trend rate.

	1% Decrease (-2.58%)	At Current Discount Rate (-3.58%)	1% Increase (-4.58%)
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$90,592,820	\$110,156,193	\$136,136,122

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

7. Post-Retirement Benefits (continued)

The following presents the State's proportionate share of the net OPEB liability associated with the District calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability (Allocable to the District and the responsibility of the State)	\$90,592,820	\$110,156,193	\$136,136,122

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$7,263,484 for OPEB expenses incurred by the State.

Collective balances of the Education Group at June 30, 2017 are as follows:

Deferred outflows of resources	\$ 99,843,255
Deferred inflows of resources	\$ 6,443,612,287
Collective OPEB expense	\$ 3,348,490,523

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

8. Deferred Compensation

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

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

9. Interfund Receivables and Payables

The total interfund receivables and payables for the District at June 30, 2018 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 794,073	\$ 3,113
Special Revenue Fund		506,226
Capital Projects Fund	3,113	273,161
Food Service Enterprise Fund		2,702
Unemployment Compensation Trust Fund	18,552	
Payroll Agency Fund		30,536
	<u>\$ 815,738</u>	<u>\$ 815,738</u>

The Special Revenue Fund owes the General Fund for the reimbursement of the funding of cash deficit as well as for cash receipts posted to the incorrect fund. The Capital Projects Fund owes the General Fund for interest received on investments that was never remitted to the General Fund. The Food Service Fund owes the General Fund for amounts received and posted in the incorrect fund. The Student Activity Agency Fund owes the General Fund for the receipt of reimbursement of athletics payments made. The General Fund owes the Capital Projects Fund for reimbursements received of prior year expenditures that should have been recorded in the Capital Projects Fund. The Payroll Agency Fund owes the Unemployment Compensation Trust Fund for deposits made in the Payroll Agency Fund that should have been made to the Unemployment Compensation Trust Fund.

10. Economic Dependency

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

11. Contingent Liabilities

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

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

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

12. Risk Management

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

Property and Liability Insurance

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

13. New Jersey Unemployment Compensation Insurance

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

Fort Lee Public Schools

Notes to the Basic Financial Statements

Year ended June 30, 2018

14. Restricted Assets

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

15. Transfers – Reconciliation

The following presents a reconciliation of transfers during the 2018 fiscal year:

Fund	In	Out
General Fund	\$ 273,161	
Capital Projects Fund		\$ 273,161
	<u>\$ 273,161</u>	<u>\$ 273,161</u>

The transfer from the capital projects fund to the general fund represents the transfer of interest earned during the 2018 fiscal year.

16. Capital Reserve Account

The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget. Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year-end (June 1 to June 30) of any unanticipated revenue or unexpended line – item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Fort Lee Public Schools
Notes to the Basic Financial Statements
Year ended June 30, 2018

16. Capital Reserve Account (continued)

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning balance, July 1, 2017	\$	2,475,371
Withdrawal:		
Transfer to capital outlay fund		510,450
Deposits:		
Unused funds from capital outlay fund		200,000
Approved by June 2018 resolution		2,280,067
Ending balance, June 30, 2018	\$	4,444,988

The June 30, 2018 LRFPA balance of local support costs of uncompleted capital projects exceeded the amount in the capital reserve. The District utilized \$200,000 from the capital reserve account in its 2018-19 budget.

17. Emergency Reserve Account

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c (1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent. As of June 30, 2018, the emergency reserve account had a balance of \$250,000. The District utilized \$200,000 from the emergency reserve account in its 2018-19 budget.

18. Commitments

The District has contractual commitments at June 30, 2018 to various vendors, which are recorded in the general fund as fund balance assigned to other purposes in the amount of \$196,173.

In addition, the District has \$13,697,768 of contractual commitments at June 30, 2018 to vendors related to the ongoing construction projects, recorded as restricted for capital projects, in the capital projects fund.

Required Supplementary Information – Part II

Pension Schedules

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

Last Ten Fiscal Years*

	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset) - Local Group	0.0740099344%	0.0664154082%	0.0723106900%	0.0734123712%	0.0652200824%
District's proportionate share of the net pension liability (asset)	\$ 17,228,330	\$ 19,670,339	\$ 16,232,301	\$ 13,744,804	\$ 12,464,854
District's covered-employee payroll	\$ 4,991,167	\$ 4,654,678	\$ 4,563,410	Not available	Not available
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	345.18%	422.59%	355.71%	Not available	Not available
Plan fiduciary net position as a percentage of the total pension liability - Local Group	48.10%	40.14%	47.93%	48.62%	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 ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Note to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017.

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

Last Ten Fiscal Years*

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 685,623	\$ 590,025	\$ 621,678	\$ 611,780	\$ 539,873
Contributions in relation to the contractually required contribution	(685,623)	(590,025)	(621,678)	(611,780)	(539,873)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,006,791	\$ 4,991,167	\$ 4,654,678	\$ 4,563,410	Not available
Contributions as a percentage of covered-employee payroll	13.69%	11.82%	13.36%	13.41%	Not available

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

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

Last Ten Fiscal Years*

	2018	2017	2016	2015	2014
State's proportion of the net pension liability (asset) associated with the District - Local Group	0.2473759367%	0.2530444488%	0.2639110999%	0.2535995199%	0.2618968330%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	166,789,777	199,060,875	166,803,085	135,540,690	132,360,600
Total proportionate share of the net pension liability (asset) associated with the District	<u>\$ 166,789,777</u>	<u>\$ 199,060,875</u>	<u>\$ 166,803,085</u>	<u>\$ 135,540,690</u>	<u>\$ 132,360,600</u>
Plan fiduciary net position as a percentage of the total pension liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

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

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.22 % as of June 30, 2016 to 4.25% as of June 30, 2017.

Fort Lee Public Schools
Schedule of the State's Proportionate Share of the OPEB Liability Associated With the District
State Health Benefit Local Education Retired Employees Plan

Last Ten Fiscal Years*

		Year Ended June 30, 2018
State's proportion of the OPEB Liability associated with the District -		0.21%
District's proportionate share of the OPEB liability	\$	-
State's proportionate share of the OPEB liability associated with the District	\$	110,156,193
Total proportionate share of the OPEB liability associated with the District	\$	110,156,193
Balance at June 30, 2016	\$	118,561,227
Increased by:		
Service cost	\$	5,280,118
Interest cost		3,494,705
Member contributions		93,951
		8,868,774
		127,430,001
Decreased by:		
Changes of assumptions		14,722,357
Gross benefit payments		2,551,451
		17,273,808
Balance at June 30, 2017	\$	110,156,193
Covered by employee payroll	\$	32,762,448
Total OPEB liability as a percentage of covered employee payroll		336.23%

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

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

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

Required Supplementary Information – Part III

Budgetary Comparison Schedules

Fort Lee Public Schools
General Fund
Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to
Revenues					
Local sources:					
Local tax levy	\$ 60,410,472		\$ 60,410,472	\$ 60,410,472	-
Tuition from Individuals	44,000	\$ (44,000)		30,211	\$ 30,211
Miscellaneous	93,825	44,000	137,825	561,227	423,402
Total revenues - local sources	60,548,297	-	60,548,297	61,001,910	453,613
State sources:					
Categorical Special Education aid	1,788,720	127,712	1,916,432	1,916,432	-
Categorical Transportation aid	91,990		91,990	91,990	-
Extraordinary aid	987,960		987,960	1,131,028	143,068
Categorical Security Aid	105,243		105,243	105,243	-
PARCC Readiness Aid	38,770		38,770	38,770	-
Per Pupil Growth Aid	38,770		38,770	38,770	-
Professional Learning Community Aid	37,790		37,790	37,790	-
Other Unrestricted State Aid				56,183	56,183
TPAF pension contributions (non-budgeted)				3,987,521	3,987,521
TPAF post-retirement medical contributions (non-budgeted)				2,575,455	2,575,455
TPAF long- term disability insurance contributions (non-				6,095	6,095
Reimbursed TPAF social security contributions (non-budgeted)				1,944,959	1,944,959
	3,089,243	127,712	3,216,955	11,930,236	8,713,281
Federal sources:					
Medicaid reimbursement	41,721		41,721	37,275	(4,446)
Total Federal sources	41,721		41,721	37,275	(4,446)
Total revenues	63,679,261	127,712	63,806,973	72,969,421	9,162,448
Expenditures					
Current expenditures:					
Instruction - regular programs:					
Salaries of teachers:					
Preschool/kindergarten	1,359,804	(262,658)	1,097,146	1,097,146	-
Grades 1-5	7,453,429	(886,779)	6,566,650	6,566,650	-
Grades 6-8	4,561,126	(299,879)	4,261,247	4,261,247	-
Grades 9-12	4,759,186	267,493	5,026,679	5,026,679	-
Home instruction - regular programs:					
Salaries of teachers	106,500	(1,353)	105,147	105,147	-
Purchased professional-educational services	10,000	8,145	18,145	18,145	-
Undistributed instruction - regular programs:					
Salaries of teachers					
Other salaries for instruction	64,212	113,863	178,075	178,075	-
Purchased professional-educational services	67,500	(5,694)	61,806	61,806	-
Purchased technical services	53,500	(11,578)	41,922	41,922	-
Other purchased services (400-500)	348,952	72,905	421,857	416,544	5,313
General supplies	939,319	37,085	976,404	942,048	34,356
Textbooks	54,289	(24,316)	29,973	29,293	680
Other objects	18,000	(3,360)	14,640	14,640	-
Total instruction - regular programs	19,795,817	(996,126)	18,799,691	18,759,342	40,349

Fort Lee Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

Expenditures (continued)	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Learning and/or language disabilities:					
Salaries of teachers	\$ 345,406	\$ 153,060	\$ 498,466	\$ 487,065	\$ 11,401
Other salaries for instruction	146,708	24,091	170,799	170,799	-
General supplies	2,300	(720)	1,580	1,476	104
Total learning and/or language disabilities	494,414	176,431	670,845	659,340	11,505
Resource room/center:					
Salaries of teachers	1,620,754	1,008,859	2,629,613	2,629,613	-
Other salaries for instruction	641,865	2,824	644,689	644,689	-
General supplies	3,200	(2,040)	1,160	515	645
Total resource room/center	2,265,819	1,009,643	3,275,462	3,274,817	645
Autism:					
Salaries of teachers	305,146	3,205	308,351	308,351	-
Other salaries for instruction	57,412	65,589	123,001	123,001	-
General supplies	5,378	(1,014)	4,364	2,230	2,134
Total autism	367,936	67,780	435,716	433,582	2,134
Preschool disabilities - full time:					
Salaries of teachers	309,880	55,642	365,522	365,522	-
Other salaries for instruction	242,772	79,226	321,998	321,998	-
General supplies	1,800	(714)	1,086	1,086	-
Total preschool disabilities - part time	554,452	134,154	688,606	688,606	-
Total special education	3,682,621	1,388,008	5,070,629	5,056,345	14,284

Fort Lee Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Basic skills/remedial - instruction:					
Salaries of teachers	\$ 611,049	\$ 53,863	\$ 664,912	\$ 664,912	\$ -
Total basic skills/remedial - instruction	611,049	53,863	664,912	664,912	-
Bilingual education - instruction:					
Salaries of teachers	1,295,195	33,257	1,328,452	1,328,452	-
Purchased professional ed services	300	(247)	53	53	-
General supplies	2,000	(2,000)			-
Total bilingual education - instruction	1,297,495	31,010	1,328,505	1,328,505	-
School - sponsored cocurricular activities:					
Salaries	267,000	34,957	301,957	277,830	24,127
Purchased services	6,600	4,300	10,900	6,900	4,000
Supplies and materials	53,291	(7,962)	45,329	44,035	1,294
Other objects	17,400	11,000	28,400	21,294	7,106
Total school sponsored. cocurricular activities	344,291	42,295	386,586	350,059	36,527
School - sponsored athletics - instruction:					
Salaries	425,644	16,872	442,516	415,130	27,386
Purchased services	63,963	(10,777)	53,186	52,900	286
Supplies and materials	63,912	(6,700)	57,212	57,177	35
Other objects	24,905	18,477	43,382	31,398	11,984
Total school - sponsored athletics - instruction	578,424	17,872	596,296	556,605	39,691
Summer School- Instruction					
Salaries of Teachers	123,721	(23,511)	100,210	100,210	-
Other salaries for instruction	36,929	4,846	41,775	41,775	-
Total Summer School- Instruction	160,650	(18,665)	141,985	141,985	-
Total instruction	26,470,347	518,257	26,988,604	26,857,753	130,851
Undistributed expenditures:					
Instruction:					
Tuition to County Voc. within the state	838,236	(2,306)	835,930	758,620	77,310
Tuition to other LEAs w/in the state	726,890	(66,918)	659,972	639,535	20,437
Tuition to CSSD and regional day schools	1,042,110	(28,800)	1,013,310	841,912	171,398
Tuition to private schools for the handicapped - within state	1,503,103	185,294	1,688,397	1,619,422	68,975
Tuition to private schools disabled & other LEAs-Spl, O/S S	241,271	(18,240)	223,031	186,691	36,340
Total instruction	4,351,610	69,030	4,420,640	4,046,180	374,460

Fort Lee Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Attendance and social work services:					
Salaries	\$ 173,422	\$ (30,566)	\$ 142,856	\$ 142,856	\$ -
Salaries of Family Support Teams	-	75,311	75,311	75,311	-
Purchased professional and technical services	47,000	(52)	46,948	46,948	-
Supplies and materials	1,740	57	1,797	1,797	-
Total attendance and social work service	222,162	44,750	266,912	266,912	-
Health services:					
Salaries	508,571	(25,343)	483,228	483,228	-
Purchased professional and technical services	68,960	32,964	101,924	101,824	100
Other purchased services	4,450	2,290	6,740	6,593	147
Supplies and materials	14,450	(1,600)	12,850	11,634	1,216
Total health services	596,431	8,311	604,742	603,279	1,463
Speech, OT, PT, and related services related services:					
Salaries	727,156	53,553	780,709	723,826	56,883
Purchased professional educational services	771,270	(8,007)	763,263	739,454	23,809
Supplies and materials	4,400	103	4,503	4,369	134
Total Speech, OT, PT, and related services	1,502,826	45,649	1,548,475	1,467,649	80,826
Other support services - students - extra services:					
Salaries	1,386,222	(148,639)	1,237,583	1,196,513	41,070
Purchased professional educational services	795,045	(10,000)	785,045	727,963	57,082
Supplies and materials	6,000	1,397	7,397	7,217	180
Total other support services - students - extra services	2,187,267	(157,242)	2,030,025	1,931,693	98,332
Guidance:					
Salaries of other professional staff	990,508	6,835	997,343	997,343	-
Salaries of secretarial and clerical assistants	113,148	1,801	114,949	114,949	-
Purchased professional - educational services	-	400	400	400	-
Other purchased professional - technical services	46,000	(1,941)	44,059	44,020	39
Other purchased services	500	-	500	-	500
Supplies and materials	10,210	(3,200)	7,010	6,577	433
Other objects	1,000	(360)	640	640	-
Total guidance	1,161,366	3,535	1,164,901	1,163,929	972
Child Study Team:					
Salaries of other professional staff	1,192,579	9,850	1,202,429	1,202,429	-
Salaries of secretarial and clerical assistants	179,102	645	179,747	175,109	4,638
Purchased professional - educational services	11,100	850	11,950	9,973	1,977
Other purchased professional - technical services	24,000	6,444	30,444	30,444	-
Other purchased services (400-500 series)	1,500	-	1,500	1,371	129
Residential Cost	174,128	(25,903)	148,225	133,389	14,836
Supplies and materials	18,234	-	18,234	15,613	2,621
Total child study team	1,600,643	(8,114)	1,592,529	1,568,328	24,201

Fort Lee Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 403,891	\$ (71,000)	\$ 332,891	\$ 306,877	\$ 26,014
Other Salaries	110,700	33,700	144,400	124,438	19,962
Purchased professional - educational services	74,100	(42,853)	31,247	28,296	2,951
Other purchased services	6,300	6,244	12,544	9,295	3,249
Other objects	4,500	(1,665)	2,835	2,835	-
Total improvement of instructional services	599,491	(75,574)	523,917	471,741	52,176
Educational media services/school library:					
Salaries	476,495		476,495	464,998	11,497
Salaries of Technology Coordinators	132,353	1,328	133,681	133,681	-
Purchased professional and technical services	39,200	(8,106)	31,094	29,322	1,772
Supplies and materials	87,575	(5,313)	82,262	71,851	10,411
Total educational media services/school library	735,623	(12,091)	723,532	699,852	23,680
Instructional staff training services:					
Salaries of other professional staff	72,733	1,675	74,408	74,408	-
Other Salaries	8,100	(1,675)	6,425	1,530	4,895
Purchased professional - educational services	48,000	(48,000)			-
Other purchased services	19,350	434	19,784	16,266	3,518
Supplies and materials	45,000	52,286	97,286	91,732	5,554
Total instructional staff training services	193,183	4,720	197,903	183,936	13,967
Support services-general administration:					
Salaries	514,292	2,582	516,874	513,072	3,802
Legal services	122,400	12,680	135,080	127,934	7,146
Audit fees	43,860	44,140	88,000	44,000	44,000
Other purchased professional services	21,120	(9,853)	11,267	6,410	4,857
Communications/telephone	172,036	(6,166)	165,870	165,870	-
BOE Other purchased services	4,590	1,450	6,040	2,456	3,584
Misc Purch Serv (400-500) (other than 530 &	227,422	(6,356)	221,066	188,828	32,238
General supplies	18,000	1,827	19,827	18,263	1,564
BOE in House Training/Meeting Supplies	200		200	35	165
Miscellaneous expenditures	13,000	3,492	16,492	16,434	58
BOE membership dues and fees	28,000	(1,249)	26,751	23,691	3,060
Total support services-general administration	1,164,920	42,547	1,207,467	1,106,993	100,474

Fort Lee Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Support services-school administration:					
Salaries of principals/assistant principals	\$ 1,634,366	\$ 115,472	\$ 1,749,838	\$ 1,744,974	\$ 4,864
Salaries of secretarial and clerical assistants	600,564	27,962	628,526	628,526	-
Unused Vac Payment to term/Ret Staff	59,735	68,639	128,374	128,374	-
Other purchased services	10,100	792	10,892	4,166	6,726
Supplies and materials	57,050	30,460	87,510	78,278	9,232
Other objects	31,570	(7,872)	23,698	20,496	3,202
Total support services-school administration	2,393,385	235,453	2,628,838	2,604,814	24,024
Central services:					
Salaries	765,109	(4,472)	760,637	718,118	42,519
Unused Vac Payment to term/Ret Staff	7,517	46	7,563	7,563	-
Purchased professional services	38,300		38,300	36,041	2,259
Purchased technical services	47,005	3,700	50,705	43,183	7,522
Misc purchased services	34,310	14,203	48,513	32,082	16,431
Supplies and materials	29,800	(2,025)	27,775	20,793	6,982
Interest on lease purchase agreements	14,728		14,728		14,728
Other objects	16,250	(8,951)	7,299	6,749	550
Total central services	953,019	2,501	955,520	864,529	90,991
Administrative information technology:					
Salaries	167,234	20,965	188,199	170,566	17,633
Purchased technical services	39,500	(49)	39,451	37,713	1,738
Other purchased services	2,400	(1,343)	1,057	1,057	-
Supplies and Materials	20,000	4,138	24,138	24,138	-
Other objects	500	(500)			-
Total administrative information technology	229,634	23,211	252,845	233,474	19,371
Required maintenance for school facilities:					
Salaries	299,284	1,771	301,055	264,761	36,294
Cleaning, repair and maintenance services	208,570	(8,326)	200,244	187,219	13,025
Other objects	6,606	(6,096)	510	510	-
Total required maintenance for school facilities	514,460	(12,651)	501,809	452,490	49,319
Custodial Services:					
Salaries	1,350,431	(95,977)	1,254,454	1,254,454	-
Unused Vac Paymnet to term/Ret Staff	4,527	2,507	7,034	7,034	-
Purchased professional and technical services	40,513	(29,320)	11,193	11,193	-
Cleaning, repair and maintenance services	951,500	132,298	1,083,798	1,039,441	44,357
Rental of land & bldg. other than lease pur	161,844	9,267	171,111	171,111	-
Other purchased property services	92,100	(24,965)	67,135	59,765	7,370
Insurance	180,000	(2,362)	177,638	177,638	-
Travel		2,860	2,860	2,807	53
Miscellaneous purchased services	2,860	(2,860)	-		-
General supplies	354,200	(44,816)	309,384	309,243	141
Energy - natural gas	54,767	21,759	76,526	76,526	-
Energy - electricity	445,233	143,085	588,318	588,318	-
Energy - gasoline	18,000	(1,075)	16,925	16,925	-
Other objects	8,716	(1,997)	6,719	6,719	-
Interest- energy savings impr prog bonds	130,019		130,019	130,019	-
Principal- energy saving impr prog bonds	310,582		310,582	310,582	-
Total custodial services	4,105,292	108,404	4,213,696	4,161,775	51,921
Care & upkeep of grounds:					
Salaries	20,000	6,326	26,326	26,326	-
Cleaning, repair and maintenance services	138,278	27,870	166,148	150,760	15,388
General supplies	33,000	(21,882)	11,118	11,118	-
Total care & upkeep of grounds	191,278	12,314	203,592	188,204	15,388

Fort Lee Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Current expenditures (continued):					
Undistributed expenditures (continued):					
Security					
Salaries	\$ 151,185	\$ (2,906)	\$ 148,279	\$ 148,279	\$ -
Purchased professional and technical services	232,072	(27,573)	204,499	183,203	21,296
Cleaning, repair and maintenance services	26,900	5,239	32,139	32,139	-
General supplies	5,380	(1,800)	3,580	377	3,203
Total Security	415,537	(27,040)	388,497	363,998	24,499
Student transportation services:					
Salaries for pupil transportation:					
Between home and school - special	342,036	1,109	343,145	336,306	6,839
Cleaning, repair and maintenance	40,000	14,007	54,007	53,472	535
Contracted services:					
Between home & school - regular	218,837	(57,868)	160,969	158,852	2,117
Other between home & school - regular	126,530	(27,806)	98,724	85,015	13,709
Vendors - special ed	1,141,828	15,745	1,157,573	1,155,951	1,622
Aid in lieu - nonpublic	154,320	30,663	184,983	184,983	-
Miscellaneous purchased services	500	(500)	-	-	-
Transportation Supplies and materials	28,700	(11,616)	17,084	17,084	-
Other objects	1,000	1,616	2,616	2,616	-
Total student transportation services	2,053,751	(34,650)	2,019,101	1,994,279	24,822
Allocated benefits- employee benefits:					
Regular program- instruction					
Unused sick payment to terminated/retired staff	103,019	(103,019)	-	-	-
Total regular program- instruction	103,019	(103,019)	-	-	-
Allocated benefits- employee benefits:					
Special program- instruction					
Unused sick payment to terminated/retired staff	81,800	(81,800)	-	-	-
Total special program- instruction	81,800	(81,800)	-	-	-
Other supp serv- child study team:					
Unused sick payment to terminated/retired staff	50,321	(50,321)	-	-	-
Total other Supp Serv- child study team	50,321	(50,321)	-	-	-
Unallocated benefits:					
Social security contributions	750,750	(68,944)	681,806	625,882	55,924
Other retirement contributions - PERS	660,000	41,431	701,431	701,431	-
Worker's compensation	200,000	(21,239)	178,761	178,761	-
Health insurance	9,905,413	(341,163)	9,564,250	9,470,496	93,754
Tuition reimbursement	95,000	(6,883)	88,117	88,117	-
Other employee benefits	-	34,771	34,771	34,771	-
Unused sick payment to terminated/retired staff	173,635	127,854	301,489	301,489	-
Total unallocated benefits	11,784,798	(234,173)	11,550,625	11,400,947	149,678
TPAF pension contributions (non-budgeted)				3,987,521	(3,987,521)
TPAF post-retirement medical contributions (non-budgeted)				2,575,455	(2,575,455)
TPAF long- term disability insurance contributions (non-budgeted)				6,095	(6,095)
Reimbursed TPAF social security contributions (non-budgeted)				1,944,959	(1,944,959)
Total personal services: benefits	11,784,798	(234,173)	11,550,625	19,914,977	(8,364,352)
Total undistributed expenditures	37,191,816	(196,250)	36,995,566	44,289,032	(7,293,466)
Total current expenditures	63,662,163	322,007	63,984,170	71,146,785	(7,162,615)

Fort Lee Public Schools
General Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Expenditures (continued)					
Capital outlay:					
Equipment:					
Undistributed expenditures:					
Instruction		\$ 6,577	\$ 6,577		\$ 6,577
Total equipment		6,577	6,577		6,577
Facilities acquisition and construction services:					
Lease purchase agreements - principal	\$ 439,549		439,549	\$ 439,549	
Other objects - assessment of debt service	17,534		17,534	17,534	
Construction services	230,000	451,633	681,633	409,992	271,641
Total facilities acquisition and construction services	687,083	451,633	1,138,716	867,075	271,641
Total expenditures - capital outlay	687,083	458,210	1,145,293	867,075	278,218
Intrest Deposit to Capital Reserve	50	(50)			
Transfer of funds to charter schools	9,965		9,965		9,965.00
Total expenditures	64,359,261	780,167	65,139,428	72,013,860	(6,874,432)
(Deficiency) excess of revenues (under) over expenditures	(680,000)	(652,455)	(1,332,455)	955,561	2,288,016
Other financing sources:					
Transfers in				273,161	273,161
Total other financing sources	-	-	-	273,161	273,161
(Deficiency) excess of revenues (under) over expenditures and other financing sources	(680,000)	(652,455)	(1,332,455)	1,228,722	2,561,177
Fund balances, July 1	3,297,273		3,102,750	5,241,687	
Fund balances, June 30	\$ 2,617,273	\$ (652,455)	\$ 1,770,295	\$ 6,470,409	\$ 2,561,177
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Budgeted fund balance	\$ (450,000)		\$ (450,000)	\$ 2,111,177	\$ 2,561,177
Budgeted withdrawal from capital reserve	(230,000)	\$ (280,450)	(510,450)	(510,450)	
Adjustment for prior year encumbrances, net of cancellation		(372,005)	(372,005)	(372,005)	
Total	\$ (680,000)	\$ (652,455)	\$ (1,332,455)	\$ 1,228,722	\$ 2,561,177
Recapitulation of fund balance:					
Restricted for:					
Emergency reserve				\$ 250,000	
Capital reserve				4,444,988	
Assigned to:					
Year end encumbrances				196,173	
Designated for subsequent years expenditures				110,000	
Unassigned fund balance				1,469,248	
				6,470,409	
Reconciliation to Government Funds Statements GAAP:					
Last two state aid payments not recognized on GAAP basis				(146,499)	
Fund balance per Government Funds (GAAP) (B-1)				\$ 6,323,910	

Fort Lee Public Schools
Special Revenue Fund

Budgetary Comparison Schedule
(Budgetary Basis)

Year ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
State sources	\$ 102,064	\$ 63,132	\$ 165,196	\$ 132,061	\$ (33,135)
Federal sources	1,313,163	299,870	1,613,033	1,440,784	(172,249)
Other sources	-	50,877	50,877	35,596	(15,281)
Total revenues	1,415,227	413,879	1,829,106	1,608,441	(220,665)
Expenditures:					
Current expenditures:					
Instruction:					
Salaries of teachers	374,014	141,807	515,821	490,937	24,884
Purchased professional services	-	36,848	36,848	36,601	247
Tuition	593,110	77,272	670,382	592,098	78,284
General Supplies	151,737	(27,373)	124,364	92,844	31,520
Textbooks	10,506	1,491	11,997	11,206	791
Other objects	-	16,724	16,724	15,000	1,724
Total instruction	1,129,367	246,769	1,376,136	1,238,686	137,450
Support services:					
Salaries of other professional staff	84,461	(51,663)	32,798	5,322	27,476
Personnel services – employee benefits	114,626	22,035	136,661	136,661	-
Purchased professional - educational services	82,153	138,700	220,853	169,367	51,486
Other purchased professional services	4,620	11,805	16,425	16,425	-
Other purchased services	-	30,000	30,000	29,950	50
Travel	-	9,000	9,000	8,960	40
Supplies and materials	-	7,233	7,233	3,070	4,163
Total support services	285,860	167,110	452,970	369,755	83,215
Total expenditures	1,415,227	413,879	1,829,106	1,608,441	220,665
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

Fort Lee Public Schools
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2018

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)	\$ 72,969,421	\$ 1,608,441
Differences - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior year		13,570
Current year		(4,477)
State aid payments recognized for budgetary purposes, not recognized for GAAP statements.		
Prior year	107,808	
Current year	(146,499)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds (B-2)	\$ 72,930,730	\$ 1,617,534
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)	\$ 72,013,860	\$ 1,608,441
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior year		13,570
Current year		(4,477)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)	\$ 72,013,860	\$ 1,617,534

Supplementary Information

Special Revenue Fund

Fort Lee Public Schools
Special Revenue Fund

Combining Schedule of Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2018

	Title I	I.D.E.A.		Title II	Title III	Emergency	Comp	ESL	Exam &	Corrective
	Regular	Part B	Part B	Part A	Regular	Impact	Ed	Regular	Class	Speech
	Part A	Regular	Preschool	Regular	Regular	Aid	Regular	Program	Regular	Regular
	Part A	Regular	Preschool	Regular	Regular	Aid	Program	Program	Program	Program
Revenues:										
State sources							\$ 24,381	\$ 21,249	\$ 7,448	\$ 12,219
Federal sources	\$ 463,085	\$ 750,935	\$ 18,908	\$ 114,874	\$ 63,232	\$ 29,750				
Other sources										
Total revenues	\$ 463,085	\$ 750,935	\$ 18,908	\$ 114,874	\$ 63,232	\$ 29,750	\$ 24,381	\$ 21,249	\$ 7,448	\$ 12,219
Expenditures:										
Instruction:										
Salaries of teachers	\$ 313,219	\$ 99,721		\$ 77,997						
Purchased professional services	36,601									
Tuition		592,098								
General Supplies	26,805	406			\$ 36,974					
Textbooks										
Other objects										
Total instruction	376,625	692,225		77,997	36,974					
Support services:										
Salaries of other professional staff		25			5,297					
Personnel services – employee benefits	84,390	28,710		21,840	1,721					
Purchased professional - educational services		29,975	\$ 18,908	6,077	18,040		\$ 24,381	\$ 21,249	\$ 7,448	\$ 12,219
Other purchased professional services										
Other purchased services					200	\$ 29,750				
Travel				8,960						
Supplies and materials	2,070				1,000					
Total support services	86,460	58,710	18,908	36,877	26,258	29,750	24,381	21,249	7,448	12,219
Total expenditures	\$ 463,085	\$ 750,935	\$ 18,908	\$ 114,874	\$ 63,232	\$ 29,750	\$ 24,381	\$ 21,249	\$ 7,448	\$ 12,219

Fort Lee Public Schools
Special Revenue Fund

Combining Schedule of Revenues and Expenditures
Budgetary Basis

Year ended June 30, 2018

	Supple - mentary Instruction Regular Program	Nursing Regular Program	Technology Initiative Regular Program	Home Instruction Regular Program	Text - books Regular Program	Security Regular Program	Local Programs	Totals
Revenues:								
State sources	\$ 7,289	\$ 21,243	\$ 8,063	\$ 2,538	\$ 11,206	\$ 16,425		\$ 132,061
Federal sources								1,440,784
Other sources							\$ 35,596	35,596
Total revenues	\$ 7,289	\$ 21,243	\$ 8,063	\$ 2,538	\$ 11,206	\$ 16,425	\$ 35,596	\$ 1,608,441
Expenditures:								
Instruction:								
Salaries of teachers								\$ 490,937
Purchased professional services								36,601
Tuition								592,098
General Supplies			\$ 8,063				\$ 20,596	92,844
Textbooks					\$ 11,206			11,206
Other objects							15,000	15,000
Total instruction			8,063		11,206		35,596	1,238,686
Support services:								
Salaries of other professional staff								5,322
Personnel services – employee benefits								136,661
Purchased professional - educational services	\$ 7,289	\$ 21,243		\$ 2,538				169,367
Other purchased professional services						\$ 16,425		16,425
Other purchased services								29,950
Travel								8,960
Supplies and materials								3,070
Total support services	7,289	21,243		2,538		16,425		369,755
Total expenditures	\$ 7,289	\$ 21,243	\$ 8,063	\$ 2,538	\$ 11,206	\$ 16,425	\$ 35,596	\$ 1,608,441

Capital Projects Fund

Fort Lee Public Schools
Capital Projects Fund

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

(Budgetary Basis)

Year ended June 30, 2018

Revenues and other financing sources

Investment Income	\$ 273,161
State Sources - SDA Grant	6,995
Total revenues	<u>280,156</u>

Expenditures and Other Financing Uses

Purchased professional and technical services	578,113
Construction services	6,536,787
Total expenditures	<u>7,114,900</u>

(Deficiency) of revenues (under) expenditures	<u>(6,834,744)</u>
---	--------------------

Other Financing sources

Transfers in	-
Transfers out	(273,161)
Total other financing sources	<u>(273,161)</u>

(Deficiency) of revenues (under) expenditures other financing sources	(7,107,905)
--	-------------

Fund Balance, July 1	26,833,319
Fund Balance, June 30	<u>\$ 19,725,414</u>

Fund balance, budgetary-basis	\$ 19,725,414
Less difference in grant revenue recognized	-
Fund balance, GAAP-basis	<u>\$ 19,725,414</u>

Fort Lee Public Schools
Capital Projects Fund

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

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 3,459,025	\$ 6,995	\$ 3,466,020	\$ 3,466,020
Bond proceeds and transfers	69,734,091	-	69,734,091	69,734,091
Contribution from Private sources	-	-	-	-
Transfer from capital reserve	-	-	-	-
Total revenues	<u>73,193,116</u>	<u>6,995</u>	<u>73,200,111</u>	<u>\$ 73,200,111</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	5,142,737	578,113	5,720,850	
Land and improvements				
Construction services	41,204,355	6,536,787	47,741,142	
Equipment	12,705	-	12,705	
Total expenditures	<u>46,359,797</u>	<u>7,114,900</u>	<u>53,474,697</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 26,833,319</u>	<u>\$ (7,107,905)</u>	<u>\$ 19,725,414</u>	

Fort Lee Public Schools
Capital Projects Fund

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

High School Window Replacement

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 420,000		\$ 420,000	\$ 420,000
Bond proceeds and transfers	998,126		998,126	998,126
Contribution from Private sources				
Transfer to capital reserve				
Total revenues	<u>1,418,126</u>	<u>-</u>	<u>1,418,126</u>	<u>\$ 1,418,126</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	127,803		127,803	
Land and improvements				
Construction services	1,167,581		1,167,581	
Equipment				
Total expenditures	<u>1,295,384</u>	<u>-</u>	<u>1,295,384</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 122,742</u>	<u>\$ -</u>	<u>\$ 122,742</u>	

Additional project information

Project number	1550-050-10-1001
Grant date	9/28/2010
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,050,000
Additional Authorized Cost	368,126
Revised Authorized Cost	\$ 1,418,126
Percentage Increase over Original Authorized Cost	35.06%
Percentage completion	100.00%
Original target completion date	9/30/2013
Revised target completion date	Complete

Fort Lee Public Schools
Capital Projects Fund

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

School 4 HVAC Upgrades

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 1,304,252	\$ 6,995	\$ 1,311,247	\$ 1,311,247
Bond proceeds and transfers	1,997,577		1,997,577	1,997,577
Contribution from Private sources				
Transfer to capital reserve			-	-
Total revenues	<u>3,301,829</u>	<u>6,995</u>	<u>3,308,824</u>	<u><u>3,308,824</u></u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	388,132		388,132	
Land and improvements				
Construction services	2,880,492		2,880,492	
Equipment				
Total expenditures	<u>3,268,624</u>	<u>-</u>	<u>3,268,624</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 33,205</u>	<u>\$ 6,995</u>	<u>\$ 40,200</u>	

Additional project information

Project number	1550-090-10-1013
Grant date	9/28/2010
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 4,140,000
Additional Authorized Cost	(831,176)
Revised Authorized Cost	\$ 3,308,824
Percentage Decrease over Original Authorized Cost	-20.08%
Percentage completion	100.00%
Original target completion date	9/30/2014
Revised target completion date	Complete

Fort Lee Public Schools
Capital Projects Fund

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

School 4 Roof Replacement

From Inception and for the year ended June 30, 2018

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

Additional project information

Project number	1550-050-10-1014
Grant date	9/28/2010
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 532,000
Additional Authorized Cost	(51,697)
Revised Authorized Cost	\$ 480,303
Percentage Decrease over Original Authorized Cost	-9.72%
Percentage completion	100.00%
Original target completion date	9/30/2013
Revised target completion date	Complete

Fort Lee Public Schools
Capital Projects Fund

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

Lewis F. Cole Middle School Additions and Rehabilitation

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant	\$ 1,542,652		\$ 1,542,652	\$ 1,542,652
Bond proceeds and transfers	11,038,762		11,038,762	11,038,762
Contribution from Private sources				
Transfer to capital reserve				
Total revenues	<u>12,581,414</u>	<u>-</u>	<u>12,581,414</u>	<u>\$ 12,581,414</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	1,552,112		1,552,112	
Land and improvements				
Construction services	10,802,747		10,802,747	
Equipment	12,705		12,705	
Total expenditures	<u>12,367,564</u>	<u>-</u>	<u>12,367,564</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 213,850</u>	<u>\$ -</u>	<u>\$ 213,850</u>	14,793.26 9,943.80 2,118.95 26,856.01 (213,850.00) (186,993.99)
Additional project information				
Project number	1550-050-10-1018			
Grant date	9/28/2010			
Bond authorization date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 9,660,000			
Additional Authorized Cost	2,921,414			
Revised Authorized Cost	\$ 12,581,414			
Percentage Decrease over Original Authorized Cost	30.24%			
Percentage completion	100.00%			
Original target completion date	9/30/2014			
Revised target completion date	Complete			

Fort Lee Public Schools
Capital Projects Fund

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

Lewis F. Cole Middle School Additions

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Bond proceeds and transfers	\$ 37,255,566		\$ 37,255,566	\$ 37,255,566
Contribution from Private sources				
Transfer from capital reserve				
Total revenues	<u>37,255,566</u>	<u>-</u>	<u>37,255,566</u>	<u>\$ 37,255,566</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	2,260,834	\$ 304,978	2,565,812	
Land and improvements				
Construction services	10,813,717	5,109,842	15,923,559	
Equipment				
Total expenditures	<u>13,074,551</u>	<u>5,414,820</u>	<u>18,489,371</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 24,181,015</u>	<u>\$ (5,414,820)</u>	<u>\$ 18,766,195</u>	\$ 104,620.00 997,589.35 5,000.00 20,878.00 519,004.14 4,328.50 19,637,749.78 281,190.00 2,614,819.04 24,185,178.81 (24,181,015.00) \$ 4,163.81
Additional project information				
Project number	1550-100-15-1000			
Grant date	11/18/2014			
Bond authorization date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 37,175,000			
Additional Authorized Cost	80,566			
Revised Authorized Cost	\$ 37,255,566			
Percentage Increase over Original Authorized Cost	0.22%			
Percentage completion	35.09%			
Original target completion date	12/31/2016			
Revised target completion date	6/30/2019			

Fort Lee Public Schools
Capital Projects Fund

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

School 2 Additions

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Bond proceeds and transfers	\$ 10,970,000		\$ 10,970,000	\$ 10,970,000
Contribution from Private sources				
Transfer from capital reserve				
Total revenues	<u>10,970,000</u>	<u>-</u>	<u>10,970,000</u>	<u>\$ 10,970,000</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	679,158	\$ 273,136	952,294	
Land and improvements				
Construction services	8,234,948	1,228,648	9,463,596	
Equipment				
Total expenditures	<u>8,914,106</u>	<u>1,501,784</u>	<u>10,415,890</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,055,894</u>	<u>\$ (1,501,784)</u>	<u>\$ 554,110</u>	
Additional project information				
Project number	1550-100-14-1000			
Grant date	8/8/2014			
Bond authorization date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 10,970,000			
Additional Authorized Cost				
Revised Authorized Cost	\$ 10,970,000			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	81.26%			
Original target completion date	11/30/2015			
Revised target completion date	6/30/2019			

Fort Lee Public Schools
Capital Projects Fund

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

High School Field Improvements

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Bond proceeds and transfers	\$ 1,614,434		\$ 1,614,434	\$ 1,614,434
Contribution from Private sources				
Transfer from capital reserve				
Total revenues	<u>1,614,434</u>	<u>-</u>	<u>1,614,434</u>	<u><u>\$ 1,614,434</u></u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	86,974		86,974	
Land and improvements				
Construction services	1,501,392		1,501,392	
Equipment				
Total expenditures	<u>1,588,366</u>	<u>-</u>	<u>1,588,366</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 26,068</u>	<u>\$ -</u>	<u>\$ 26,068</u>	

Additional project information

Project number	
Grant date	8/8/2014
Bond authorization date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,695,000
Additional Authorized Cost	(80,566)
Revised Authorized Cost	\$ 1,614,434
Percentage Increase over Original Authorized Cost	-4.75%
Percentage completion	100.00%
Original target completion date	12/31/2016
Revised target completion date	Complete

Fort Lee Public Schools
Capital Projects Fund

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

Energy Savings Investment Plan

From Inception and for the year ended June 30, 2018

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
State Sources - SDA Grant				
Capital lease proceeds and transfers	\$ 5,571,444		\$ 5,571,444	\$ 5,571,444
Contribution from Private sources				
Transfer from capital reserve				
Total revenues	<u>5,571,444</u>	<u>-</u>	<u>5,571,444</u>	<u><u>\$ 5,571,444</u></u>
Expenditures and Other Financing Uses				
Purchased professional and technical services				
Land and improvements				
Construction services	5,371,501	\$ 198,297	5,569,798	
Equipment				
Total expenditures	<u>5,371,501</u>	<u>198,297</u>	<u>5,569,798</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 199,943</u>	<u>\$ (198,297)</u>	<u>\$ 1,646</u>	
Additional project information				
Project number	N/A			
Lease date	4/16/2015			
Bond authorization date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 5,571,444			
Additional Authorized Cost				
Revised Authorized Cost	\$ 5,571,444			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	96.41%			
Original target completion date	N/A			
Revised target completion date	8/31/2018			

Fort Lee Public Schools
Capital Projects Fund

Summary Schedule of Project Expenditures
(Budgetary Basis)

From Inception and for the Year Ended June 30, 2018

Issue/Project Title	Appropriations	Expenditures to Date		Unexpended Balance	
		Prior Years	Current Year		
High School Window Replacement	\$ 1,418,126	\$ 1,295,384	\$ -	\$ 122,742	F-1b
School 4 HVAC Upgrades	3,308,824	3,268,624	-	40,200	F-1c
School 4 Roof Replacement	480,303	479,701	-	602	F-1d
Lewis F. Cole Middle School Additions and Rehabilitation	12,581,414	12,367,564	-	213,850	F-1e
Lewis F. Cole Middle School Additions	37,255,566	13,074,551	5,414,820	18,766,195	F-1f
School 2 Additions	10,970,000	8,914,106	1,501,784	554,110	F-1g
Energy Savings Investment Plan	5,571,444	5,371,501	198,297	1,646	F-1i
High School Field Improvements	1,614,434	1,588,366	-	26,068	F-1h
	<u>\$ 73,200,111</u>	<u>\$ 46,359,797</u>	<u>\$ 7,114,900</u>	<u>\$ 19,725,414</u>	

Fiduciary Funds

Fort Lee Public Schools
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

Year ended June 30, 2018

	Trust			Agency		
	Private- Purpose Scholarship Funds	Unemployment Compensation	Total Trust	Student Activity	Payroll	Total Agency
Assets						
Cash and cash equivalents	\$ 32,456	\$ 277,825	\$ 310,281	\$ 127,189	\$ 118,518	\$ 245,707
Interfund receivable		18,552	18,552		-	-
Total assets	<u>32,456</u>	<u>296,377</u>	<u>328,833</u>	<u>\$ 127,189</u>	<u>\$ 118,518</u>	<u>\$ 245,707</u>
Liabilities						
Payroll deductions and withholdings payable					\$ 99,966	\$ 99,966
Accounts payable		4,157	4,157			
Interfund payable				\$ 11,984	18,552	30,536
Due to student groups				115,205		115,205
Total liabilities		<u>4,157</u>	<u>4,157</u>	<u>\$ 127,189</u>	<u>\$ 118,518</u>	<u>\$ 245,707</u>
Net position						
Held in trust for unemployment claims		292,220	292,220			
Held in trust for scholarships	32,456		32,456			
Total net position	<u>\$ 32,456</u>	<u>\$ 292,220</u>	<u>\$ 324,676</u>			

Fort Lee Public Schools
Trust Funds

Combining Statement of Changes in Fiduciary Net Position

Year ended June 30, 2018

	Private- Purpose Scholarship Funds	Unemployment Compensation	Totals
Additions:			
Contributions	\$ 11,608	\$ 55,066	\$ 66,674
Total additions	11,608	55,066	66,674
Deductions:			
Scholarship payments	7,500		7,500
Unemployment claims paid		13,932	13,932
Total deductions	7,500	13,932	21,432
Change in net position	4,108	41,134	45,242
Net position, beginning	28,348	251,086	279,434
Net position, ending	\$ 32,456	\$ 292,220	\$ 324,676

Fort Lee Public Schools
Student Activity Agency Fund

Statement of Cash Receipts and Cash Disbursements

Year ended June 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Assets:				
Cash and cash equivalents				
Student Activity Fund	\$ 99,941	\$ 183,213	\$ 167,949	\$ 115,205
Athletic Fund	1,332	50,004	39,352	11,984
Total assets	\$ 101,273	\$ 233,217	\$ 207,301	\$ 127,189
Liabilities:				
Due to student groups				
Student Activity Fund	\$ 99,941	\$ 183,213	\$ 167,949	\$ 115,205
Athletic Fund	1,332	38,020	39,352	-
Interfund Payable	-	11,984		11,984
Total liabilities	\$ 101,273	\$ 233,217	\$ 207,301	\$ 127,189

Fort Lee Public Schools
Payroll Agency Fund

Statement of Cash Receipts and Cash Disbursements

Year ended June 30, 2018

	Balance July 1, 2017	Cash Receipts	Cash Disbursements	Balance June 30, 2018
Assets				
Cash and cash equivalents	\$ 332,063	\$ 40,838,685	\$ 41,052,230	\$ 118,518
Interfunds Receivable	78,935		78,935	-
Total assets	<u>\$ 410,998</u>	<u>\$ 40,838,685</u>	<u>\$ 41,131,165</u>	<u>\$ 118,518</u>
Liabilities				
Payroll deductions payable	\$ 393,626	\$ 40,820,133	\$ 41,113,793	\$ 99,966
Interfunds Payable	17,372	18,552	17,372	18,552
Total liabilities	<u>\$ 410,998</u>	<u>\$ 40,838,685</u>	<u>\$ 41,131,165</u>	<u>\$ 118,518</u>

Long-Term Debt

Fort Lee Public Schools
Long-Term Debt

Schedule of Serial Bonds Payable

June 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2017	Retired	Balance June 30, 2018
			Date	Amount				
BCIA Improvement Bonds	8/7/2012	\$ 18,450,000						
			11/1/2018	\$ 760,000	4.000%			
			11/1/2019	275,000	3.000%			
			11/1/2019	500,000	5.000%			
			11/1/2020	825,000	4.000%			
			11/1/2021	855,000	4.000%			
			11/1/2022	895,000	5.000%			
			11/1/2023	940,000	5.000%			
			11/1/2024	990,000	5.000%			
			11/1/2025	1,035,000	4.000%			
			11/1/2026	1,080,000	4.000%			
			11/1/2027	1,120,000	4.000%			
			11/1/2028	1,170,000	4.000%			
			11/1/2029	1,215,000	4.000%			
			11/1/2030	1,265,000	4.000%			
			11/1/2031	1,305,000	4.000%	\$ 14,960,000	\$ 730,000	\$14,230,000
General Serial Bonds	4/7/2015	49,840,000						
			3/15/2019	1,415,000	3.000%			
			3/15/2020	1,455,000	3.000%			
			3/15/2021	1,500,000	3.000%			
			3/15/2022	1,550,000	3.000%			
			3/15/2023	1,595,000	3.000%			
			3/15/2024	1,650,000	3.000%			
			3/15/2025	1,700,000	3.000%			
			3/15/2026	1,755,000	3.000%			
			3/15/2027	1,810,000	3.000%			
			3/15/2028	1,870,000	3.000%			
			3/15/2029	1,930,000	3.000%			
			3/15/2030	1,990,000	3.125%			
			3/15/2031	2,055,000	3.250%			
			3/15/2032	2,125,000	3.250%			
			3/15/2033	2,195,000	3.250%			
			3/15/2034	2,270,000	3.250%			
			3/15/2035	2,345,000	3.250%			
			3/15/2036	2,435,000	3.500%			
			3/15/2037	2,510,000	3.500%			
			3/15/2038	2,580,000	3.500%			
			3/15/2039	2,650,000	3.500%			
			3/15/2040	2,720,000	3.500%			
			3/15/2041	2,780,000	3.500%	48,275,000	1,390,000	46,885,000
						<u>\$ 63,235,000</u>	<u>\$ 2,120,000</u>	<u>\$61,115,000</u>

Fort Lee Public Schools
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2018

Purpose	Interest Rate	Amount of Original Issue	Balance July 1, 2017	Retired	Balance June 30, 2018
District Wireless System	2.57%	\$ 354,919	\$ 72,395	\$ 72,395	\$ -
12 Temporary Classroom Units	1.46%	1,967,725	1,020,183	403,626	616,557
Energy Saving Investment Plan	2.50%	5,571,444	5,288,311	310,582	4,977,729
Chrome Books	1.46%	550,000	275,574	136,787	138,787
			<u>\$ 6,656,463</u>	<u>\$ 923,390</u>	<u>\$ 5,733,073</u>

Fort Lee Public Schools
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local sources:					
Local tax levy	\$ 3,212,481		\$ 3,212,481	\$ 3,212,481	
State sources:					
Debt Service Aid Type III	1,065,788		1,065,788	1,065,788	
Total revenues	<u>4,278,269</u>		<u>4,278,269</u>	<u>4,278,269</u>	
Expenditures:					
Principal on bonds	2,120,000		2,120,000	2,120,000	
Interest on bonds	2,170,888		2,170,888	2,170,887	\$ 1
Total expenditures	<u>4,290,888</u>		<u>4,290,888</u>	<u>4,290,887</u>	<u>1</u>
(Deficiency) of revenues (under) expenditures	(12,619)		(12,619)	(12,618)	(1)
Fund balance, July 1	12,619		12,619	309,314	
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,696</u>	<u>\$ (1)</u>

Statistical Section

**Statistical Section
Unaudited**

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

Unaudited

	Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Invested in capital assets, net of related debt	\$ 10,950,910	\$ 13,327,585	\$ 12,758,856	\$ 14,116,324	\$ (1,278,960)	\$ 3,994,842	\$ (36,171,048)	\$ (20,540,534)	\$ 25,416,260	\$ 26,864,312
Restricted	3,184,034	2,015,950	3,054,358	4,869,850	22,650,012	18,051,812	56,001,477	48,185,275	2,725,371	4,694,988
Unrestricted (deficit)	(4,454,396)	(5,705,497)	(5,079,224)	(4,733,750)	(4,809,592)	(4,233,820)	(17,662,594)	(18,889,800)	(17,195,519)	(18,660,217)
Total governmental activities net position	\$ 9,680,548	\$ 9,638,038	\$ 10,733,990	\$ 14,252,424	\$ 16,561,460	\$ 17,812,834	\$ 2,167,835	\$ 8,754,941	\$ 10,946,112	\$ 12,899,083
Business-type activities										
Invested in capital assets, net of related debt	\$ 139,334	\$ 86,609	\$ 100,024	\$ 92,772	\$ 79,460	\$ 65,940	\$ 96,328	\$ 74,036	\$ 103,163	\$ 94,533
Unrestricted	197,002	228,977	295,328	449,260	574,732	360,493	271,531	281,090	244,016	289,007
Total business-type activities net position	\$ 336,336	\$ 315,586	\$ 395,352	\$ 542,032	\$ 542,032	\$ 426,433	\$ 367,859	\$ 355,126	\$ 347,179	\$ 383,540
District-wide										
Invested in capital assets, net of related debt	\$ 11,090,244	\$ 13,414,194	\$ 12,858,880	\$ 14,209,096	\$ (1,199,500)	\$ 4,060,782	\$ (36,074,720)	\$ (20,466,498)	\$ 25,519,423	\$ 26,958,845
Restricted	3,184,034	2,015,950	3,054,358	4,869,850	22,650,012	18,051,812	56,001,477	48,185,275	2,725,371	4,694,988
Unrestricted (deficit)	(4,257,394)	(5,476,520)	(4,783,896)	(4,284,490)	(4,234,860)	(3,873,327)	(17,391,063)	(18,608,710)	(16,951,503)	(18,371,210)
Total District-wide net position	\$ 10,016,884	\$ 9,953,624	\$ 11,129,342	\$ 14,794,456	\$ 17,215,652	\$ 18,239,267	\$ 2,535,694	\$ 9,110,066	\$ 11,293,292	\$ 13,282,623

Source: CAFR Exhibit A-1

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

	Unaudited									
	Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Instruction										
Regular	\$ 20,525,561	\$ 22,852,291	\$ 22,037,507	\$ 21,969,182	\$ 23,773,786	\$ 23,815,229	\$ 27,939,247	\$ 29,142,296	\$ 34,384,526	\$ 36,219,517
Special Education	2,282,103	3,146,977	4,146,536	4,820,815	5,480,927	5,081,131	5,285,671	5,374,541	5,679,607	5,982,709
Other Special Education	2,313,667	2,646,190	2,506,824	2,501,588	2,439,814	2,680,798	3,111,092	3,239,151	3,548,091	3,737,441
Other Education	1,219,438	910,661	954,758	955,886	1,003,251	1,313,645	1,434,806	1,250,195	1,845,567	1,944,059
Support Services										
Tuition	4,650,182	4,178,690	3,149,926	3,315,783	3,472,301	3,496,240	3,792,977	4,023,439	7,296,752	7,686,157
Student and Instruction Related Services	7,038,342	8,250,972	8,138,886	8,165,565	9,010,969	9,078,627	10,175,398	10,270,186	14,039,500	14,559,684
School Administrative Services	2,858,209	3,163,425	3,327,080	2,744,677	2,549,700	2,987,540	3,361,029	2,220,269	4,405,878	4,804,413
Other Administrative Services	1,623,595	1,654,299	1,428,638	1,304,146	1,315,155	1,591,783	1,685,546	2,410,848	1,762,518	1,602,661
Central Services	792,153	830,678	869,440	892,131	880,547	1,113,877	1,167,626	1,139,101	1,752,401	1,926,128
Plant Operations and Maintenance	5,409,968	5,282,704	4,334,191	4,536,978	4,697,862	5,158,782	5,624,082	5,823,146	6,096,392	6,590,175
Pupil Transportation	1,743,806	1,560,289	1,343,168	1,480,585	1,493,593	1,616,017	1,711,881	1,874,599	2,339,145	2,366,263
Unallocated Benefits	3,996,266	4,026,554	3,493,585	3,799,983	5,939,141	4,118,192	5,883,397			
Special Schools										
Charter Schools							9,686	9,963	9,965	-
Interest on Long-Term Debt	1,993	5,360	(1,730)	(1,800)	616,664	699,444	868,913	2,492,004	2,982,464	1,989,370
Unallocated depreciation	757,547	745,850	746,955	731,457	902,366	982,630	976,850	982,981	-	-
Amortization and Capital Lease Obligations					(198,000)	(198,000)	(198,000)	(198,000)	-	-
Capital Outlay	294,537	-	-	490	364,675	3,378,021	5,588,979	567,534	-	-
Total Governmental Activities	55,507,367	59,254,940	56,475,764	57,217,466	63,742,751	66,914,156	78,419,180	70,622,253	86,142,806	89,408,577
Business-Type Activities										
Enterprise Fund	1,069,784	1,087,838	1,147,633	1,123,403	1,211,683	1,246,312	1,406,042	1,417,898	1,531,726	1,516,498
Latchkey Program	696,127	355,214	492,737	501,273	521,024	255,711	-	-	-	-
Total Business-Type Activities	1,765,911	1,443,052	1,640,370	1,624,676	1,732,707	1,502,023	1,406,042	1,417,898	1,531,726	1,516,498
TOTAL DISTRICT EXPENSES	\$ 57,273,278	\$ 60,697,992	\$ 58,116,134	\$ 58,842,142	\$ 65,475,458	\$ 68,416,179	\$ 79,825,222	\$ 72,040,151	\$ 87,674,532	\$ 90,925,075
Program Revenues										
Governmental Activities:										
Charges for Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,500	\$ 30,211
Operating Grants and Contributions	1,913,648	3,893,615	1,886,702	1,733,644	1,810,086	1,675,017	1,451,934	8,309,105	1,836,568	1,617,534
Total Governmental Activities Program Revenues	<u>1,913,648</u>	<u>3,893,615</u>	<u>1,886,702</u>	<u>1,733,644</u>	<u>1,810,086</u>	<u>1,675,017</u>	<u>1,451,934</u>	<u>8,309,105</u>	<u>1,920,068</u>	<u>1,647,745</u>
Business-Type Activities:										
Operating grants and Contributions	255,548	332,755	357,872	442,030	443,442	437,334	429,904	441,169	484,629	445,455
Charges for Services	1,103,073	1,286,354	1,343,774	1,437,357	1,480,359	836,887	915,764	964,952	1,039,150	1,107,404
Total Business-Type Activities Program Revenues	<u>1,358,621</u>	<u>1,619,109</u>	<u>1,701,646</u>	<u>1,879,387</u>	<u>1,903,801</u>	<u>1,274,221</u>	<u>1,345,668</u>	<u>1,406,120</u>	<u>1,523,779</u>	<u>1,552,859</u>
TOTAL DISTRICT PROGRAM REVENUES	\$ 3,272,269	\$ 5,512,724	\$ 3,588,348	\$ 3,613,031	\$ 3,713,887	\$ 2,949,238	\$ 2,797,602	\$ 9,715,225	\$ 3,443,847	\$ 3,200,604
Net (Expense) Revenue										
Governmental Activities	\$ (53,593,719)	\$ (55,361,325)	\$ (54,589,062)	\$ (55,483,822)	\$ (61,932,665)	\$ (65,239,139)	\$ (76,967,246)	\$ (62,313,149)	\$ (84,222,738)	\$ (87,760,832)
Business-Type Activities	(407,290)	176,057	61,276	254,711	171,094	(227,802)	(60,374)	(12,777)	(7,947)	36,361
Total District-Wide Net Expense	\$ (54,001,009)	\$ (55,185,268)	\$ (54,527,786)	\$ (55,229,111)	\$ (61,761,571)	\$ (65,466,941)	\$ (77,027,620)	\$ (62,325,926)	\$ (84,230,685)	\$ (87,724,471)

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

(accrual basis of accounting)
Unaudited

	Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 46,056,524	\$ 47,898,785	\$ 50,245,845	\$ 51,250,762	\$ 52,275,777	\$ 53,321,293	\$ 55,438,424	\$ 57,177,129	\$ 58,320,672	\$ 60,410,472
Taxes levied for debt service					1,400,000	1,352,100	1,268,945	2,848,661	4,451,067	3,212,481
Federal and State Aid - Not Restricted	6,838,632	7,152,921	4,895,937	6,604,235	8,570,981	7,654,476	16,611,285	3,098,392	22,867,357	25,256,462
Restricted grants and contributions				663,113	1,693,536	2,193,768				
Cancellations Capital Outlay to Capital Reserve						1,397,566				
Tuition							43,650			
Investment Earnings	49,755	787	45	497	5,313	3,978	62,974		163,090	273,161
Miscellaneous Income	313,173	266,322	543,187	483,649	296,094	567,332	361,823	204,628	611,723	561,227
Total governmental activities	<u>53,258,084</u>	<u>55,318,815</u>	<u>55,685,014</u>	<u>59,002,256</u>	<u>64,241,701</u>	<u>66,490,513</u>	<u>73,787,101</u>	<u>63,328,810</u>	<u>86,413,909</u>	<u>89,713,803</u>
Business-type activities:										
Investment earnings	511	2,796		78	78	43	1,800			
Total district-wide	<u>\$ 53,258,595</u>	<u>\$ 55,321,611</u>	<u>\$ 55,685,014</u>	<u>\$ 59,002,334</u>	<u>\$ 64,241,779</u>	<u>\$ 66,490,556</u>	<u>\$ 73,788,901</u>	<u>\$ 63,328,810</u>	<u>\$ 86,413,909</u>	<u>\$ 89,713,803</u>
Change in Net Position										
Governmental activities	\$ (335,635)	\$ (42,510)	\$ 1,095,952	\$ 3,518,434	\$ 2,309,036	\$ 1,251,374	\$ (3,180,145)	\$ 1,015,661	\$ 2,191,171	\$ 1,952,971
Business-type activities	(406,779)	178,853	61,276	254,789	171,172	(227,759)	(58,574)	(12,777)	(7,947)	36,361
Total district	<u>\$ (742,414)</u>	<u>\$ 136,343</u>	<u>\$ 1,157,228</u>	<u>\$ 3,773,223</u>	<u>\$ 2,480,208</u>	<u>\$ 1,023,615</u>	<u>\$ (3,238,719)</u>	<u>\$ 1,002,884</u>	<u>\$ 2,183,224</u>	<u>\$ 1,989,332</u>

Source: CAFR Schedule A-2

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

(modified accrual basis of accounting)
Unaudited

	June, 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 3,029,209	\$ 778,099								
Unreserved	2,235,876	958,404								
Restricted			1,639,659	\$ 3,210,976	\$ 3,658,099	\$ 2,475,618	\$ 2,293,993	\$ 3,005,256	\$ 2,725,371	\$ 4,694,988
Committed			274,425	1,182,757						
Assigned			650,000	1,315,959	1,864,968	1,899,690	1,227,188	724,215	843,983	306,173
Unassigned	-	-	1,442,570	1,297,861	1,614,117	1,565,526	1,110,988	1,622,965	1,564,525	1,322,749
Total general fund	<u>\$ 5,265,085</u>	<u>\$ 1,736,503</u>	<u>\$ 4,006,654</u>	<u>\$ 4,006,654</u>	<u>\$ 7,007,553</u>	<u>\$ 5,940,834</u>	<u>\$ 4,632,169</u>	<u>\$ 5,352,435</u>	<u>\$ 5,352,435</u>	<u>\$ 6,323,910</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Capital Projects Fund	\$ 154,826	\$ 1,237,851								
Debt Service Fund	-	-								
Restricted for:										
Capital Projects Fund			\$ 490,274	\$ (839,842)	\$ 17,050,315	\$ 13,597,666	\$52,416,142	\$ 44,381,239	\$ 26,833,319	\$ 19,725,414
Debt Service Fund					76,630	78,838	64,154	74,565	309,314	296,696
Total all other governmental funds	<u>\$ 154,826</u>	<u>\$ 1,237,851</u>	<u>\$ 490,274</u>	<u>\$ (839,842)</u>	<u>\$ 17,126,945</u>	<u>\$ 13,676,504</u>	<u>\$52,480,296</u>	<u>\$ 44,455,804</u>	<u>\$ 27,142,633</u>	<u>\$ 20,022,110</u>

Source: CAFR Schedule B-1 and District records.

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

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

	(modified accrual basis of accounting)									
	Unaudited									
	Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 46,056,524	\$ 47,898,785	\$ 50,245,845	\$ 51,250,762	\$ 53,675,777	\$ 54,673,393	\$ 56,707,369	\$ 60,025,790	\$ 62,771,739	\$ 63,622,953
Interest - Capital Reserves Funds	16,882	787	45	497	5,313	3,978	62,974			
Interest Earnings	32,873	2,946	37,589	4,894	4,720	1,918	3,777		163,090	273,161
Transportation			38105	8,628						
Tuition			85,973	19,500	34,750	30,000	43,650		24,400	30,211
Miscellaneous	314,073	266,627	386,129	457,199	256,624	535,414	360,945	204,628	680,820	606,764
State Sources	6,987,844	8,227,542	5,001,235	7,271,822	10,361,082	9,931,937	10,846,091	9,707,246	10,809,055	13,096,389
Federal Sources	1,763,536	2,815,743	1,776,795	1,722,598	1,713,521	1,591,324	1,347,667	1,700,251	1,710,710	1,477,211
Total revenue	55,171,732	59,212,430	57,571,716	60,735,900	66,051,787	66,767,964	69,372,473	71,637,915	76,159,814	79,106,689
Expenditures										
Instruction										
Regular	16,689,817	17,978,798	17,470,348	17,686,731	19,299,415	18,639,107	19,593,114	19,544,412	21,080,406	20,007,121
Special Education Instruction	1,816,700	2,392,416	3,205,818	3,799,173	4,314,565	4,191,760	3,986,239	4,173,970	3,259,281	5,056,345
Other Special Instruction	2,064,966	2,006,619	1,932,043	1,965,408	1,915,689	2,049,705	2,136,879	2,099,811	2,036,096	1,993,417
Other Instruction	779,313	746,698	797,260	782,915	821,867	1,070,951	1,067,469	1,034,701	1,059,091	1,048,649
Support Services										
Tuition	4,650,182	4,178,690	3,149,926	3,315,783	3,472,301	3,496,240	3,792,977	4,023,439	4,187,291	4,046,180
Student and Instruction Related Services	5,923,101	6,836,783	6,599,857	6,807,393	7,514,047	7,390,300	7,588,933	8,199,510	8,671,518	8,727,074
School Administrative Services	2,279,477	2,409,955	2,576,616	2,167,907	2,013,900	2,295,528	2,324,603	1,186,578	1,232,195	1,106,993
Other Administrative Services	1,418,364	1,419,757	1,265,634	1,191,334	1,189,393	1,417,870	1,440,703	2,262,267	2,410,533	2,604,814
Central Services	654,668	663,011	713,536	741,121	725,705	889,545	856,281	934,015	1,022,459	1,098,003
Plant Operations and Maintenance	4,688,086	4,414,450	3,939,182	4,149,469	4,296,950	4,709,092	4,947,119	5,303,185	5,125,198	5,166,467
Pupil Transportation	1,732,005	1,528,574	1,308,313	1,451,533	1,464,678	1,573,249	1,633,541	1,794,303	2,042,810	1,994,279
Employee Benefits	11,134,661	14,016,326	12,969,113	12,959,691	14,744,871	15,084,362	15,686,156	16,535,480	17,665,627	19,914,977
Special Schools										
Capital Outlay	446,297	3,065,910	121,496	2,046,659	5,627,007	10,620,237	20,879,515	10,088,584	23,674,224	7,981,975
Debt Service:										
Principal					780,000	655,000	665,000	685,000	2,270,000	2,120,000
Interest and Other Charges					559,900	697,100	680,575	2,165,869	2,243,013	2,170,887
Transfer to Charter School							9,686	9,963	9,965	-
Total expenditures	54,277,637	61,657,987	56,049,142	59,065,117	68,740,288	74,780,046	87,288,790	80,041,087	97,989,707	85,037,181
Excess (Deficiency) of Revenues Over/ (Under) Expenditures	894,095	(2,445,557)	1,522,574	1,670,783	(2,688,501)	(8,012,082)	(17,916,317)	(8,403,172)	(21,829,893)	(5,930,492)
Other Financing sources (uses)										
Transfer In		2,484,000	747,577	334,958	3,952	157,034	61,946	12,618	163,090	273,161
Transfer Out		(2,484,000)	(747,577)	(334,958)	(3,952)	(157,034)	(61,946)	(12,618)	(163,090)	(273,161)
Bonds Proceeds					20,430,000		49,840,000			
Cancellations of Capital Outlay to Capital Reserve					2,700,439	1,397,566	2,920,930			
Capital Leases (Nonbudgeted)	262,840				354,919	1,967,725	5,571,444	550,000		
Total Other Financing Sources	262,840	-	-	-	20,784,919	3,365,291	55,411,444	550,000	-	-
Net change in fund balances	1,156,935	(2,445,557)	1,522,574	1,670,783	18,096,418	(4,646,791)	37,495,127	(7,853,172)	(21,829,893)	(5,930,492)

Source: CAFR Schedule B-2

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

(modified accrual basis of accounting)
Unaudited

	Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Interest on Investments	\$ 32,873	\$ 2,946	\$ 37,589	\$ 4,894	\$ 4,720	\$ 1,918	\$ 3,777	\$ 4,057	\$ 5,154	\$ 66,173
Summer School tuition and Fees			85,973	19,500	34,750	30,000	43,650	38,500		
Prior Years' Refunds										
Rentals	98,667	94,500	140,550	174,175	95,000	5,500			19,000	45,260
Donations	5,500	2721	433	89,635	2,150	500	200	8,383		
Transportation		37,584	38,105	8,628						3,497
Cancellation of Prior Year Void Checks	7,554	7,194	2,443		1,737	5,305	5,319			
Refund of prior year's expenditures									204,060	119,576
Miscellaneous - Restricted:										
Reimbursement of Custodial	194,611	110,565	97,409	84,620	82,086	203,911	264,722			
Athletic Receipts	587	1,356	4,463	4,650	6,198	5,021	3,623	3,135	4,622	4,617
Other			93,448		7,862	4,259	4,691			
Book Fines	5,268	5,023	2,839		2,061	1,282	1,108			
Miscellaneous - Unrestricted	1,886	4,433	39,935	97,547	46,020	309,636	78,383	137,935	82,192	322,104
Total Miscellaneous	346,946	266,322	543,187	483,649	282,584	567,332	405,473	192,010	315,028	561,227
Interest on Capital Reserve Funds	16,882	787	45	497	1,827	1,770	1,028	-	-	-
Total General Fund	\$ 363,828	\$ 267,109	\$ 543,232	\$ 484,146	\$ 284,411	\$ 569,102	\$ 406,501	\$ 192,010	\$ 315,028	\$ 561,227

Source: District Records

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

Unaudited

Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value*	Public Utilities ^a	Net Valuation Taxable*	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^b
2009	\$ 124,914,300	\$ 3,585,523,400			\$ 938,590,300	\$ 9,419,200	\$ 1,415,253,320	\$ 6,073,700,520	\$ 8,723,969	\$ 6,082,424,489	\$ 6,551,544,738	\$ 0.773
2010	124,462,700	3,594,309,700			940,895,100	9,419,200	1,440,155,620	6,109,242,320	8,564,849	6,117,807,169	6,417,757,379	0.802
2011	127,344,500	3,599,114,200			939,857,600	9,419,200	1,437,682,320	6,113,417,820	9,180,439	6,122,598,259	6,269,720,961	0.829
2012	100,665,200	3,599,241,400			926,385,300	9,419,200	1,440,403,020	6,076,114,120	9,979,526	6,086,093,646	6,422,088,137	0.862
2013	89,754,600	3,590,670,300			935,193,700	9,419,200	1,444,617,220	6,069,655,020	7,980,343	6,077,635,363	6,409,219,554	0.892
2014	142,308,600	3,602,571,100			844,174,100	9,419,200	1,491,298,420	6,089,771,420	7,070,493	6,096,841,913	6,648,765,883	0.913
2015	134,175,700	3,608,370,300			842,175,900	10,535,200	1,553,522,520	6,148,779,620	7,128,641	6,155,908,261	6,681,878,554	0.948
2016	136,727,900	3,757,896,600			828,681,100	7,383,200	1,526,461,920	6,257,150,720	7,663,788	6,264,814,508	6,452,355,023	0.981
2017	118,728,600	3,791,428,000			851,244,800	7,383,200	1,634,453,120	6,403,237,720	8,365,088	6,411,602,808	6,595,156,782	0.986
2018	115,870,700	3,842,525,600			920,629,000	7,383,200	1,626,704,120	6,513,112,620	8,260,598	6,521,373,218	6,697,976,779	1.001

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

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

Unaudited

<u>Year Ended June 30,</u>	<u>Total Direct Tax Rate for Board of Education</u>	<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
		<u>Municipal Rate</u>	<u>County Rate</u>	
2009	\$ 0.773	\$ 0.911	\$ 0.207	\$ 1.892
2010	0.802	0.933	0.212	1.948
2011	0.829	0.940	0.219	1.988
2012	0.862	0.964	0.226	2.052
2013	0.892	0.991	0.240	2.123
2014	0.913	1.001	0.247	2.161
2015	0.948	0.992	0.262	2.202
2016	0.981	1.009	0.264	2.254
2017	0.986	1.027	0.259	2.272
2018	1.001	1.045	0.252	2.298

Source: District Records and Municipal Tax Collector.

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

Unaudited

Top 10 Taxpayers	2018		Top 10 Taxpayers	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
1266 Apartment Corp.	\$ 252,500,000	4.03%	1266 Apartment Corp.	\$ 289,151,000	4.78%
1530 Owners Corp.	168,478,000	2.69%	1530 Owners Corp.	168,478,000	2.79%
Fort Lee Phase I Owners, LLC	134,000,000	2.14%	Executive Park LLC	99,103,500	1.64%
TCD Fort Lee, LLC	92,300,000	1.47%	Mediterranean Towers West Owners, Inc.	91,058,000	1.51%
Southbridge Park, LLC	82,673,000	1.32%	CCA Crest at Fort Lee, LLC	83,825,300	1.39%
Crest at Fort Lee, LLC	82,000,000	1.31%	Southbridge Park, LLC	82,673,000	1.37%
2100 Linwood Avenue Owners Inc.	78,000,000	1.25%	2100 Linwood Avenue Owners Inc.	78,103,500	1.29%
Mediterranean Towers West Owners, Inc.	72,000,000	1.15%	Town& County Developers	77,433,600	1.28%
One Century City Apartment Corp.	64,703,000	1.03%	1170 Apt Corp	70,584,020	1.17%
Northbridge Park Co-Op, Inc.	63,267,000	1.01%	2000 Linwood Avenue Owners, Inc.	69,403,000	1.15%

Source:Fort Lee Municipal Tax Assessor.

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

Unaudited

Year Ended June 30,	School Taxes Levied Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 46,977,655	\$ 46,977,655	100.00%	
2010	47,898,785	47,898,785	100.00%	
2011	50,245,845	50,245,845	100.00%	
2012	51,250,762	51,250,762	100.00%	
2013	53,675,777	53,675,777	100.00%	
2014	54,673,393	54,673,393	100.00%	
2015	56,707,369	56,707,369	100.00%	
2016	60,025,789	60,025,789	100.00%	
2017	62,771,739	62,771,739	100.00%	
2018	63,622,953	63,622,953	100.00%	

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

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

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

Unaudited

Year Ended June 30,	Governmental Activities			Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Total District		
2009	\$ -	\$ -	\$ -	0.00%	\$ 67,331
2010			-	0.00%	63,874
2011		157,715	157,715	0.01%	63,885
2012		107,229	107,229	0.00%	67,248
2013	17,670,000	409,604	18,079,604	0.72%	69,281
2014	17,015,000	2,248,388	19,263,388	N/A	73,424
2015	66,190,000	7,750,964	73,940,964	N/A	75,849
2016	65,505,000	7,672,224	73,177,224	N/A	N/A
2017	63,235,000	6,656,463	69,891,463	N/A	N/A
2018	61,115,000	5,733,073	66,848,073	N/A	N/A

N/A - Not Available

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

Unaudited

Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2009					\$ 67,331
2010					63,874
2011					63,885
2012					67,248
2013	\$ 17,670,000		\$ 17,670,000	0.29%	69,281
2014	17,015,000		17,015,000	0.28%	69,495
2015	66,190,000		66,190,000	0.00%	N/A
2016	65,505,000		65,505,000	N/A	N/A
2017	63,235,000		63,235,000	N/A	N/A
2018	61,115,000		61,115,000	N/A	N/A

Notes:

a See Exhibit J-6 for property tax data.

b Population data can be found in J-14.

Fort Lee Public Schools
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes:			
Net Overlapping Debt of School District:			
Borough of Fort Lee	\$ 55,374,828	100%	\$ 55,374,828
County of Bergen - Borough's Share	N/A	N/A	N/A
Bergen County Utility Authority - Borough's Share	N/A	N/A	N/A
Subtotal, Overlapping Debt			<u>55,374,828</u>
Fort Lee School District Direct Debt			<u>61,115,000</u>
Total Direct and Overlapping Bonded Debt			<u>\$ 116,489,828</u>

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

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

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

N/A - Not Available

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

Unaudited

Year Equalized Valuation Basis

2018	\$	7,158,455,592
2017		6,593,348,346
2016		<u>6,452,355,023</u>

[A] \$ 20,204,158,961

Average Equalized Valuation of Taxable Property \$ 6,734,719,653.67

Debt Limit (4% of Average Equalization Value) \$ 269,388,786

Net Bonded School Debt 61,115,000

Legal Debt Margin \$ 208,273,786

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 251,121,316	\$ 259,326,993	\$ 256,555,056	\$ 172,693,511	\$ 239,831,696	\$ 239,831,696	\$ 262,902,474	\$ 265,083,477	\$ 263,058,538	\$ 269,388,786
Total net debt applicable to limit					17,670,000	17,015,000	66,190,000	65,505,000	63,235,000	61,115,000
Legal debt margin	<u>\$ 251,121,316</u>	<u>\$ 259,326,993</u>	<u>\$ 256,555,056</u>	<u>\$ 172,693,511</u>	<u>\$ 222,161,696</u>	<u>\$ 222,816,696</u>	<u>\$ 196,712,474</u>	<u>\$ 199,578,477</u>	<u>\$ 199,823,538</u>	<u>\$ 208,273,786</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	7.37%	7.09%	25.18%	24.71%	24.04%	22.69%

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

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

Unaudited

Year	Population ^a	Personal Income ^b	Bergen County Per Capita Personal Income ^c	Unemployment Rate ^d
2009	36,288	\$ 2,317,859,712	\$ 63,874	5.9%
2010	35,392	2,261,017,920	63,885	6.3%
2011	35,664	2,398,332,672	67,248	6.2%
2012	35,841	2,483,100,321	69,281	5.8%
2013	36,310	2,523,363,450	69,495	5.8%
2014	37,026	2,722,743,936	73,536	4.2%
2015	36,672	N/A	75,849	3.5%
2016	35,461	N/A	77,187	3.2%
2017	37,577	N/A	N/A	3.1%
2018	37,907	N/A	N/A	N/A

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development.

^b Personal income has been estimated based upon the municipal population and per capita personal income presented.

^c Per capita personal income by municipality estimated based upon the 2000 and 2010 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development.

N/A - Not Available at Time of Audit

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

Unaudited

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>
Not available		0.00%		0.00%
		0.00%		0.00%
		0.00%		0.00%
		0.00%		0.00%
		0.00%		0.00%
		0.00%		0.00%
	<u>0</u>	<u>0.00%</u>	<u>0</u>	<u>0.00%</u>

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

Unaudited

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	237.0	241.0	229.0	212.0	231.0	260.0	271.5	271.5	237.1	219.4
Special Education	27.0	29.0	37.0	64.0	82.0	63.0	61.5	61.5	70.3	101.7
Other Special Education	29.0	28.5	33.5	23.0	24.0	27.0	26.0	26.0	47.0	45.6
Other Instructional									25.2	25.8
Support Services:										
Student and Instructional Related Services	66.0	67.0	71.5	78.5	95.0	82.0	79.0	79.0	55.6	60.8
General Administration	12.0	12.0	10.0	8.5	8.0	8.0	8.5	8.5	5.0	5.0
School Administrative Services	33.0	33.0	24.0	24.0	22.0	26.0	26.5	26.5	25.8	23.7
Business Administrative Services	6.0	6.0	13.0	14.0	15.0	17.0	17.0	17.0	21.6	21.5
Plant Operations and Maintenance	45.0	44.0	21.0	20.5	21.0	21.0	22.0	22.0	24.1	23.6
Total	455.0	460.5	439.0	444.5	498.0	504.0	512.0	512.0	511.7	527.1

Source: District Personnel Records

Fort Lee Public Schools
 Operating Statistics
 Last Ten Fiscal Years

Unaudited

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Teacher Ratio/Pupil			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle	Senior High School				
2009	3,545	\$ 54,277,637	\$ 15,311	1.08%	237.0	1:18	1:11	1:14	3,454.0	3,296.0	0.97%	95.43%
2010	3,621	58,592,077	16,181	-5.68%	241.0	1:18	1:11	1:14	3,543.0	3,406.0	-2.58%	96.13%
2011	3,671	55,927,646	15,235	5.85%	229.0	1:17	1:11	1:14	3,601.0	3,450.0	-1.64%	95.81%
2012	3,727	57,018,458	15,299	-0.42%	212.0	1:17	1:11	1:14	3,689.0	3,547.0	-2.44%	96.15%
2013	3,791	61,773,381	16,295	-6.51%	231.0	1:17	1:11	1:14	3,740.0	3,570.0	-1.38%	95.45%
2014	3,819	62,807,709	16,446	-0.93%	291.0	1:10	1:10	1:10	3,779.0	3,606.0	-1.04%	95.42%
2015	3,787	65,063,700	17,181	-4.47%	299.0	1:09	1:09	1:09	3,728.0	3,545.0	1.35%	95.09%
2016	3,857	67,101,634	17,397	-1.26%	295.0	N/A	N/A	N/A	3,705.0	3,549.0	0.62%	95.79%
2017	3,824	69,802,470	18,254	4.92%	294.0	1:11	1:13	1:12	3,747.3	3,586.5	1.14%	95.71%
2018	3,910	72,764,319	18,610	1.95%	297.0	1:14	1:14	1:14	3,920.1	3,752.1	4.62%	95.71%

Sources: District records and ASSA

Note: Enrollment based on annual October district count.

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

N/A Not Available

Fort Lee Public Schools
School Building Information
Last Ten Fiscal Years

Unaudited

Facility	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Elementary</u>										
Elementary School #1										
Square Feet	57,938	57,938	57,938	57,938	57,938	57,938	57,938	57,938	57,938	64,300
Functional Capacity	447	447	447	447	447	447	447	447	447	496
Enrollment	529	529	634	644	678	708	666	708	677	697
Elementary School #2										
Square Feet	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989	50,989	68,526
Functional Capacity	339	339	339	339	339	339	339	447	447	600
Enrollment ^a	421	421	422	428	455	457	470	457	483	486
Elementary School #3										
Square Feet	41,974	41,974	41,974	41,974	41,974	41,974	41,974	41,974	41,974	41,974
Functional Capacity	392	392	392	392	392	392	392	392	392	392
Enrollment	497	497	513	533	530	536	534	536	560	578
Elementary School #4										
Square Feet	48,722	48,722	48,722	48,722	48,722	48,722	48,722	48,722	48,722	48,722
Functional Capacity	395	395	395	395	395	395	395	395	395	395
Enrollment	493	493	535	516	540	541	551	541	574	618
<u>Middle Schools</u>										
Lewis F. Cole Middle School										
Square Feet	78,455	78,455	78,455	78,455	78,455	78,455	78,455	78,455	78,455	77,228
Functional Capacity	295	295	295	295	295	295	295	395	395	626
Enrollment	477	477	526	556	574	558	534	541	578	611
<u>High School</u>										
Fort Lee High School										
Square Feet	142,789	142,789	142,789	142,789	142,789	142,789	142,789	142,789	142,789	142,789
Functional Capacity	552	552	552	552	552	552	552	552	552	552
Enrollment	1,039	1,039	979	995	959	978	983	978	953	920

Number of Schools at June 30, 2018

- Elementary = 4
- Middle School = 1
- Senior High School = 1

Source: District Records, ASSA

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

Unaudited

Undistributed Expenditures - Required Maintenance for School Facilities

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

<u>School Facilities</u>	<u>School #</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Fort Lee High School	50	\$ 140,272	\$ 178,060	\$ 230,785	\$ 143,804	\$ 211,437	\$ 177,364	\$ 201,794	\$ 136,945	\$ 210,988	\$ 287,542
Lewis F. Cole Middle School	100	54,299	67,317	52,546	77,481	97,829	80,173	78,468	67,095	86,179	126,885
Elementary School #1	60	76,923	97,856	45,004	50,383	80,468	65,678	78,720	76,040	98,065	108,715
Elementary School #2	70	58,824	76,727	26,777	53,205	39,226	39,221	82,480	49,203	68,348	83,985
Elementary School #3	80	49,774	63,688	42,970	42,834	47,362	53,743	48,255	44,730	58,245	77,274
Elementary School #4	90	<u>72,398</u>	<u>92,449</u>	<u>100,747</u>	<u>34,504</u>	<u>71,315</u>	<u>68,262</u>	<u>50,202</u>	<u>53,676</u>	<u>72,508</u>	<u>87,104</u>
		<u>\$ 452,490</u>	<u>\$ 576,097</u>	<u>\$ 498,829</u>	<u>\$ 402,211</u>	<u>\$ 547,637</u>	<u>\$ 484,441</u>	<u>\$ 539,919</u>	<u>\$ 427,689</u>	<u>\$ 594,333</u>	<u>\$ 771,505</u>

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

Fort Lee Public Schools
Insurance Schedule
June 30, 2018

Unaudited

	<u>Coverage</u>	<u>Deductible</u>
School Package Property - School Alliance Fund		
Property		
Property - Blanket Building and Contents	\$ 500,000,000	\$ 2,500
Flood/earthquake	10,000,000/\$25,000,000	25,000
Automobile Physical Damage	In Blanket Limit	1,000
Builders Risk	25,000,000	2,500
Electronic Data Processing Equipment	In Blanket Limit	2,500
Liability		
Comprehensive General Liability	5,000,000	
Automobile Liability	5,000,000	
Employee Benefit each occurrence/aggregate	5,000,000	1,000
SAIF Excess		
Includes General/Auto Liability/School Bd Legal Liability	5,000,000	
Crime		
Blanket Employee Dishonesty	500,000	1,000
Forgery	50,000	1,000
Theft/Disappearance/Destruction:		
Inside	50,000	1,000
Outside	50,000	1,000
Computer Fraud	50,000	1,000
Funds Transfer Fraud	50,000	1,000
School Board Legal Liability		
Directors' and Officers' Policy	5,000,000	10,000
Environmental Impairment Liability(ACE)		
Limit of Liability:		
Incident	1,000,000	10,000
Fund Annual Aggregate	25,000,000	
Excess Liability - Torus National		
Each Occurance/Aggregate	30,000,000	
Excess of	10,000,000	
Public Employees Faithful Performances Blanket Position Bond		
Board Secretary/Business Administrator	200,000	
Treasurer of School Monies	340,000	
Assistant Business Administrator	200,000	
Student Accident (AIG)		
All Students Coverage including Athletics		
Base Coverage - 2 Year Benefit Period	25,000	
Catastrophic - 10 Year Benefit Perion	7,500,000	25,000

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

Single Audit Section

**Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed
in Accordance with *Government Auditing Standards***

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Fort Lee Public Schools, in the County of Bergen, New Jersey (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 21, 2019.

Internal Control Over Financial Reporting

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

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

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

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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 not identify any deficiencies in internal control that we consider to material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

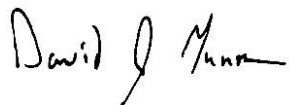
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

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

PKF O'Connor Davies, LLP

February 21, 2019
Cranford, New Jersey



David J. Gannon
Licensed Public School Accountant
No. 2305

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

Independent Auditors' Report

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

Report on Compliance for Each Major Program Federal and State Program

We have audited the Fort Lee Public Schools, in the County of Bergen, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance); and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform

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

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Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Purpose of this Report

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

PKF O'Connor Davies, LLP

February 21, 2019
Cranford, New Jersey

David J. Gannon

David J. Gannon
Licensed Public School Accountant
No. 2305

Fort Lee Public Schools
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Award Amount	Grant Period		Balance at June 30, 2017	Carryover/Walkover Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2018		
				From	To					(Accounts Receivable)	Unearned Revenue	Due to Grantor
U.S. Department of Health and Human Services												
Passed Through State Department of Education												
General Fund:												
Medical Assistance Program - SEMI	93.778	1805NJ5MAP	\$ 37,275	7/1/2017	6/30/2018			\$ 37,275	\$ (37,275)			
Total General Fund								37,275	(37,275)			
U.S. Department of Education--Passed-Through State Department of Education												
Special Revenue Fund:												
Title I, Part A	84.010A	S010A180030	501,361	7/1/2017	6/30/2018			\$ 233,682	\$ (463,085)	\$ (229,403)		
Title I, Part A	84.010A	S010A170030	551,915	7/1/2016	6/30/2017	\$ (160,528)		160,528				
Title I, Part A	84.010A	S010A160030	431,026	7/1/2015	6/30/2016	(4,030)		4,030				
Title II, Part A	84.367A	S367A180029	119,787	7/1/2017	6/30/2018			40,855	(114,874)	(74,019)		
Title II, Part A	84.367A	S367A170029	142,486	7/1/2016	6/30/2017	(36,580)		36,580				
Title III	84.365A	S365A180030	82,898	7/1/2017	6/30/2018			20,659	(63,232)	(42,573)		
Title III	84.365A	S365A170030	87,547	7/1/2016	6/30/2017	(24,909)		24,909				
Title III	84.365A	S365A160030	169,733	7/1/2015	6/30/2016	(36,055)		36,055				
Title III, Supplemental Immigrant Student Aid	84.365A	S365A170030	31,604	7/1/2016	6/30/2017	(3,211)		3,211				
Emergency Impact Aid	84.938C	Not available	29,750	7/1/2017	6/30/2018				(29,750)	(29,750)		
Special Education Cluster:												
IDEA Part B	84.027	S027A180100	851,508	7/1/2017	6/30/2018			448,600	(750,935)	(302,335)		
IDEA Part B	84.027	S027A170100	891,933	7/1/2016	6/30/2017	(115,684)		115,684				
IDEA Preschool	84.173	S173A180114	27,729	7/1/2017	6/30/2018				(18,908)	(18,908)		
Subtotal of Special Education Cluster						(115,684)		564,284	(769,843)	(321,243)		
Total Special Revenue Fund						(380,997)		1,124,793	(1,440,784)	(696,988)		
U.S. Department of Agriculture--Passed-Through State Department of Agriculture												
Enterprise Fund:												
Child Nutrition Cluster:												
Food Donation Program (NC)	10.555	181NJ304N109	80,557	7/1/2017	6/30/2018			80,557	(80,557)			
Food Donation Program (NC)	10.555	171NJ304N109	81,597	7/1/2016	6/30/2017	2,271			(2,271)			
School Breakfast Program	10.553	181NJ304N109	25,693	7/1/2017	6/30/2018			20,262	(25,693)	\$ (5,431)		
School Breakfast Program	10.553	171NJ304N109	21,631	7/1/2016	6/30/2017	(6,719)		6,719				
National School Lunch Program	10.555	181NJ304N109	302,188	7/1/2017	6/30/2018			242,007	(302,188)	(60,181)		
National School Lunch Program	10.555	171NJ304N109	337,334	7/1/2016	6/30/2017	(67,250)		67,250				
Subtotal of Child Nutrition Cluster						(71,698)		416,795	(410,709)	(65,612)		
Federal PB Lunch - Healthy Hunger-Free Kids Act of 2010	10.555	181NJ304N109	18,754	7/1/2017	6/30/2018			15,041	(18,754)	(3,713)		
Federal PB Lunch - Healthy Hunger-Free Kids Act of 2010	10.555	171NJ304N109	19,351	7/1/2016	6/30/2017	(3,800)		3,800				
Total Enterprise Fund						(75,498)		435,636	(429,463)	(69,325)		
Total Federal Awards						\$ (456,495)	\$ -	\$ 1,597,704	\$ (1,907,522)	\$ (766,313)	\$ -	\$ -

NC - non-cash expenditures

Fort Lee Public Schools
Schedule of Expenditures of State Financial Assistance
Year ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance June 30, 2017			Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance June 30, 2018			Memo			
					Unearned Rev. (Accts Rec)	(Accounts Receivable)	Due to Grantor					Unearned Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Expenditures		
State Department of Education																		
General Fund:																		
Special Education Categorical Aid	495-034-5120-089	\$ 1,916,432	7/1/2017	6/30/2018				\$ 1,790,476	\$ (1,916,432)						\$	(125,956)	\$ (1,916,432)	
Special Education Categorical Aid	495-034-5120-089	1,788,720	7/1/2016	6/30/2017	\$	(91,772)		91,772										
Categorical Transportation Aid	495-034-5120-014	91,990	7/1/2017	6/30/2018				85,944	(91,990)							(6,046)	(91,990)	
Categorical Transportation Aid	495-034-5120-014	91,990	7/1/2016	6/30/2017		(4,720)		4,720										
Security Aid	495-034-5120-084	105,243	7/1/2017	6/30/2018				98,326	(105,243)							(6,917)	(105,243)	
Security Aid	495-034-5120-084	105,243	7/1/2016	6/30/2017		(5,400)		5,400										
PARCC Readiness Aid	495-034-5120-098	38,770	7/1/2017	6/30/2018				38,222	(38,770)							(2,548)	(38,770)	
PARCC Readiness Aid	495-034-5120-098	38,770	7/1/2016	6/30/2017		(1,989)		1,989										
Per Pupil Growth Aid	495-034-5120-097	38,770	7/1/2017	6/30/2018				36,222	(38,770)							(2,548)	(38,770)	
Per Pupil Growth Aid	495-034-5120-097	38,770	7/1/2016	6/30/2017		(1,989)		1,989										
Professional Learning Community Aid	495-034-5120-101	37,790	7/1/2017	6/30/2018				35,306	(37,790)							(2,484)	(37,790)	
Professional Learning Community Aid	495-034-5120-101	37,790	7/1/2016	6/30/2017		(1,938)		1,938										
Extraordinary Aid	100-034-5120-473	1,131,028	7/1/2017	6/30/2018					(1,131,028)				\$	(1,131,028)			(1,131,028)	
Extraordinary Aid	100-034-5120-473	400,000	7/1/2016	6/30/2017		(1,293,607)		1,293,607										
Additional NP Transportation Aid	Not Available		7/1/2017	6/30/2018					(56,183)								(56,183)	
Additional NP Transportation Aid	Not Available	36,450	7/1/2016	6/30/2017		(36,450)		36,450									(56,183)	
Reimbursed TPAF - Social Security	495-034-5094-003	1,944,959	7/1/2017	6/30/2018				1,944,959	(1,944,959)								(1,944,959)	
Reimbursed TPAF - Social Security	495-034-5094-003	1,955,549	7/1/2016	6/30/2017		(92,418)		92,418										
On-behalf TPAF Contributions																		
Pension Benefit Contribution	495-034-5094-002	3,987,521	7/1/2017	6/30/2018				3,987,521	(3,987,521)								(3,987,521)	
Post-Retirement Medical Contribution	495-034-5094-001	2,575,455	7/1/2017	6/30/2018				2,575,455	(2,575,455)								(2,575,455)	
Long-Term Disability Insurance Contributions	495-034-5094-004	6,095	7/1/2017	6/30/2018				6,095	(6,095)								(6,095)	
Total General Fund						(1,530,283)		12,126,809	(11,930,236)					(1,187,211)		(146,499)	(11,930,236)	
Special Revenue Fund:																		
New Jersey Non-Public Aid:																		
Nursing Aid	100-034-5120-070	21,243	7/1/2017	6/30/2018				21,243	(21,243)									(21,243)
Textbook Aid	100-034-5120-064	11,997	7/1/2017	6/30/2018				11,997	(11,206)					\$	791		(11,206)	
Textbook Aid	100-034-5120-064	13,200	7/1/2016	6/30/2017			\$	3,249			\$	(3,249)						
Technology Initiative	100-034-5120-070	8,103	7/1/2017	6/30/2018				8,103	(8,063)							40	(8,063)	
Technology Initiative	100-034-5120-070	5,954	7/1/2016	6/30/2017				591								(591)		
Security Aid	100-034-5120-509	16,425	7/1/2017	6/30/2018				16,425	(16,425)								(16,425)	
Security Aid	100-034-5120-509	11,450	7/1/2016	6/30/2017				50								(50)		
Non Public Auxiliary Services (Ch. 192):																		
Home Instruction		3,652	7/1/2016	6/30/2018		\$	(3,652)	3,652	(2,538)							(2,538)		(2,538)
English as a Second Language		21,861	7/1/2016	6/30/2017				21,861	(21,249)							612		(21,249)
English as a Second Language		23,364	7/1/2016	6/30/2017				6,486								(6,486)		
Compensatory Education		44,292	7/1/2017	6/30/2018				44,292	(24,381)								19,911	(24,381)
Compensatory Education		44,446	7/1/2016	6/30/2017				3,225								(3,225)		
Non Public Handicapped Services (Ch. 193):																		
Supplemental Instruction		7,296	7/1/2017	6/30/2018				7,296	(7,289)								7	(7,289)
Examination and Classification		21,658	7/1/2017	6/30/2018				21,658	(7,448)							14,210		(7,448)
Examination and Classification		13,144	7/1/2016	6/30/2017				4,325								(4,325)		
Corrective Speech		12,421	7/1/2017	6/30/2018				12,321	(12,219)								102	(12,219)
Corrective Speech		30,923	7/1/2016	6/30/2017				20,233								(20,233)		
Total Special Revenue Fund						(3,652)	38,159	168,848	(132,061)					(38,159)	(2,538)	35,673		(132,061)
Capital Projects Fund:																		
NJ Schools Development Authority	2940-045-02-0798/0496	11,011,110	7/1/2002	Completion		(815,484)		822,479	(6,995)									(822,479)
Total Capital Projects Fund						(815,484)		822,479	(6,995)									(822,479)
Debt Service Fund:																		
Type II Debt Service aid	495-034-5120-125	-	7/1/2017	6/30/2018				1,065,788	(1,065,788)									(1,065,788)
Total Debt Service Fund								1,065,788	(1,065,788)									(1,065,788)
State Department of Agriculture																		
Enterprise Fund:																		
State School Lunch Program (State share)	100-010-3360-067	19,160	7/1/2017	6/30/2018				12,824	(15,992)							(3,168)		(15,992)
State School Lunch Program (State share)	100-010-3360-067	14,210	7/1/2016	6/30/2017		(2,795)		2,795										
Total Enterprise Fund						(2,795)		15,619	(15,992)							(3,168)		(15,992)
Total State Awards						\$ (1,533,078)	\$ (819,136)	\$ 38,159	\$ 14,199,543	\$ (13,151,072)	\$ -	\$ (38,159)	\$ -	\$ (1,192,917)	\$ 35,673	\$ (146,499)	\$ (13,966,556)	
State Financial Assistance Not Subject to Single Audit Determination:																		
General Fund:																		
On-behalf TPAF Contributions																		
Pension Benefit Contribution	495-034-5094-002	3,987,521	7/1/2017	6/30/2018				(3,987,521)	3,987,521									3,987,521
Post-Retirement Medical Contribution	495-034-5094-001	2,575,455	7/1/2017	6/30/2018				(2,575,455)	2,575,455									2,575,455
Long-Term Disability Insurance Contributions	495-034-5094-004	6,095	7/1/2017	6/30/2018				(6,095)	6,095									6,095
Total State Financial Assistance Subject to Single Audit Determination						\$ (1,533,078)	\$ (819,136)	\$ 38,159	\$ 7,630,472	\$ (6,582,001)	\$ -	\$ (38,159)	\$ -	\$ (1,192,917)	\$ 35,673	\$ (146,499)	\$ (7,397,485)	

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

Fort Lee Public Schools

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

Year ended June 30, 2018

1. General

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

2. Basis of Accounting

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise funds, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These basis of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to Basic Financial Statements

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

Fort Lee Public Schools

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

Year ended June 30, 2018

3. Relationship to Basic Financial Statements (Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 37,275	\$ 11,891,545	\$ 11,928,820
Special Revenue Fund	1,439,936	132,061	1,571,997
Food Service Enterprise Fund	429,463	15,992	445,455
Capital Fund		6,995	6,995
Debt Service Fund		1,065,788	1,065,788
Total financial award revenues	<u>\$ 1,906,674</u>	<u>\$ 13,112,381</u>	<u>\$ 15,019,055</u>

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(38,691) for the general fund and \$9,093 for the special revenue fund. See note to required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

The adjustment to reconcile from budgetary basis accounts to GAAP basis accounts receivable for the special revenue fund is \$(848) for federal awards and \$9,941 for state financial assistance. This is a result of recognizing encumbrances as expenditures on the budgetary basis on the schedules of federal awards and state financial assistance and not on the GAAP basis.

Fort Lee Public Schools

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

Year ended June 30, 2018

4. Relationship to Federal and State Financial Reports

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

5. Other

Revenues and expenditures reported under the Food Donation Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security for TPAF members for the year ended June 30, 2018.

The post-retirement pension, medical and disability insurance benefits received on behalf of the District for the year ended June 30, 2018 amounted to \$6,569,071. Since on-behalf post retirement, medical and disability insurance benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

6. Indirect Costs

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

Fort Lee Public Schools

Schedule of Findings and Questioned Costs

Year ended June 30, 2018

Part I - Summary of Auditor's Results

Financial Statements Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? Yes X No

Are any significant deficiencies identified? Yes X None Reported

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

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified? Yes X No

Are any significant deficiencies identified? Yes X None Reported

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

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

Identification of major programs:

CFDA Number(s)	FAIN Number	Name of Federal Program or Cluster
84.027	S027A180100	Special Education Cluster:
84.173	S173A180114	IDEA Part B, Basic
		IDEA Part B, Preschool Cluster

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

Auditee qualified as low-risk auditee? X Yes No

Fort Lee Public Schools

Schedule of Findings and Questioned Costs

Year ended June 30, 2018

Part I - Summary of Auditor's Results

State Awards Section

Internal control over major state programs:

Are any material weaknesses identified? _____ Yes X No

Are any significant deficiencies identified? _____ Yes X None reported

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

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

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
	State Aid Cluster:
495-034-5120-089	Special Education Categorical Aid
495-034-5120-084	Security Aid
495-034-5120-097	Per Pupil Growth Aid
495-034-5120-098	PARCC Readiness Aid
495-034-5120-101	Professional Learning Community Aid
495-034-5120-125	Type II Debt Service Aid

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

Auditee qualified as low-risk auditee? X Yes _____ No

Fort Lee Public Schools

Schedule of Findings and Questioned Costs

Year ended June 30, 2018

Part II – Schedule of Financial Statement Findings

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

Fort Lee Public Schools

Schedule of Findings and Questioned Costs

Year ended June 30, 2018

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

No federal award or state financial assistance program compliance findings or questioned costs were noted that are required to be reported in accordance with 2 CFR 200 section .516(a) or NJ OMB Circular Letter 15-08.

Fort Lee Public Schools

Summary Schedule of Prior Year Audit Findings

Year ended June 30, 2018

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

Status: The District's took corrective action related to this finding and the finding was not repeated in the current year