

LITTLE FALLS
BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Little Falls, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Little Falls Board of Education
Little Falls, New Jersey
For The Fiscal Year Ended June 30, 2018**

**Prepared by
Business Office**

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INTRODUCTORY SECTION

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

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Little Falls Township School District (the "District") for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this Report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 8. These include Regular, as well as Special Education including Preschool Inclusive. The District completed the 2017/2018 fiscal year with a student enrollment of 892 students, which is a 7 student increase from the previous year's enrollment.

REPORTING ENTITY AND ITS SERVICES: (Continued)

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

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-2018	892	0.7
2016-2017	885	(1.0)
2015-2016	894	(0.6)
2014-2015	900	(2.2)
2013-2014	920	1.4
2012-2013	907	(.10)
2011-2012	916	(2.4)
2010-2011	938	0.01
2009-2010	931	1.09
2008-2009	921	3.80

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

School # 1 serves the needs of students in Grades Five through Eight, as well as having self-contained LLD classrooms. School #1 currently houses approximately 400 students.

School #2 serves Pre-Kindergarten through Grade Two students and has self-contained LLD classes. The total enrollment for School #2 is approximately 319 students.

School #3 serves Grades 3 and 4 and has one self-contained special education classes serving LLD. School #3 houses approximately 167 students.

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

Facility interior and exterior needs continue to be of concern. Through proper planning and aggressive negotiations by the Board, the District was able to again increase the Capital Reserve Account prior to the June 30, 2018 fiscal year-end. The prior implementation of 1.5% employee contribution towards the cost of their medical insurance benefit continues to provide budget relief and indeed with the implementation of P.L. 2011, c. Chapter 78, which became effective June 28, 2011, employees, will be "phased in" for greater contributions.

We currently have in excess of fifty-five (55) students on roll in self-contained Special Education in three (3) LLD classrooms at School #2, one (1) at School #3 and two (2) LLD classrooms at School #1 and a Preschool Program at School #2. These Programs have successfully passed Special Education monitoring and continue to meet the needs of Little Falls residents. We expect to continue to offer recommended ABA Behaviorist support and all mandated programs in compliance with State and Federal codes, while analyzing the costs of these offering, in an effort to create improvement in the classroom while creating possible efficiencies.

MAJOR INITIATIVES:

The Little Falls Board of Education continues to refurbish its facilities. During the summer of 2017 the district completed a painting project. The hallways, interior doors, and All Purpose Rooms in all three Schools were painted.

Safety and Security continue to be a top priority; the district undertook two major security projects in 2017-2018. The first was the installation of 84 interior and exterior cameras throughout all three Schools. The Little Falls Police Department has real time access to all of the cameras in the school buildings through a secure network. The district also installed an Emergency Notification System. A lock down can be called from any classroom in the building. Additional speakers were installed as well as blue lights in the large common rooms of the schools.

Communication with the public does not end with the website. The Superintendent continues to use Twitter and Instagram accounts to update followers on activities in the schools. Email blasts go home every week with important announcements. A regular newsletter written by the Superintendent is distributed to the public so people are aware of the accomplishments in district. The Parent Portal and Google Classroom are also being used for communication and collaboration.

There continues to be opportunities for learning outside the classroom for all stakeholders. The Superintendent hosts Parent Academy nights as well as Talk A'Lattes. The academies provide opportunities for parents and teachers to collaborate on raising children in a responsible way so they will become productive citizens. Topics included literacy framework, PARCC expectations, HIB training, and specific learning guidelines by grade level. Curriculum Family Night was also introduced in 2017/2018.

Increased use of technology continues to be a priority focus in the district. The 1:1 goal of I pads in School #2 Chromebooks in School #1 was achieved at the start of the 2017/2018 School year. Providing 1:1 Chromebooks in School #3 is a goal for 2018/2019.

Competitive 21st century learning skills are mandatory for all students. All three school buildings have STEAM classrooms. Students have access to 3D Printers, OSMOS, Document Cameras, a NAO Robot, Google Classroom, and an AV Rover.

Electives continue in the middle school for all grades 5 through 8. Programs include but not limited to Fitness for Life, Battle of the Books, Digital World, Creative Writing, Music Appreciation, Financial Literacy, Studio Art, Coding, STEAM, Sport Math, and Photography.

The district continues to expand support and enhance programs and instruction for all levels of learners. A Literacy Coach was hired in 2017-2018. The Gifted and Talented classes in grades 4-8 attend County competitions. The teaching staff has completed Orton Gillingham training. Students in Grade 8 have the opportunity to take Italian I and STEM at PV High School.

The entire staff has been trained on LinkIT. This initiative helps drive student achievement and success. It affords staff the opportunity to quickly and effectively differentiate instruction.

The need to update curriculum based on evolving state and national standards is challenging. The staff is using ATLAS. Teachers are able to collaborate in person and digitally to update curriculum maps as well as scope and sequence. They are uploaded to our website through ATLAS for parents and guardians to interact with at their convenience.

The district continues to work with the Little Falls Educational Foundation. The Foundation fundraises to supplement programs in each school. Competitive grants were submitted by teaching staff members for consideration. The Foundation selected the submissions that most closely work with the district's plans for its programs. Twenty-One grants were approved with a total award of \$9,200.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.

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

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

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

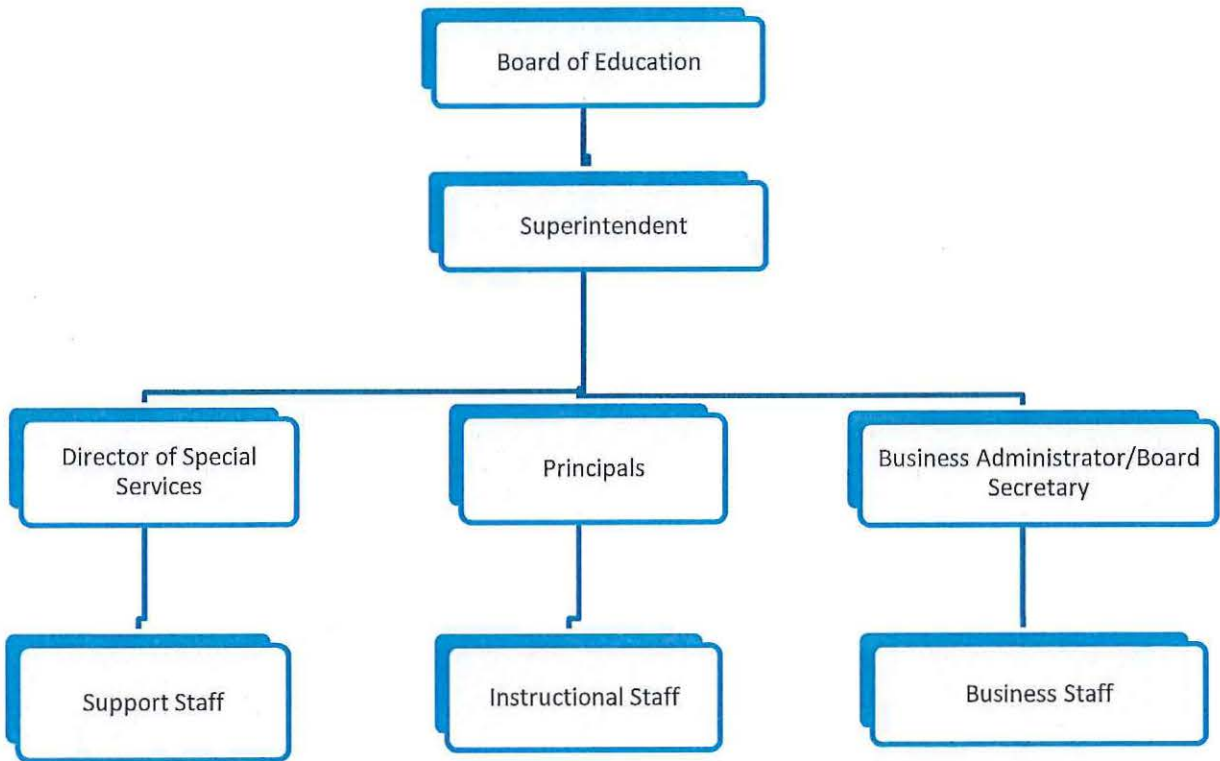
ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Little Falls Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance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

Respectfully submitted,



Carol Delsandro
School Business Administrator/Board Secretary
January 29, 2019

Little Falls Board of Education
Organizational Chart
2017-2018



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

**ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lauren Verdi, President	2018
Michael Russo, Vice President	2020
Janine Veteri Barone	2018
Thomas Breitwieser	2019
Rachel Capizzi	2020
Fred Demarco	2018
Diana Kribs	2019
Michael Murhpy	2020
Michael O'Neil	2019

Other Officials

Mrs. Tracey Marinelli, Superintendent

Mrs. Carol Delsandro, School Business Administrator/Board Secretary

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

Consultants and Advisors

Architect

EI Associates
8 Ridgedale Ave.
Cedar Knolls, NJ 07927

Audit Firm

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

Attorney

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

Official Depository

PNC Bank
89 Main Street
Little Falls, NJ 07424

Lakeland Bank
86 Main Street
Little Falls, NJ 07424

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Falls Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Falls Board of Education as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Little Falls Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

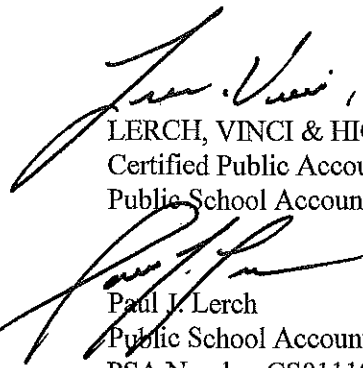
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Little Falls Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 29, 2019 on our consideration of the Little Falls Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Little Falls Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Little Falls Board of Education's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants
Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
January 29, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Management's Discussion and Analysis

This discussion and analysis of the Little Falls School District's financial performance provides an overview of its financial activities for the fiscal year ended June 30, 2018. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the 2017/18 school year are as follows:

- District-wide - Overall revenues were \$21,670,661. General revenues accounted for \$14,724,293 or 68 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,946,368 or 32 percent of total revenues.
- District-wide - The School District had \$20,618,283 in expenses; only \$6,808,819 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of 14,724,293 were adequate to provide for these programs.
- Fund Financial Statements - As of the close of the current fiscal year, the Little Falls Board of Education's governmental funds reported combined ending fund balances of \$5,195,878 an increase of \$1,017,116 in comparison with the prior year.
- Fund Financial Statements - At the end of June 30, 2018, unassigned fund balance for the General Fund was \$238,718 a decrease of \$6,970 from the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

District-wide Statements

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

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

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

District-wide Statements (Continued)

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

Fund Financial Statements (Continued)

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

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

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

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

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

Table A-1 provides a summary of the school district's net position at June 30, 2018 and 2017.

Net position. The District's combined net position were \$4,509,008 on June 30, 2018 and \$3,456,630 on June 30, 2017. (See Table A-1).

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

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

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE LITTLE FALLS BOARD OF
EDUCATION AS A WHOLE (Continued)**

Table A-1
Statement of Net Position
As of June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (Restatement)	2018	2017	2018	2017 (Restatement)
Current and Other Assets	\$ 5,232,183	\$ 4,492,118	\$ 42,444	\$ 31,047	\$ 5,274,627	\$ 4,523,165
Capital Assets	7,853,294	8,115,626	1,870	1,937	7,855,164	8,117,563
Total Assets	<u>13,085,477</u>	<u>12,607,744</u>	<u>44,314</u>	<u>32,984</u>	<u>13,129,791</u>	<u>12,640,728</u>
Deferred Amounts on Refunding on Debt	4,353	6,582			4,353	6,582
Deferred Amounts on Pension Liability	1,217,234	1,458,068	-	-	1,217,234	1,458,068
Total Deferred Outflow of Resources	<u>1,221,587</u>	<u>1,464,650</u>	<u>-</u>	<u>-</u>	<u>1,221,587</u>	<u>1,464,650</u>
Total Assets and Deferred Outflows of Resources	<u>14,307,064</u>	<u>14,072,394</u>	<u>44,314</u>	<u>32,984</u>	<u>14,351,378</u>	<u>14,105,378</u>
Long-Term Liabilities	8,532,604	9,846,619			8,532,604	9,846,619
Other Liabilities	74,180	353,844	16,429	27,010	90,609	380,854
Total Liabilities	<u>8,606,784</u>	<u>10,200,463</u>	<u>16,429</u>	<u>27,010</u>	<u>8,623,213</u>	<u>10,227,473</u>
Deferred Commodities Revenue				2,247	-	2,247
Deferred Amounts on Pension Liability	1,219,157	419,028	-	-	1,219,157	419,028
Total Deferred Inflows of Resources	<u>1,219,157</u>	<u>419,028</u>	<u>-</u>	<u>2,247</u>	<u>1,219,157</u>	<u>421,275</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,825,941</u>	<u>10,619,491</u>	<u>16,429</u>	<u>29,257</u>	<u>9,842,370</u>	<u>10,648,748</u>
Net Position:						
Net Investment in						
Capital Assets	4,127,031	4,096,858	1,870	1,937	4,128,901	4,098,795
Restricted	2,422,152	2,299,360			2,422,152	2,299,360
Unrestricted	(2,068,060)	(2,943,315)	26,015	1,790	(2,042,045)	(2,941,525)
Total Net Position	<u>\$ 4,481,123</u>	<u>\$ 3,452,903</u>	<u>\$ 27,885</u>	<u>\$ 3,727</u>	<u>\$ 4,509,008</u>	<u>\$ 3,456,630</u>

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE LITTLE FALLS BOARD OF EDUCATION AS A WHOLE (Continued)

Governmental activities. Governmental activities increased the District's net position by \$1,028,220. Key elements of this increase are as follows:

**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (Restatement)	2018	2017	2018	2017 (Restatement)
Revenues						
Program Revenues						
Charges for Services	\$ 44,325	\$ 60,150	\$ 221,669	\$ 174,746	\$ 265,994	\$ 234,896
Operating Grants and Contributions	6,546,407	5,530,450	133,967	115,048	6,680,374	5,645,498
Capital Grants and Contributions		967,397			-	967,397
General Revenues						
Property Taxes	14,595,848	14,228,416			14,595,848	14,228,416
Other	128,442	62,537	3	3	128,445	62,540
Total Revenues	21,315,022	20,848,950	355,639	289,797	21,670,661	21,138,747
Expenses						
Instruction						
Regular	9,539,688	8,811,828			9,539,688	8,811,828
Special Education	3,951,147	4,077,683			3,951,147	4,077,683
Other Instruction	346,460	493,058			346,460	493,058
School Sponsored Activities and Ath.	73,647	64,763			73,647	64,763
Support Services						
Student and Instruction Related Serv.	2,675,784	2,498,207			2,675,784	2,498,207
School Administrative Services	851,469	766,661			851,469	766,661
General Administrative Services	573,009	498,679			573,009	498,679
Plant Operations and Maintenance	1,301,546	1,198,916			1,301,546	1,198,916
Pupil Transportation	400,867	493,467			400,867	493,467
Central Services	486,962	460,312			486,962	460,312
Food Services			331,481	307,854	331,481	307,854
Interest on Long-Term Debt	86,223	75,982	-	-	86,223	75,982
Total Expenses	20,286,802	19,439,556	331,481	307,854	20,618,283	19,747,410
Increase/(Decrease) in Net Position Before Transfers	1,028,220	1,409,394	24,158	(18,057)	1,052,378	1,391,337
Transfers	-	(18,768)	-	18,768	-	-
Change in Net Position	1,028,220	1,390,626	24,158	711	1,052,378	1,391,337
Net Position, Beginning of Year	3,452,903	2,062,277	3,727	3,016	3,456,630	2,065,293
Net Position, End of Year	\$ 4,481,123	\$ 3,452,903	\$ 27,885	\$ 3,727	\$ 4,509,008	\$ 3,456,630

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE LITTLE FALLS BOARD OF EDUCATION AS A WHOLE (Continued)

Governmental activities. The District’s total governmental revenues were \$21,315,022. The local share of the revenues that included property taxes, interest and miscellaneous revenue, amounted to \$14,724,290 or 69% of total revenues. Funding from state and federal sources amounted to \$6,546,407 or 31%. Charges for services amounted to \$44,325 or less than 1%.

The District’s total governmental expenses were \$20,286,802 and are predominantly related to instruction and support services. Instruction totaled \$13,910,942 (69%), student and other support services totaled \$6,289,637 (31%) and interest on long-term debt total \$86,223 less than (1%) of total expenditures. (See Table A-4.)

Table A-3 Revenues by Source – Governmental Activities
For Fiscal Year 2018

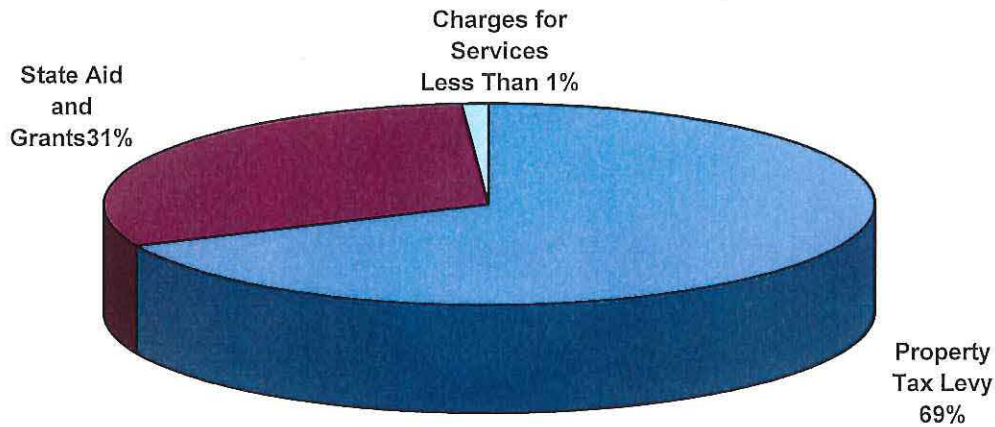
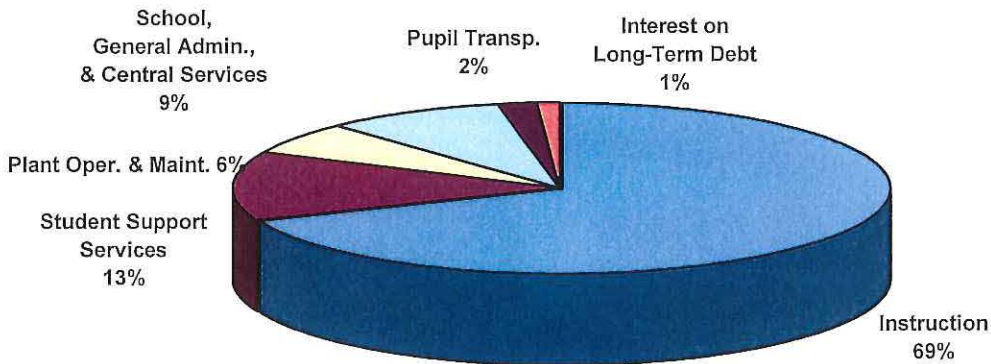


Table A-4 Expenditures by Type- Governmental Activities
For Fiscal Year 2018



DISTRICT-WIDE FINANCIAL ANALYSIS OF THE LITTLE FALLS BOARD OF EDUCATION AS A WHOLE (Continued)

**Table A-5
Cost of Services and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2018 and 2017**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Governmental Activities				
Instruction				
Regular	\$ 9,539,688	\$ 8,811,828	\$ 6,084,390	\$ 5,838,002
Special Education	3,951,147	4,077,683	2,215,626	2,465,898
Other Instruction	346,460	493,058	161,501	247,384
School Sponsored Activities and Athletics	73,647	64,763	66,531	64,763
Support Services				
Student and Instruction Related Svcs.	2,675,784	2,498,207	1,939,250	1,980,106
School Administrative Services	851,469	766,661	622,227	597,328
General Administrative Services	573,009	498,679	537,750	498,679
Plant Operations and Maintenance	1,301,546	1,198,916	1,205,315	207,974
Pupil Transportation	400,867	493,467	336,555	445,131
Central Services	486,962	460,312	440,702	460,312
Interest on Long-Term Debt	86,223	75,982	86,223	75,982
Total Governmental Activities	<u>\$ 20,286,802</u>	<u>\$ 19,439,556</u>	<u>\$ 13,696,070</u>	<u>\$ 12,881,559</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$331,481. These costs were funded by operating grants, charges for services and investment earnings (Detailed on Table A-2). The operations resulted in an increase in net position of \$24,158.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the 2017/18 fiscal year, its governmental funds reported a combined fund balance of \$5,195,878. As of June 30, 2017 the fund balance was \$4,178,762.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$18,031,888 and expenditures were \$16,995,504 for the fiscal year ended June 30, 2018.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental funds revenues for the fiscal years ended June 30, 2018 and 2017.

	<u>Year Ended</u> <u>June 30, 2018</u>	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Local Sources	\$ 14,759,270	\$ 14,328,776	\$ 430,494	3%
State Sources	2,896,692	3,401,731	(505,039)	-15%
Federal Sources	<u>375,926</u>	<u>374,970</u>	<u>956</u>	0%
Total Revenues	<u>\$ 18,031,888</u>	<u>\$ 18,105,477</u>	<u>\$ (73,589)</u>	0%

The following schedule presents a summary of governmental fund expenditures for the fiscal years ended June 30, 2018 and 2017.

	<u>Year Ended</u> <u>June 30, 2018</u>	<u>Year Ended</u> <u>June 30, 2017</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Instruction	\$ 11,057,388	\$ 10,977,639	\$ 79,749	1%
Undistributed	5,399,185	5,226,932	172,253	3%
Capital Outlay	83,519	3,961,424	(3,877,905)	-98%
Debt Service				
Principal	360,686	240,431	120,255	50%
Interest and other charges	<u>94,726</u>	<u>93,503</u>	<u>1,223</u>	1%
Total Expenditures	<u>\$ 16,995,504</u>	<u>\$ 20,499,929</u>	<u>\$ (3,504,425)</u>	-17%

General and Special Revenue Fund

Budgetary Highlights

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

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

Capital Assets and Debt Administration. The Little Falls Board of Education's investment in capital assets for its governmental and business type activities as of June 30, 2018 amounts to \$7,855,164 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and building improvements, construction in progress and machinery and equipment.

Table A-6
Capital Assets (net of depreciation)
as of June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 23,264	\$ 23,264			\$ 23,264	\$ 23,264
Construction In Progress		2,702,990			-	2,702,990
Buildings and Building Improvements	10,686,536	7,957,846			10,686,536	7,957,846
Machinery and Equipment	<u>2,695,238</u>	<u>2,637,419</u>	<u>\$ 35,232</u>	<u>\$ 35,232</u>	<u>2,730,470</u>	<u>2,672,651</u>
Total	13,405,038	13,321,519	35,232	35,232	13,440,270	13,356,751
Less: Accumulated Depreciation	<u>5,551,744</u>	<u>5,205,893</u>	<u>33,362</u>	<u>33,295</u>	<u>5,585,106</u>	<u>5,239,188</u>
Total	<u>\$ 7,853,294</u>	<u>\$ 8,115,626</u>	<u>\$ 1,870</u>	<u>\$ 1,937</u>	<u>\$ 7,855,164</u>	<u>\$ 8,117,563</u>

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

Debt Administration. As of June 30, 2018 and 2017 the school district had long-term debt and outstanding long-term liabilities in the amount of \$8,532,604 and \$9,846,619, respectively, as stated in Table A-7.

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

	<u>2018</u>	<u>2017</u>
Bonds Payable, Net	\$ 3,730,616	\$ 4,048,734
Capital/Lease Purchase		50,687
Compensated Absences	271,989	251,672
Net Pension Liability	<u>4,529,999</u>	<u>5,495,526</u>
 Total	 <u>\$ 8,532,604</u>	 <u>\$ 9,846,619</u>

The District has outstanding general obligation serial bonds including premium in the amount of \$3,730,616. These bonds were used to finance the facilities acquisitions and construction services at Schools #1, #2 and #3. The compensated absences represent the District's liability for unused accrued sick leave in the amount of \$271,989. The District has a net pension liability in the amount of \$4,529,999.

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

FOR THE FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

LITTLE FALLS BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 4,919,276	\$ 29,644	\$ 4,948,920
Receivables, net			
Receivables from Other Governments	85,885	8,117	94,002
Other Accounts Receivable	34,008		34,008
Prepaid	193,014		193,014
Inventory		4,683	4,683
Capital Assets, net			
Not Being Depreciated	23,264		23,264
Being Depreciated, Net	<u>7,830,030</u>	<u>1,870</u>	<u>7,831,900</u>
Total Assets	<u>13,085,477</u>	<u>44,314</u>	<u>13,129,791</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	4,353		4,353
Deferred Amounts on Net Pension Liability	<u>1,217,234</u>	-	<u>1,217,234</u>
Total Deferred Outflows of Resources	<u>1,221,587</u>	-	<u>1,221,587</u>
Total Assets and Deferred Outflows of Resources	<u>14,307,064</u>	<u>44,314</u>	<u>14,351,378</u>
LIABILITIES			
Accounts Payable and Other Liabilities	34,755	10,037	44,792
Unearned Revenue	1,550	6,392	7,942
Accrued Interest Payable	37,875		37,875
Noncurrent Liabilities			
Due Within One Year	334,289		334,289
Due Beyond One Year	<u>8,198,315</u>	-	<u>8,198,315</u>
Total Liabilities	<u>8,606,784</u>	<u>16,429</u>	<u>8,623,213</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,219,157</u>	-	<u>1,219,157</u>
Total Deferred Inflows of Resources	<u>1,219,157</u>	-	<u>1,219,157</u>
Total Liabilities and Deferred Inflows of Resources	<u>9,825,941</u>	<u>16,429</u>	<u>9,842,370</u>
NET POSITION			
Net Investment in Capital Asset	4,127,031	1,870	4,128,901
Restricted for:			
Other Purposes	575,000		575,000
Capital Projects	1,847,152		1,847,152
Unrestricted	<u>(2,068,060)</u>	<u>26,015</u>	<u>(2,042,045)</u>
Total Net Position	<u>\$ 4,481,123</u>	<u>\$ 27,885</u>	<u>\$ 4,509,008</u>

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

LITTLE FALLS BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 9,539,688	\$ 44,325	\$ 3,410,973		\$ (6,084,390)		\$ (6,084,390)
Special Education	3,951,147		1,735,521		(2,215,626)		(2,215,626)
Other Instruction	346,460		184,959		(161,501)		(161,501)
School Sponsored Activities	73,647		7,116		(66,531)		(66,531)
Support Services:							
Student and Instruction Related Services	2,675,784		736,534		(1,939,250)		(1,939,250)
School Administrative Services	851,469		229,242		(622,227)		(622,227)
General Administrative Services	573,009		35,259		(537,750)		(537,750)
Plant Operations and Maintenance	1,301,546		96,231		(1,205,315)		(1,205,315)
Pupil Transportation	400,867		64,312		(336,555)		(336,555)
Central Services	486,962		46,260		(440,702)		(440,702)
Interest on Long-Term Debt	86,223	-	-	-	(86,223)	-	(86,223)
Total Governmental Activities	20,286,802	44,325	6,546,407	-	(13,696,070)	-	(13,696,070)
Business-Type Activities:							
Food Service	331,481	221,669	133,967	-	-	\$ 24,155	24,155
Total Business-Type Activities	331,481	221,669	133,967	-	-	24,155	24,155
Total Primary Government	\$ 20,618,283	\$ 265,994	\$ 6,680,374	\$ -	(13,696,070)	24,155	(13,671,915)
General Revenues and Transfers:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					14,224,337		14,224,337
Taxes Levied for Debt Service					371,511		371,511
Unrestricted Grants & Contributions					40,488		40,488
Interest					8,484	3	8,487
Miscellaneous Income					79,470	-	79,470
Total General Revenues and Transfers					14,724,290	3	14,724,293
Change in Net Position					1,028,220	24,158	1,052,378
Net Position—Beginning of Year (Restatement)					3,452,903	3,727	3,456,630
Net Position—End of Year					\$ 4,481,123	\$ 27,885	\$ 4,509,008

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

FUND FINANCIAL STATEMENTS

**LITTLE FALLS BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 4,919,276				\$ 4,919,276
Receivables From Other Governments	39,429	\$ 46,456		-	85,885
Due from Other Funds	40,073				40,073
Prepaid Expense	193,014				193,014
Other Receivables	34,008	-	-	-	34,008
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 5,225,800</u>	<u>\$ 46,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,272,256</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to Other Funds		\$ 40,073			\$ 40,073
Accounts Payable	\$ 12,200	6,383			18,583
Accrued Salaries	16,172				16,172
Unearned Revenue	1,550	-	-	-	1,550
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>29,922</u>	<u>46,456</u>	<u>-</u>	<u>-</u>	<u>76,378</u>
Fund Balance:					
Nonspendable					
Prepaid	193,014				193,014
Restricted					
Excess Surplus	896,455				896,455
Excess Surplus Designated for Subsequent Year's Expenditures	409,525				409,525
Capital Reserve	1,847,152				1,847,152
Maintenance Reserve	575,000				575,000
Committed					
Year-end Encumbrances	881,839				881,839
Assigned					
Year-end Encumbrances	98,004				98,004
Designated for Subsequent Yr Exp	56,171				56,171
Unassigned					
General Fund	238,718	-	-	-	238,718
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>5,195,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,195,878</u>
Total Liabilities and Fund Balances	<u>\$ 5,225,800</u>	<u>\$ 46,456</u>	<u>\$ -</u>	<u>\$ -</u>	

**LITTLE FALLS BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:	\$ 5,195,878
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,405,038 and the accumulated depreciation is \$5,551,744.	7,853,294
Amount resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.	4,353
The District has financed capital assets through the issuance of serial bonds. The interest accrued at year end is:	(37,875)
Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows or resources or deferred outflows of resources on the statement of net position and deferred over future years.	
Deferred Outflows of Resources	\$ 1,217,234
Deferred Inflows of Resources	<u>(1,219,157)</u>
	(1,923)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds:	
Bonds Payable, Net	(3,730,616)
Compensated Absence	(271,989)
Net Pension Liability	<u>(4,529,999)</u>
	<u>(8,532,604)</u>
Net position of governmental activities	<u>\$ 4,481,123</u>

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

LITTLE FALLS BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources:					
Property Tax Levy	\$ 14,224,337			\$ 371,511	\$ 14,595,848
Tuition	44,325				44,325
Interest	8,484				8,484
Miscellaneous	79,470	\$ 31,143	-	-	110,613
Total - Local Sources	<u>14,356,616</u>	<u>31,143</u>	<u>-</u>	<u>371,511</u>	<u>14,759,270</u>
State Sources	2,863,737			32,955	2,896,692
Federal Sources	5,215	370,711	-	-	375,926
Total Revenues	<u>17,225,568</u>	<u>401,854</u>	<u>-</u>	<u>404,466</u>	<u>18,031,888</u>
EXPENDITURES					
Current:					
Regular Instruction	7,430,242	39,397			7,469,639
Special Education Instruction	3,039,370	199,206			3,238,576
Other Instruction	192,214	91,888			284,102
School Sponsored Activities and Athletics	65,071				65,071
Support Services					
Student and Instruction Related Services	2,114,243	71,363			2,185,606
General Administrative Services	520,973				520,973
School Administrative Services	676,692				676,692
Plant Operations and Maintenance	1,198,844				1,198,844
Pupil Transportation	385,110				385,110
Central Services	431,960				431,960
Debt Service:					
Principal	50,686			310,000	360,686
Interest and Other Charges	260			94,466	94,726
Capital Outlay	66,319	-	\$ 17,200	-	83,519
Total Expenditures	<u>16,171,984</u>	<u>401,854</u>	<u>17,200</u>	<u>404,466</u>	<u>16,995,504</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,053,584</u>	<u>-</u>	<u>(17,200)</u>	<u>-</u>	<u>1,036,384</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-		2,208		2,208
Transfers Out	(2,208)				(2,208)
Cancel Prior Year Revenues (Net)	-	-	(19,268)	-	(19,268)
Total Other Financing Sources and (Uses)	<u>(2,208)</u>	<u>-</u>	<u>(17,060)</u>	<u>-</u>	<u>(19,268)</u>
Net Change in Fund Balances	1,051,376	-	(34,260)	-	1,017,116
Fund Balance, Beginning of Year (Restatement)	4,144,502	-	34,260	-	4,178,762
Fund Balance, End of Year	<u>\$ 5,195,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,195,878</u>

**LITTLE FALLS BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total net change in fund balances - governmental funds (from B-2) **\$ 1,017,116**

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

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

Capital Outlay	\$ 83,519	
Depreciation Expense	<u>(345,851)</u>	(262,332)

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

Bond Principal	310,000	
Capital Leases, Net Cancellations	<u>50,687</u>	360,687

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

Amortization of Bond Premium	8,118	
Amortization of Deferred Outflow on Refunding	<u>(2,229)</u>	5,889

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

Decrease in Accrued Interest Payable		2,613
--------------------------------------	--	-------

In the statement of activities, certain operating expenses, e.g., compensated absences and pension expense are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Increase in Compensated Absences	(20,317)	
Increase in Pension Expense	<u>(75,436)</u>	<u>(95,753)</u>

Change in net assets of governmental activities (Exhibit A-2) **\$ 1,028,220**

**LITTLE FALLS BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2018**

	Business-Type Activities Enterprise Funds
	<u>Food Services</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 29,644
Intergovernmental Receivable	
State	288
Federal	7,829
Inventory	<u>4,683</u>
Total Current Assets	<u>42,444</u>
Noncurrent Assets	
Furniture, Machinery and Equipment	35,232
Less: Accumulated Depreciation	<u>(33,362)</u>
Total Noncurrent Assets	<u>1,870</u>
Total Assets	<u>44,314</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	10,037
Unearned Revenue	<u>6,392</u>
Total Current Liabilities	<u>16,429</u>
NET POSITION	
Unrestricted	<u>27,885</u>
Total Net Position	<u><u>\$ 27,885</u></u>

**LITTLE FALLS BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Funds
	<u>Food Services</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 148,998
Daily Sales - Non-reimbursable Programs	72,671
	<hr/>
Total Operating Revenues	221,669
	<hr/>
OPERATING EXPENSES	
Cost of Food - Reimbursable Programs	123,912
Cost of Food - Non-reimbursable Programs	22,487
Salaries and Wages	140,563
Purchased Professional Services	23,106
Supplies and Materials	21,346
Depreciation Expense	67
	<hr/>
Total Operating Expenses	331,481
	<hr/>
Operating Income (Loss)	(109,812)
	<hr/>
NONOPERATING REVENUES	
State Sources	
State School Lunch Program	3,599
Federal Sources	
National School Lunch Program	123,145
National School Breakfast Program	7,223
Interest and Investment Revenue	3
	<hr/>
Total Nonoperating Revenues	133,970
	<hr/>
Change in Net Position	24,158
	<hr/>
Total Net Position - Beginning of Year	3,727
	<hr/>
Total Net Position - End of Year	\$ 27,885
	<hr/> <hr/>

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

**LITTLE FALLS BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities Enterprise Funds
	<u>Food Services</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 221,669
Cash Payments for Employees' Salaries and Benefits	(140,563)
Cash Payments to Suppliers for Goods and Services	<u>(175,395)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(94,289)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>107,900</u>
Net Cash Provided by Noncapital Financing Activities	<u>107,900</u>
Interest on Investments	<u>3</u>
Net Cash Provided by Investing Activities	<u>3</u>
Net Increase in Cash and Cash Equivalents	13,614
Cash and Cash Equivalents, Beginning of Year	<u>16,030</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 29,644</u></u>
Reconciliation of Operating (Loss) / Income to Net Cash (Used) / Provided by Operating Activities	
Operating (Loss) / Income	<u>\$ (109,812)</u>
Adjustments to Reconcile Operating Loss to Net Cash (Used) / Provided by Operating Activities	
Depreciation Expense	67
Non-Cash Federal Assistance - USDA Commodity Program	26,206
(Increase) Decrease in Inventory	2,078
Increase (Decrease) in Unearned Revenue	2,276
Increase (Decrease) in Deferred Commodities Revenue	(2,247)
Increase (Decrease) in Accounts Payable	<u>(12,857)</u>
Total Adjustments	<u>15,523</u>
Net Cash (Used) / Provided by Operating Activities	<u><u>\$ (94,289)</u></u>
Non-Cash Investing, Capital and Financial Activities	
Value Received - Food Distribution Program	\$ 23,959

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

**LITTLE FALLS BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

	Unemployment Compensation <u>Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash and Cash Equivalents	\$ 83,321	\$ 27,044
Total Assets	<u>83,321</u>	<u>\$ 27,044</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 177
Due to the State	779	
Reserve for Flex Spending		1,426
Due to Student Groups	<u>-</u>	<u>25,441</u>
Total Liabilities	<u>779</u>	<u>\$ 27,044</u>
NET POSITION		
Held In Trust For Unemployment Claims and Other Purposes	<u>\$ 82,542</u>	

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

**LITTLE FALLS BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Unemployment Compensation <u>Trust Fund</u>
ADDITIONS	
Contributions	
Employee	\$ 15,826
Total Contributions	<u>15,826</u>
Investment Earnings:	
Interest	<u>245</u>
Net Investment Earnings	<u>245</u>
Total Additions	<u>16,071</u>
DEDUCTIONS	
Unemployment Claims	<u>86,461</u>
Total Deductions	<u>86,461</u>
Change in Net Position	(70,390)
Net Position, Beginning of Year	<u>152,932</u>
Net Position, End of Year	<u>\$ 82,542</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2018, the District adopted the following GASB statements as required:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the fiscal year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

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

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

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

4. *Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**LITTLE FALLS BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Capital Assets

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

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

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

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

6. Deferred Outflows/Inflows of Resources

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

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

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits.

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

8. *Pensions*

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

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

9. *Long-Term Obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

Nonspendable Fund Balance – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Prepays – Represents the portion of fund balance not available for future spending related to costs associated with and chargeable to future accounting periods.

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

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

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2).

LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amount are used only after the other resources have been used.

11. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, and additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$1,126,746. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances and the appropriation of capital and emergency reserve funds.

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

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

**LITTLE FALLS BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017	\$ 1,974,360
Increased by	
Deposits Approved by Board Resolution	<u>\$ 500,000</u>
	2,474,360
Withdrawals	
Approved by Board Resolution	<u>627,208</u>
Balance, June 30, 2018	<u>\$ 1,847,152</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

C. Maintenance Reserve

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

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

**LITTLE FALLS BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017	\$ 325,000
Increased by	
Deposits Approved by Board Resolution	<u>250,000</u>
Balance, June 30, 2018	<u>\$ 575,000</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$721,143.

D. Emergency Reserve

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

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

The activity of the emergency reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017	\$ 202,409
Withdrawals:	
Approved by Commissioner of Education	<u>202,409</u>
Balance, June 30, 2018	<u>\$ -</u>

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$1,305,980. Of this amount, \$409,525 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$896,455 will be appropriated in the 2019/2020 original budget certified for taxes.

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$5,059,285 and bank and brokerage firm balances of the Board's deposits amounted to \$5,687,809. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 5,687,809</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board's bank balance was not exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

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

**LITTLE FALLS BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2018 for the district's individual major funds are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental	\$ 39,429	\$ 46,456	\$ 8,117	\$ 94,002
Other	<u>34,008</u>	<u>-</u>	<u>-</u>	<u>34,008</u>
Net Total Receivables	<u>\$ 73,437</u>	<u>\$ 46,456</u>	<u>\$ 8,117</u>	<u>\$ 128,010</u>

C. Unearned Revenue

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

General Fund	
Unearned Tuition Revenue	<u>\$ 1,550</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 1,550</u>

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Transfer</u>	Balance, <u>June 30, 2018</u>
Governmental activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 23,264			\$ 23,264
Construction In Progress	<u>2,702,990</u>	-	<u>\$ (2,702,990)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>2,726,254</u>	-	<u>(2,702,990)</u>	<u>23,264</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	7,957,846	\$ 25,700	2,702,990	10,686,536
Machinery and Equipment	<u>2,637,419</u>	<u>57,819</u>	<u>-</u>	<u>2,695,238</u>
Total Capital Assets Being Depreciated	<u>10,595,265</u>	<u>83,519</u>	<u>2,702,990</u>	<u>13,381,774</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	(3,635,681)	(122,157)		(3,757,838)
Machinery and Equipment	<u>(1,570,212)</u>	<u>(223,694)</u>	<u>-</u>	<u>(1,793,906)</u>
Total Accumulated Depreciation	<u>(5,205,893)</u>	<u>(345,851)</u>	<u>-</u>	<u>(5,551,744)</u>
Total Capital Assets, Being Depreciated, Net	<u>5,389,372</u>	<u>(262,332)</u>	<u>2,702,990</u>	<u>7,830,030</u>
Governmental Activities Capital Assets, Net	<u>\$ 8,115,626</u>	<u>\$ (262,332)</u>	<u>\$ -</u>	<u>\$ 7,853,294</u>

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 35,232	-	-	\$ 35,232
Total Capital Assets Being Depreciated	<u>35,232</u>	<u>-</u>	<u>-</u>	<u>35,232</u>
Less Accumulated Depreciation For:				
Machinery and Equipment	<u>(33,295)</u>	<u>\$ (67)</u>	<u>-</u>	<u>(33,362)</u>
Total Accumulated Depreciation	<u>(33,295)</u>	<u>(67)</u>	<u>-</u>	<u>(33,362)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,937</u>	<u>(67)</u>	<u>-</u>	<u>1,870</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,937</u>	<u>\$ (67)</u>	<u>\$ -</u>	<u>\$ 1,870</u>

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

Governmental Activities:

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

**LITTLE FALLS BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
Automated Lockdown & Emergency Notificatin System	\$ 72,583
Security Cameras	138,581
Parking Lot School #2	625,000
Outdoor Shade Structure & Playground Equipment School #1	<u>32,876</u>
	<u>\$ 869,040</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 40,073</u>

Interfund transfers

	<u>Transfer In:</u>	
	<u>Capital Projects</u>	<u>Total</u>
Transfer Out:		
General Fund	<u>\$ 2,208</u>	<u>\$ 2,208</u>

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

F. Leases

Capital Leases

The District was leasing buses totaling \$50,000 under capital leases. The lease was for a term of 5 years. The final lease payment was made during 2017/18.

Lease Purchase Agreements

The District has entered into lease purchase agreements for computers. The final lease payment was made during 2017/18.

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2018 are comprised of the following issues:

\$1,850,000, 2012 Refunding Bonds, due in annual installments of \$180,000 to \$190,000 through August 1, 2021, interest at 3.375% to 4.00%	\$740,000
\$3,067,000, 2016 Bonds, due in annual installments of \$130,000 to \$240,000 through August 1, 2031, interest at 2.00% to 3.00%	<u>2,947,000</u>
Total	<u>\$ 3,687,000</u>

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

Governmental Activities:

Fiscal Year Ended June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 320,000	\$ 86,391	\$ 406,391
2020	325,000	77,132	402,132
2021	340,000	67,244	407,244
2022	350,000	56,810	406,810
2023	195,000	49,560	244,560
2024-2028	1,200,000	178,050	1,378,050
2029-2033	<u>957,000</u>	<u>50,535</u>	<u>1,007,535</u>
	<u>\$ 3,687,000</u>	<u>\$ 565,722</u>	<u>\$ 4,252,722</u>

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 48,410,326
Less: Net Debt	<u>3,687,000</u>
Remaining Borrowing Power	<u>\$ 44,723,326</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 3,997,000		\$ 310,000	\$ 3,687,000	\$ 320,000
Deferred Amounts:					
Add: Original Issue Premium	<u>51,734</u>	<u>-</u>	<u>8,118</u>	<u>43,616</u>	<u>6,789</u>
Total Bonds Payable	4,048,734	-	318,118	3,730,616	326,789
Capital/Lease Purchase	50,687		50,687	-	
Compensated Absences	251,672	\$ 43,905	23,588	271,989	7,500
Net Pension Liability	<u>5,495,526</u>	<u>-</u>	<u>965,527</u>	<u>4,529,999</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 9,846,619</u>	<u>\$ 43,905</u>	<u>\$ 1,357,920</u>	<u>\$ 8,532,604</u>	<u>\$ 334,289</u>

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

**LITTLE FALLS BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

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

Fiscal Year Ended <u>June 30,</u>	District <u>Contributions</u>	Employee <u>Contributions</u>	Amount <u>Reimbursed</u>	Ending <u>Balance</u>
2018	-	\$ 15,826	\$ 86,461	\$ 82,542
2017	\$ 15,000	16,146	17,513	152,932
2016	50,000	15,650	1,090	139,024

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**LITTLE FALLS BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

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

Other Pension Funds

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

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

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

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

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2016 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 181,960	\$ 1,011,094	\$ 21,671
2017	165,047	701,797	18,249
2016	168,807	466,683	18,180

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$181,960 and \$165,047, respectively for PERS and the State contributed \$1,285 and \$1,237, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$540,151 during the fiscal year ended June 30, 2018 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

To facilitate the separate actual valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$4,529,999 for its proportionate share of the PERS 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 as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District's proportionate share was .01946 percent, which was an increase of .0009 percent from its proportionate share measured as of June 30, 2016 of .01856 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$262,797 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 106,666	
Changes of Assumptions	912,639	\$ 909,293
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	30,846	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>167,083</u>	<u>309,864</u>
Total	<u>\$ 1,217,234</u>	<u>\$ 1,219,157</u>

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 398
2020	398
2021	398
2022	396
2023	(3,513)
Thereafter	<u>-</u>
	<u>\$ (1,923)</u>

Actuarial Assumptions

The District's 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 in the measurement:

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

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<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%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
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 Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,914,223 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$42,067,497. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .06239 percent, which was an increase of .0041 percent from its proportionate share measured as of June 30, 2016 of .05829 percent.

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The 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 in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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

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

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<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 Estate	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%

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at 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	<u>366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$653,045, \$584,756 and \$555,691, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the school district was not determined or made available by the State of New Jersey.

The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**LITTLE FALLS BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,052,318. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$30,764,853. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .05735 percent, which was a decrease of .00009 percent from its proportionate share measured as of June 30, 2016 of .05744 percent.

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**LITTLE FALLS BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

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

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

Fiscal Year	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ 33,219,115
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 1,502,189
Interest on the Total OPEB Liability	976,175
Changes of Assumptions	(4,064,482)
Gross Benefit Payments	(901,333)
Contributions from the Member	33,189
Net Changes	<u>\$ (2,454,262)</u>
Balance, June 30, 2017 Measurement Date	<u>\$ 30,764,853</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 36,520,100	\$ 30,764,853	\$ 26,199,736

**LITTLE FALLS BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 25,301,118	\$ 30,764,853	\$ 38,020,629

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

F. Tax Abatements

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

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

NOTE 5 RESTATEMENT

The Little Falls Board of Education has determined that in the previous fiscal year it reported a prepaid health benefits payment as a current year expense. The Board has determined that the effect of this correction on the financial statements previously reported as of and for the fiscal year ended June 30, 2017 was to increase the Assets and Net Position on the Basic Financial Statements and to increase Assets and Fund Balance on the Fund Financial Statements in the amount of \$170,904.

The result of this restatement is to increase total net position of governmental activities at June 30, 2017 from \$3,281,999 as originally reported to \$3,452,903. The result of this restatement also is to increase total fund balance of the general fund-governmental funds at June 30, 2017 from \$3,973,604 as originally reported to \$ 4,144,502.

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 5 RESTATEMENT (Continued)

	Beginning Balance Prior to <u>Restatement</u>	<u>Restatement</u>	Beginning Balance, <u>Restated</u>
Governmental Activities			
Assets			
Prepaid		\$ 170,904	\$ 170,904
Total Assets	<u>\$ 12,436,840</u>	<u>170,904</u>	<u>12,607,744</u>
Total Assets and Deferred Outflows of Resources	<u>13,901,490</u>	<u>170,904</u>	<u>14,072,394</u>
Net Position			
Unrestricted	<u>(3,114,219)</u>	<u>170,904</u>	<u>(2,943,315)</u>
Total Governmental Activities Net Position	<u>\$ 3,281,999</u>	<u>\$ 170,904</u>	<u>\$ 3,452,903</u>
 General Fund - Governmental Fund			
Assets			
Prepaid Expense	<u>\$ -</u>	<u>\$ 170,904</u>	<u>\$ 170,904</u>
Total Assets	<u>\$ 4,053,857</u>	<u>\$ 170,904</u>	<u>\$ 4,144,502</u>
 Liabilities and Fund Balances			
Fund Balances			
Nonspendable Prepaid	<u>\$ -</u>	<u>\$ 170,904</u>	<u>\$ 170,904</u>
Total Fund Balance	<u>\$ 3,973,604</u>	<u>\$ 170,904</u>	<u>\$ 4,144,502</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**LITTLE FALLS BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 14,224,337		\$ 14,224,337	\$ 14,224,337	
Tuition	27,000		27,000	44,325	\$ 17,325
Interest				8,484	8,484
Miscellaneous	20,000	-	20,000	79,470	59,470
Total Local Sources	14,271,337	-	14,271,337	14,356,616	85,279
State Sources					
Special Education Aid	450,207	\$ 34,894	485,101	485,101	
Transportation Aid	39,581		39,581	39,581	
Security Aid	23,895		23,895	23,895	
Adjustment Aid	1		1	1	
PARCC Readiness Aid	9,010		9,010	9,010	
Per Pupil Growth Aid	9,010		9,010	9,010	
Prof Learning Comm Aid	8,790		8,790	8,790	
Extraordinary Aid				47,767	47,767
Additional Nonpublic Transportation Aid				13,920	13,920
Lead Testing for School Aid				2,245	2,245
On-behalf TPAF Pension System Contribution (Non-Budgeted)					
Normal				987,139	987,139
Premium NCGI				23,955	23,955
Post Retirement Medical Benefits				653,045	653,045
Long Term Disability Insurance				1,285	1,285
On-behalf TPAF Social Security Contributions (Non-budgeted)	-	-	-	540,151	540,151
Total State Sources	540,494	34,894	575,388	2,844,895	2,269,507
Federal Sources					
Semi Medicaid Reimbursement	15,737	-	15,737	5,215	(10,522)
Total Federal Sources	15,737	-	15,737	5,215	(10,522)
Total Revenues	14,827,568	34,894	14,862,462	17,206,726	2,344,264
EXPENDITURES					
CURRENT EXPENSE					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	55,410		55,410	55,410	-
Kindergarten	395,318	62,968	458,286	458,286	-
Grades 1-5	2,545,160	(77,260)	2,467,900	2,463,822	4,078
Grades 6-8	1,632,984	63,713	1,696,697	1,696,676	21
Regular Programs - Home Instruction					
Salaries of Teachers	7,000	-	7,000	2,280	4,720
Regular Programs - Undistributed Instruction					
Unused Vacation Payment to Terminated/ Retired Staff	65,000	(15,362)	49,638	23,588	26,050
Purchased Professional Education Svs.	14,500	-	14,500	8,618	5,882
Purchased Technical Services	19,052	-	19,052	15,320	3,732
Other Purchased Services	152,810	(22,091)	130,719	128,121	2,598
General Supplies	363,813	(5,814)	357,999	291,572	66,427
Textbooks	16,902	(6,495)	10,407	3,083	7,324
Other Objects	-	575	575	575	-
Total Regular Programs	5,267,949	234	5,268,183	5,147,351	120,832

**LITTLE FALLS BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 315,842	\$ (12,895)	\$ 302,947	\$ 295,943	\$ 7,004
Other Salaries for Instruction	158,128	84,734	242,862	227,210	15,652
General Supplies	1,800	593	2,393	2,358	35
Textbooks	1,600	(593)	1,007	-	1,007
Total Learning and/or Language Disabilities	<u>477,370</u>	<u>71,839</u>	<u>549,209</u>	<u>525,511</u>	<u>23,698</u>
Multiple Disabilities					
Salaries of Teachers	118,985	1,350	120,335	120,335	-
Other Salaries for Instruction	289,441	(103,454)	185,987	161,536	24,451
Purchased Professional-Educational Svs.	31,400	-	31,400	22,614	8,786
General Supplies	3,000	-	3,000	528	2,472
Total Multiple Disabilities	<u>442,826</u>	<u>(102,104)</u>	<u>340,722</u>	<u>305,013</u>	<u>35,709</u>
Resource Room/Resource Center					
Salaries of Teachers	646,393	9,430	655,823	630,737	25,086
Other Salaries for Instruction	103,000	20,836	123,836	118,836	5,000
Supplies	2,500	-	2,500	824	1,676
Textbooks	1,200	-	1,200	-	1,200
Total Resource Room/Resource Center	<u>753,093</u>	<u>30,266</u>	<u>783,359</u>	<u>750,397</u>	<u>32,962</u>
Preschool Disabilities - Part Time					
Salaries of Teachers	69,625	23,135	92,760	89,835	2,925
Other Salaries for Instruction	83,941	(23,434)	60,507	41,898	18,609
General Supplies	-	299	299	291	8
Total Preschool Disabilities - Part Time	<u>153,566</u>	<u>-</u>	<u>153,566</u>	<u>132,024</u>	<u>21,542</u>
Preschool Disabilities - Full Time					
Salaries of Teachers	88,319	-	88,319	85,119	3,200
Other Salaries for Instruction	207,448	-	207,448	130,382	77,066
Purchased Professional-Educational Svs.	10,000	(2,600)	7,400	-	7,400
General Supplies	2,000	-	2,000	-	2,000
Total Preschool Disabilities - Full Time	<u>307,767</u>	<u>(2,600)</u>	<u>305,167</u>	<u>215,501</u>	<u>89,666</u>
Home Instruction					
Purchased Professional-Educational Svs.	-	2,600	2,600	2,600	-
Total Home Instruction	<u>-</u>	<u>2,600</u>	<u>2,600</u>	<u>2,600</u>	<u>-</u>
Basic Skills/Remedial - Instruction					
Salaries of Teachers	186,893	-	186,893	129,093	57,800
General Supplies	1,000	-	1,000	-	1,000
Total Basic Skills/Remedial - Instruction	<u>187,893</u>	<u>-</u>	<u>187,893</u>	<u>129,093</u>	<u>58,800</u>
Bilingual Education					
General Supplies	2,000	-	2,000	-	2,000
Total Bilingual Education	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
School Sponsored Co-Curricular Activities					
Salaries	49,249	-	49,249	49,185	64
Total School Sponsored Co-Curricular Activities	<u>49,249</u>	<u>-</u>	<u>49,249</u>	<u>49,185</u>	<u>64</u>
Total - Instruction	<u>7,641,713</u>	<u>235</u>	<u>7,641,948</u>	<u>7,256,675</u>	<u>385,273</u>

**LITTLE FALLS BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Priv Sch. For Disabled w/in State	\$ 488,669	\$ (3,130)	\$ 485,539	\$ 249,968	\$ 235,571
Total Undistributed Expenditures - Instruction	488,669	(3,130)	485,539	249,968	235,571
Health Services					
Salaries	229,357	(1,599)	227,758	226,732	1,026
Purchased Professional and Technical Svs.	20,370	6,594	26,964	26,964	-
Supplies and Materials	7,000	(1,994)	5,006	4,630	376
Total Health Services	256,727	3,001	259,728	258,326	1,402
Speech, OT, PT and Related Services					
Salaries	245,977	(1,900)	244,077	219,616	24,461
Purchased Professional-Educational Services		3,060	3,060	3,060	-
Supplies and Materials	5,500	(1,160)	4,340	3,038	1,302
Total Speech, OT, PT and Related Services	251,477	-	251,477	225,714	25,763
Other Support Services - Students - Extra Services					
Salaries	154,498	-	154,498	154,498	-
Purchased Professional-Educational Services	74,800	-	74,800	64,510	10,290
Total Other Support Services - Students - Extra Services	229,298	-	229,298	219,008	10,290
Guidance					
Salaries of Other Professional Staff	57,775	34,894	92,669	85,937	6,732
Supplies and Materials	500	-	500	-	500
Total Guidance	58,275	34,894	93,169	85,937	7,232
Child Study Teams					
Salaries of Other Professional Staff	501,351	(8,200)	493,151	457,973	35,178
Salaries of Secretarial and Clerical Assistants	53,099	8,199	61,298	61,298	-
Other Purchased Professional-Technical Svs.	3,000	-	3,000	3,000	-
Supplies and Materials	2,000	-	2,000	1,656	344
Other Objects	1,500	-	1,500	970	530
Total Child Study Teams	560,950	(1)	560,949	524,897	36,052
Improvement of Instruction Services					
Salaries of Other Professional Staff	45,000	-	45,000	45,000	-
Purchased Professional-Educational Services	5,000	-	5,000	2,867	2,133
Other Purchased Services	5,000	-	5,000	671	4,329
Total Improvement of Instruction Services	55,000	-	55,000	48,538	6,462

**LITTLE FALLS BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Undistributed Expenditures					
Educational Media Services/School Library					
Salaries	\$ 86,625	-	\$ 86,625	\$ 86,625	-
Purchased Professional and Technical Services	111,000	\$ (3,000)	108,000	96,100	\$ 11,900
Supplies and Materials	2,500	-	2,500	1,215	1,285
	<u>200,125</u>	<u>(3,000)</u>	<u>197,125</u>	<u>183,940</u>	<u>13,185</u>
Instructional Staff Training Service					
Purchased Professional - Educational Svs.	2,975	-	2,975	-	2,975
Other Purchased Services	2,400	-	2,400	-	2,400
	<u>5,375</u>	<u>-</u>	<u>5,375</u>	<u>-</u>	<u>5,375</u>
Support Services General Administration					
Salaries	243,438	264	243,702	243,702	-
Legal Services	48,000	-	48,000	7,605	40,395
Audit Fees	30,000	(2,100)	27,900	25,434	2,466
Architectural/Engineering Services	-	55,500	55,500	40,050	15,450
Other Purchased Professional Services	31,098	(7,564)	23,534	23,535	(1)
Communications/Telephone	24,500	(94)	24,406	24,354	52
Travel - All Other	3,800	-	3,800	300	3,500
BOE Other Purchased Services	3,000	(2,102)	898	300	598
Miscellaneous Purchased Services	47,348	62	47,410	38,312	9,098
Supplies and Materials	5,000	5,650	10,650	10,212	438
Miscellaneous Expenditures	2,825	-	2,825	2,284	541
BOE Membership Dues and Fees	8,600	(351)	8,249	6,029	2,220
	<u>447,609</u>	<u>49,265</u>	<u>496,874</u>	<u>422,117</u>	<u>74,757</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	277,389	6,300	283,689	283,689	-
Salaries of Secretarial and Clerical Assistants	172,843	-	172,843	164,644	8,199
Other Salaries	11,000	-	11,000	6,163	4,837
Purchased Professional and Technical Svs.	3,050	41,217	44,267	2,950	41,317
Other Purchased Services	500	(260)	240	240	-
Supplies and Materials	7,150	1,231	8,381	7,863	518
Other Objects	3,235	(971)	2,264	2,264	-
	<u>475,167</u>	<u>47,517</u>	<u>522,684</u>	<u>467,813</u>	<u>54,871</u>
Undistributed Expenditures - Central Services					
Salaries	318,614	1,129	319,743	319,743	-
Purchased Professional Services	1,500	-	1,500	-	1,500
Purchased Technical Services	3,500	(1,130)	2,370	925	1,445
Travel - All Other	2,000	-	2,000	1,348	652
Supplies and Materials	6,600	33,701	40,301	5,509	34,792
Miscellaneous Expenditures	1,200	-	1,200	1,165	35
	<u>333,414</u>	<u>33,700</u>	<u>367,114</u>	<u>328,690</u>	<u>38,424</u>

**LITTLE FALLS BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Undist. Expend. - Admin. Info. Technology					
Purchased Technical Services	\$ 1,600	-	\$ 1,600		\$ 1,600
Supplies and Materials	2,000	-	2,000	-	2,000
Total Undist. Expend-Admin. Info. Tech.	<u>3,600</u>	<u>-</u>	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Undist. Expend. - Required Maint. For School Facilities					
Salaries	72,800	-	72,800	\$ 72,800	-
Cleaning, Repair, and Maintenance	57,961	\$ 44,896	102,857	76,588	26,269
General Supplies	40,150	(24,667)	15,483	14,658	825
Other Objects	757	859	1,616	1,612	4
Total Undist. Expend - Required Maint. For School Facilities	<u>171,668</u>	<u>21,088</u>	<u>192,756</u>	<u>165,658</u>	<u>27,098</u>
Custodial Services					
Salaries	398,388	(11,949)	386,439	383,075	3,364
Salaries of Non-Instructional Aides	25,000	3,631	28,631	28,631	-
Purchased Professional and Technical Svcs.	11,227	(76)	11,151	781	10,370
Cleaning, Repair, and Maintenance Services	105,148	52,892	158,040	139,243	18,797
Other Purchased Property Services	14,000	(127)	13,873	11,916	1,957
Insurance	69,274	2,967	72,241	72,241	-
General Supplies	58,035	(229)	57,806	45,684	12,122
Energy (Natural Gas)	120,000	-	120,000	82,183	37,817
Energy(Electricity)	120,000	5,084	125,084	103,276	21,808
Energy (Gasoline)	18,000	(10,425)	7,575	5,512	2,063
Other Objects	800	(230)	570	425	145
Total Custodial Services	<u>939,872</u>	<u>41,538</u>	<u>981,410</u>	<u>872,967</u>	<u>108,443</u>
Care and Upkeep of Grounds					
Purchased Professional and Technical Services		663	663	663	-
General Supplies	-	5,341	5,341	5,341	-
Total Care and Upkeep of Grounds	<u>-</u>	<u>6,004</u>	<u>6,004</u>	<u>6,004</u>	<u>-</u>
Security					
Supplies	-	8,885	8,885	5,585	3,300
Total Security	<u>-</u>	<u>8,885</u>	<u>8,885</u>	<u>5,585</u>	<u>3,300</u>
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Regular	22,268	-	22,268	17,178	5,090
Salaries for Pupil Transportation (Between Home and School) - Sp Ed	60,942	-	60,942	57,630	3,312
Management Fee - ESC & CTSA Transportation Prog.	4,500	(2,309)	2,191	1,322	869
Cleaning, Repair & Maint. Services	19,000	2,309	21,309	21,309	-
Lease Purchase Payments - School Buses	11,137	-	11,137	11,136	1
Contracted Services (Other Than Between Home and School) - Vendors	3,000	15	3,015	3,015	-
Contracted Services (Between Home and School) - Joint Agreements	20,500	(1,015)	19,485		19,485
Contracted Services (Regular Ed. Students)- ESCs & CTSA	157,000	-	157,000	131,400	25,600
Contracted Services (Special Ed. Students)- ESCs & CTSA	91,972	-	91,972	78,852	13,120
Contracted Services-Aid in Lieu of Payments - Non-Public Schools	50,000	1,000	51,000	48,500	2,500
Miscellaneous Purchased Services-Trans.	500	99	599	599	-
Supplies and Materials	6,200	(99)	6,101	1,145	4,956
Total Student Transportation Services	<u>447,019</u>	<u>-</u>	<u>447,019</u>	<u>372,086</u>	<u>74,933</u>

**LITTLE FALLS BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES					
CURRENT EXPENSE (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 201,500		\$ 201,500	\$ 171,331	\$ 30,169
Other Retirement Contributions-PERS	201,913	\$ (13,226)	188,687	181,960	6,727
Other Retirement Contributions-DCRP		21,671	21,671	21,671	-
Workmen's Compensation	71,966	-	71,966	69,871	2,095
Health Benefits	2,304,189	(197,382)	2,106,807	1,605,005	501,802
Tuition Reimbursement	30,000	-	30,000	29,549	451
Other Employee Benefits	66,000	29,672	95,672	73,203	22,469
	<u>2,875,568</u>	<u>(159,265)</u>	<u>2,716,303</u>	<u>2,152,590</u>	<u>563,713</u>
Total Unallocated Benefits - Employee Benefits					
On-behalf TPAF Pension System Contribution (Non-Budget)					
Normal				987,139	(987,139)
NCGI Premium				23,955	(23,955)
Post Retirement Medical Benefits				653,045	(653,045)
Long Term Disability Insurance				1,285	(1,285)
On-behalf TPAF Social Security Contributions (Non-budgeted)	-	-	-	540,151	(540,151)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,205,575</u>	<u>(2,205,575)</u>
Total On-behalf Contributions					
Total Undistributed Expenditures	<u>7,799,813</u>	<u>80,496</u>	<u>7,880,309</u>	<u>8,795,413</u>	<u>(915,104)</u>
Total Expenditures - Current Expense	<u>15,441,526</u>	<u>80,731</u>	<u>15,522,257</u>	<u>16,052,088</u>	<u>(529,831)</u>
CAPITAL OUTLAY					
Undistributed Expenditures - Instruction	-	32,876	32,876	-	32,876
Total Capital Outlay	<u>-</u>	<u>32,876</u>	<u>32,876</u>	<u>-</u>	<u>32,876</u>
Facilities Acquisition and Construction Serv.					
Assessment for Debt Service on SDA Funding	20,146	-	20,146	20,146	-
Construction Services	-	889,926	889,926	58,463	831,463
	<u>20,146</u>	<u>889,926</u>	<u>910,072</u>	<u>78,609</u>	<u>831,463</u>
Total Facilities Acquisition and Construction Serv.					
Total Capital Outlay	<u>20,146</u>	<u>922,802</u>	<u>942,948</u>	<u>78,609</u>	<u>864,339</u>
Transfer of Funds to Charter Schools	38,156	3,131	41,287	41,287	-
Total Expenditures	<u>15,499,828</u>	<u>1,006,664</u>	<u>16,506,492</u>	<u>16,171,984</u>	<u>334,508</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(672,260)</u>	<u>(971,770)</u>	<u>(1,644,030)</u>	<u>1,034,742</u>	<u>2,678,772</u>
Other Financing Sources (Uses)					
Transfers Out - Capital Projects	-	-	-	(2,208)	(2,208)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,208)</u>	<u>(2,208)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	<u>(672,260)</u>	<u>(971,770)</u>	<u>(1,644,030)</u>	<u>1,032,534</u>	<u>2,676,564</u>
Fund Balances, Beginning of Year (Restated)	<u>4,265,685</u>	<u>-</u>	<u>4,265,685</u>	<u>4,265,685</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 3,593,425</u>	<u>\$ (971,770)</u>	<u>\$ 2,621,655</u>	<u>\$ 5,298,219</u>	<u>\$ 2,676,564</u>

LITTLE FALLS BOARD OF EDUCATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Fund Balance:					
Nonspendable					
Prepays				\$ 193,014	
Restricted					
Excess Surplus				896,455	
Excess Surplus Designated for Subsequent Year's Expenditures				409,525	
Capital Reserve				1,847,152	
Maintenance Reserve				575,000	
Committed					
Year-end Encumbrances				881,839	
Assigned					
Year-end Encumbrances				98,004	
Designated for Subsequent Year's Expenditures				56,171	
Unassigned				<u>341,059</u>	
				5,298,219	
Less: State Aid Payment Not Recognized on GAAP				(54,574)	
Extraordinary Aid Payment Not Recognized on GAAP				<u>(47,767)</u>	
Fund Balance, GAAP Basis				<u>\$ 5,195,878</u>	

**LITTLE FALLS BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustment</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Federal Sources	\$ 282,272	\$ 88,939	\$ 371,211	\$ 370,711	\$ (500)
Local Sources	-	31,143	31,143	31,143	-
Total Revenues	<u>282,272</u>	<u>120,082</u>	<u>402,354</u>	<u>401,854</u>	<u>(500)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	12,000	33,364	45,364	45,364	-
Other Purchased Services	151,964	45,878	197,842	197,842	-
General Supplies	95,545	(8,260)	87,285	87,285	-
Total Instruction	<u>259,509</u>	<u>70,982</u>	<u>330,491</u>	<u>330,491</u>	<u>-</u>
Support Services					
Purchase Professional & Educational	8,075	46,239	54,314	54,314	-
Personal Services- Employee Benefits		716	716	716	-
Miscellaneous Purchase Services	14,688	1,645	16,333	16,333	-
General Supplies	-	500	500	-	500
Total Support Services	<u>22,763</u>	<u>49,100</u>	<u>71,863</u>	<u>71,363</u>	<u>500</u>
Total Expenditures	<u>282,272</u>	<u>120,082</u>	<u>402,354</u>	<u>401,854</u>	<u>500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 17,206,726	\$ 401,854
State Aid payment not recognized for budgetary purposes, recognized for GAAP statements (2016/2017 State Aid)	121,183	
State Aid payment recognized for budgetary purposes, not recognized for GAAP statements (2017/2018 State Aid)	<u>(102,341)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibits B-2)	<u>\$ 17,225,568</u>	<u>\$ 401,854</u>
Uses/Outflows of Resources		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule (Exhibits C-1 and C-2)	<u>\$ 16,171,984</u>	<u>\$ 401,854</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 16,171,984</u>	<u>\$ 401,854</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION AND OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Five Fiscal Years*

	<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>	
District's Proportion of the Net Position Liability (Asset)	0.01946	%	0.05829	%	0.01963	%	0.01957	%	0.02195	%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,529,999		\$ 5,495,526		\$ 4,407,629		\$ 3,664,306		\$ 4,195,569	
District's Covered-Employee Payroll	\$ 1,183,061		\$ 1,288,695		\$ 1,247,726		\$ 1,335,781		\$ 1,352,320	
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	383	%	426	%	353	%	274	%	310	%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.1	%	40.14	%	47.93	%	52.08	%	48.72	%

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

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

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

Public Employees Retirement System

Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 181,960	\$ 165,047	\$ 168,807	\$ 182,549	\$ 165,408
Contributions in Relation to the Contractually Required Contribution	<u>181,960</u>	<u>165,047</u>	<u>168,807</u>	<u>182,549</u>	<u>165,408</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,183,061	\$ 1,288,695	\$ 1,247,726	\$ 1,335,781	\$ 1,352,320
Contributions as a Percentage of Covered-Employee Payroll	15.38 %	12.81 %	13.53 %	13.67 %	12.23 %

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

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

Teachers Pension and Annuity Fund

Last Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	0 %	0 %	0 %	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 42,067,497</u>	<u>\$ 45,853,739</u>	<u>\$ 40,766,917</u>	<u>\$ 34,855,179</u>	<u>\$ 31,882,257</u>
∞ Total	<u>\$ 42,067,497</u>	<u>\$ 45,853,739</u>	<u>\$ 40,766,917</u>	<u>\$ 34,855,179</u>	<u>\$ 31,882,257</u>
District's Covered-Employee Payroll	\$ 7,065,552	\$ 6,662,989	\$ 6,327,908	\$ 5,850,530	\$ 6,462,351
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
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 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**LITTLE FALLS BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2017 to the District's rate as of June 30, 2018, in accordance with GASB Statement No. 67.

**LITTLE FALLS BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 1,502,189
Interest on Total OPEB Liability	976,175
Changes of Assumptions	(4,064,482)
Gross Benefit Payments	(901,333)
Contribution from the Member	33,189
Net Change in Total OPEB Liability	(2,454,262)
Total OPEB Liability - Beginning	33,219,115
Total OPEB Liability - Ending	\$ 30,764,853
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	30,764,853
Total OPEB Liability - Ending	\$ 30,764,853
District's Covered-Employee Payroll	\$ 8,248,613
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

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

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**LITTLE FALLS BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

SCHOOL LEVEL SCHEDULES

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

NOT APPLICABLE

SPECIAL REVENUE FUND

**LITTLE FALLS BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>NCLB Title I</u>	<u>NCLB Title II - A</u>	<u>NCLB Title III</u>	<u>I.D.E.I.A. Part B Basic</u>	<u>I.D.E.I.A. Part B Preschool</u>	<u>Local Grant</u>	<u>Total</u>
REVENUES							
Intergovernmental							
Federal	\$ 135,888	\$ 26,333	\$ 8,568	\$ 189,842	\$ 10,080		\$ 370,711
Local	-	-	-	-	-	\$ 31,143	31,143
Total Revenues	<u>\$ 135,888</u>	<u>\$ 26,333</u>	<u>\$ 8,568</u>	<u>\$ 189,842</u>	<u>\$ 10,080</u>	<u>\$ 31,143</u>	<u>\$ 401,854</u>
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 36,000				\$ 9,364		\$ 45,364
Other Purchased Services	8,000			\$ 189,842			197,842
General Supplies	47,888	-	\$ 8,254	-	-	\$ 31,143	87,285
Total Instruction	<u>91,888</u>	<u>-</u>	<u>8,254</u>	<u>189,842</u>	<u>9,364</u>	<u>31,143</u>	<u>330,491</u>
Support Services							
Purchase Professional & Educational	44,000	\$ 10,000	314				54,314
Personal Services-Emp. Benefits					716		716
Miscellaneous Purchase Services	-	16,333	-	-	-	-	16,333
Total Support Services	<u>44,000</u>	<u>26,333</u>	<u>314</u>	<u>-</u>	<u>716</u>	<u>-</u>	<u>71,363</u>
Total Expenditures	<u>\$ 135,888</u>	<u>\$ 26,333</u>	<u>\$ 8,568</u>	<u>\$ 189,842</u>	<u>\$ 10,080</u>	<u>\$ 31,143</u>	<u>\$ 401,854</u>

**LITTLE FALLS BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS SCHEDULE IS NOT APPLICABLE

CAPITAL PROJECTS FUND

LITTLE FALLS BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Project</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Cancellations</u>	<u>Unexpended Balance, June 30, 2018</u>
		<u>Prior Periods</u>	<u>Current Year</u>		
Referendum School Improvements School #1,2,& 3 - 2015/16	\$ 1,591,815	\$ 1,460,908	\$ 4,313	\$ 126,594	
School #1 ADA Toilet Upgrades 2015/16	501,637	499,560	290	1,787	
School #1 Unit Ventilator Replacement 2015/16	644,493	631,907	3,562	9,024	
School #1 Exterior Door/Window Replacement 2015/16	339,221	333,426		5,795	
School #2 Door Replacement 2015/16	113,020	112,719		301	
School #2 Boiler Replacement 2015/16	575,251	570,633	598	4,020	
School #3 Exterior Door & Roof Replacement 2015/16	119,774	115,526		4,248	
School #3 Unit ventilator Replacement 2015/16	<u>695,963</u>	<u>671,848</u>	<u>8,437</u>	<u>15,678</u>	<u>-</u>
	<u>\$ 4,581,174</u>	<u>\$ 4,396,527</u>	<u>\$ 17,200</u>	<u>\$ 167,447</u>	<u>\$ -</u>
Project Balance, Budgetary					\$ -
Less: Unrealized Grant Awards					<u>-</u>
Fund Balance - GAAP, June 30, 2018					<u>\$ -</u>

**LITTLE FALLS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Revenues and Other Financing Sources	
Other Financing Sources	
Transfer In - Capital Reserve Local Contribution	\$ <u>2,208</u>
 Total Revenues and Other Financing Sources	 <u>2,208</u>
 Expenditures and Other Financing Uses	
Architect Engineer	3,740
Other Purchase Professional/Technical Services	2,699
Construction Services	10,761
Prior Year Unearned State Aid Revenue - Budgetary Basis	<u>167,447</u>
 Total Expenditures and Other Financing Uses	 <u>184,647</u>
 Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	 (182,439)
 Fund Balance- Beginning of Year	 <u>182,439</u>
 Fund Balance- End of Year	 <u>\$ -</u>

LITTLE FALLS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
REFERENDUM SCHOOL IMPROVEMENTS FOR SCHOOL #1, 2 & 3
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
Transfer from Capital Reserve Local Contribution	\$ 47,441			\$ 47,441	\$ 47,441
Bond Referendum Proceeds	<u>1,544,374</u>	-	\$ (126,594)	<u>1,417,780</u>	<u>1,417,780</u>
Total Revenues and Other Financing Sources	<u>1,591,815</u>	-	<u>(126,594)</u>	<u>1,465,221</u>	<u>1,465,221</u>
Expenditures and Other Financing Uses					
Architect Engineer	214,091	\$ 1,614		215,705	215,705
Other Purchased Professional/Technical Service	47,437	2,699		50,136	50,136
Construction Services	<u>1,199,380</u>	-	-	<u>1,199,380</u>	<u>1,199,380</u>
Total Expenditures and Other Financing Uses	<u>1,460,908</u>	<u>4,313</u>	<u>-</u>	<u>1,465,221</u>	<u>1,465,221</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 130,907</u>	<u>\$ (4,313)</u>	<u>\$ (126,594)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Project Number	N/A
Grant Date	N/A
Bond Authorization Date	February 2016
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 1,291,181
Revised Authorized Cost	\$ 1,465,221
Percentage Completion	100%
Original Target Completion Date	September 2017
Revised Target Completion Date	June 2018

**LITTLE FALLS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SCHOOL #1 ADA TOILET UPGRADE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources - SDA Grant	\$ 175,000			\$ 175,000	\$ 175,000
Transfer from Capital Reserve	39,438	\$ (301)		39,137	39,438
Bond Referendum Proceeds	<u>287,500</u>	<u>-</u>	<u>\$ (1,787)</u>	<u>285,713</u>	<u>285,412</u>
Total Revenues and Other Financing Sources	<u>501,938</u>	<u>(301)</u>	<u>(1,787)</u>	<u>499,850</u>	<u>499,850</u>
Expenditures and Other Financing Uses					
Architect Engineer	25,520	290		25,810	25,810
Legal Services	759			759	759
Construction Services	<u>473,281</u>	<u>-</u>	<u>-</u>	<u>473,281</u>	<u>473,281</u>
Total Expenditures and Other Financing Uses	<u>499,560</u>	<u>290</u>	<u>-</u>	<u>499,850</u>	<u>499,850</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 2,378</u>	<u>\$ (591)</u>	<u>\$ (1,787)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Project Number	SDA #2700-050-14-1004
Grant Date	Various
Bond Authorization Date	February 2016
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 437,500
Revised Authorized Cost	\$ 499,850
Percentage Completion	100%
Original Target Completion Date	September 2017
Revised Target Completion Date	June 2018

**LITTLE FALLS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SCHOOL #1 UNIT VENTILATOR REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustment</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources - SDA Grant	\$ 300,000		\$ (36,803)	\$ 263,197	\$ 263,197
Transfer from Capital Reserve		\$ 2,509		2,509	2,509
Bond Referendum Proceeds	<u>341,984</u>	<u>-</u>	<u>27,779</u>	<u>369,763</u>	<u>369,763</u>
Total Revenues and Other Financing Sources	<u>641,984</u>	<u>2,509</u>	<u>(9,024)</u>	<u>635,469</u>	<u>635,469</u>
Expenditures and Other Financing Uses					
Architect Engineer	52,551	661		53,212	53,212
Legal Services	1,064			1,064	1,064
Construction Services	<u>578,292</u>	<u>2,901</u>	<u>-</u>	<u>581,193</u>	<u>581,193</u>
Total Expenditures and Other Financing Uses	<u>631,907</u>	<u>3,562</u>	<u>-</u>	<u>635,469</u>	<u>635,469</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 10,077</u>	<u>\$ (1,053)</u>	<u>\$ (9,024)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Project Number	SDA #2700-050-14-1005
Grant Date	Various
Bond Authorization Date	February 2016
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 750,000
Revised Authorized Cost	\$ 635,469
Percentage Completion	100%
Original Target Completion Date	September 2017
Revised Target Completion Date	June 2018

**LITTLE FALLS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SCHOOL #1 EXTERIOR DOOR/WINDOW REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources - SDA Grant	\$ 152,506		\$ (19,426)	\$ 133,080	\$ 133,080
Bond Referendum Proceeds	186,715	-	13,631	200,346	200,346
Total Revenues and Other Financing Sources	<u>339,221</u>	<u>-</u>	<u>(5,795)</u>	<u>333,426</u>	<u>333,426</u>
Expenditures and Other Financing Uses					
Architect Engineer	24,820			24,820	24,820
Legal Services	726			726	726
Construction Services	307,880	-	-	307,880	307,880
Total Expenditures and Other Financing Uses	<u>333,426</u>	<u>-</u>	<u>-</u>	<u>333,426</u>	<u>333,426</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 5,795</u>	<u>\$ -</u>	<u>\$ (5,795)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Project Number	SDA #2700-050-14-1006
Grant Date	Various
Bond Authorization Date	February 2016
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 381,265
Revised Authorized Cost	\$ 333,426
Percentage Completion	100%
Original Target Completion Date	September 2017
Revised Target Completion Date	June 2018

**LITTLE FALLS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SCHOOL #2 DOOR REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustment</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources - SDA Grant	\$ 33,530			\$ 33,530	\$ 33,530
Transfer from Capital Reserve	7,796			7,796	7,796
Bond Referendum Proceeds	71,694	-	\$ (301)	71,393	71,393
	<u>113,020</u>	<u>-</u>	<u>(301)</u>	<u>112,719</u>	<u>112,719</u>
Expenditures and Other Financing Uses					
Architect Engineer	8,560			8,560	8,560
Legal Services	159			159	159
Construction Services	104,000	-	-	104,000	104,000
	<u>112,719</u>	<u>-</u>	<u>-</u>	<u>112,719</u>	<u>112,719</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ 301	\$ -	\$ (301)	\$ -	\$ -

Additional Project Information:

Project Number	N/A
Project Number	SDA #2700-060-14-1007
Grant Date	Various
Bond Authorization Date	February 2016
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 83,825
Revised Authorized Cost	\$ 112,719
Percentage Completion	100%
Original Target Completion Date	September 2017
Revised Target Completion Date	June 2018

**LITTLE FALLS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SCHOOL #2 BOILER REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustment</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources - SDA Grant	\$ 257,510		\$ (19,192)	\$ 238,318	\$ 238,318
Bond Referendum Proceeds	317,741	-	15,172	332,913	332,913
Total Revenues and Other Financing Sources	<u>575,251</u>	<u>-</u>	<u>(4,020)</u>	<u>571,231</u>	<u>571,231</u>
Expenditures and Other Financing Uses					
Architect Engineer	40,963	\$ 514	-	41,477	41,477
Legal Services	916		-	916	916
Construction Services	528,754	84	-	528,838	528,838
Total Expenditures and Other Financing Uses	<u>570,633</u>	<u>598</u>	<u>-</u>	<u>571,231</u>	<u>571,231</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 4,618</u>	<u>\$ (598)</u>	<u>\$ (4,020)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Project Number	SDA #2700-060-14-1008
Grant Date	Various
Bond Authorization Date	February 2016
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 643,775
Revised Authorized Cost	\$ 571,231
Percentage Completion	100%
Original Target Completion Date	September 2017
Revised Target Completion Date	June 2018

**LITTLE FALLS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SCHOOL #3 EXTERIOR DOOR & ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustments</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources- SDA Grant	\$ 87,498		\$ (64,118)	\$ 23,380	\$ 23,380
Transfer from Capital Reserve Local Contribution	32,276			32,276	32,276
Bond Referendum Proceeds	-	-	59,870	59,870	59,870
	<u>119,774</u>	<u>-</u>	<u>(4,248)</u>	<u>115,526</u>	<u>115,526</u>
Expenditures and Other Financing Uses					
Architect Engineer	6,420			6,420	6,420
Legal Services	109			109	109
Construction Services	108,997	-	-	108,997	108,997
	<u>115,526</u>	<u>-</u>	<u>-</u>	<u>115,526</u>	<u>115,526</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 4,248</u>	<u>\$ -</u>	<u>\$ (4,248)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Project Number	SDA #2700-070-14-1012-G04
Grant Date	Various
Bond Authorization Date	N/A
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 218,745
Revised Authorized Cost	\$ 115,526
Percentage Completion	100%
Original Target Completion Date	September 2017
Revised Target Completion Date	June 2018

**LITTLE FALLS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
SCHOOL #3 UNIT VENTILATOR REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Adjustment</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources					
State Sources - SDA Grant	\$ 280,000		\$ (27,908)	\$ 252,092	\$ 252,092
Bond Referendum Proceeds	415,963	-	12,230	428,193	428,193
Total Revenues and Other Financing Sources	<u>695,963</u>	<u>-</u>	<u>(15,678)</u>	<u>680,285</u>	<u>680,285</u>
Expenditures and Other Financing Uses					
Architect Engineer	52,551	\$ 661		53,212	53,212
Legal Services	975	-		975	975
Construction Services	618,322	7,776	-	626,098	626,098
Total Expenditures and Other Financing Uses	<u>671,848</u>	<u>8,437</u>	<u>-</u>	<u>680,285</u>	<u>680,285</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 24,115</u>	<u>\$ (8,437)</u>	<u>\$ (15,678)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Project Number	SDA #2700-070-14-1011
Grant Date	Various
Bond Authorization Date	February 2016
Bonds Authorized	\$ 3,067,000
Original Authorized Cost	\$ 700,000
Revised Authorized Cost	\$ 680,285
Percentage Completion	100%
Original Target Completion Date	September 2017
Revised Target Completion Date	June 2018

ENTERPRISE FUNDS

EXHIBIT G-1

**LITTLE FALLS BOARD OF EDUCATION
PROPRIETARY FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2018**

NOT APPLICABLE

EXHIBIT G-2

**PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

EXHIBIT G-3

**PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

FIDUCIARY FUNDS

**LITTLE FALLS BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY NET POSITION
AS OF JUNE 30, 2018**

	<u>Agency</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS			
Cash	\$ 25,441	\$ 1,603	\$ 27,044
Total Assets	<u>\$ 25,441</u>	<u>\$ 1,603</u>	<u>\$ 27,044</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 177	\$ 177
Reserve for Flex Spending		1,426	1,426
Due to Student Groups	<u>\$ 25,441</u>	<u>-</u>	<u>25,441</u>
Total Liabilities	<u>\$ 25,441</u>	<u>\$ 1,603</u>	<u>\$ 27,044</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**LITTLE FALLS BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>School</u>	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
ELEMENTARY SCHOOLS				
School #1	\$ 18,068	\$ 74,520	\$ 69,182	\$ 23,406
School #2	48	3,493	3,529	12
School #3	1,797	4,081	3,855	2,023
	<u>\$ 19,913</u>	<u>\$ 82,094</u>	<u>\$ 76,566</u>	<u>\$ 25,441</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
Due to/from Other Funds		\$ 499,506	\$ 499,506	
Payroll Deductions and Withholdings	\$ 285	4,136,330	4,136,438	\$ 177
Accrued Salaries and Wages		6,096,467	6,096,467	
Flex Spending	603	10,050	9,227	1,426
	<u>\$ 888</u>	<u>\$ 10,742,353</u>	<u>\$ 10,741,638</u>	<u>\$ 1,603</u>

LONG-TERM DEBT

LITTLE FALLS BOARD OF EDUCATION
 LONG TERM DEBT
 SCHEDULE OF SERIAL BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	4/7/2012	\$ 1,850,000	8/1/2018	\$ 190,000	3.375 %	\$ 930,000		\$ 190,000	\$ 740,000
			8/1/2019	185,000	3.625				
			8/1/2020	185,000	3.875				
			8/1/2021	180,000	4.000				
School Bonds	5/24/2016	3,067,000	8/1/2018	130,000	2.000	<u>3,067,000</u>	\$ -	<u>120,000</u>	<u>2,947,000</u>
			8/1/2019	140,000	2.000				
			8/1/2020	155,000	2.000				
			8/1/2021	170,000	2.000				
			8/1/2022	195,000	2.000				
			8/1/2023-30	240,000	2-2.550				
			8/1/2031	237,000	3.000				
						<u>\$ 3,997,000</u>	<u>\$ -</u>	<u>\$ 310,000</u>	<u>\$ 3,687,000</u>

Paid by Budget Appropriation \$ 310,000

LITTLE FALLS BOARD OF EDUCATION
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2018</u>
<u>Capital Leases</u>						
Bus Lease -2015	\$ 50,000	2.395%	\$ 10,876	-	\$ 10,876	
<u>Lease Purchase Agreements</u>						
Computer Leases - 2016	119,431	0.00%	<u>39,811</u>	<u>-</u>	<u>39,811</u>	<u>-</u>
			<u>\$ 50,687</u>	<u>\$ -</u>	<u>\$ 50,687</u>	<u>\$ -</u>

LITTLE FALLS BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 371,511		\$ 371,511	\$ 371,511	
State Sources					
Debt Service State Aid	<u>32,955</u>	<u>-</u>	<u>32,955</u>	<u>32,955</u>	<u>-</u>
Total Revenues	<u>404,466</u>	<u>-</u>	<u>404,466</u>	<u>404,466</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	310,000		310,000	310,000	
Interest	<u>94,466</u>	<u>-</u>	<u>94,466</u>	<u>94,466</u>	<u>-</u>
Total Expenditures	<u>404,466</u>	<u>-</u>	<u>404,466</u>	<u>404,466</u>	<u>-</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011 (1)	2012	2013	2014 (2)	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 3,509,356	\$ 3,720,730	\$ 3,588,307	\$ 3,866,993	\$ 3,936,967	\$ 2,761,687	\$ 2,782,904	\$ 3,054,161	\$ 4,096,858	\$ 4,127,031
Restricted	565,426	426,750	931,018	1,017,535	1,051,516	1,117,003	1,932,914	2,290,644	2,299,360	2,422,152
Unrestricted	131,299	74	183,193	548,348	796,769	(3,255,346)	(3,098,144)	(3,042,803)	(2,943,315)	(2,068,060)
Total Governmental Activities Net Position	\$ 4,206,081	\$ 4,147,554	\$ 4,702,518	\$ 5,432,876	\$ 5,785,252	\$ 623,344	\$ 1,617,674	\$ 2,302,002	\$ 3,452,903	\$ 4,481,123
Business-type activities										
Net Investment in Capital Assets	\$ 1,768	\$ 1,326	\$ 884	\$ 442					\$ 1,937	\$ 1,870
Restricted					\$ 6,566	\$ 4,997	\$ 1,352	\$ 3,016	1,790	26,015
Unrestricted	31,982	67,850	74,400	78,374						
Total Business-Type Activities Net Position	\$ 33,750	\$ 69,176	\$ 75,284	\$ 78,816	\$ 6,566	\$ 4,997	\$ 1,352	\$ 3,016	\$ 3,727	\$ 27,885
District-Wide										
Net Investment in Capital Assets	\$ 3,511,124	\$ 3,722,056	\$ 3,589,191	\$ 3,867,435	\$ 3,936,967	\$ 2,761,687	\$ 2,782,904	\$ 3,054,161	\$ 4,098,795	\$ 4,128,901
Restricted	565,426	426,750	931,018	1,017,535	1,051,516	1,117,003	1,932,914	2,290,644	2,299,360	2,422,152
Unrestricted	163,281	67,924	257,593	626,722	803,335	(3,250,349)	(3,096,792)	(3,039,787)	(2,941,525)	(2,042,045)
Total District-Wide Net Position	\$ 4,239,831	\$ 4,216,730	\$ 4,777,802	\$ 5,511,692	\$ 5,791,818	\$ 628,341	\$ 1,619,026	\$ 2,305,018	\$ 3,456,630	\$ 4,509,008

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

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
Instruction										
Regular	\$ 4,848,757	\$ 5,097,365	\$ 5,120,002	\$ 5,617,550	\$ 6,033,664	\$ 6,124,204	\$ 7,280,993	\$ 8,007,850	\$ 8,811,828	\$ 9,539,688
Special Education	2,536,565	2,890,096	3,195,971	3,005,060	2,532,687	3,342,399	3,824,169	4,028,196	4,077,683	3,951,147
Other Instruction	252,146	313,019	266,115	177,692	225,448	323,518	251,226	431,333	493,058	346,460
School Sponsored Activities and Athletics	58,865	64,404	43,368	59,276	61,740	63,845	47,942	64,670	64,763	73,647
Support Services:										
Student & Instruction Related Services	2,182,613	2,160,196	2,157,528	2,185,634	2,862,433	2,002,335	2,187,789	2,300,792	2,498,207	2,675,784
School Administrative services	542,530	649,661	631,840	567,107	640,021	754,923	743,079	747,319	766,661	851,469
General Administration	470,477	435,252	451,282	397,089	399,352	515,227	468,797	439,008	498,679	573,009
Central Services	298,703	323,753	308,143	346,694	368,369	388,214	364,088	392,287	460,312	486,962
Plant Operations and Maintenance	1,084,625	1,104,511	1,069,624	1,090,995	1,104,938	1,127,070	1,158,476	1,158,616	1,198,916	1,301,546
Pupil Transportation	421,367	441,960	494,498	495,664	480,777	467,648	446,749	470,858	493,467	400,867
Other Support Services										
Interest on long-term debt	107,841	100,411	97,182	54,050	52,169	48,314	45,208	109,882	75,982	86,223
Total governmental activities expenses	12,804,489	13,580,628	13,835,553	13,996,811	14,761,598	15,157,697	16,818,516	18,150,811	19,439,556	20,286,802
Business-type activities:										
Food Service	120,790	160,851	206,366	220,312	262,168	253,234	252,114	272,390	307,854	331,481
Inclusive Preschool	16,686	20,429	46,500	65,000	985	-	-	-	-	-
Total business-type activities expense	137,476	181,280	252,866	285,312	263,153	253,234	252,114	272,390	307,854	331,481
Total district expenses	\$ 12,941,965	\$ 13,761,908	\$ 14,088,419	\$ 14,282,123	\$ 15,024,751	\$ 15,410,931	\$ 17,070,630	\$ 18,423,201	\$ 19,747,410	\$ 20,618,283
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 211,404	\$ 147,035	\$ 257,695	\$ 109,782	\$ 109,101	\$ 92,292	\$ 84,299	\$ 57,231	\$ 60,150	\$ 44,325
Operating grants and contributions	1,919,572	1,789,668	1,765,174	1,951,744	2,336,741	2,219,819	4,015,044	4,563,462	5,530,450	6,546,407
Capital grants and contributions	19,544	139,490	-	-	-	-	29,349	249,543	967,397	-
Total governmental activities program revenues	2,150,520	2,076,193	2,022,869	2,061,526	2,445,842	2,312,111	4,128,692	4,870,236	6,557,997	6,590,732

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services										
Food service	\$ 76,208	\$ 100,827	\$ 126,435	\$ 121,221	\$ 143,193	\$ 127,277	\$ 117,186	\$ 130,443	\$ 174,746	\$ 221,669
Inclusive Preschool	36,850	51,985	46,540	68,250						
Operating grants and contributions	31,397	45,664	67,597	91,065	100,722	110,386	118,281	125,609	115,048	133,967
Total business type activities program revenues	144,455	198,476	240,572	280,536	243,915	237,663	235,467	256,052	289,794	355,636
Total district program revenues	\$ 2,294,975	\$ 2,274,669	\$ 2,263,441	\$ 2,342,062	\$ 2,689,757	\$ 2,549,774	\$ 4,364,159	\$ 5,126,288	\$ 6,847,791	\$ 6,946,368
Net (Expense)/Revenue										
Governmental activities	\$ (10,653,969)	\$ (11,504,435)	\$ (11,812,684)	\$ (11,935,285)	\$ (12,315,756)	\$ (12,845,586)	\$ (12,689,824)	\$ (13,280,575)	\$ (12,881,559)	\$ (13,696,070)
Business-type activities	6,979	17,196	(12,294)	(4,776)	(19,238)	(15,571)	(16,647)	(16,338)	(18,060)	24,155
Total district-wide net expense	\$ (10,646,990)	\$ (11,487,239)	\$ (11,824,978)	\$ (11,940,061)	\$ (12,334,994)	\$ (12,861,157)	\$ (12,706,471)	\$ (13,296,913)	\$ (12,899,619)	\$ (13,671,915)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,383,528	\$ 11,250,627	\$ 12,113,531	\$ 12,355,802	\$ 12,355,802	\$ 12,806,443	\$ 13,403,910	\$ 13,671,988	\$ 13,945,428	\$ 14,224,337
Taxes levied for debt service	230,398	229,660	233,585	223,676	218,725	220,656	221,060	226,553	282,988	371,511
Unrestricted grants and contributions	28,036	75,562	11,575				16,334	18,007	25,977	40,488
Interest					5,544	6,889	7,006	10,071	8,306	8,484
Miscellaneous income	42,392	25,940	26,957	94,165	35,046	19,738	48,844	56,284	28,254	79,470
Transfers	(18,010)	(18,000)	(18,000)	(8,000)	53,015	(14,000)	(13,000)	(18,000)	(18,768)	
Total governmental activities	10,666,344	11,563,789	12,367,648	12,665,643	12,668,132	13,039,726	13,684,154	13,964,903	14,272,185	14,724,290
Business-type activities:										
Investment earnings	492	230	402	308	3	2	2	2	3	3
Transfers	18,010	18,000	18,000	8,000	(53,015)	14,000	13,000	18,000	18,768	
Total business-type activities	18,502	18,230	18,402	8,308	(53,012)	14,002	13,002	18,002	18,771	3
Total district-wide	\$ 10,684,846	\$ 11,582,019	\$ 12,386,050	\$ 12,673,951	\$ 12,615,120	\$ 13,053,728	\$ 13,697,156	\$ 13,982,905	\$ 14,290,956	\$ 14,724,293
Change in Net Position										
Governmental activities	\$ 12,375	\$ 59,354	\$ 554,964	\$ 730,358	\$ 352,376	\$ 194,140	\$ 994,330	\$ 684,328	\$ 1,390,626	\$ 1,028,220
Business-type activities	25,481	35,426	6,108	3,532	(72,250)	(1,569)	(3,645)	1,664	711	24,158
Total district	\$ 37,856	\$ 94,780	\$ 561,072	\$ 733,890	\$ 280,126	\$ 192,571	\$ 990,685	\$ 685,992	\$ 1,391,337	\$ 1,052,378

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

	2009		2010		2011		2012		Fiscal Year Ended June 30,		2013		2014		2015		2016		2017		2018	
General Fund																						
Reserved	\$	598,173	\$	804,349																		
Unreserved		252,804		57,265																		
Restricted					\$	1,432,759	\$	1,810,228	\$	1,857,384	\$	2,055,705	\$	2,258,248	\$	3,292,589	\$	3,679,054	\$	3,921,146		
Committed						42,719		29,852		19,693		-		-		881,839						
Assigned						41,131		143,887		168,734		44,509		52,690		130,075		219,760		154,175		
Unassigned		-		-		81,440		26,296		219,301		229,510		240,402		242,927		245,688		238,718		
Total general fund	\$	850,977	\$	861,614	\$	1,598,049	\$	2,010,263	\$	2,265,112	\$	2,329,724	\$	2,551,340	\$	3,665,591	\$	4,144,502	\$	5,193,878		
All Other Governmental Funds																						
Reserved	\$	286,304																				
Unreserved		2,423																				
Restricted							\$	4,450	\$	4,450	\$	131,247	\$	767,323	\$	2,755,487	\$	34,260				
Committed																						
Assigned																						
Unassigned		-		-		-		-		-		-		-		-		-		-		
Total all other governmental funds	\$	288,727	\$	-	\$	-	\$	4,450	\$	4,450	\$	131,247	\$	767,323	\$	2,755,487	\$	34,260	\$	-		

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax levy	\$ 10,613,926	\$ 11,480,287	\$ 12,347,116	\$ 12,579,478	\$ 12,574,527	\$ 13,027,099	\$ 13,624,970	\$ 13,898,541	\$ 14,228,416	\$ 14,595,848
Miscellaneous	253,796	172,975	284,652	203,947	150,174	126,858	146,935	145,815	100,360	163,422
State sources	1,673,387	1,646,376	1,361,402	1,640,606	2,063,424	1,874,448	2,177,268	2,394,595	3,401,731	2,896,692
Federal sources	293,765	358,344	415,347	311,138	272,834	337,432	349,850	391,684	374,970	375,926
Total revenue	12,834,874	13,637,982	14,408,517	14,735,169	15,060,959	15,365,837	16,299,023	16,830,635	18,105,477	18,031,888
Expenditures										
Instruction										
Regular instruction	4,720,139	5,009,208	4,987,090	5,543,768	5,916,582	5,988,018	6,223,551	6,645,560	7,034,105	7,469,639
Special education instruction	2,525,745	2,854,977	3,091,306	2,958,334	2,482,906	3,309,026	3,494,449	3,558,237	3,471,955	3,238,576
Other instruction	246,157	250,233	257,909	178,449	194,531	363,749	238,617	353,523	411,006	284,102
School sponsored activities and athletics	58,865	64,404	43,368	59,276	61,740	63,845	48,556	63,735	60,573	65,071
Support Services:										
Student & inst. related services	2,132,357	2,217,257	2,118,241	2,146,189	2,839,384	1,973,235	1,984,110	2,031,563	2,099,563	2,185,606
General administration	460,943	438,968	428,546	387,348	647,264	507,864	691,331	445,186	467,612	520,973
School administrative services	566,266	618,372	588,991	550,871	405,799	704,047	452,433	669,194	632,269	676,692
Central services	291,581	306,086	302,661	338,534	360,262	370,283	361,822	386,777	419,490	431,960
Plant operations and maintenance	1,081,968	1,051,765	1,054,915	1,077,038	1,087,039	1,111,914	1,164,291	1,134,538	1,123,455	1,198,844
Pupil transportation	419,952	440,957	493,495	494,594	479,657	466,502	442,702	469,794	484,543	385,110
Capital outlay	625,308	285,696		332,381	165,236	118,839	94,273	877,939	3,961,424	83,519
Debt service:										
Principal	152,382	158,956	166,900	195,047	165,000	183,000	185,130	243,630	240,431	360,686
Interest and other charges	110,624	103,312	120,660	48,676	53,725	50,106	47,066	42,316	93,503	94,726
Cost of issuance			66,218							
Advance Refunding Escrow	-	-	41,492							
Total expenditures	13,392,287	13,800,191	13,761,792	14,310,505	14,859,125	15,210,428	15,428,331	16,921,992	20,499,929	16,995,504
Excess (Deficiency) of revenues over (under) expenditures	(557,413)	(142,209)	646,725	424,664	201,834	155,409	870,692	(91,357)	(2,394,452)	1,036,384
Other Financing sources (uses)										
Proceeds from borrowing			1,850,000					3,067,000		
Premium on Refunding Bonds			42,710							
Payment to Refunded Bond Escrow Agent			(1,785,000)							
Premium on Bond Sale								49,352		
Underwriter Discount on Bond Sale								(49,352)		
Capital Lease Proceeds						50,000		144,772		
Cancel Prior Year Revenues (Net)										(19,268)
Transfers in	317,119	150,728			65,015	131,247	701,000	1,535,444	158,734	2,208
Transfers out	(335,129)	(168,728)	(18,000)	(8,000)	(12,000)	(145,247)	(714,000)	(1,553,444)	(177,502)	(2,208)
Total other financing sources (uses)	(18,010)	(18,000)	89,710	(8,000)	53,015	36,000	(13,000)	3,193,772	(18,768)	(19,268)
Net change in fund balances	\$ (575,423)	\$ (160,209)	\$ 736,435	\$ 416,664	\$ 254,849	\$ 191,409	\$ 857,692	\$ 3,102,415	\$ (2,413,220)	\$ 1,017,116
Debt service as a percentage of										
noncapital expenditures	1.19%	1.18%	1.51%	1.40%	1.12%	1.21%	1.21%	1.52%	1.45%	2.13%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Year</u>	<u>Other</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Total</u>
2009	\$ 15,398	\$ 211,404	\$ 26,354	\$ 253,156
2010	21,686	147,035	3,187	171,908
2011	20,314	257,695	6,643	284,652
2012	84,520	109,782	5,195	199,497
2013	35,046	109,101	5,544	149,691
2014	19,738	92,292	6,889	118,919
2015	48,844	84,299	7,006	140,149
2016	56,284	57,231	10,071	123,586
2017	28,254	60,150	8,306	96,710
2018	79,470	44,325	8,484	132,279

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009 *	\$ 34,303,900	\$ 1,389,066,700	\$ 301,526,300	\$ 69,114,000	\$ 122,049,600	\$ 1,916,060,500	\$ 7,056,766	\$ 1,923,117,266	\$ 1,991,873,881	\$ 0.520
2010	36,499,400	1,385,258,500	304,646,000	64,840,900	122,049,600	1,913,294,400	6,569,100	1,919,863,500	1,929,790,969	0.621
2011	37,838,400	1,376,785,400	303,200,600	64,602,700	120,741,600	1,903,168,700	6,429,200	1,909,597,900	1,902,086,209	0.653
2012	36,882,200	1,376,430,700	283,233,000	65,340,500	117,147,600	1,879,034,000	6,627,100	1,885,661,100	1,892,934,504	0.667
2013 **	26,783,060	1,066,372,000	246,005,100	54,397,400	108,646,700	1,502,204,260	5,200,700	1,507,404,960	1,623,729,535	0.8505
2014	27,412,500	1,051,978,100	232,899,200	54,169,600	116,124,200	1,482,583,600	4,169,300	1,486,752,900	1,663,010,478	0.8970
2015	28,120,300	1,049,623,100	231,829,600	53,267,000	115,646,700	1,478,486,700	4,260,500	1,482,747,200	1,643,964,705	0.9222
2016	28,060,000	1,051,777,300	229,699,200	52,554,000	115,646,700	1,477,737,200	4,443,100	1,482,180,300	1,482,180,300	0.9551
2017	31,827,900	1,053,630,100	238,172,400	45,285,800	115,646,700	1,484,562,900	4,415,500	1,488,978,400	1,488,978,400	0.9734
2018	29,477,900	1,063,941,800	247,834,300	44,985,800	106,501,600	1,492,741,400	4,415,700	1,497,157,100	1,497,257,100	0.9850

Source: County Abstract of Ratables

^a Tax rates are per \$100

N/A = Not Available

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

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

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

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Regional High School District</u>	<u>Municipality</u>	<u>County</u>	<u>Total Direct and Overlapping Tax Rate</u>	
2009	*	\$0.52	\$0.58	\$0.32	\$0.51	\$1.93
2010		0.621	0.331	0.57	0.54	2.062
2011		0.653	0.337	0.58	0.57	2.145
2012		0.667	0.385	0.61	0.64	2.30
2013	**	0.8505	0.5053	0.7735	0.716	2.845
2014		0.8970	0.5200	0.8010	0.776	2.994
2015		0.9222	0.4875	0.8170	0.849	3.076
2016		0.9551	0.4940	0.8373	0.835	3.121
2017		0.9734	0.5102	0.8654	0.814	3.163
2018		0.9850	0.4900	0.8870	0.798	3.160

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

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

Source: Tax Collector

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

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Inwood Owners Inc	\$ 61,650,000	4.12%	\$ 27,000,000	1.40%
Theta Holding Co	50,055,000	3.34%	24,489,000	1.27%
Park Falls Associates	13,000,000	0.87%		
PAR 3 PAR 5	12,656,300	0.85%	4,852,400	0.25%
Sisco	10,300,200	0.69%		
Ward Trucking Corp			4,748,700	0.25%
North Jersey District			4,567,100	0.24%
Great Notch Village	10,027,700	0.67%	4,296,200	0.22%
Park Falls Associates			3,750,000	0.19%
Andrew Realty			3,750,000	0.19%
Andrew Realty	8,500,000	0.57%		
KV Realty LLC	7,682,300	0.51%		
Main St Realty	7,583,800	0.51%		
Hilltop Manor Associates	7,000,000	0.47%	3,596,100	0.19%
AMB			3,300,000	0.17%
	<u>\$ 188,455,300</u>	<u>12.59%</u>	<u>\$ 84,349,500</u>	<u>4.37%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 10,613,926	\$ 10,613,926	100.00%	N/A
2010	11,480,287	11,480,287	100.00%	N/A
2011	12,347,116	12,347,116	100.00%	N/A
2012	12,579,478	12,579,478	100.00%	N/A
2013	12,574,527	12,574,527	100.00%	N/A
2014	13,027,099	13,027,099	100.00%	N/A
2015	13,624,970	13,624,970	100.00%	N/A
2016	13,898,541	13,898,541	100.00%	N/A
2017	14,228,416	14,228,416	100.00%	N/A
2017	14,595,848	14,595,848	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities			Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Bond Anticipation Notes (BANs)			
2009	\$ 2,200,000	\$ 75,903		\$ 2,275,903	11,646	\$ 195
2010	2,070,000	46,947		2,116,947	14,441	147
2011	1,995,000	20,047		2,015,047	14,449	139
2012	1,820,000			1,820,000	14,472	126
2013	1,655,000			1,655,000	14,522	114
2014	1,480,000	42,000		1,522,000	14,516	105
2015	1,305,000	31,870		1,336,870	14,533	92
2016	4,187,000	21,497		4,208,497	14,423	292
2017	3,997,000	10,876		4,007,876	14,502	276
2018	3,687,000			3,687,000	14,502 *	254

Source: District records

*Estimate

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2009	\$ 2,200,000		\$ 2,200,000	0.11%	\$ 189
2010	2,070,000		2,070,000	0.11%	143
2011	1,995,000		1,995,000	0.10%	138
2012	1,820,000		1,820,000	0.10%	126
2013	1,655,000		1,655,000	0.11%	114
2014	1,480,000		1,480,000	0.10%	102
2015	1,305,000		1,305,000	0.09%	90
2016	4,187,000		4,187,000	0.28%	288
2017	3,997,000		3,997,000	0.27%	277
2018	3,687,000		3,687,000	0.25%	254

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**LITTLE FALLS BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

Net Direct Debt of School District as of December 31, 2017	\$ 3,687,000
Net Overlapping Debt of School District:	
Little Falls Township (100%)	25,099,089
County of Passaic - Township's Share (4.85%)	12,295,748
Passaic County Utilities Authority - Township's Share (4.85%)	1,760,993
Passaic Valley Sewage Commission (1.72%)	<u>1,639,513</u>
 Total Direct and Overlapping Bonded Debt as of December 31, 2017	 <u>\$ 44,482,343</u>

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

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

Equalized valuation basis

2017	\$ 1,604,759,377
2016	1,607,983,896
2015	1,628,289,317
	<u>\$ 4,841,032,590</u>
	\$ 1,613,677,530
	48,410,326
	<u>\$ 48,410,326</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 57,818,438	\$ 58,344,139	\$ 57,782,231	\$ 57,097,672	\$ 55,631,003	\$ 53,404,497	\$ 50,812,469	\$ 49,418,654	\$ 48,773,886	\$ 48,410,326
Total net debt applicable to limit	2,200,000	2,070,000	1,995,000	1,820,000	1,655,000	1,480,000	1,305,000	4,187,000	3,997,000	3,687,000
Legal debt margin	\$ 55,618,438	\$ 56,274,139	\$ 55,787,231	\$ 55,277,672	\$ 53,976,003	\$ 51,924,497	\$ 49,507,469	\$ 45,231,654	\$ 44,776,886	\$ 44,723,326
Total net debt applicable to the limit as a percentage of debt limit	3.81%	3.55%	3.45%	3.19%	2.97%	2.77%	2.57%	8.47%	8.19%	7.62%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2009	11,646	\$ 41,249	10.5%
2010	14,441	41,997	10.7%
2011	14,449	43,857	10.5%
2012	14,472	44,900	10.5%
2013	14,547	44,688	8.9%
2014	14,516	44,688	5.9%
2015	14,533	47,189	4.4%
2016	14,423	47,547	4.4%
2017	14,502	47,547 *	4.1%
2018	14,502 *	47,547 *	4.1% *

Source: New Jersey State Department of Education

* Estimate

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

Employer	2018		2009	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	53.0	55.0	55.0	55.0	60.0	61.2	62.8	70.0	60.3	62.1
Special education	21.5	21.5	21.5	21.5	16.0	21.4	15.8	16.0	23.0	20.0
Other special education	26.5	32.0	32.0	32.0	37.0	42.0	38.0	30.0	29.0	15.0
Other instruction	15.0	9.5	9.5	9.5	8.6	8.6	10.0	15.0	13.2	18.0
Support Services:										
Student & instruction related services	3.0	3.0	3.0	3.0	8.0	8.0	9.0	6.0	7.0	6.8
General administration	1.0	1.0	1.0	1.0	2.0	2.0	1.5	1.5	2.0	2.0
School administrative services	2.0	2.0	2.0	2.0	6.0	6.0	5.5	4.0	4.0	4.0
Other administrative services	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.5	4.0	4.0
Central services	1.0	1.0	1.0	1.0	3.5	3.5	2.6	5.0	5.0	5.0
Administrative Information Technology	1.0	1.0	1.0	1.0						
Plant operations and maintenance	9.0	7.0	7.0	7.0	8.6	8.6	7.5	8.0	8.0	8.0
Pupil transportation	1.5	1.5	1.5	1.5	2.8	2.8	1.5	1.5	2.0	2.0
Other support services	6.5	6.5	6.5	6.5	5.6	5.6	4.1	5.0	5.0	6.5
Total	142.0	142.0	142.0	142.0	159.1	170.7	160.3	164.5	162.5	153.4

Source: District Personnel Records

Note:

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

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teacher/Pupil Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary				
2009	921	\$ 12,503,963	\$ 13,577	-3.56%	83.0	Not Available	917.30	874.60	3.72%	95.35%
2010	931	13,252,227	14,234	4.85%	81.0	Not Available	934.70	895.50	1.90%	95.81%
2011	942	13,366,522	14,190	-0.32%	89.0	Not Available	938.50	897.00	0.41%	95.58%
2012	925	13,734,401	14,848	4.64%	89.0	Not Available	916.40	879.90	-2.35%	96.02%
2013	907	14,475,164	15,959	7.49%	91.6	Not Available	900.90	864.60	-1.69%	95.97%
2014	920	14,858,483	16,151	1.20%	92.0	Not Available	905.80	866.54	0.54%	95.67%
2015	898	15,101,862	16,817	4.13%	87.6	Not Available	897.71	859.86	-0.89%	95.78%
2016	894	15,758,107	17,627	4.81%	91.2	Not Available	889.30	850.70	-0.94%	95.66%
2017	885	16,204,571	18,310	3.88%	90.3	Not Available	888.00	847.30	-0.15%	95.42%
2018	892	16,456,573	18,449	0.76%	82.1	Not Available	887.97	851.28	0.00%	95.87%

Sources: District records

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	53,756	53,756	53,756	53,756	53,756	53,756	53,756	53,756	59,905	59,905
Capacity (students)	418	418	418	418	418	418	418	418	418	418
Enrollment	393	393	393	374	391	391	391	391	386	400
Square Feet	38,907	38,907	38,907	38,907	38,907	38,907	38,907	38,907	43,590	43,590
Capacity (students)	280	280	280	280	280	280	280	280	280	280
Enrollment ^a	294	294	294	340	297	297	297	297	310	319
Square Feet	28,901	28,901	28,901	28,901	28,901	28,901	28,901	28,901	32,255	32,255
Capacity (students)	178	178	178	178	178	178	178	178	178	178
Enrollment	197	197	197	203	208	208	208	208	189	167

Number of Schools at June 30, 2018

Elementary = 3

Source: District Records

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

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>School Facilities</u>	<u>School Number</u>										
Number 1	050	\$ 52,537	\$ 50,072	\$ 50,067	\$ 43,182	\$ 71,563	\$ 58,843	\$ 51,113	\$ 82,840	\$ 71,272	\$ 62,780
Number 2	060	47,703	55,888	51,648	49,101	44,096	41,898	49,535	61,045	52,381	54,652
Number 3	999	<u>48,623</u>	<u>42,262</u>	<u>45,084</u>	<u>46,452</u>	<u>46,096</u>	<u>35,403</u>	<u>43,092</u>	<u>51,995</u>	<u>49,566</u>	<u>48,226</u>
Total Required Maintenance for School Faci		<u>\$ 148,863</u>	<u>\$ 148,222</u>	<u>\$ 146,799</u>	<u>\$ 138,735</u>	<u>\$ 161,755</u>	<u>\$ 136,144</u>	<u>\$ 143,740</u>	<u>\$ 195,880</u>	<u>\$ 173,219</u>	<u>\$ 165,658</u>

Source: District Records

**LITTLE FALLS BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2018
(Unaudited)**

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

Source: District Records.

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Falls Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Little Falls Board of Education's basic financial statements and have issued our report thereon dated January 29, 2019.

Internal Control Over Financial Reporting

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

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

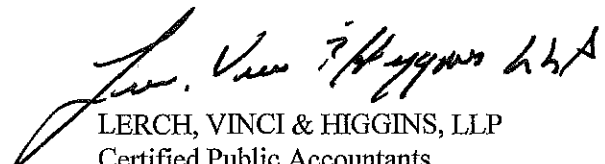
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

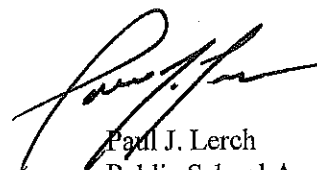
As part of obtaining reasonable assurance about whether the Little Falls Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

Purpose of this Report

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



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
January 29, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Little Falls Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Little Falls Board of Education's major state programs for the fiscal year ended June 30, 2018. The Little Falls Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

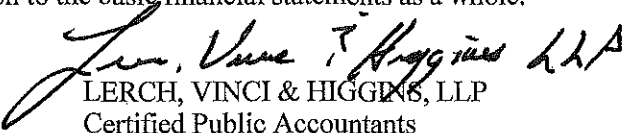
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

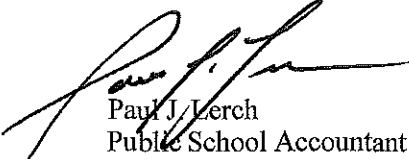
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Falls Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 29, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
January 29, 2019

LITTLE FALLS BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017		Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2018			Memo GAAP Receivable
						(Accounts Receivable)	Unearned Revenue				(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture Passed-Through State Department of Education														
<u>Enterprise Fund</u>														
National School Lunch Program	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	\$ 96,939			\$ 89,851	\$ 96,939		\$ (7,088)			\$ (7,088)
National School Lunch Program	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	94,608	\$ (7,451)		7,451						
National School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	7,223			6,482	7,223		(741)			(741)
National School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	4,389	(557)		557						
Non-Cash Assistance	10.555	181NJ304L1603	N/A	7/1/17-6/30/18	23,959			23,959	23,959					
Non-Cash Assistance	10.555	171NJ304L1603	N/A	7/1/16-6/30/17	15,295	-	\$ 2,247	-	2,247	-	-	-	-	-
Total Enterprise Fund Cluster						(8,008)	2,247	128,300	130,368	-	(7,829)	-	-	(7,829)
U.S. Department of Education Passed-Through State Department of Education														
<u>General Fund</u>														
Medicaid Reimbursement	93.778	1805NJ5MAP	N/A	7/1/17-6/30/18	5,215	-	-	5,215	5,215	-	-	-	-	-
Total General Fund						-	-	5,215	5,215	-	-	-	-	-
<u>Special Revenue</u>														
I.D.E.I.A. Part B-Basic	84.027	H027A150100	IDEA270009	9/1/17-8/31/18	189,842			189,842	189,842					
I.D.E.I.A. Part B-Preschool	84.173	H173A150114	IDEA270009	9/1/17-8/31/18	10,080	-	-	10,080	10,080	-	-	-	-	-
Total Special Education Cluster (IDEA)						-	-	199,922	199,922	-	-	-	-	-
N.C.L.B. - Title I	84.010A	S010A170030	NCLB270009	9/1/17-8/31/18	135,888			98,000	135,888		(37,888)			(37,888)
N.C.L.B. - Title I	84.010A	S010A160030	NCLB270009	9/1/16-8/31/17	134,432	(6)		6						
N.C.L.B. - Title II - A	84.367A	S367A170029	NCLB270009	9/1/17-8/31/18	26,333			26,333	26,333		(10,863)	\$ 2,295		(8,568)
N.C.L.B. - Title III	84.365	S365A170030	NCLB270009	9/1/17-8/31/18	10,863	-	-	-	8,568	-				
Total Special Revenue						(6)	-	324,261	370,711	-	(48,751)	2,295	-	(46,456)
Total Federal Financial Awards						\$ (8,014)	\$ 2,247	\$ 457,776	\$ 506,294	\$ -	\$ (56,580)	\$ 2,295	\$ -	\$ (54,285)

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

LITTLE FALLS BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	AR Balance, July 1, 2017	Def Rev Balance, July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	AR Adjust	Def Rev Adjust	Repayment of Prior Yr. Balances	Balance, June 30, 2018			Memo	
												Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education																
General Fund																
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 485,101				\$ 439,091	\$ 485,101				\$ (46,010)				\$ 485,101
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	450,207	(42,554)			42,554									
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	23,895				21,629	23,895				(2,266)				23,895
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	23,895	(2,258)			2,258									
Additional Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	1				1	1								1
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	9,010				8,155	9,010				(855)				9,010
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	9,010	(852)			852									
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	9,010				8,155	9,010				(855)				9,010
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	9,010	(852)			852									
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	8,790				7,956	8,790				(834)				8,790
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	8,790	(831)			831									
Total State Aid- Public Cluster				(47,347)	-	-	532,334	535,807	-	-	-	(50,820)	-	-	-	535,807
Extraordinary Aid	18-100-034-5120-473	7/1/17-6/30/18	47,767				47,767					(47,767)				47,767
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	70,095	(70,095)			70,095									
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	39,581				35,827	39,581				(3,754)				39,581
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	39,581	(3,741)			3,741									
Lead Testing for School Aid	18-495-034-5120-104	7/1/17-6/30/18	2,245				2,245	2,245								2,245
Additional Nonpublic Transportation Aid	N/A	7/1/17-6/30/18	13,920				13,920					(13,920)			\$ (13,920)	13,920
Additional Nonpublic Transportation Aid	N/A	7/1/16-6/30/17	9,396	(9,396)			9,396									
Reimbursed TPAF Social Security Contribution	18-495-034-5094-003	7/1/17-6/30/18	540,151				514,642	540,151				(25,509)			(25,509)	540,151
Reimbursed TPAF Social Security Contribution	17-495-034-5094-003	7/1/16-6/30/17	515,337	(25,381)			25,381									
On-Behalf TPAF Normal Pension Contribution	18-495-034-5094-006	7/1/17-6/30/18	987,139				987,139	987,139								987,139
On-Behalf TPAF - NCGI Premium	18-495-034-5094-007	7/1/17-6/30/18	23,955				23,955	23,955								23,955
On-Behalf TPAF Post Retirement																
Medical Contribution	18-495-034-5094-001	7/1/17-6/30/18	653,045				653,045	653,045								653,045
On-Behalf Long Term Disability Insurance	18-495-034-5094-008	7/1/17-6/30/18	1,285				1,285	1,285								1,285
Total General Fund				(155,960)	-	-	2,859,085	2,844,895	-	-	-	(141,770)	-	-	(39,429)	2,844,895
State Department of Agriculture																
Enterprise Fund																
National School Lunch Program (State Share)	18-100-010-3350-023	7/1/17-6/30/18	3,599				3,311	3,599				(288)			(288)	3,599
National School Lunch Program (State Share)	17-100-010-3350-023	7/1/16-6/30/17	3,003	(248)			248									
Total Enterprise Fund				(248)	-	-	3,559	3,599	-	-	-	(288)	-	-	(288)	3,599
State of New Jersey Schools Development Authority:																
Capital Projects																
School #1 ADA Toilet Upgrades	#2700-050-14-1004-G2MA	N/A	175,000	(175,000)			175,000									175,000
School #1 Exterior Door/Window Replacement	#2700-050-14-1006-G2MC	N/A	133,080	(152,506)	\$ 19,136		133,080		\$ 19,426	\$ (19,136)						171,932
School #1 Unit Ventilator Replacement	#2700-050-14-1005-G2MB	N/A	263,197	(300,000)	47,237		263,197		36,803	(47,237)						336,803
School #2 Boiler Replacement	#2700-060-14-1008-G2ME	N/A	238,318	(257,510)	29,257		238,318		19,192	(29,257)						276,702
School #2 Door Replacement	#2700-060-14-1007-G2MD	N/A	33,530	(33,530)			33,530									33,530
School #3 Exterior Door & Roof Replacement	#2700-070-14-1012-G04	N/A	23,380	(87,499)	41,288		23,380		64,118	(41,288)						151,617
School #3 Unit Ventilator Replacement	#2700-070-14-1011-G2MH	N/A	252,092	(280,000)	11,261		252,092		27,908	(11,261)						307,908
Total SDA Cluster/Capital Projects Fund				(1,286,045)	148,179	-	1,118,598	-	167,447	(148,179)	-	-	-	-	-	1,453,492
Total State Financial Assistance				\$ (1,442,253)	\$ 148,179	\$ -	\$ 3,981,242	2,848,494	\$ 167,447	\$ (148,179)	\$ -	\$ (142,058)	\$ -	\$ -	\$ (39,717)	\$ 4,301,986
Not Subject to Single Audit Determination																
General Fund																
On-Behalf TPAF Normal Pension Contribution	18-495-034-5094-006	7/1/17-6/30/18	987,139					(987,139)								
On-Behalf TPAF - NCGI Premium	18-495-034-5094-007	7/1/17-6/30/18	23,955					(23,955)								
On-Behalf TPAF - Post Retirement Medical Contribution	18-495-034-5094-001	7/1/17-6/30/18	653,045					(653,045)								
On-Behalf Long Term Disability Insurance	18-495-034-5094-008	7/1/17-6/30/18	1,285					(1,285)								
Total State Financial Assistance Subject to Single Audit								\$ 1,183,070								

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$18,842 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 5,215	\$ 2,863,737	\$ 2,868,952
Special Revenue Fund	370,711		370,711
Debt Service Fund		32,955	32,955
Food Service Fund	130,368	3,599	133,967
	<u>506,294</u>	<u>2,900,291</u>	<u>3,406,585</u>
Total Financial Assistance	\$ 506,294	\$ 2,900,291	\$ 3,406,585

**LITTLE FALLS BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$540,151 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$1,011,094, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$653,045 and TPAF Long-Term Disability Insurance in the amount of \$1,285 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**LITTLE FALLS BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 1 – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section - Not Applicable

LITTLE FALLS BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Part I – Summary of Auditor’s Results

State Awards

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

Auditee qualified as low-risk auditee? yes X no

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

Internal Control over major programs:

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

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

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

Identification of major state programs:

GMIS Number(s)	Name of State Program
18-495-034-5120-089	Special Education Categorical Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-098	PARCC Readiness
18-495-034-5120-101	Professional Learning Community Aid
18-495-034-5120-085	Additional Adjustment Aid

**LITTLE FALLS BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 2 - Schedule of Financial Statement Findings

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

There are none.

**LITTLE FALLS BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

There are none.

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

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

STATUS OF PRIOR YEAR FINDINGS

There were none.