

**LITTLE FERRY**  
**BOARD OF EDUCATION**

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

**Little Ferry, New Jersey**

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

**Prepared by  
Little Ferry Board of Education  
Business Office**

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## **INTRODUCTORY SECTION**

# ***Little Ferry Public Schools***

***130 Liberty Street, Little Ferry, NJ 07643 (201) 641-6192 FAX (201) 641-6604***

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***Home of Memorial School  
A "Governor's School of Excellence"***

January 29, 2019

The Honorable President and Members  
Little Ferry Board of Education  
Little Ferry Public School District  
County of Bergen, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Little Ferry 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 District. 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.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the "Independent Auditor's Report".

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

- The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- The Financial Section begins with the Independent Auditor's Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes, providing an overview of the School District's financial position and operating results and other schedules providing detailed budgetary information;
- The Statistical Section includes selected financial and demographic information, financial trends, and the fiscal capacity of the School District, generally presented on a multi-year basis;
- The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, the U.S. Uniform Guidance, and the New Jersey State Office of Management and Budget (OMB) Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit,

including the independent auditor's reports on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

**1) REPORTING ENTITY AND ITS SERVICES**

The Little Ferry Public School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Little Ferry Board of Education and its all of 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 for regular and special education handicapped youngsters. The District completed the 2017/18 fiscal year with an enrollment of 913 students, which represents a decrease of 25 students from the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last nine (9) years.

**Average Daily Enrollment**

<b>Fiscal Year</b>	<b>Average Daily Enrollment</b>	<b>Percentage Change</b>
2017/18	913	(-3.4%)
2016/17	938	(-3.9%)
2015/16	976	(-3.9%)
2014/15	1,197	21.03%
2013/14	989	0.00%
2012/13	991	0.164%
2011/12	975	83%
2010/11	967	0.73%
2009/10	960	(-0.41%)

**2) ECONOMIC CONDITION AND OUTLOOK**

The Little Ferry Borough and surrounding area is substantially developed with both residential and industrial taxpayers. The situation is expected to continue, which suggests that the tax base will remain stable.

**3) MAJOR INITIATIVES**

The District began the process of closing Washington Elementary School for health and safety reasons. The District installed 16 modular classroom units to house its first and second grade students. In addition, the District replaced its old boilers and is in the process of upgrading its HVAC system by adding air conditioning to the Memorial School Gym. The District plans to move forward with a physical plant upgrade adding new lighting, ceiling tiles, paint, and replacing carpeted classrooms with tile.

The District is planning a referendum in 2019 for the construction of a new elementary school and to convert Memorial School to a Junior/Senior High School and eliminate its send/receive relationship with the Ridgefield Park Public School District. All Curricula has been updated for the beginning of the 2017-18 school year. The District had begun the alignment of the New Jersey Student Learning Standards to the District curriculum. The Next Generation Science standards were aligned to the Science Curriculum and ready to roll out for September, 2017.



#### **4) INTERNAL ACCOUNTING CONTROLS**

Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft, or misuse. In addition, District administration must ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system 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 including that portion related to major Federal and State financial award programs, as well as to determine that the District has complied with applicable laws and regulations, contracts and grants.

#### **5) BUDGETARY CONTROLS**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general and special revenue funds. The District does not have any outstanding debt service. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

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

#### **6) ACCOUNTING SYSTEMS AND REPORTS**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds are explained in "Notes to the Financial Statements", Note 1.

#### **7) DEBT ADMINISTRATION**

At June 30, 2018, there is no outstanding long-term debt obligations.

## 8) CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in 'Notes to the Financial Statements, Note 3". 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 Projection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## 9) RISK MANAGEMENT

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


## 10) 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 and Higgins, LLP, was selected by the Board to perform the audit. 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 and the related U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific, required supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## 10) ACKNOWLEDGMENTS

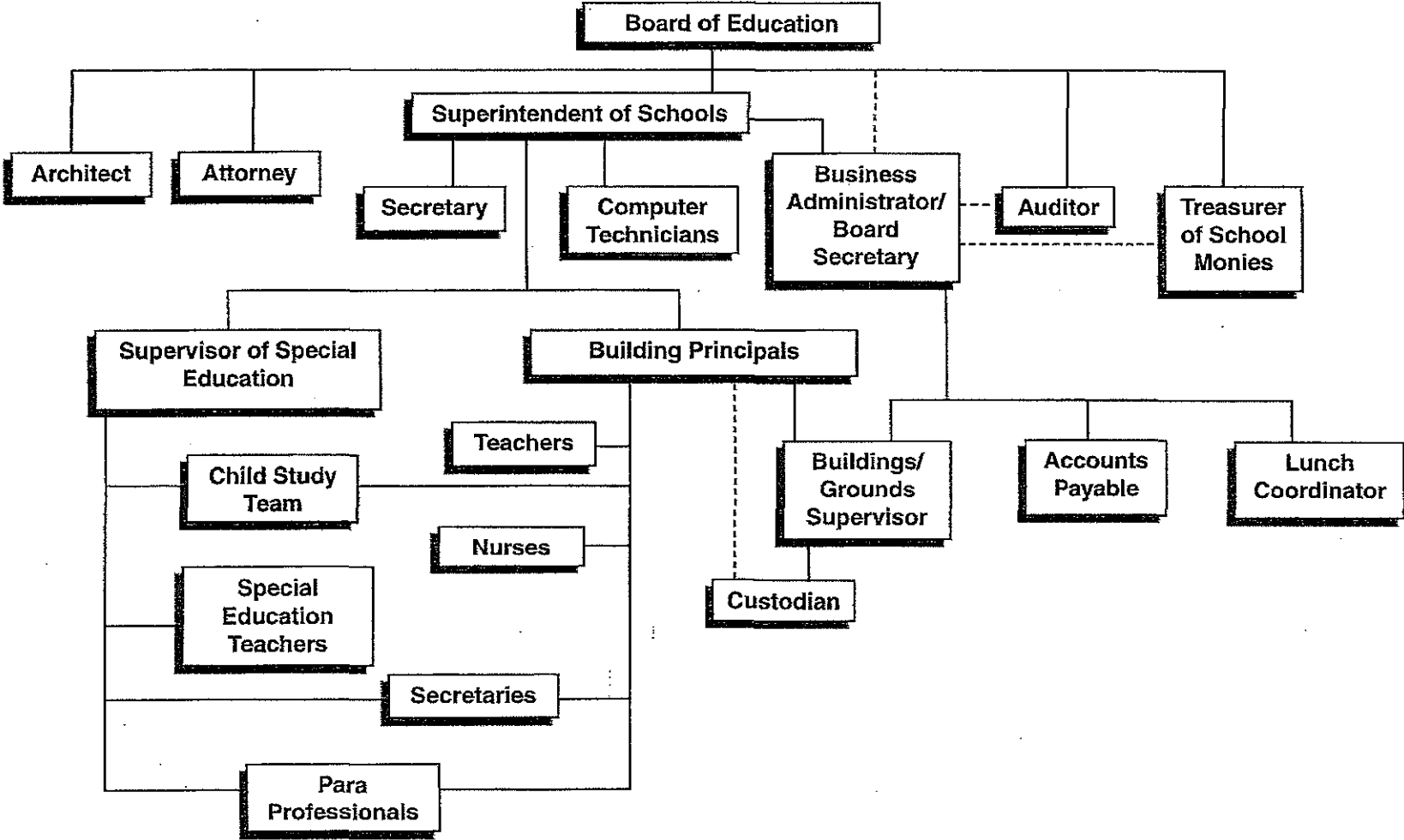
We would like to express our appreciation to the members of the Little Ferry Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial operation.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

Respectfully submitted,

  
\_\_\_\_\_  
Mr. Frank R. Scarafile  
Superintendent  
Little Ferry Board of Education

  
\_\_\_\_\_  
Dennis R. Frohnapfel, Ed.D  
Interim SBA/Board Secretary  
Little Ferry Board of Education

**Little Ferry Board of Education  
Table of Organization**



**LITTLE FERRY BOARD OF EDUCATION**  
**Little Ferry, New Jersey**

**ROSTER OF OFFICIALS**  
**June 30, 2018**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Raymond Vorisek, President	2019
Nicholas Fytros, Vice President	2020
Michelle Brattoli	2020
Suzanne Ferrante	2021
Jeanine Ferrara	2019
Debra Flanagan	2021
Jill Fucci	2021
Leslie Gottlieb	2019
Frank Mele	2020
<b><u>Other Officials</u></b>	
Frank R. Scarafile Superintendent of Schools	
Dennis R. Frohnapfel, Ed.D. Business Administrator/Board Secretary	
Antoinette Kelly Treasurer of School Monies	

**LITTLE FERRY BOARD OF EDUCATION  
Little Ferry, New Jersey**

**CONSULTANTS and ADVISORS**

***Audit Firm***

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

***Attorney***

Winne Banta Basralian & Kahn, PC  
21 Main Street, Suite 101  
P. O. Box 647  
Hackensack, New Jersey 07601

Geisler Law Firm  
215 Lanza Avenue  
Garfield, New Jersey 07026

***Official Depositories***

TD Bank North  
State of New Jersey Cash Management Fund

## **FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Little Ferry Board of Education  
Little Ferry, 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 Ferry 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 Ferry 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 Ferry 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, 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 Ferry 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 Ferry 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.



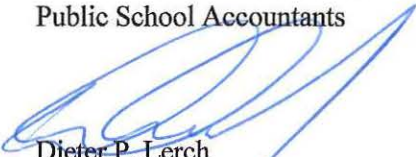
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**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 Ferry 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 Ferry 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 Ferry Board of Education’s internal control over financial reporting and compliance.



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



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
January 29, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **Little Ferry Board of Education Little Ferry, New Jersey**

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

This section of the Little Ferry Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

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

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2017-2018 fiscal year are as follows:

- Net position decreased by \$959,918 from the June 30, 2017 balance of \$4,290,034 to \$3,310,116 at June 30, 2018.
- General revenues of \$20,188,043 accounted for 73 percent of all revenues. Program revenues of \$7,493,168 accounted for 27 percent of total revenues of \$27,681,211.
- Among major funds, the General Fund had \$23,439,655 in revenues and other financing sources and \$24,769,838 in expenditures and other financing uses. The General Fund's fund balance decreased \$1,330,183 from the prior year.
- In total, fund balance of Governmental Funds increased \$1,753,403, which represents a 74 percent increase from the prior year's fund balance of \$2,373,379 to \$4,126,782 at June 30, 2018. The increase relates to the unexpended lease proceeds remaining from the modular classroom project.

### **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 basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Little Ferry Board of Education.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Little Ferry Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Little Ferry Board of Education, reporting the District's operation in more detail than the district-wide statements.

**Little Ferry Board of Education  
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

- The governmental funds statements tell how basic services such as regular and special education instruction and support services 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 Ferry Board of Education operates like a business. The food service operation is considered a proprietary fund.
- Fiduciary funds statements provide information about the financial relationship in which the District acts as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Little Ferry Board of Education's financial statements, including the portion of the Little Ferry Board of Education 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.

**Little Ferry Board of Education  
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2018**

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

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activity of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education and building	Activities the district operates similar to private businesses:  Food Service	Instances in which the district administers resources on behalf of someone else, such as payroll related activities and student activity funds.
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  Statement of Cash Flows	Statements of Fiduciary Net Position  Statement of changes in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/deferred inflows/outflows of resources/liability information	All assets, deferred inflows/outflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up 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 resources and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities both short-term and long term; funds do not currently contain capital assets, although they can.
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.	All additions and dedications during the year, regardless of when cash is received or paid.

**Little Ferry Board of Education**  
**Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2018**

**District-wide Statements**

The district-wide statements report information about the Little Ferry Board of Education as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets, deferred outflows/inflows of resources, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the Little Ferry Board of Education's net position and how they have changed. Net position – the difference between the district's assets/deferred outflows of resources and deferred inflows of resources/liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess 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 school buildings and other facilities.

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 and administration. 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 certain services it provides. The District's Food Service Program is included here. During fiscal year ended June 30, 2017 the District terminated the operations of the Extended Day Care Program. The Program is now administered by an outside vendor.

**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/or 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).

**Little Ferry Board of Education  
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2018**

The district has three kinds of funds:

- *Governmental funds*- Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds 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 additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds*- Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as in the district-wide statements.
- *Fiduciary funds*- The District is the trustee, or *fiduciary*, for assets that belong to others such as payroll and payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's district-wide financial statements because the District cannot use these assets to finance its operations.

This report also includes Notes to the Financial Statements. The notes provide additional information provided in the district-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also includes the required supplementary information.

## **FINANCIAL ANALYSIS OF THE LITTLE FERRY BOARD OF EDUCATION AS A WHOLE**

The district's financial position is the product of many financial transactions including the net results of activities, the issuance and payment of long term liabilities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary of the school district's net position as of June 30, 2018 and 2017.

**Net Position.** The district's combined net position was \$3,330,116 as of June 30, 2018 and \$4,290,034 as of June 30, 2017.

**Little Ferry Board of Education**  
**Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2018**

Statement of Net Position  
As of June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (restated)	2018	2017 (restated)	2018	2017 (restated)
Current and Other Assets	\$ 4,711,113	\$ 2,424,544	\$ 16,981	\$ (2,000)	\$ 4,728,094	\$ 2,422,544
Capital Assets - Net	<u>6,157,072</u>	<u>5,586,151</u>	<u>43,176</u>	<u>48,427</u>	<u>6,200,248</u>	<u>5,634,578</u>
<b>Total Assets</b>	<u>10,868,185</u>	<u>8,010,695</u>	<u>60,157</u>	<u>46,427</u>	<u>10,928,342</u>	<u>8,057,122</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	<u>983,111</u>	<u>1,472,205</u>	<u>-</u>	<u>-</u>	<u>983,111</u>	<u>1,472,205</u>
<b>Total Deferred Outflows of Resources</b>	<u>983,111</u>	<u>1,472,205</u>	<u>-</u>	<u>-</u>	<u>983,111</u>	<u>1,472,205</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>11,851,296</u>	<u>9,482,900</u>	<u>60,157</u>	<u>46,427</u>	<u>11,911,453</u>	<u>9,529,327</u>
Long-Term Liabilities	7,117,169	5,184,474			7,117,169	5,184,474
Other Liabilities	<u>587,382</u>	<u>51,165</u>	<u>2,444</u>	<u>3,654</u>	<u>589,826</u>	<u>54,819</u>
<b>Total Liabilities</b>	<u>7,704,551</u>	<u>5,235,639</u>	<u>2,444</u>	<u>3,654</u>	<u>7,706,995</u>	<u>5,239,293</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue	-	-	536	-	536	-
Deferred Amounts on Net Pension Liability	<u>873,806</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>873,806</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<u>873,806</u>	<u>-</u>	<u>536</u>	<u>-</u>	<u>874,342</u>	<u>-</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>8,578,357</u>	<u>5,235,639</u>	<u>2,980</u>	<u>3,654</u>	<u>8,581,337</u>	<u>5,239,293</u>
Net Position:						
Net Investment in Capital Assets	5,739,062	5,586,151	43,176	48,427	5,782,238	5,634,578
Restricted	3,583,912	819,289			3,583,912	819,289
Unrestricted	<u>(6,050,035)</u>	<u>(2,158,179)</u>	<u>14,001</u>	<u>(5,654)</u>	<u>(6,036,034)</u>	<u>(2,163,833)</u>
<b>Total Net Position</b>	<u>\$ 3,272,939</u>	<u>\$ 4,247,261</u>	<u>\$ 57,177</u>	<u>\$ 42,773</u>	<u>\$ 3,330,116</u>	<u>\$ 4,290,034</u>

The table on the following page shows changes in net position for fiscal years 2018 and 2017.

**Changes in Net Position.** The District's total revenues were \$27,681,211 for the fiscal year ended June 30, 2018. Property taxes accounted for 68% of the total revenues for the school year. Operating grants and contributions and unrestricted federal and state aids were 30%. The balance or 2% was obtained from charges for services, investment earnings and other miscellaneous revenue.

The total cost of all programs and services was \$28,641,129. The District's expenses are predominantly related to instruction and student and instruction related services accounting for 83% of total costs. The purely administrative activities of the District accounted for just 6% of total costs.



**Little Ferry Board of Education**  
**Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2018**

Total expenses exceeded revenues, which resulted in a decrease in net position of \$959,918 from last year.

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

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 77,140	\$ 145,495	\$ 145,260	\$ 159,035	\$ 222,400	\$ 304,530
Operating Grants and Contributions	7,063,981	6,303,186	206,787	217,526	7,270,768	6,520,712
General Revenues						
Property Taxes	18,960,908	18,589,126			18,960,908	18,589,126
Unrestricted Federal and State Aid	1,126,100	526,951			1,126,100	526,951
Investment Earnings	11,489	8,502			11,489	8,502
Other	89,546	177,578	-	-	89,546	177,578
<b>Total Revenues</b>	<b><u>27,329,164</u></b>	<b><u>25,750,838</u></b>	<b><u>352,047</u></b>	<b><u>376,561</u></b>	<b><u>27,681,211</u></b>	<b><u>26,127,399</u></b>
<b>Expenses</b>						
Instruction						
Regular	15,399,923	14,793,027			15,399,923	14,793,027
Special Education	4,792,726	3,748,428			4,792,726	3,748,428
Other Instruction	804,781	671,170			804,781	671,170
School Sponsored Activities and Athletics	67,266	70,947			67,266	70,947
Support Services						
Student and Instruction Related Serv.	2,762,952	2,528,800			2,762,952	2,528,800
General Administration Services	511,107	430,449			511,107	430,449
School Administration Services	807,894	989,030			807,894	989,030
Business / Central Services	470,179	585,377			470,179	585,377
Plant Operations and Maintenance	1,932,464	2,067,782			1,932,464	2,067,782
Pupil Transportation	733,594	678,183			733,594	678,183
Interest on Long Term Debt	20,600	2,440			20,600	2,440
Food Services			337,643	359,516	337,643	359,516
EDCP	-	-	-	1,124	-	1,124
<b>Total Expenses</b>	<b><u>28,303,486</u></b>	<b><u>26,565,633</u></b>	<b><u>337,643</u></b>	<b><u>360,640</u></b>	<b><u>28,641,129</u></b>	<b><u>26,926,273</u></b>
Increase/(Decrease) in Net Position Before Transfers	(974,322)	(814,795)	14,404	15,921	(959,918)	(798,874)
<b>Transfers</b>	<b><u>-</u></b>	<b><u>272,697</u></b>	<b><u>-</u></b>	<b><u>(272,697)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Change in Net Position	(974,322)	(542,098)	14,404	(256,776)	(959,918)	(798,874)
Net Position, Beginning of Year	4,247,261	4,879,769	42,773	273,633	4,290,034	5,153,402
Prior Period Adjustment	-	(90,410)	-	25,916	-	(64,494)
Net Position, End of Year	<b><u>\$ 3,272,939</u></b>	<b><u>\$ 4,247,261</u></b>	<b><u>\$ 57,177</u></b>	<b><u>\$ 42,773</u></b>	<b><u>\$ 3,330,116</u></b>	<b><u>\$ 4,290,034</u></b>

**Little Ferry Board of Education  
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2018**

**Total Cost and Net Cost of Services of Governmental Activities  
For the Fiscal Years Ended June 30, 2018 and 2017**

<u>Functions/Programs</u>	<u>Total 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	\$ 15,399,923	\$ 14,793,027	\$ 11,319,268	\$ 10,987,737
Special Education	4,792,726	3,748,428	3,071,432	1,984,038
Other Instruction	804,781	671,170	492,759	427,251
School Sponsored Activities and Athletics	67,266	70,947	41,701	50,169
Support Services				
Student and Instruction Related Svcs.	2,762,952	2,528,800	2,336,037	2,421,212
General Administration Services	511,107	430,449	486,381	430,449
School Administration Services	807,894	989,030	576,525	675,847
Business / Central Services	470,179	585,377	429,399	585,377
Plant Operations and Maintenance	1,932,464	2,067,782	1,744,081	1,965,171
Pupil Transportation	733,594	678,183	644,182	587,261
Interest on Long Term Debt	20,600	2,440	20,600	2,440
	<u>20,600</u>	<u>2,440</u>	<u>20,600</u>	<u>2,440</u>
Total Governmental Activities	<u>\$ 28,303,486</u>	<u>\$ 26,565,633</u>	<u>\$ 21,162,365</u>	<u>\$ 20,116,952</u>

The following schedule presents a comparison of General Fund (GAAP basis) revenues for the fiscal years ended June 30, 2018 and 2017.

**General Fund Revenues**

	<u>Fiscal Year Ended June 30,</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2018</u>	<u>2017</u>		
Local Sources:				
Property Taxes	\$ 18,960,908	\$ 18,589,126	\$ 371,782	2.0%
Tuition	33,840	93,042	(59,202)	-63.6%
Rentals	43,300	52,453	(9,153)	-17.4%
Interest Earnings	9,893	8,502	1,391	16.4%
Miscellaneous	89,546	177,578	(88,032)	-49.6%
Intergovernmental				
State Sources	<u>4,302,168</u>	<u>3,438,945</u>	<u>863,223</u>	25.1%
Total Revenues	<u>\$ 23,439,655</u>	<u>\$ 22,359,646</u>	<u>\$ 1,080,009</u>	4.8%

**Little Ferry Board of Education  
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2018**

The following schedule presents a comparison of General Fund (GAAP Basis) expenditures for the fiscal years ended June 30, 2018 and 2017.

**General Fund Expenditures**

	<b>Fiscal Year</b>		<b>Amount of</b>	<b>Percent</b>
	<b>Ended June 30,</b>			
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>(Decrease)</u></b>	<b><u>Change</u></b>
Instruction	\$ 17,831,722	\$ 16,124,801	\$ 1,706,921	10.6%
Undistributed Expenditures	6,118,592	6,385,145	(266,553)	-4.2%
Debt Service	24,493	35,046	(10,553)	-30.1%
Capital Outlay	466,482	300,975	165,507	100.0%
	<u>                    </u>	<u>                    </u>	<u>                    </u>	
Total Expenditures	<u>\$ 24,441,289</u>	<u>\$ 22,845,967</u>	<u>\$ 1,595,322</u>	7.0%

**Capital Assets.** As of June 30, 2018 and 2017, the school district had invested in land, construction in progress, land improvements, buildings and building improvements and machinery and equipment as follows:

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b><u>Activities</u></b>		<b><u>Activities</u></b>			
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
		(Restated)		(Restated)		
Land	\$ 2,473,220	\$ 2,473,220			\$ 2,473,220	\$ 2,473,220
Construction in Progress	418,010				418,010	
Land Improvements	318,213	318,213			318,213	318,213
Buildings and Building Improvements	8,701,938	8,286,947			8,701,938	8,286,947
Machinery and Equipment	1,516,584	1,465,093	\$ 101,916	\$ 101,916	1,618,500	1,567,009
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Total</b>	13,427,965	12,543,473	101,916	101,916	13,529,881	12,645,389
Less: Accumulated Depreciation	<u>(7,270,893)</u>	<u>(6,957,322)</u>	<u>(58,740)</u>	<u>(53,489)</u>	<u>(7,329,633)</u>	<u>(7,010,811)</u>
<b>Total Capital Assets, Net</b>	<u>\$ 6,157,072</u>	<u>\$ 5,586,151</u>	<u>\$ 43,176</u>	<u>\$ 48,427</u>	<u>\$ 6,200,248</u>	<u>\$ 5,634,578</u>

**Little Ferry Board of Education  
Little Ferry, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2018**

**Debt Administration.** As of June 30, 2018 and 2017 the school district had long-term liabilities in the amount of \$7,117,169 and \$5,184,474 as follows:

**Long-Term Debt  
Outstanding Long-Term Liabilities  
As of June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
Community Disaster Loan Payable		\$ 312,000
Lease Purchase Agreements	3,500,000	23,493
Compensated Absence (Severance Pay) Payable	45,751	39,292
Net Pension Liability	3,545,861	4,780,690
Deferred Pension Obligation	<u>25,557</u>	<u>28,999</u>
 Total	 <u>\$ 7,117,169</u>	 <u>\$ 5,184,474</u>

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Little Ferry Board of Education, District Administration Offices, 130 Liberty Street, Little Ferry, New Jersey 07643. Telephone: 201-641-6192.

## **BASIC FINANCIAL STATEMENTS**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,492,419	\$ 4,329	\$ 1,496,748
Receivables, net			
Receivables from Other Governments	27,308	9,787	37,095
Inventories		2,865	2,865
Restricted Cash with Fiscal Agents	3,191,386		3,191,386
Capital Assets, Not Being Depreciated	2,891,230		2,891,230
Capital Assets, Being Depreciated, Net	3,265,842	43,176	3,309,018
 Total Assets	 <u>10,868,185</u>	 <u>60,157</u>	 <u>10,928,342</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	983,111	-	983,111
 Total Deferred Outflows of Resources	 <u>983,111</u>	 <u>-</u>	 <u>983,111</u>
 Total Assets and Deferred Outflows of Resources	 <u>11,851,296</u>	 <u>60,157</u>	 <u>11,911,453</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	584,328		584,328
Unearned Revenue	3	2,444	2,447
Accrued Interest Payable	3,051		3,051
Noncurrent Liabilities			
Due Within One Year	352,337		352,337
Due Beyond One Year	6,764,832	-	6,764,832
 Total Liabilities	 <u>7,704,551</u>	 <u>2,444</u>	 <u>7,706,995</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenues		536	536
Deferred Amounts on Net Pension Liability	873,806	-	873,806
 Total Deferred Inflows of Resources	 <u>873,806</u>	 <u>536</u>	 <u>874,342</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>8,578,357</u>	 <u>2,980</u>	 <u>8,581,337</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	5,739,062	43,176	5,782,238
Restricted for			
Capital Projects	3,582,316		3,582,316
Other Purpose	1,596		1,596
Unrestricted	(6,050,035)	14,001	(6,036,034)
 Total Net Position	 <u>\$ 3,272,939</u>	 <u>\$ 57,177</u>	 <u>\$ 3,330,116</u>

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

**LITTLE FERRY 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
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 15,399,923	\$ 33,840	\$ 4,046,815		\$ (11,319,268)		\$ (11,319,268)
Special Education	4,792,726		1,721,294		(3,071,432)		(3,071,432)
Other Instruction	804,781		312,022		(492,759)		(492,759)
School Sponsored Activities and Athletics	67,266		25,565		(41,701)		(41,701)
Support Services							
Student and Instruction Related Services	2,762,952		426,915		(2,336,037)		(2,336,037)
General Administrative Services	511,107		24,726		(486,381)		(486,381)
School Administrative Services	807,894		231,369		(576,525)		(576,525)
Plant Operations and Maintenance	1,932,464	43,300	145,083		(1,744,081)		(1,744,081)
Pupil Transportation	733,594		89,412		(644,182)		(644,182)
Central Services	470,179		40,780		(429,399)		(429,399)
Interest on Long-Term Debt	20,600				(20,600)		(20,600)
<b>Total Governmental Activities</b>	<b>28,303,486</b>	<b>77,140</b>	<b>7,063,981</b>	<b>-</b>	<b>(21,162,365)</b>	<b>-</b>	<b>(21,162,365)</b>
<b>Business-Type Activities</b>							
Food Service	337,643	145,260	206,787			\$ 14,404	14,404
<b>Total Business-Type Activities</b>	<b>337,643</b>	<b>145,260</b>	<b>206,787</b>	<b>-</b>	<b>-</b>	<b>14,404</b>	<b>14,404</b>
<b>Total Primary Government</b>	<b>\$ 28,641,129</b>	<b>\$ 222,400</b>	<b>\$ 7,270,768</b>	<b>\$ -</b>	<b>(21,162,365)</b>	<b>14,404</b>	<b>(21,147,961)</b>
<b>General Revenues</b>							
Property Taxes Levied for General Purpose					18,960,908		18,960,908
State Aid Not Restricted					1,126,100		1,126,100
Investment Earnings					11,489		11,489
Miscellaneous Income					89,546		89,546
<b>Total General Revenues</b>					<b>20,188,043</b>	<b>-</b>	<b>20,188,043</b>
Change in Net Position					(974,322)	14,404	(959,918)
Net Position, Beginning of Year (Restated)					4,247,261	42,773	4,290,034
Net Position, End of Year					<b>\$ 3,272,939</b>	<b>\$ 57,177</b>	<b>\$ 3,330,116</b>

**FUND FINANCIAL STATEMENTS**



**LITTLE FERRY 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>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,163,870			\$ 328,549	\$ 1,492,419
Receivables					
Intergovernmental	24,851	\$ 2,457			27,308
Due from Other Funds	11,694	-			11,694
Restricted Cash with Fiscal Agent	-	-	\$ 3,191,386	-	3,191,386
	<u>1,200,415</u>	<u>2,457</u>	<u>3,191,386</u>	<u>328,549</u>	<u>4,722,807</u>
<b>Total Assets</b>	<b>\$ 1,200,415</b>	<b>\$ 2,457</b>	<b>\$ 3,191,386</b>	<b>\$ 328,549</b>	<b>\$ 4,722,807</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Due to Other Funds		\$ 11,694			11,694
Accounts Payable			\$ 107,800	\$ 328,549	436,349
Other Current Liabilities	\$ 147,979				147,979
Unearned Revenue	-	3	-	-	3
	<u>147,979</u>	<u>11,697</u>	<u>107,800</u>	<u>328,549</u>	<u>596,025</u>
<b>Total Liabilities</b>	<b>147,979</b>	<b>11,697</b>	<b>107,800</b>	<b>328,549</b>	<b>596,025</b>
<b>Fund Balances</b>					
<b>Restricted Fund Balance</b>					
Excess Surplus-Designated for Subsequent Year's Expenditures	76,176				76,176
Excess Surplus	182,448				182,448
Capital Reserve	112,326				112,326
Capital Reserve- Designated for Subsequent Year's Expenditures	388,000				388,000
Capital Projects			3,081,990		3,081,990
Debt Service			1,596		1,596
<b>Assigned Fund Balance</b>					
Year-End Encumbrances	20,450				20,450
Designated for Subsequent Year's Expenditures	88,510				88,510
<b>Unassigned Fund Balance</b>					
General Fund	184,526				184,526
Special Revenue Fund	-	(9,240)	-	-	(9,240)
	<u>1,052,436</u>	<u>(9,240)</u>	<u>3,083,586</u>	<u>-</u>	<u>4,126,782</u>
<b>Total Fund Balances</b>	<b>1,052,436</b>	<b>(9,240)</b>	<b>3,083,586</b>	<b>-</b>	<b>4,126,782</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,200,415</b>	<b>\$ 2,457</b>	<b>\$ 3,191,386</b>	<b>\$ 328,549</b>	

**Amounts Reported for Governmental Activities in the Statement of  
Net Position (A-1) are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$13,427,965 and the accumulated depreciation is \$7,270,893. 6,157,072

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.

Deferred Outflows of Resources	\$ 983,111	
Deferred Inflows of Resources	(873,806)	
		109,305

The District has financed capital assets through the issuance of lease purchase obligations. The interest accrual at year-end is: (3,051)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds.

Long-term liabilities at year end consist of the following:

Severance Pay Payable	(45,751)	
Lease Purchase Agreements Payable	(3,500,000)	
Deferred Pension Obligation	(25,557)	
Net Pension Liability	(3,545,861)	
		<u>(7,117,169)</u>

**Net Position of Governmental Activities (Exhibit A-1) \$ 3,272,939**

**LITTLE FERRY 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>
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 18,960,908				\$ 18,960,908
Tuition	33,840				33,840
Rentals	43,300				43,300
Interest	9,893		\$ 1,596		11,489
Miscellaneous	89,546	\$ 987	-	-	90,533
<b>Total - Local Sources</b>	<u>19,137,487</u>	<u>987</u>	<u>1,596</u>	<u>-</u>	<u>19,140,070</u>
State Sources	4,302,168	92,400			4,394,568
Federal Sources	-	586,068	-	-	586,068
<b>Total Revenues</b>	<u>23,439,655</u>	<u>679,455</u>	<u>1,596</u>	<u>-</u>	<u>24,120,706</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	12,921,963	256,586			13,178,549
Special Education Instruction	4,232,805	263,237			4,496,042
Other Instruction	624,462				624,462
School-Sponsored Activities and Athletics	52,492				52,492
Support Services and Undistributed Costs					
Student and Instruction Related Services	2,287,702	159,632			2,447,334
General Administrative Services	481,387				481,387
School Administrative Services	653,570				653,570
Plant Operations and Maintenance	1,558,931				1,558,931
Pupil Transportation	721,517				721,517
Central Services	415,485				415,485
Capital Outlay	466,482		418,010		884,492
Debt Service					
Principal	23,493			\$ 312,000	335,493
Interest	1,000	-	-	16,549	17,549
<b>Total Expenditures</b>	<u>24,441,289</u>	<u>679,455</u>	<u>418,010</u>	<u>328,549</u>	<u>25,867,303</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,001,634)</u>	<u>-</u>	<u>(416,414)</u>	<u>(328,549)</u>	<u>(1,746,597)</u>
<b>OTHER FINANCING USES/SOURCES</b>					
Lease Purchase Proceeds			3,500,000		3,500,000
Transfers In				328,549	328,549
Transfers Out	(328,549)	-	-	-	(328,549)
<b>Total Other Financing Uses/Sources</b>	<u>(328,549)</u>	<u>-</u>	<u>3,500,000</u>	<u>328,549</u>	<u>3,500,000</u>
<b>Net Change in Fund Balances</b>	<u>(1,330,183)</u>	<u>-</u>	<u>3,083,586</u>	<u>-</u>	<u>1,753,403</u>
Fund Balance (Deficit), Beginning of Year	2,382,619	(9,240)	-	-	2,373,379
Fund Balance (Deficit), End of Year	<u>\$ 1,052,436</u>	<u>\$ (9,240)</u>	<u>\$ 3,083,586</u>	<u>\$ -</u>	<u>\$ 4,126,782</u>

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

**LITTLE FERRY BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ 1,753,403**

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

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

Capital Outlay	\$ 884,492	
Depreciation Expense	<u>(313,571)</u>	
		570,921

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net position.

Issuance of Lease Purchase Agreement	(3,500,000)	
Lease Purchase Agreements	<u>23,493</u>	
		(3,476,507)

In the statement of activities, certain operating expenses - compensated absences and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Increase in Compensated Absences (Severance Pay)	\$ (6,459)	
Increase in Pension Expense	(128,071)	
Net Decrease in Community Disaster Loan Payable	312,000	
Net Decrease in Deferred Pension Obligation	<u>3,442</u>	
		180,912

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

Increase in Accrued Interest		<u>(3,051)</u>
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**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ (974,322)**

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

**Enterprise Fund-  
Food Service**

**ASSETS**

## Current Assets

Cash and Cash Equivalents	\$	4,329
Receivables from Other Governments		9,787
Inventory		<u>2,865</u>

Total Current Assets		<u>16,981</u>
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## Capital Assets

Equipment		101,916
Less: Accumulated Depreciation		<u>(58,740)</u>

Total Capital Assets, Net		<u>43,176</u>
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Total Assets		<u>60,157</u>
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**LIABILITIES**

## Current Liabilities

Unearned Revenue		<u>2,444</u>
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Total Current Liabilities		<u>2,444</u>
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**DEFERRED INFLOWS OF RESOURCES**

Deferred Commodities Revenue		<u>536</u>
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Total Deferred Inflows of Resources		<u>536</u>
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Total Liabilities and Deferred Inflows of Resources		<u>2,980</u>
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**NET POSITION**

Investment in Capital Assets		43,176
Unrestricted		<u>14,001</u>

Total Net Position	\$	<u><u>57,177</u></u>
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**LITTLE FERRY BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b><u>Enterprise Fund- Food Service</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales Reimbursable Programs	\$ 112,798
Daily Sales - Non Reimbursable Programs	<u>32,462</u>
 Total Operating Revenues	 <u>145,260</u>
<b>OPERATING EXPENSES</b>	
Salaries and Benefits	127,976
Cost of Sales - Reimbursable Programs	138,959
Cost of Sales - Non Reimbursable	13,743
Other Purchased Services	16,044
Management Fee	25,000
Miscellaneous Expenses	2,281
Supplies and Materials	8,389
Depreciation	<u>5,251</u>
 Total Operating Expenses	 <u>337,643</u>
 Operating Income (Loss)	 <u>(192,383)</u>
<b>NONOPERATING REVENUES</b>	
State Sources:	
State School Lunch Program	4,289
Federal Sources	
National School Lunch Program	165,514
School Breakfast Program	4,961
Food Distribution Program	<u>32,023</u>
 Total Nonoperating Revenues	 <u>206,787</u>
 Change in Net Position	 14,404
Net Position, Beginning of Year (Restated)	<u>42,773</u>
Net Position, End of Year	<u>\$ 57,177</u>

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

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

	<u>Enterprise Fund- Food Service</u>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 144,050
Cash Payments for Salaries and Benefits	(127,976)
Cash Payments to Suppliers and Employees	<u>(172,276)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(156,202)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Cash Paid to General Fund	(44,138)
Cash Received from State and Federal Reimbursements	<u>175,380</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>131,242</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(24,960)
Cash and Cash Equivalents, Beginning of Year	<u>29,289</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,329</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	<u>\$ (192,383)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	5,251
Food Distribution (USDA Commodities) Program	32,023
Change in Assets, Liabilities and Deferred Inflows of Resources	
(Increase/Decrease) in Inventory	(419)
Increase/(Decrease) in Unearned Revenue	(1,210)
Increase/(Decrease) in Deferred Inflow of Resources	<u>536</u>
Total Adjustments	<u>36,181</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (156,202)</u>
<b>Non-Cash Investing, Capital and Related Financing Activities</b>	
Fair Value of Food Distribution Program- National School Lunch Program	\$ 32,559

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

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

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>35,344</u>
Total Assets	<u>35,344</u>
<b>LIABILITIES</b>	
Due to Student Groups	39,369
Reserve for Flexible Spending	4,392
Accrued Salaries & Wages	1
Payroll Deductions and Withholdings (Deficit)	<u>(8,418)</u>
Total Liabilities	<u>\$ 35,344</u>

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

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

NOT APPLICABLE



**NOTES TO THE FINANCIAL STATEMENTS**

**LITTLE FERRY 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 Ferry 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 Ferry Board of Education this includes general operations, food service, 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:

- 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 FERRY 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 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 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 fund. Fiduciary funds are excluded from the district-wide financial statements.

**LITTLE FERRY 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, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

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

**Fund Financial Statements**

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

The District reports the following major governmental funds:

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

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

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

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

**LITTLE FERRY 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 fund which is organized to be self-supporting through user charges:

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

Additionally, the government reports the following fund types:

The *fiduciary 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 FERRY 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, rentals, 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. Restricted Assets***

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts for Lease-Purchase Agreements for capital projects.

**LITTLE FERRY 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>
Land Improvements	20
Buildings	40
Building Improvements	15
Vehicles	10
Office Equipment	5-10
Computer Equipment	5

**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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

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

**LITTLE FERRY 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. *Severance Pay***

It is the District's policy to permit teachers who retire from the District after completing an uninterrupted, continuous service with the District for a minimum of any of the period of years set forth in the policy to be paid a fixed compensation based on the years of service. A long-term liability of accumulated severance pay 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. 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.

**8. *Long-Term Obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

**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.



**LITTLE FERRY 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**

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

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

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

*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.

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

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

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

*Debt Service* – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest of the lease purchase agreement.

**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.

**LITTLE FERRY 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)**

***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, an 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.

**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 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

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

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

Tuition Expenditures - Tuition charges for the fiscal years 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.

**LITTLE FERRY 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 (Continued)**

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 16, 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 \$854,213. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional state aid appropriations of \$649,329 from the general fund.

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

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

**A. Budgetary Information (Continued)**

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

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

**B. Deficit Fund Equity**

The District has an unassigned fund deficit of \$9,240 in the Special Revenue Fund as of June 30, 2018 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2017/2018 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the Special Revenue Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$9,240 in the Special Revenue Fund is equal to the delayed state aid payments at June 30, 2018.

**C. 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.

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

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

**C. Capital Reserve (Continued)**

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

Balance, July 1, 2017		\$ 819,289
Increased by		
Interest Earnings	\$ 5,637	
Total Increases		<u>5,637</u>
		824,926
Withdrawals		
Approved in District Budget	<u>324,600</u>	
		<u>324,600</u>
Balance, June 30, 2018		<u>\$ 500,326</u>
Designated for Subsequent Year's Expenditures (18/19 Budget)	\$ 388,000	
Available Capital Reserve		<u>112,326</u>
		<u>\$ 500,326</u>

The withdrawals from the capital reserve were for use in a department approved facilities project. \$388,000 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

**D. Transfers to Capital Outlay**

During the 2017/2018 school year, the district transferred \$226,052 to the non-equipment capital outlay accounts. The transfer was made from the appropriation of additional state aid to supplement a capital project approved by the County Superintendent to support an emergent circumstance pursuant to N.J.A.C. 6A:23A-13.3(h).

**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 \$258,624. Of this amount, \$76,176 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$182,448 will be appropriated in the 2019/2020 original budget certified for taxes.

**LITTLE FERRY 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 \$4,723,478 and bank and brokerage firm balances of the Board's deposits amounted to \$4,998,293. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" or "restricted cash with fiscal agent" are categorized as:

**Depository Account**

Insured	\$ 4,996,417
Uninsured and Uncollateralized	<u>1,876</u>
	<u>\$ 4,998,293</u>

**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 of \$1,876 was exposed to custodial credit risk as follows:

**Depository Account**

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department not in the Board's name	<u>\$ 1,876</u>
	<u>\$ 1,876</u>

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

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

**A. Cash Deposits and Investments (Continued)**

**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.

Interest earnings from the unexpended lease purchase proceeds in the Capital Projects Fund are restricted to be used for the repayment of the lease principal and interest.

**B. Receivables**

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

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Food Service Enterprise Fund</u>	<u>Total</u>
Receivables:				
Intergovernmental-				
Federal		\$ 2,457	\$ 9,541	\$ 11,998
State	\$ 24,851	-	246	25,097
Net Total Receivables	<u>\$ 24,851</u>	<u>\$ 2,457</u>	<u>\$ 9,787</u>	<u>\$ 37,095</u>

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

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

**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:

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ <u>          3</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>          3</u>

**D. Capital Assets**

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

	<u>Balance, July 1, 2017 (Restated)</u>	<u>Increases</u>	<u>Balance, June 30, 2018</u>
<b>Governmental Activities:</b>			
Capital Assets, Not Being Depreciated:			
Land	\$ 2,473,220		\$ 2,473,220
Construction in Progress	<u>          -</u>	<u>\$ 418,010</u>	<u>418,010</u>
Total Capital Assets, Not Being Depreciated	<u>2,473,220</u>	<u>418,010</u>	<u>2,891,230</u>
Capital Assets, Being Depreciated:			
Land Improvements	318,213		318,213
Building and Building Improvements	8,286,947	414,991	8,701,938
Machinery and Equipment	<u>1,465,093</u>	<u>51,491</u>	<u>1,516,584</u>
Total Capital Assets Being Depreciated	<u>10,070,253</u>	<u>466,482</u>	<u>10,536,735</u>
Less Accumulated Depreciation for:			
Land Improvements	(168,458)	(14,247)	(182,705)
Building and Building Improvements	(5,711,778)	(236,982)	(5,948,760)
Machinery and Equipment	<u>(1,077,086)</u>	<u>(62,342)</u>	<u>(1,139,428)</u>
Total Accumulated Depreciation	<u>(6,957,322)</u>	<u>(313,571)</u>	<u>(7,270,893)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,112,931</u>	<u>152,911</u>	<u>3,265,842</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,586,151</u>	<u>\$ 570,921</u>	<u>\$ 6,157,072</u>



**LITTLE FERRY 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> (Restated)	<u>Increases</u>	Balance, <u>June 30, 2018</u>
<b>Business-Type Activities:</b>			
Capital Assets, Being Depreciated:			
Machinery and Equipment	\$ 101,916	-	\$ 101,916
Total Capital Assets Being Depreciated	<u>101,916</u>	<u>-</u>	<u>101,916</u>
Less Accumulated Depreciation for:			
Machinery and Equipment	(53,489)	\$ (5,251)	(58,740)
Total Accumulated Depreciation	<u>(53,489)</u>	<u>(5,251)</u>	<u>(58,740)</u>
Total Capital Assets, Being Depreciated, Net	<u>48,427</u>	<u>(5,251)</u>	<u>43,176</u>
Business-Type Activities Capital Assets, Net	<u>\$ 48,427</u>	<u>\$ (5,251)</u>	<u>\$ 43,176</u>

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

**Governmental Activities:**

Instruction		
Regular		\$ 40,764
Total Instruction		<u>40,764</u>
Support Services		
Student and Instruction Related Services		18,814
School Administrative Services		3,136
Plant Operations and Maintenance		247,721
Pupil Transportation		<u>3,136</u>
Total Support Services		<u>272,807</u>
Total Depreciation Expense - Governmental Activities		<u>\$ 313,571</u>
<b>Business-Type Activities:</b>		
Food Service Fund		<u>\$ 5,251</u>
Total Depreciation Expense-Business-Type Activities		<u>\$ 5,251</u>

**LITTLE FERRY 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>Spent to Date</u>	<u>Remaining Commitment</u>
Modular Classroom Project - Site Cleaning Contract Acquisition of Modular Classrooms	\$ 107,800	\$ 571,200 <u>2,540,757</u>
		<u>\$ 3,111,957</u>

The District has other significant commitments at June 30, 2018 as follows:

<u>Purposes</u>	<u>Remaining Commitment</u>
CDL Loan Repayment	<u>\$ 328,549</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>\$ 11,694</u>

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

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

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

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

**E. Interfund Receivables, Payables, and Transfers (Continued)**

**Interfund Transfers**

	<u>Transfer In:</u>	
	<u>Debt Service Fund</u>	<u>Total</u>
Transfer Out:		
General Fund	\$ 328,449	\$ 328,449
Total transfers out	<u>\$ 328,449</u>	<u>\$ 328,449</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**

**Lease Purchase Agreement**

The District is leasing modular classrooms and associated leasehold improvements totaling \$3,500,000 under a lease purchase agreement. The lease is for a term of 5 years.

The capital assets acquired through this capital lease are as follows:

	<u>Governmental Activities</u>
Construction in Progress	<u>\$ 418,010</u>

The unexpended proceeds from capital leases in the amount of \$3,081,990 at June 30, 2018 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2019	\$ 378,945
2020	757,890
2021	757,890
2022	757,890
2023	757,890
2024	<u>378,945</u>
Total minimum lease payments	\$ 3,789,450
Less: amount representing interest	<u>(289,450)</u>
Present value of minimum lease payments	<u>\$ 3,500,000</u>

**LITTLE FERRY 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**

**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)	\$ 30,532,455
Less: Net Debt	<u>                    -</u>
Remaining Borrowing Power	<u>\$ 30,532,455</u>

**H. Other Long-Term Liabilities**

**Community Disaster Loan**

In July 2013, the Federal Emergency Management Agency (FEMA), under the provisions of the Community Disaster Loan Act of 2005, approved the District's application for a disaster loan in response to the losses incurred as a result of Hurricane Sandy. The district was approved for \$4,708,701 total loan and chose to withdraw \$312,000 as a reduction of the tax levy assessed for the 2013-2014 and 2014-2015 school years. The cumulative amount of principal and interest accrued through June 30, 2018 is \$312,000 and \$16,549, respectively. The loan was subject to FEMA review in the fall of 2017 and was to be fully or partially cancelled based upon FEMA's calculation of the revenue loss that the district experienced over a specified period. The loan matures in 2018. FEMA has determined the district must repay 100% of the loan. The district appropriated for the payback of the loan in the 2017-2018 budget. As of June 30, 2018, the repayment has been accrued by the District and was subsequently made in the 2018-2019 fiscal year.

**Deferred Pension Obligation**

During the 2009/2010 school year the Board elected to contribute only 50% of its normal and accrued liability components of the Public Employee Retirement System (PERS) obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$34,821 and is being paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.00% effective July 1, 2017), at June 30, 2018 is \$25,557.

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

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

**H. Other Long-Term Liabilities (Continued)**

**Changes in Long-Term Liabilities**

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

	Balance, <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2018</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Severance Pay	\$ 39,292	\$ 16,150	\$ 9,691	\$ 45,751	\$ 10,000
Lease Purchase Agreements	23,493	3,500,000	23,493	3,500,000	342,337
Community Disaster Loan ("CDL") Payable	312,000		312,000	-	
Deferred Pension Obligation	28,999	2,030	5,472	25,557	
Net Pension Liability	<u>4,780,690</u>	<u>-</u>	<u>1,234,829</u>	<u>3,545,861</u>	<u>-</u>
 Governmental Activities Long-Term Liabilities	 <u>\$ 5,184,474</u>	 <u>\$ 3,518,180</u>	 <u>\$ 1,585,485</u>	 <u>\$ 7,117,169</u>	 <u>\$ 352,337</u>

For the governmental activities, the liabilities for severance pay, lease purchase agreements, deferred pension obligations and net pension liability are generally liquidated by the general fund. The Community Disaster Loan payable was liquidated by the debt service fund.

**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 Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims and various other types of coverage.

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

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

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

NESBIG provide 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 "Contribution Method". Under this plan the District remits quarterly contributions to the New Jersey Unemployment Trust Fund under a consolidated rate established annually and shared by all governmental contributory employees.

**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 FERRY 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 1/55<sup>th</sup> 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 1/60<sup>th</sup> 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 FERRY 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  $1/55^{\text{th}}$  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  $1/60^{\text{th}}$  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 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](http://www.state.nj.us/treasury/pensions).



**LITTLE FERRY 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](http://www.state.nj.us/treasury/doinvest).

**LITTLE FERRY 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 FERRY 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	\$ 141,112	\$ 971,520	\$ 14,166
2017	143,400	700,050	18,511
2016	138,582	468,039	15,137

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$1,395 and \$774, respectively for PERS and the State contributed \$965 and \$881, 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 \$469,293 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.

To facilitate the separate actuarial 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.

**LITTLE FERRY 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 District reported in the statement of net position (accrual basis) a liability of \$3,545,861 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 .01523 percent, which was a decrease of .00091 percent from its proportionate share measured as of June 30, 2016 of .01614 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$269,183 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:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 83,493	
Changes of Assumptions	714,369	\$ 711,750
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	24,145	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>161,104</u>	<u>162,056</u>
Total	<u>\$ 983,111</u>	<u>\$ 873,806</u>

**LITTLE FERRY 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	\$ 25,045
2020	25,045
2021	25,045
2022	25,046
2023	9,124
Thereafter	<u>-</u>
	<u>\$ 109,305</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 FERRY 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%

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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate (Continued)***

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

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2040

Municipal Bond Rate \* From July 1, 2040  
and Thereafter

\* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	<b>1% Decrease <u>(4.00%)</u></b>	<b>Current Discount Rate <u>(5.00%)</u></b>	<b>1% Increase <u>(6.00%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 4,398,881</u>	<u>\$ 3,545,861</u>	<u>\$ 2,835,189</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

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

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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**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 \$2,906,967 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 \$41,962,753. 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 .06224 percent, which was an increase of .00378 percent from its proportionate share measured as of June 30, 2016 of .05846 percent.



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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**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.

	<b><u>TPAF</u></b>
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 FERRY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

**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 FERRY BOARD OF EDUCATION  
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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate***

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

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

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

**Period of Projected Benefit**

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

\* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	<b>1% Decrease <u>(3.25%)</u></b>	<b>Current Discount Rate <u>(4.25%)</u></b>	<b>1% Increase <u>(5.25%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 49,853,067</u>	<u>\$ 41,962,753</u>	<u>\$ 35,462,678</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

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

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

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

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

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program 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](http://www.state.nj.us/treasury/pensions).

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**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	<u>-</u>
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 FERRY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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 \$627,484, \$583,300 and \$557,307, 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 FERRY BOARD OF EDUCATION  
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**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 \$1,900,495. 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 \$29,396,310. 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 .05480 percent, which was an increase of .00022 percent from its proportionate share measured as of June 30, 2016 of .05458 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.

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**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:

<u>Fiscal Year</u>	<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.



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NOTES TO THE FINANCIAL STATEMENTS  
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**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 <u>(State Share 100%)</u>
Balance, June 30, 2016 Measurement Date	\$ <u>31,565,717</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 1,380,001
Interest on the Total OPEB Liability	927,588
Changes of Assumptions	(3,883,678)
Gross Benefit Payments	(616,001)
Contributions from the Member	<u>22,683</u>
<b>Net Changes</b>	<b>\$ <u>(2,169,407)</u></b>
Balance, June 30, 2017 Measurement Date	\$ <u>29,396,310</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 <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>34,895,541</u>	\$ <u>29,396,310</u>	\$ <u>25,034,268</u>

**LITTLE FERRY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$ 24,175,623	\$ 29,396,310	\$ 36,329,321

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.

**NOTE 5 RESTATEMENT**

The District conducted an update and appraisal of its capital assets inventory during the 2017/18 fiscal year. The District has restated its July 1, 2017 capital asset values as well as the accumulated depreciation amount to reflect the amounts reported in the updated inventory. The net effect of this restatement adjustment was a decrease to governmental activities net position of \$90,410 and an increase to business-type activities net position of \$25,916.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

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

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 18,960,908		\$ 18,960,908	\$ 18,960,908	
Tuition- Individuals (Pre K)	40,000		40,000	32,840	\$ (7,160)
Tuition- Other LEAs	47,000		47,000	1,000	(46,000)
Rentals	55,000		55,000	43,300	(11,700)
Interest Earned on Capital Reserve Funds	1,000		1,000	5,637	4,637
Other Revenues from Local Sources	7,000	-	7,000	93,802	86,802
<b>Total Local Sources</b>	<b>19,110,908</b>	<b>-</b>	<b>19,110,908</b>	<b>19,137,487</b>	<b>26,579</b>
State Sources					
Categorical Special Education Aid	795,218		795,218	795,218	-
Categorical Transportation Aid	81,936		81,936	81,936	-
Categorical Security Aid	51,579		51,579	51,579	-
Equalization Aid	520,499	\$ 649,329	1,169,828	1,169,828	-
Per Pupil Growth Aid	13,390		13,390	13,390	-
PARCC Readiness Aid	13,390		13,390	13,390	-
Professional Learning Community Aid	13,430		13,430	13,430	-
Host District Support Aid	1,459		1,459	1,459	-
Extraordinary Aid	76,200		76,200	170,621	94,421
Additional Non-Public Transportation Aid				1,289	1,289
Lead Testing for Drinking Water Reimbursement				3,041	3,041
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				23,018	23,018
On-behalf TPAF Pension System Payments - Normal Cost & Accrued Liab. (Non-Budget)				948,502	948,502
On-behalf TPAF Pension System Payments - Long-Term Disability Insurance (Non-Budget)				965	965
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				627,484	627,484
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	469,293	469,293
<b>Total State Sources</b>	<b>1,567,101</b>	<b>649,329</b>	<b>2,216,430</b>	<b>4,384,443</b>	<b>2,168,013</b>
Federal Sources					
Medicaid Reimbursement	19,397	-	19,397	-	(19,397)
<b>Total Federal Sources</b>	<b>19,397</b>	<b>-</b>	<b>19,397</b>	<b>-</b>	<b>(19,397)</b>
<b>Total Revenues</b>	<b>20,697,406</b>	<b>649,329</b>	<b>21,346,735</b>	<b>23,521,930</b>	<b>2,175,195</b>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	141,941	(30,041)	111,900	111,900	-
Kindergarten	311,440	13,800	325,240	325,240	-
Grades 1-5	2,866,241	225,832	3,092,073	3,092,073	-
Grades 6-8	1,061,677	(40,677)	1,021,000	1,021,000	-
Regular Programs - Home Instruction					
Salaries of Teachers	8,000	(5,710)	2,290	2,290	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	572,628	(303,050)	269,578	269,578	-
Purchased Technical Services	180,000	(139)	179,861	179,861	-
Other Purchased Services	27,200	17,613	44,813	41,146	3,667
General Supplies	165,714	(39,108)	126,606	126,606	-
Textbooks	156,300	(834)	155,466	155,466	-
Other Objects	3,100	(2,124)	976	976	-
<b>Total Regular Programs</b>	<b>5,494,241</b>	<b>(164,438)</b>	<b>5,329,803</b>	<b>5,326,136</b>	<b>3,667</b>

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

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Multiple Disabilities					
Salaries of Teachers	\$ 236,718	\$ -	\$ 236,718	\$ 236,718	\$ -
General Supplies	3,000	(129)	2,871	2,871	-
Textbooks	9,000	(4,382)	4,618	4,618	-
Total Multiple Disabilities	248,718	(4,511)	244,207	244,207	-
Resource Room/Resource Center					
Salaries of Teachers	471,486	(50,185)	421,301	421,300	1
General Supplies	2,240	(575)	1,665	1,665	-
Textbooks	3,360	(244)	3,116	3,116	-
Total Resource Room/Resource Center	477,086	(51,004)	426,082	426,081	1
Total Special Education	725,804	(55,515)	670,289	670,288	1
Basic Skills					
Salaries of Teachers	87,966	2,000	89,966	89,966	-
General Supplies	975	(498)	477	477	-
Total Basic Skills	88,941	1,502	90,443	90,443	-
Bilingual Education					
Salaries	247,107	62,861	309,968	309,968	-
General Supplies	750	(130)	620	620	-
Total Bilingual Education	247,857	62,731	310,588	310,588	-
School Sponsored Co/Extracurricular Activities-Instruction					
Salaries	19,000	-	19,000	19,000	-
Other Objects	-	-	-	-	-
Total Co/Extracurricular Activities-Instruction	19,000	-	19,000	19,000	-
School Sponsored Athletics-Instruction					
Salaries	10,000	3,768	13,768	13,768	-
Purchased Services	2,323	(905)	1,418	1,418	-
Total School Sponsored Athletics-Instruction	12,323	2,863	15,186	15,186	-
Total Instruction	6,588,166	(152,857)	6,435,309	6,431,641	3,668
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	4,355,009	107,077	4,462,086	4,462,086	-
Tuition to Other LEAs Within the State - Special	2,186,781	66,317	2,253,098	2,253,098	-
Tuition to County Vocational School Districts - Regular	42,624	389,346	431,970	431,970	-
Tuition to County Vocational School Districts - Special	320,400	40,153	360,553	360,553	-
Tuition to CSSD & Reg. Day Schools	181,547	47,570	229,117	229,117	-
Tuition to Priv. School for the Disabled W/I State	357,343	(5,210)	352,133	352,133	-
Total Undistributed Expenditures - Instruction	7,443,704	645,253	8,088,957	8,088,957	-

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

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 72,700	\$ 8,000	\$ 80,700	\$ 80,700	-
Total Attendance and Social Work Services	72,700	8,000	80,700	80,700	-
Health Services					
Salaries	140,438	6,030	146,468	146,467	\$ 1
Purchased Professional and Technical Services	17,394	(9,079)	8,315	8,315	-
Supplies and Materials	3,465	200	3,665	3,665	-
Total Health Services	161,297	(2,849)	158,448	158,447	1
Speech, OT, PT and Related Services					
Salaries	193,349	6,000	199,349	199,349	-
Supplies and Materials	1,450	(1,058)	392	392	-
Total Speech, OT, PT and Related Services	194,799	4,942	199,741	199,741	-
Other Support Serv. Students - Extra. Svcs.					
Salaries	80,980	96,000	176,980	176,980	-
Total Other Support Serv. Students - Extra. Svcs.	80,980	96,000	176,980	176,980	-
Guidance					
Salaries of Other Professional Staff	55,939	(19,939)	36,000	36,000	-
Salaries of Secretarial and Clerical Assistants	37,691	800	38,491	38,491	-
Other Purchased Professional-Technical Services	5,000	(3,613)	1,387	1,387	-
Supplies and Materials	3,850	(27)	3,823	3,823	-
Total Guidance	102,480	(22,779)	79,701	79,701	-
Child Study Teams					
Salaries of Other Professional Staff	405,999	29,500	435,499	435,499	-
Salaries of Secretarial and Clerical Assistants	42,024	-	42,024	42,024	-
Purchased Professional - Educational Services	227,400	(6,629)	220,771	220,771	-
Other Purchased Professional and Tech. Services	21,250	(12,634)	8,616	8,616	-
Other Purchased Services	11,170	(7,719)	3,451	3,451	-
Supplies and Materials	4,800	(25)	4,775	4,716	59
Other Objects	3,200	(426)	2,774	2,774	-
Total Child Study Teams	715,843	2,067	717,910	717,851	59
Improvement of Instructional Services					
Sal of Supervisor of Instruction	101,701	1,868	103,569	103,569	-
Salaries of Secretarial and Clerical Assistants	54,825	1,200	56,025	56,025	-
Sal of Facilitators, Math & Literacy Coaches	-	-	-	-	-
Purchased Prof- Educational Services	61,268	12,632	73,900	73,900	-
Other Purch Prof and Tech. Services	24,785	(18,646)	6,139	6,139	-
Supplies and Materials	1,500	(1)	1,499	1,499	-
Other Objects	1,550	-	1,550	1,550	-
Total Improvement of Instructional Services	245,629	(2,947)	242,682	242,682	-
Educational Media Services/School Library					
Salaries	81,982	1,400	83,382	83,382	-
Supplies and Materials	1,500	(1,500)	-	-	-
Total Educational Media Serv./School Library	83,482	(100)	83,382	83,382	-

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

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Instructional Staff Training Services					
Salaries of Other Professional Staff	\$ 55,000	\$ (44,551)	\$ 10,449	\$ 10,449	-
Purchased Professional - Educational Services	25,000	(16,762)	8,238	8,238	-
Other Purchased Prof. and Tech. Services	-	-	-	-	-
Other Purchased Services	3,000	(3,000)	-	-	-
Supplies and Materials	6,000	(3,250)	2,750	2,750	-
Other Objects	-	-	-	-	-
<b>Total Instructional Staff Training Services</b>	<b>89,000</b>	<b>(67,563)</b>	<b>21,437</b>	<b>21,437</b>	<b>-</b>
Support Services General Administration					
Salaries	173,082	-	173,082	173,082	-
General Admin. Salaries -Governance Staff (BOE Direct Reports Only)	5,500	-	5,500	5,500	-
Legal Services	100,000	(72,268)	27,732	25,453	\$ 2,279
Audit Fees	30,000	13,153	43,153	43,153	-
Architectural / Engineering Services	28,500	103,140	131,640	109,272	22,368
Other Purchased Professional Services	-	-	-	-	-
Purchased Technical Services	12,680	(50)	12,630	12,630	-
Communications/Telephone	15,000	(97)	14,903	14,903	-
BOE Other Purchased Services	10,000	(556)	9,444	6,744	2,700
Miscellaneous Purchased Services	5,000	(446)	4,554	4,554	-
General Supplies	3,000	(43)	2,957	2,957	-
BOE Membership Dues and Fees	15,000	1,153	16,153	15,153	1,000
Miscellaneous Expenditures	5,000	-	5,000	5,000	-
<b>Total Support Services General Administration</b>	<b>402,762</b>	<b>43,986</b>	<b>446,748</b>	<b>418,401</b>	<b>28,347</b>
Support Services School Administration					
Salaries of Principals/Assistant Principals	262,606	4,600	267,206	267,206	-
Salaries of Secretarial and Clerical Assistants	151,691	8,601	160,292	160,291	1
Other Purchased Services	6,340	(910)	5,430	5,430	-
Supplies and Materials	9,200	966	10,166	10,166	-
Other Objects	3,316	301	3,617	3,617	-
<b>Total Support Services School Administration</b>	<b>433,153</b>	<b>13,558</b>	<b>446,711</b>	<b>446,710</b>	<b>1</b>
Central Services					
Salaries	228,000	(77,199)	150,801	150,800	1
Misc. Purchased Services	10,000	33,887	43,887	19,706	24,181
Supplies and Materials	3,000	(23)	2,977	2,977	-
Miscellaneous Expenditures	5,000	(202)	4,798	4,798	-
<b>Total Central Services</b>	<b>246,000</b>	<b>(43,537)</b>	<b>202,463</b>	<b>178,281</b>	<b>24,182</b>
Admin. Info. Tech.					
Salaries	131,560	3,100	134,660	134,660	-
<b>Total Admin. Info. Tech.</b>	<b>131,560</b>	<b>3,100</b>	<b>134,660</b>	<b>134,660</b>	<b>-</b>
Required Maintenance for School Facilities					
Salaries	88,400	5,600	94,000	94,000	-
Cleaning, Repair and Maintenance Services	125,000	(2,538)	122,462	122,462	-
General Supplies	36,000	(4,902)	31,098	30,787	311
<b>Total Required Maintenance for School Fac.</b>	<b>249,400</b>	<b>(1,840)</b>	<b>247,560</b>	<b>247,249</b>	<b>311</b>



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

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 448,605	\$ 8,845	\$ 457,450	\$ 457,450	
Salaries of Non-Instructional Aides	82,030	(19,572)	62,458	57,000	\$ 5,458
Purchased Professional and Technical Services	6,500	(1,113)	5,387	5,387	-
Cleaning, Repair, and Maintenance Svc.	34,318	902	35,220	32,766	2,454
Other Purchased Property Services	58,000	(3,692)	54,308	54,308	-
Insurance	123,870	(460)	123,410	123,410	-
Miscellaneous Purchased Services	-	-	-	-	-
General Supplies	22,000	(5,476)	16,524	16,524	-
Energy (Electricity)	175,000	51,280	226,280	225,947	333
Energy (Natural Gas)	-	-	-	-	-
Other Objects	7,800	2,020	9,820	9,820	-
<b>Total Custodial Services</b>	<b>958,123</b>	<b>32,734</b>	<b>990,857</b>	<b>982,612</b>	<b>8,245</b>
Security					
Salaries	53,416	(5,227)	48,189	48,189	-
Purchased Professional and Technical Services	45,000	-	45,000	45,000	-
<b>Total Security</b>	<b>98,416</b>	<b>(5,227)</b>	<b>93,189</b>	<b>93,189</b>	<b>-</b>
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & Sch) Regular	51,920	(5,255)	46,665	46,665	-
Cleaning, Repair and Maintenance Services	10,000	(602)	9,398	9,398	-
Contracted Serv.-Aid in Lieu of Payments-Non Public Schools	51,272	(7,272)	44,000	44,000	-
Contracted Services (Between Home and School) - Vendors	130,390	-	130,390	130,390	-
Contracted Services (Other Between Home and School) - Vendors	12,000	(1,829)	10,171	10,171	-
Contracted Services (Bet Home & Sch) - Joint Agreements	-	-	-	-	-
Contracted Services (Spl. Ed. Students) - Joint Agreements	396,090	47,190	443,280	443,280	-
Miscellaneous Purchased Services - Transportation	20,060	-	20,060	20,060	-
General Supplies	5,000	(4,210)	790	790	-
<b>Total Student Transportation Services</b>	<b>676,732</b>	<b>28,022</b>	<b>704,754</b>	<b>704,754</b>	<b>-</b>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	151,000	32,616	183,616	183,616	-
Other Retirement Contributions - PERS	149,100	(1,121)	147,979	147,979	-
Other Retirement Contributions - Regular	15,600	(1,434)	14,166	14,166	-
Unemployment Compensation	30,000	3,426	33,426	33,426	-
Workmen's Compensation	78,519	(18,800)	59,719	59,719	-
Health Benefits	1,937,720	(43,066)	1,894,654	1,894,654	-
Tuition Reimbursement	14,300	(3,463)	10,837	10,837	-
Other Employee Benefits	48,000	(6,575)	41,425	40,650	775
<b>Total Unallocated Benefits - Employee Benefits</b>	<b>2,424,239</b>	<b>(38,417)</b>	<b>2,385,822</b>	<b>2,385,047</b>	<b>775</b>

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

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>Undistributed Expenditures (Continued)</b>					
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				\$ 23,018	\$ (23,018)
On-behalf TPAF Pension System Payments - Normal Cost & Accrued Liab. (Non-Budget)				948,502	(948,502)
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				627,484	(627,484)
On-behalf TPAF Pension System Payments - Long-Term Disability Insurance (Non-Budget)				965	(965)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	469,293	(469,293)
<b>Total On-Behalf Contributions/Reimbursements</b>	-	-	-	<u>2,069,262</u>	<u>(2,069,262)</u>
<b>Total Undistributed Expenditures</b>	<u>\$ 14,810,299</u>	<u>\$ 692,403</u>	<u>\$ 15,502,702</u>	<u>17,510,043</u>	<u>(2,007,341)</u>
<b>Total Expenditures - Current Expenditures</b>	<u>21,398,465</u>	<u>539,546</u>	<u>21,938,011</u>	<u>23,941,684</u>	<u>(2,003,673)</u>
<b>CAPITAL OUTLAY</b>					
Interest Deposit to Capital Reserve	1,000	-	1,000		1,000
Equipment					
Undistributed Expenditures- Admin Info Tech	14,300	(6,147)	8,153	8,153	-
Undistributed Expenditures- Required Maintenance for School Fac.		43,338	43,338	43,338	-
Facilities Acquisition and Construction Serv.					
Construction Services	242,340	308,312	550,652	414,991	135,661
Land Improvements	82,260	(82,260)			-
Assessment for Debt Service on SDA Funding	811	-	811	811	-
<b>Total Capital Outlay</b>	<u>340,711</u>	<u>263,243</u>	<u>603,954</u>	<u>467,293</u>	<u>136,661</u>
<b>SPECIAL SCHOOLS</b>					
Summer Schools					
Instruction					
Salaries of Teachers	48,128	(48,128)	-	-	-
<b>Total Special Schools</b>	<u>48,128</u>	<u>(48,128)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TRANSFER OF FUNDS TO CHARTER SCHOOLS</b>					
<b>Total Expenditures</b>	<u>59,216</u>	<u>(26,904)</u>	<u>32,312</u>	<u>32,312</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<u>(1,149,114)</u>	<u>(78,428)</u>	<u>(1,227,542)</u>	<u>(919,359)</u>	<u>308,183</u>
<b>Other Financing Uses/Sources</b>					
Transfer to Debt Service Fund- Repayment of CDL Loan	(328,549)	-	(328,549)	(328,549)	-
<b>Total Other Financing Use/Sources</b>	<u>(328,549)</u>	<u>-</u>	<u>(328,549)</u>	<u>(328,549)</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over/(Under) Expenditures</b>	<u>(1,477,663)</u>	<u>(78,428)</u>	<u>(1,556,091)</u>	<u>(1,247,908)</u>	<u>308,183</u>
<b>Fund Balance, Beginning of Year</b>	<u>2,658,969</u>	<u>-</u>	<u>2,658,969</u>	<u>2,658,969</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,181,306</u>	<u>\$ (78,428)</u>	<u>\$ 1,102,878</u>	<u>\$ 1,411,061</u>	<u>\$ 308,183</u>

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

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
<b>Recapitulation of Fund Balance:</b>					
<b>Restricted Fund Balance</b>					
Excess Surplus-Designated for Subsequent Year's Expenditures (2018/19 Budget)				\$ 76,176	
Excess Surplus				182,448	
Capital Reserve				112,326	
Capital Reserve- Designated for Subsequent Year's Expenditures (2018/2019 Budget)				388,000	
<b>Assigned Fund Balance</b>					
Year-End Encumbrances				20,450	
Designated for Subsequent Year's Expenditures (2018/2019 Budget)				88,510	
Unassigned Fund Balance				<u>543,151</u>	
				1,411,061	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Less: Extraordinary Aid Not Recognized on GAAP Basis			\$ (170,621)		
State Aid Not Recognized on GAAP Basis			<u>(188,004)</u>		
				<u>(358,625)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,052,436</u>	

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

	<u>Original</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 92,400		\$ 92,400	\$ 92,400	
Federal	460,602	\$ 125,466	586,068	586,068	
Local	-	990	990	987	\$ (3)
Total Revenues	<u>553,002</u>	<u>126,456</u>	<u>679,458</u>	<u>679,455</u>	<u>\$ (3)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	250,056	(37,616)	212,440	212,440	-
Tuition	210,466	52,771	263,237	263,237	-
General Supplies	19,192	24,957	44,149	44,146	3
Total Instruction	<u>479,714</u>	<u>40,112</u>	<u>519,826</u>	<u>519,823</u>	<u>3</u>
Support Services					
Salaries		27,440	27,440	27,440	-
Purchased Professional Educational Services	73,288	55,904	129,192	129,192	-
Other Purchased Services		2,000	2,000	2,000	-
Supplies and Materials	-	1,000	1,000	1,000	-
Total Support Services	<u>73,288</u>	<u>86,344</u>	<u>159,632</u>	<u>159,632</u>	<u>-</u>
Total Expenditures	<u>553,002</u>	<u>126,456</u>	<u>679,458</u>	<u>679,455</u>	<u>3</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to Governmental Fund Statements (GAAP)					
Less: State Aid Payments not Recognized on a GAAP Basis				\$ (9,240)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ (9,240)</u>	

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

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

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

		<b>General Fund</b>		<b>Special Revenue Fund</b>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 23,521,930	(C-2)	\$ 679,455
<b>Difference - Budget to GAAP:</b>				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized :				
State Aid and Extraordinary Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2016/2017 State Aid)		276,350		9,240
State Aid and Extraordinary Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2017/2018 State Aid)		<u>(358,625)</u>		<u>(9,240)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. (Exhibit B-2)		<u>\$ 23,439,655</u>		<u>\$ 679,455</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	<u>\$ 24,441,289</u>	(C-2)	<u>\$ 679,455</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds (Exhibit B-2)		<u>\$ 24,441,289</u>		<u>\$ 679,455</u>

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

LITTLE FERRY 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\*

	2018	2017	2016	2015	2014
District's Proportion of the Net Position Liability (Asset)	.01523	.01614	.01528%	0.1472%	0.1472%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,545,861</u>	<u>\$ 4,780,690</u>	<u>\$ 3,429,453</u>	<u>\$ 2,755,929</u>	<u>\$ 2,813,153</u>
District's Covered-Employee Payroll	<u>\$ 1,078,599</u>	<u>\$ 1,085,927</u>	<u>\$ 1,042,740</u>	<u>\$ 990,542</u>	<u>\$ 966,095</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	328.75%	440.24%	328.89%	278.22%	291.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	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 FERRY 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	\$ 141,112	\$ 143,400	\$ 131,344	\$ 121,317	\$ 110,907
Contributions in Relation to the Contractually Required Contribution	<u>141,112</u>	<u>143,400</u>	<u>131,344</u>	<u>121,317</u>	<u>110,907</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$1,078,599</u>	<u>\$1,085,927</u>	<u>\$1,042,740</u>	<u>\$ 990,542</u>	<u>\$ 966,095</u>
Contributions as a Percentage of Covered-Employee Payroll	13.08%	13.21%	12.60%	12.25%	11.48%

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 FERRY 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>\$41,962,753</u>	<u>\$45,986,987</u>	<u>\$35,614,119</u>	<u>\$32,883,837</u>	<u>\$31,559,825</u>
Total	<u>\$41,962,753</u>	<u>\$45,986,987</u>	<u>\$35,614,119</u>	<u>\$32,883,837</u>	<u>\$31,559,825</u>
District's Covered-Employee Payroll	<u>\$ 6,850,460</u>	<u>\$ 6,734,609</u>	<u>\$ 6,234,203</u>	<u>\$ 5,717,899</u>	<u>\$ 5,830,911</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%
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 FERRY 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:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

**LITTLE FERRY 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\***

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 1,380,001
Interest on Total OPEB Liability	927,588
Changes of Assumptions	(3,883,678.0)
Gross Benefit Payments	(616,001)
Contribution from the Member	22,683
<b>Net Change in Total OPEB Liability</b>	(2,169,407)
<b>Total OPEB Liability - Beginning</b>	31,565,717
<b>Total OPEB Liability - Ending</b>	\$ 29,396,310
District's Proportionate Share of OPEB Liability	\$ -
State's Proportionate Share of OPEB Liability	29,396,310
<b>Total OPEB Liability - Ending</b>	\$ 29,396,310
District's Covered-Employee Payroll	\$ 7,929,059
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 FERRY 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**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

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

	<u>Preschool Education Aid</u>	<u>ESEA Title I</u>	<u>ESEA Title III</u>	<u>ESEA Title III Immigrant</u>	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>Local Grant- BCUA</u>	<u>Total</u>
<b>REVENUES</b>								
Intergovernmental								
State	\$ 92,400							\$ 92,400
Federal	-	\$ 305,572	\$ 12,225	\$ 5,034	\$ 252,898	\$ 10,339		586,068
Local	-	-	-	-	-	-	\$ 987	987
Total Revenues	<u>\$ 92,400</u>	<u>\$ 305,572</u>	<u>\$ 12,225</u>	<u>\$ 5,034</u>	<u>\$ 252,898</u>	<u>\$ 10,339</u>	<u>\$ 987</u>	<u>\$ 679,455</u>
<b>EXPENDITURES</b>								
Instruction								
Salaries of Teachers	\$ 92,400	\$ 106,040	\$ 10,800	\$ 3,200				\$ 212,440
Tuition					\$ 252,898	\$ 10,339		263,237
General Supplies	-	42,752	407	-	-	-	\$ 987	44,146
Total Instruction	<u>92,400</u>	<u>148,792</u>	<u>11,207</u>	<u>3,200</u>	<u>252,898</u>	<u>10,339</u>	<u>987</u>	<u>519,823</u>
Support Services								
Salaries		26,000		1,440				27,440
Purchased Professional Educational Services		127,780	1,018	394			-	129,192
Other Purchased Services	-	2,000	-	-	-	-	-	2,000
Supplies	-	1,000	-	-	-	-	-	1,000
Total Support Services	<u>-</u>	<u>156,780</u>	<u>1,018</u>	<u>1,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,632</u>
Total Expenditures	<u>\$ 92,400</u>	<u>\$ 305,572</u>	<u>\$ 12,225</u>	<u>\$ 5,034</u>	<u>\$ 252,898</u>	<u>\$ 10,339</u>	<u>\$ 987</u>	<u>\$ 679,455</u>



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

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	\$ 88,400	\$ 4,000	\$ 92,400	\$ 92,400	\$ -
General Supplies	4,000	(4,000)	-	-	-
Total Instruction	<u>92,400</u>	<u>-</u>	<u>92,400</u>	<u>92,400</u>	<u>-</u>
Total Expenditures	<u>\$ 92,400</u>	<u>\$ -</u>	<u>\$ 92,400</u>	<u>\$ 92,400</u>	<u>\$ -</u>

Calculation of Budget and Carryover

Total Revised 2017-2018 Preschool Education Aid Allocation	\$ 92,400
Add:	
Actual Preschool Education Carryover (June 30, 2017)	-
Budgeted Transfer from the General Fund 2017-2018	-
Total Preschool Education Aid Funds Available for 2017-2018 Budget	<u>92,400</u>
Less: 2017-2018 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>92,400</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2018	-
Add: June 30, 2018 Unexpended Preschool Education Aid	-
2017-2018 Carryover - Preschool Education Aid /Preschool Programs	<u>\$ -</u>
2017-2018 Preschool Education Aid Carryover Budgeted in 2018-2019	<u>\$ -</u>

## **CAPITAL PROJECTS FUND**

**LITTLE FERRY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue/Project Title</u>	<u>Budgetary Appropriations</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Balance, June 30, 2018</u>
Lease Purchase- 16 Modular Classrooms and Associated Leasehold Improvements	\$ 3,500,000	\$ -	\$ 418,010	\$ 3,081,990
	<u>\$ 3,500,000</u>	<u>\$ -</u>	<u>\$ 418,010</u>	<u>\$ 3,081,990</u>
Project Balance				\$ 3,081,990
Reserved for Debt Service				<u>1,596</u>
Fund Balance- GAAP Basis				<u>\$ 3,083,586</u>
 <u>Recapitulation of Fund Balance</u>				
Restricted				
Debt Service				\$ 1,596
Committed				
Year-End Encumbrances				<u>3,081,990</u>
				<u>\$ 3,083,586</u>

**LITTLE FERRY 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****Revenues**

Interest on Lease Purchase Proceeds	\$ 1,596
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**Other Financing Sources**

Lease Purchase Proceeds	3,500,000
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Total Revenues and Other Financing Sources	3,501,596
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**Expenditures and Other Financing Uses****Expenditures**

Construction Services	394,385
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Purchased Professional and Technical Services	9,875
---	-------

Other Objects	13,750
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Total Expenditures and Other Financing Uses	418,010
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Excess of Revenues and Other Financing Sources Over Expenditures	3,083,586
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Fund Balance - Beginning of Year	-
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Fund Balance - End of Year	\$ 3,083,586
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Analysis of Fund Balance

Restricted for Debt Service	\$ 1,596
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Committed- Year-End Encumbrances	3,081,990
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	\$ 3,083,586
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**LITTLE FERRY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
BUDGETARY BASIS  
LEASE PURCHASE - 16 MODULAR CLASSROOMS AND ASSOCIATED LEASEHOLD IMPROVEMENTS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES</b>			
Other Financing Sources			
Lease Purchase Proceeds	\$ 3,500,000	\$3,500,000	\$ 3,500,000
Total Revenues and Other Financing Sources	<u>3,500,000</u>	<u>3,500,000</u>	<u>3,500,000</u>
<b>EXPENDITURES AND OTHER FINANCING USES</b>			
Construction Services	\$ 394,385	394,385	3,500,000
Purchased Professional and Technical Services	9,875	9,875	
Other Objects	<u>13,750</u>	<u>13,750</u>	<u>-</u>
Total Expenditures and other Financing Uses	<u>418,010</u>	<u>418,010</u>	<u>3,500,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 3,081,990</u>	<u>\$3,081,990</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 3,500,000
Revised Authorized Cost	\$ 3,500,000

Percentage Completion	0%
Original Target Completion Date	2018/19
Revised Target Completion Date	

**ENTERPRISE FUND**

**EXHIBIT G-1**

**LITTLE FERRY BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**



**LITTLE FERRY BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Agency</u>	<u>Payroll Net</u>	<u>Flexible Spending</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 39,369	\$ -	\$ 1	\$ 4,392	\$ 43,762
Total Assets	<u>\$ 39,369</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 4,392</u>	<u>\$ 43,762</u>
<b>LIABILITIES</b>					
Cash Overdraft		\$ 8,418			\$ 8,418
Payroll Deductions and Withholdings (Deficit)		(8,418)			(8,418)
Accrued Salaries & Wages			\$ 1		1
Reserve for Flexible Spending				4,392	4,392
Due to Student Groups	\$ 39,369	-	-	-	39,369
Total Liabilities	<u>\$ 39,369</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 4,392</u>	<u>\$ 43,762</u>

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

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

	<u>Balance, July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2018</u>
Memorial Middle School	\$ 39,382	\$ 41,298	\$ 41,311	\$ 39,369
Total	<u>\$ 39,382</u>	<u>\$ 41,298</u>	<u>\$ 41,311</u>	<u>\$ 39,369</u>

**LITTLE FERRY BOARD OF EDUCATION  
PAYROLL AGENCY AND PAYROLL ACCOUNT FUNDS  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Balance, July 1, <u>2017</u></b>	<b><u>Receipts</u></b>	<b><u>Disbursements</u></b>	<b>Balance, June 30, <u>2018</u></b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 4,580	\$ 10,011,044	\$ 10,019,649	\$ (4,025)
Total Assets	<u>\$ 4,580</u>	<u>\$ 10,011,044</u>	<u>\$ 10,019,649</u>	<u>\$ (4,025)</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 4,580	\$ 4,554,005	\$ 4,567,003	\$ (8,418)
Accrued Salaries and Wages	-	5,443,413	5,443,412	1
Reserve for Flexible Spending	<u>-</u>	<u>13,627</u>	<u>9,235</u>	<u>4,392</u>
Total	<u>\$ 4,580</u>	<u>\$ 10,011,045</u>	<u>\$ 10,019,650</u>	<u>\$ (4,025)</u>

## **LONG-TERM DEBT**

**LITTLE FERRY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOT APPLICABLE**

**LITTLE FERRY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2018</u>
Purchase of Computers- 160 Modular Classrooms & Associated Leasehold Improvements	4.26%	\$ 70,518	\$ 23,493		\$ 23,493	
	3.1378%	3,500,000	-	\$ 3,500,000	-	\$ 3,500,000
Total			\$ 23,493	\$ 3,500,000	\$ 23,493	\$ 3,500,000

**LITTLE FERRY BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ -	-	\$ -	\$ -	-
Total Revenues	-	-	-	-	-
<b>EXPENDITURES</b>					
Debt Service					
Principal on Community Disaster Loan	\$ 312,000		\$ 312,000	\$ 312,000	
Interest on Community Disaster Loan	16,549	-	16,549	16,549	-
Total Expenditures	328,549	-	328,549	328,549	-
Excess (Deficiency) of Revenues Over Expenditures	(328,549)	-	(328,549)	(328,549)	-
<b>OTHER FINANCING SOURCES</b>					
Transfer In	328,549	-	328,549	328,549	-
Total Other Financing Sources	328,549	-	328,549	328,549	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

## STATISTICAL SECTION

This part of the Little Ferry 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 FERRY BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016 (Restated)	2017 (Restated)	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets, Net of Related Debt	\$ 2,523,283	\$ 4,928,569	\$ 5,309,520	\$ 5,628,178	\$ 5,934,922	\$ 6,915,646	\$ 6,010,002	\$ 5,692,794	\$ 5,586,151	\$ 5,739,062
Restricted	746,948	781,657	535,327	411,692	723,937	1,478,860	321,741	322,833	819,289	3,583,912
Unrestricted	<u>468,127</u>	<u>210,523</u>	<u>(116,164)</u>	<u>293,714</u>	<u>354,730</u>	<u>(3,417,490)</u>	<u>(1,683,240)</u>	<u>(1,135,858)</u>	<u>(2,158,179)</u>	<u>(6,050,035)</u>
<b>Total Governmental Activities Net Position</b>	<u>\$ 3,738,358</u>	<u>\$ 5,920,749</u>	<u>\$ 5,728,683</u>	<u>\$ 6,333,584</u>	<u>\$ 7,013,589</u>	<u>\$ 4,977,016</u>	<u>\$ 4,648,503</u>	<u>\$ 4,879,769</u>	<u>\$ 4,247,261</u>	<u>\$ 3,272,939</u>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets, Net of Related Debt	\$ 24,840	\$ 32,991	\$ 32,659			\$ 18,703	\$ 16,681	\$ 14,656	\$ 48,427	\$ 43,176
Restricted										
Unrestricted	<u>(27,739)</u>	<u>(26,286)</u>	<u>37,230</u>	<u>\$ 137,139</u>	<u>\$ 213,357</u>	<u>308,480</u>	<u>189,917</u>	<u>258,977</u>	<u>(5,654)</u>	<u>14,001</u>
<b>Total Business-Type Activities Net Position</b>	<u>\$ (2,899)</u>	<u>\$ 6,705</u>	<u>\$ 69,889</u>	<u>\$ 137,139</u>	<u>\$ 213,357</u>	<u>\$ 327,183</u>	<u>\$ 206,598</u>	<u>\$ 273,633</u>	<u>\$ 42,773</u>	<u>\$ 57,177</u>
<b>District-Wide</b>										
Net Investment in Capital Assets, Net of Related Debt	\$ 2,548,123	\$ 4,961,560	\$ 5,342,179	\$ 5,628,178	\$ 5,934,922	\$ 6,934,349	\$ 6,026,683	\$ 5,707,450	\$ 5,634,578	\$ 5,782,238
Restricted	746,948	781,657	535,327	411,692	723,937	1,478,860	321,741	322,833	819,289	3,583,912
Unrestricted	<u>440,388</u>	<u>184,237</u>	<u>(78,934)</u>	<u>430,853</u>	<u>568,087</u>	<u>(3,109,010)</u>	<u>(1,493,323)</u>	<u>(876,881)</u>	<u>(2,163,833)</u>	<u>(6,036,034)</u>
<b>Total District Net Position</b>	<u>\$ 3,735,459</u>	<u>\$ 5,927,454</u>	<u>\$ 5,798,572</u>	<u>\$ 6,470,723</u>	<u>\$ 7,226,946</u>	<u>\$ 5,304,199</u>	<u>\$ 4,855,101</u>	<u>\$ 5,153,402</u>	<u>\$ 4,290,034</u>	<u>\$ 3,330,116</u>

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."

Source: School District's financial statements

**LITTLE FERRY 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
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 7,130,389	\$ 5,176,153	\$ 6,215,948	\$ 6,636,823	\$ 7,134,809	\$ 6,764,560	\$ 13,626,681	\$ 14,037,964	\$ 14,793,027	\$ 15,399,923
Special Education	1,175,541	856,565	1,090,533	1,022,601	1,195,449	1,242,187	3,856,442	3,740,868	3,748,428	4,792,726
Other Special Education			364,523	298,811	218,791	200,590				
Other Instruction	613,282	270,227	46,389	36,064	44,079	47,807	291,972	287,547	671,170	804,781
School Sponsored Activities And Athletics							77,923	83,429	70,947	67,266
<b>Support Services:</b>										
Tuition	5,996,177	6,403,381	6,525,640	6,781,408	6,664,699	6,783,940				
Student & Instruction Related Services	1,880,258	1,267,343	1,466,877	1,405,875	1,489,559	1,462,795	1,576,620	1,615,581	2,528,800	2,762,952
General Administrative Services			734,516	705,203	701,099	637,455	521,753	551,987	430,449	511,107
School Administrative Services	1,748,472	1,223,819	516,693	424,520	418,918	334,940	413,786	835,264	989,030	807,894
Central Services							285,170	371,240	585,377	470,179
Plant Operations And Maintenance	1,432,051	1,165,299	1,155,018	1,116,424	1,012,875	1,256,027	1,531,927	2,143,885	2,067,782	1,932,464
Pupil Transportation	724,399	744,926	624,349	628,474	665,391	635,419	709,038	605,985	678,183	733,594
Capital Outlay			9,000			499,464				
Special Schools	74,122	96,041			24,727	24,009				
Other Support Services										
Interest On Long-Term Debt	142,449	36,332	47,071	35,855	19,006			938	2,440	20,600
Unallocated Depreciation	208,360	314,872	314,872	307,610	277,907	261,373	-	-	-	-
<b>Total Governmental Activities Expenses</b>	<b>21,125,500</b>	<b>17,554,958</b>	<b>19,111,429</b>	<b>19,399,668</b>	<b>19,867,309</b>	<b>20,150,566</b>	<b>22,891,312</b>	<b>24,274,688</b>	<b>26,565,633</b>	<b>28,303,486</b>
<b>Business-Type Activities:</b>										
Other Nonmajor Enterprise Funds										
Child Care										
EDCP							102,721	162,502	1,124	
Food Service	309,288	274,754	280,654	326,987	236,460	263,301	459,398	376,466	359,516	337,643
<b>Total Business-Type Activities Expense</b>	<b>309,288</b>	<b>274,754</b>	<b>280,654</b>	<b>326,987</b>	<b>236,460</b>	<b>263,301</b>	<b>562,119</b>	<b>538,968</b>	<b>360,640</b>	<b>337,643</b>
<b>Total District Expenses</b>	<b>\$ 21,434,788</b>	<b>\$ 17,829,712</b>	<b>\$ 19,392,083</b>	<b>\$ 19,726,655</b>	<b>\$ 20,103,769</b>	<b>\$ 20,413,867</b>	<b>\$ 23,453,431</b>	<b>\$ 24,813,656</b>	<b>\$ 26,926,273</b>	<b>\$ 28,641,129</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:			54,165	27,718	31,018	72,810	28,266	101,297	145,495	77,140
Operating Grants And Contributions	1,798,553	1,661,697	783,870	723,693	833,832	865,744	4,264,415	5,011,210	6,303,186	7,063,981
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>1,798,553</b>	<b>1,661,697</b>	<b>838,035</b>	<b>751,411</b>	<b>864,850</b>	<b>938,554</b>	<b>4,292,681</b>	<b>5,112,507</b>	<b>6,448,681</b>	<b>7,141,121</b>
<b>Business-Type Activities:</b>										
Charges For Services	260,519	205,120	241,098	251,633	193,669	230,691	284,097	326,297	159,035	145,260
Operating Grants And Contributions	64,620	73,809	102,621	142,430	119,909	125,743	157,437	177,423	217,526	206,787
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business Type Activities Program Revenues</b>	<b>325,139</b>	<b>278,929</b>	<b>343,719</b>	<b>394,063</b>	<b>312,678</b>	<b>356,434</b>	<b>441,534</b>	<b>503,720</b>	<b>376,561</b>	<b>352,047</b>
<b>Total District Program Revenues</b>	<b>\$ 2,123,692</b>	<b>\$ 1,940,626</b>	<b>\$ 1,181,754</b>	<b>\$ 1,145,474</b>	<b>\$ 1,177,528</b>	<b>\$ 1,294,988</b>	<b>\$ 4,734,215</b>	<b>\$ 5,616,227</b>	<b>\$ 6,825,242</b>	<b>\$ 7,493,168</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ (19,326,947)	\$ (15,893,261)	\$ (18,273,394)	\$ (18,648,257)	\$ (19,002,459)	\$ (19,212,012)	\$ (18,598,631)	\$ (19,162,181)	\$ (20,116,952)	\$ (21,162,365)
<b>Business-Type Activities</b>	15,851	4,175	63,065	67,076	76,218	93,133	(120,585)	(35,248)	15,921	14,404
<b>Total District-Wide Net Expense</b>	<b>\$ (19,311,096)</b>	<b>\$ (15,889,086)</b>	<b>\$ (18,210,329)</b>	<b>\$ (18,581,181)</b>	<b>\$ (18,926,241)</b>	<b>\$ (19,118,879)</b>	<b>\$ (18,719,216)</b>	<b>\$ (19,197,429)</b>	<b>\$ (20,101,031)</b>	<b>\$ (21,147,961)</b>

**LITTLE FERRY 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
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied for:										
General Purposes	\$ 14,859,870	\$ 15,298,236	\$ 15,866,315	\$ 16,183,644	\$ 16,570,173	\$ 16,901,868	\$ 17,732,078	\$ 18,224,634	\$ 18,589,126	\$ 18,960,908
Debt Service	417,504	274,661	429,720	364,560	341,110	40,560				
Federal and State Aid Not Restricted	1,717,745	2,302,519	2,150,288	2,685,580	2,755,171	2,402,070	1,134,780	547,801	526,951	1,126,100
Investment Earnings			3,630	826	17	255	102	3,867	8,502	11,489
Miscellaneous Income	213,857	200,236	30,493	18,548	15,993	377,047	56,791	105,541	177,578	89,546
Transfers	-	-	-	-	-	-	-	(102,283)	272,697	-
<b>Total Governmental Activities</b>	<b>17,208,976</b>	<b>18,075,652</b>	<b>18,480,446</b>	<b>19,253,158</b>	<b>19,682,464</b>	<b>19,721,800</b>	<b>18,923,751</b>	<b>18,779,560</b>	<b>19,574,854</b>	<b>20,188,043</b>
Business-Type Activities:										
Investment Earnings	202	99	119	23		1,824				
Miscellaneous Income				151		166				
Transfers	-	(2,822)	-	-	-	-	-	102,283	(272,697)	-
<b>Total Business-Type Activities</b>	<b>202</b>	<b>(2,723)</b>	<b>119</b>	<b>174</b>	<b>-</b>	<b>1,990</b>	<b>-</b>	<b>102,283</b>	<b>(272,697)</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 17,209,178</b>	<b>\$ 18,072,929</b>	<b>\$ 18,480,565</b>	<b>\$ 19,253,332</b>	<b>\$ 19,682,464</b>	<b>\$ 19,723,790</b>	<b>\$ 18,923,751</b>	<b>\$ 18,881,843</b>	<b>\$ 19,302,157</b>	<b>\$ 20,188,043</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ (2,117,971)	\$ 2,182,391	\$ 207,052	\$ 604,901	\$ 680,005	\$ 509,788	\$ 325,120	\$ (382,621)	\$ (542,098)	\$ (974,322)
Business-Type Activities	16,053	1,452	63,184	67,250	76,218	95,123	(120,585)	67,035	(256,776)	14,404
<b>Total District</b>	<b>\$ (2,101,918)</b>	<b>\$ 2,183,843</b>	<b>\$ 270,236</b>	<b>\$ 672,151</b>	<b>\$ 756,223</b>	<b>\$ 604,911</b>	<b>\$ 204,535</b>	<b>\$ (315,586)</b>	<b>\$ (798,874)</b>	<b>\$ (959,918)</b>

Source: District financial statements

LITTLE FERRY BOARD OF EDUCATION  
 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
General Fund										
Reserved										
Unreserved										
Restricted							\$ 2,477,070	\$ 2,667,876	\$ 1,916,852	\$ 758,950
Committed								34,375		
Assigned	\$ 471,983	\$ 673,710	\$ 436,967	\$ 338,586	\$ 723,935	\$ 1,976,466	363,777	206,125	210,106	108,960
Unassigned	<u>817,358</u>	<u>221,824</u>	<u>(112,412)</u>	<u>296,078</u>	<u>355,557</u>	<u>337,955</u>	<u>232,799</u>	<u>244,918</u>	<u>255,661</u>	<u>184,526</u>
Total General Fund	<u>\$ 1,289,341</u>	<u>\$ 895,534</u>	<u>\$ 324,555</u>	<u>\$ 634,664</u>	<u>\$ 1,079,492</u>	<u>\$ 2,314,421</u>	<u>\$ 3,073,646</u>	<u>\$ 3,153,294</u>	<u>\$ 2,382,619</u>	<u>\$ 1,052,436</u>
All Other Governmental Funds										
Reserved										
Unreserved, Reported in:										
Capital Projects Fund	\$ 127,072	\$ 82,693	\$ 83,043			\$ (498,653)				
Debt Service Fund	4,002	25,254	15,317	\$ 73,106	\$ 2	1,047	-	-	-	-
Restricted										
Capital Projects Fund							\$ (557,051)	\$ (557,051)		\$ 3,083,586
Debt Service Fund							1,047	-	-	-
Unassigned										
Special Revenue Fund	-	-	-	-	-	-	(9,240)	(9,240)	\$ (9,240)	(9,240)
Total All Other Governmental Funds	<u>\$ 131,074</u>	<u>\$ 107,947</u>	<u>\$ 98,360</u>	<u>\$ 73,106</u>	<u>\$ 2</u>	<u>\$ (497,606)</u>	<u>\$ (565,244)</u>	<u>\$ (566,291)</u>	<u>\$ (9,240)</u>	<u>\$ 3,074,346</u>

Source: District financial statements

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 FERRY 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
<b>Revenues</b>										
Local Tax Levy	\$ 15,277,374	\$ 15,572,897	\$ 16,296,035	\$ 16,548,204	\$ 16,911,283	\$ 16,942,428	\$ 17,732,078	\$ 18,224,634	\$ 18,589,126	\$ 18,960,908
Tuition Charges	130,474	85,486	54,165	27,718	31,018	72,810	28,266	59,677	93,042	33,840
Interest Earnings	29,725	3,659	3,630	826	17	255	102	3,867	8,502	11,489
Miscellaneous	53,658	100,520	30,493	18,548	15,993	65,047	56,791	147,161	230,031	133,833
State Sources	3,071,680	3,201,091	2,269,899	2,712,310	3,095,641	2,751,869	2,813,996	3,196,140	3,531,345	4,394,568
Federal Sources	444,618	773,696	664,259	696,963	493,162	515,945	1,120,376	656,347	543,560	586,068
<b>Total Revenue</b>	<b>19,007,529</b>	<b>19,737,349</b>	<b>19,318,481</b>	<b>20,004,569</b>	<b>20,547,114</b>	<b>20,348,354</b>	<b>21,751,609</b>	<b>22,287,826</b>	<b>22,995,606</b>	<b>24,120,706</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	4,444,667	5,841,756	5,332,644	5,635,246	5,636,563	5,851,828	12,372,142	12,619,199	12,730,964	13,178,549
Special Education Instruction	750,774	917,432	930,308	847,206	946,364	1,093,133	3,707,709	3,555,855	3,426,194	4,496,042
Other Special Instruction	348,960	202,479	296,849	239,143	160,423	165,134				
Other Instruction	23,738	24,178	41,363	29,740	36,625	42,282	257,125	248,219	522,703	624,462
School-Sponsored Activities and Athletics							68,254	71,862	58,300	52,492
<b>Support Services:</b>										
Tuition	5,996,177	6,140,821	6,525,640	6,781,408	6,664,699	6,783,940				
Student and Inst. Related Services	752,699	1,473,869	1,257,919	1,193,748	1,152,780	1,258,848	1,532,195	1,527,749	2,285,474	2,447,334
General Administrative Services	1,228,935	817,082	763,222	673,523	576,243	565,431	501,461	545,781	410,908	481,387
School Administrative Services	473,191	471,492	425,411	344,295	312,352	277,768	425,350	750,347	782,749	653,570
Plant Operations And Maintenance	1,105,570	1,202,347	1,031,641	979,976	847,054	1,126,449	1,286,442	1,862,823	1,729,457	1,558,931
Pupil Transportation	703,036	749,082	615,148	618,478	648,193	625,658	703,863	601,414	666,698	721,517
Employee Benefits	2,660,561	1,526,809	1,655,520	1,787,373	2,567,478	1,573,823				
Central Services							285,170	358,165	532,459	415,485
Capital Outlay	2,293,846	129,318	9,000	15,484		499,464			300,975	884,492
Special Schools	23,378	26,648			18,122	19,760				
<b>Debt Service:</b>										
Interest and Other Charges	105,072	71,313	54,620	37,243	20,543			938	2,440	17,549
Principal	308,430	584,496	560,644	536,851	588,151	39,515	10,554	34,108	32,606	335,493
<b>Total Expenditures</b>	<b>21,219,034</b>	<b>20,179,122</b>	<b>19,499,929</b>	<b>19,719,714</b>	<b>20,175,590</b>	<b>19,923,033</b>	<b>21,090,265</b>	<b>22,177,460</b>	<b>23,481,927</b>	<b>25,867,303</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,211,505)	(441,773)	(181,448)	284,855	371,524	425,321	661,344	110,366	(486,321)	(1,746,597)
<b>Other Financing Sources (Uses)</b>										
Transfers In				83,043				1,047	843,710	328,549
Transfers Out				(83,043)				(103,330)	(571,013)	(328,549)
Lease Purchase Proceeds							30,243	70,518		3,500,000
Community Disaster Loan	-	-	-	-	-	312,000	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>312,000</b>	<b>30,243</b>	<b>(31,765)</b>	<b>272,697</b>	<b>3,500,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ (2,211,505)</b>	<b>\$ (441,773)</b>	<b>\$ (181,448)</b>	<b>\$ 284,855</b>	<b>\$ 371,524</b>	<b>\$ 737,321</b>	<b>\$ 691,587</b>	<b>\$ 78,601</b>	<b>\$ (213,624)</b>	<b>\$ 1,753,403</b>
Debt Service as a Percentage of Noncapital Expenditures	2.18%	3.27%	3.16%	2.91%	3.02%	0.20%	0.05%	0.16%	0.15%	1.41%

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\* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

LITTLE FERRY BOARD OF EDUCATION  
 GENERAL FUND  
 MISCELLANEOUS REVENUE BY SOURCE  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	<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>
General Fund										
Rentals								\$ 41,620	\$ 52,453	\$ 43,300
Miscellaneous	\$ 53,658	\$ 100,520	\$ 30,493	\$ 18,548	\$ 15,993	\$ 65,047	\$ 56,791	105,541	177,578	89,546
Total General Fund	\$ 53,658	\$ 100,520	\$ 30,493	\$ 18,548	\$ 15,993	\$ 65,047	\$ 56,791	\$ 147,161	\$ 230,031	\$ 132,846

Source: District records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2009	\$ 9,113,100	\$ 800,307,000			\$ 151,692,900	\$ 142,689,400	\$ 110,099,100	\$ 1,213,901,500	\$ 7,470,187	\$ 1,221,371,687	\$ 1,257,147,424	\$ 1.267
2010	10,269,400	800,971,000			151,860,400	140,268,000	110,009,100	1,213,377,900	7,429,353	1,220,807,253	1,336,284,791	1.329
2011	10,479,000	799,879,000			150,137,400	136,241,200	110,009,100	1,206,745,700	6,588,272	1,213,333,972	1,333,009,341	1.357
2012	10,163,500	794,550,000			149,139,400	135,133,600	110,099,100	1,199,085,600		1,199,085,600	1,385,924,252	1.396
2013	10,145,900	788,362,500			147,317,800	134,739,800	104,384,300	1,184,950,300	90,870	1,185,041,170	1,308,473,093	1.424
2014	10,022,600	779,523,100			146,546,700	134,305,800	109,150,400	1,179,548,600	98,530	1,179,647,130	1,201,961,451	1.497
2015 (1)	6,947,500	593,560,000			135,543,200	122,920,900	105,237,700	964,209,300	98,530	964,307,830	968,535,287	1.882
2016	7,156,000	603,758,700			133,863,900	126,419,500	115,442,700	986,640,800	98,530	986,739,330	1,009,849,035	1.876
2017	6,830,500	614,777,600			135,188,700	130,160,300	120,879,600	1,007,836,700	98,530	1,007,935,230	1,017,766,396	1.874
2018	6,849,400	624,584,600			137,556,200	137,169,400	119,871,000	1,026,030,600	98,530	1,026,129,130	1,020,949,461	1.859

Source: County Abstract of Ratables

a Tax rates are per \$100

(1) The Borough underwent a reassessment of property effective January 1, 2015.

**LITTLE FERRY BOARD OF EDUCATION  
PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS  
PER \$100 OF ASSESSED VALUATION  
LAST TEN YEARS  
(Unaudited)**

<u>Assessment Year</u>	<u>Little Ferry School District</u>	<u>Borough of Little Ferry</u>	<u>Bergen County</u>	<u>Total</u>
2009	\$ 1.267	\$ 0.752	\$ 0.207	\$ 2.226
2010	1.329	0.810	0.201	2.340
2011	1.357	0.831	0.227	2.415
2012	1.396	0.823	0.218	2.437
2013	1.424	0.884	0.253	2.561
2014	1.497	0.904	0.234	2.635
2015	(1) 1.882	1.213	0.254	3.349
2016	1.876	1.225	0.251	3.352
2017	1.874	1.213	0.254	3.341
2018	1.859	1.201	0.241	3.301

(1) The Borough undersent a reassessment of property effective January 1, 2015.

Source: Abstract of Ratables, County Board of Taxation



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

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
LPF Meadowlands LLC	\$ 32,889,700	3.21%		
Airport Properties Associates, Inc.			\$ 30,500,000	2.50%
Waterside Plaza Apts. Associates	29,680,700	2.89%	27,270,000	2.23%
Liberty Bell Village LLC	18,500,000	1.80%	20,880,000	1.71%
North Village II LLC NJ	16,285,700	1.59%	14,476,000	1.19%
Gates Realty Corp.	16,073,900	1.57%		
250 Little Ferry TL LLC	10,981,000	1.07%		
North Village I LLC NJ	10,848,200	1.06%		
Gates Brothers c/o Gates Realty Corp.	10,320,300	1.01%	16,761,800	1.37%
Gates Brothers c/o Gates Realty Corp.	10,250,500	1.00%	13,981,400	1.14%
Gates Brothers c/o Gates Realty Corp.			10,700,000	0.88%
Little Ferry Associates			16,912,000	1.38%
Bell Atlantic Property Tax Department			9,743,787	0.80%
North Village LLC			9,492,200	0.78%
Williams Towne Manor	7,491,900	0.73%	-	0.00%
	<u>\$ 163,321,900</u>	<u>15.92%</u>	<u>\$ 170,717,187</u>	<u>13.98%</u>

Source: Tax Assessor

**LITTLE FERRY 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	\$ 15,277,374	\$ 15,277,374	100.00%	
2010	15,572,897	15,572,897	100.00%	
2011	16,296,034	16,296,034	100.00%	
2012	16,835,015	16,835,015	100.00%	
2013	17,177,731	17,177,731	100.00%	
2014	17,656,650	17,656,650	100.00%	
2015	17,732,078	17,732,078	100.00%	
2016	18,224,634	18,224,634	100.00%	
2017	18,589,126	18,589,126	100.00%	
2018	18,960,908	18,960,908	100.00%	

Source: District financial records.

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

Fiscal Year Ended June 30,	Governmental Activities					Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Loans	Capital Leases	Lease Purchase Agreements	Capital Leases	Total District		
2009	\$ 2,125,000		\$ 184,655				\$ 2,309,655	10,440	\$ 221
2010	1,575,000		150,159				1,725,159	10,476	165
2011	1,050,000		114,515				1,164,515	10,651	109
2012	550,000		77,664				627,664	10,740	58
2013			39,513				39,513	10,805	4
2014							-	10,865	-
2015					\$ 19,689		19,689	10,907	2
2016					56,099		56,099	10,959	5
2017					23,493		23,493	10,963	2
2018					3,500,000		3,500,000	11,000	318

Source: District records

**LITTLE FERRY 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 <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2009	\$ 2,125,000		\$ 2,125,000	0.17%	\$ 204
2010	1,575,000		1,575,000	0.13%	150
2011	1,050,000		1,050,000	0.09%	99
2012	550,000		550,000	0.05%	51
2013			-	0.00%	-
2014			-	0.00%	-
2015			-	0.00%	-
2016			-	0.00%	-
2017			-	0.00%	-
2018			-	0.00%	-

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

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

	<u>Total Debt</u>
Municipal Debt: (1) Borough of Little Ferry	\$ 17,482,818
	17,482,818
Overlapping Debt Apportioned to the Municipalities:	
County of Bergen (2)	7,478,274
Bergen County Utilities Authority - Waste Water (3)	<u>3,014,196</u>
Total Overlapping Debt	<u>10,492,470</u>
Total Direct and Overlapping Debt	<u>\$ 27,975,288</u>

## Source:

- (1) Borough of Little Ferry's Annual Debt Statement - December 31, 2017
- (2) Bergen County Annual Debt Statement - December 31, 2017
- (2) BCUA 2017 Audit

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

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis	
	2017	\$ 1,009,654,077
	2016	1,019,362,331
	2015	<u>1,024,229,127</u>
Average equalized valuation of taxable property	\$	<u>1,017,748,512</u>
Debt Limit (3% of average equalization value)	\$	30,532,455
Total Net Debt Applicable to Limit		<u>-</u>
Legal Debt Margin	\$	<u>30,532,455</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 37,591,606	\$ 38,989,560	\$ 37,884,642	\$ 33,750,890	\$ 33,621,212	\$ 48,220,252	\$ 30,076,942	\$ 33,139,996	\$ 31,307,330	\$ 30,532,455
Total Net Debt Applicable to Limit	\$ 2,125,000	1,575,000	1,050,000	550,000	-	-	-	-	-	-
Legal Debt Margin	\$ 35,466,606	\$ 37,414,560	\$ 36,834,642	\$ 33,200,890	\$ 33,621,212	\$ 48,220,252	\$ 30,076,942	\$ 33,139,996	\$ 31,307,330	\$ 30,532,455
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.65%	4.04%	2.77%	1.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population(2)</u>
2008	5.30%	\$ 67,722	10,440
2009	9.40%	68,124	10,476
2010	9.60%	65,097	10,651
2011	9.50%	66,080	10,740
2012	9.70%	69,044	10,805
2013	4.90%	71,953	10,865
2014	6.10%	71,449	10,907
2015	4.90%	73,293	10,959
2016	4.40%	76,388	10,963
2017	4.10%	77,187	11,000

(1) Represents county information vs. municipality  
(2) Represents estimates as of July 1  
N/A Information not available

Source: Data regarding unemployment rate, per capita income and school district population was provided by the State Department of Education.

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

<u>Employer</u>	<u>2018</u>		<u>2009</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE



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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	68.8	69.0	65.0	50.2	47.6	53.2	66.0	62.0	62.0	63.0
Special Education	16.0	16.0	18.0	13.0	14.0	13.0	18.5	7.0	10.0	12.0
Other Special Education									10.0	10.0
Vocational										
Other Instruction	3.0	3.0	5.0	17.4	17.0	14.0	18.0	16.0	6.0	6.0
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	13.0	13.0	3.0	15.7	13.2	14.0	6.7	8.0	6.6	6.6
General Administration	1.0	2.0	2.1	1.6	2.1	2.0	2.0	3.0	3.0	3.0
School Administrative Services	2.0	5.0	5.0	2.0	1.5	2.5	3.0	2.0	2.0	2.0
Other Administrative Services	0.5	0.1	2.0	1.1	2.0	2.1	3.1	4.5	4.0	4.0
Central Services	0.5	3.0	2.2	2.0	2.0	2.0	2.0	3.0	3.0	3.0
Administrative Information Technology	2.0	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations And Maintenance	12.0	12.0	30.5	19.1	19.1	10.6	9.1	8.0	9.0	9.0
Pupil Transportation	1.5	1.5	0.8	3.4	1.5	1.7	1.5	1.5	1.0	1.0
Other Support Services						1.0		1.5	5.0	5.0
Security							2.0	2.0	1.5	1.5
Food Service	-	-	-	-	-	4.3	0.9	2.7	3.0	3.0
Total	<u>120.3</u>	<u>127.1</u>	<u>135.6</u>	<u>127.5</u>	<u>122.0</u>	<u>122.4</u>	<u>134.8</u>	<u>123.2</u>	<u>128.1</u>	<u>131.1</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2009	980.0	\$ 18,511,686	\$ 18,889	4.33%	79	1:13	1:13	964.0	933.2	0.94%	96.80%
2010	990.0	19,393,995	19,590	3.71%	88	1:11	1:11	960.0	925.0	-0.41%	96.35%
2011	967.0	18,875,665	19,520	-0.36%	83	1:65	1:65	967.0	929.0	0.73%	96.07%
2012	989.0	19,130,136	19,343	-0.91%	64	1:20	1:21	989.0	925.2	2.28%	93.55%
2013	987.0	19,566,896	19,825	2.49%	52	1:18	1:19	991.0	943.0	0.20%	95.16%
2014	989.0	19,384,054	19,600	-1.13%	53	1:19	1:20	994.7	952.2	0.37%	95.73%
2015	1,197.0	21,079,711	17,610	-11.17%	56	1:17	1:23	991.5	943.9	-0.32%	95.20%
2016	972.0	22,142,414	22,780	16.23%	56	1:17	1:23	978.0	916.1	-1.36%	93.67%
2017	945.0	23,145,906	24,493	39.08%	78	1:11	1:18	942.6	895.9	-3.62%	95.05%
2018	895.0	24,629,769	27,519	20.80%	81	1:11	1:18	904.4	860.3	-4.05%	95.12%

Sources: District records

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
Washington School										
Square Feet	30,764	30,764	30,764	30,764	30,764	30,764	30,764	30,764	30,764	30,764
Capacity (students)	180	180	180	180	180	180	180	180	180	180
Enrollment	237	242	204	210	210	210	200	200	257	276
<b><u>Middle School</u></b>										
Memorial School										
Square Feet	99,461	99,461	99,461	99,461	99,461	99,461	99,461	99,467	99,467	99,467
Capacity (students)	705	705	705	705	705	705	705	705	705	705
Enrollment	743	748	763	779	779	779	997	772	688	619

Number of Schools at June 30, 2018

- Elementary = 1
- Middle School = 1
- Senior High School = 0
- Other = 0

Source: District Records

LITTLE FERRY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
(Unaudited)

	<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>
School Facilities										
Memorial School	\$ 156,835	\$ 79,727	\$ 19,276	\$ 23,607	\$ 25,514	\$ 26,035	\$ 26,429	\$ 150,349	\$ 70,106	\$ 184,899
Washington School	<u>112,221</u>	<u>57,688</u>	<u>12,850</u>	<u>7,455</u>	<u>8,056</u>	<u>8,221</u>	<u>85,445</u>	<u>47,478</u>	<u>22,140</u>	<u>62,350</u>
Grand Total	<u>\$ 269,056</u>	<u>\$ 137,415</u>	<u>\$ 32,126</u>	<u>\$ 31,062</u>	<u>\$ 33,570</u>	<u>\$ 34,256</u>	<u>\$ 111,874</u>	<u>\$ 197,827</u>	<u>\$ 92,246</u>	<u>\$ 247,249</u>

Source: School District's Financial Statements

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

	<u>Coverage</u>	<u>Deductible</u>
<b>School Package Policy - Great American Insurance Co.</b>		
Building and Contents (All Locations)	\$ 22,618,502	\$ 5,000
Boiler and Machinery	1,000,000	1,000
General Automobile Liability	1,000,000	1,000
School Board Legal Liability	1,000,000	5,000
Employer's Liability	1,000,000	
Worker's Compensation	1,000,000	
Umbrella Liability	9,000,000	10,000
Student Accident Insurance - Selective Insurance Co.	1,000,000	
Surety Bonds - Selective Insurance Co.		
Treasurer	300,000	
Interim Board Secretary/Business Administrator	100,000	

Source: District records.

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER F. 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

**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 Ferry Board of Education  
Little Ferry, 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 Ferry 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 Ferry 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 Ferry 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 Ferry Board of Education’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Little Ferry Board of Education’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Little Ferry Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2018-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Little Ferry Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated January 29, 2019.

### **Little Ferry Board of Education’s Responses to Findings**

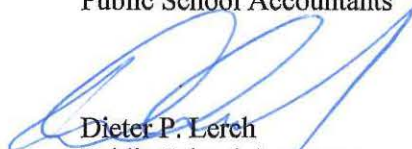
The Little Ferry Board of Education’s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Little Ferry Board of Education’s response was not subjected to the auditing procedures applied in the audit of the financial statements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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Little Ferry 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 Ferry 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



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

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  
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  
DBBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

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

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance which is described in the accompanying schedule of findings and questioned costs as item 2018-002. Our opinion on each major federal and state program is not modified with respect to this matter.

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

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

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


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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

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



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



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
January 29, 2019

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

State Grantor/Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Project Period	Award Amount	Balance, July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Balance, June 30, 2018			Memo GAAP Receivable
											(Accounts Receivable)	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Education</b>														
<b>Passed -through State Department of Education</b>														
<b>Special Revenue Fund:</b>														
ESEA Title I	84.010A	S010A170030	ESEA2710-18	7/1/17-6/30/18	\$ 305,572			\$ 303,115	\$ 305,572		\$ (2,457)			\$ (2,457)
ESEA Title III	84.365A	S365A170030	ESEA2710-18	7/1/17-6/30/18	12,225			12,225	12,225					
ESEA Title III Immigrant	84.365A	S365A170030	ESEA 2710-18	7/1/17-6/30/18	5,034	-	-	5,034	5,034					
Total English Language Acquisition Grants						-	-	17,259	17,259					
IDEA Part B, Basic	84.027	H027A170100	IDEA 2710-18	7/1/17-6/30/18	252,898			252,898	252,898					
IDEA Part B, Preschool	84.173	H173A170114	IDEA 2710-18	7/1/17-6/30/18	10,339	-	-	10,339	10,339					
Total Special Education Cluster - IDEA						-	-	263,237	263,237					
Total U.S. Department of Education/ Special Revenue Fund						-	-	583,611	586,068		(2,457)			(2,457)
<b>U.S. Department of Education</b>														
<b>Passed -through State Department of Agriculture</b>														
<b>Enterprise Fund</b>														
School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	4,961			4,649	4,961		\$ (312)			\$ (312)
School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	7,046	\$ (564)		564						
National School Lunch Program - Cash Assistance	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	165,614			156,285	165,514		(9,229)			(9,229)
National School Lunch Program - Cash Assistance	10.555	171NJ304N1099	N/A	7/1/16-6/30/17	175,598	(9,607)		9,607						
National School Lunch Food Distribution Program - Non Cash Assistance	10.555	171NJ304N1099	N/A	7/1/17-6/30/18	32,559			32,559	32,023			\$ 536		
Total Child Nutrition Cluster/Enterprise Fund						(10,171)		203,664	202,498		(9,541)	536		(9,541)
Total Federal Awards						\$ (10,171)	\$ -	\$ 787,275	\$ 788,566	\$ -	\$ (11,998)	\$ 536	\$ -	\$ (11,998)

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The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an Integral Part of this Statement.



**LITTLE FERRY 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 Ferry 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 a decrease of \$82,275 for the general fund and no change for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,302,168	\$ 4,302,168
Special Revenue Fund	\$ 586,068	92,400	678,468
Food Service Fund	202,498	4,289	206,787
	<u>          </u>	<u>          </u>	<u>          </u>
Total Awards Financial Assistance	<u>\$ 788,566</u>	<u>\$ 4,398,857</u>	<u>\$ 5,187,423</u>

**LITTLE FERRY 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 \$469,293 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 \$971,520, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$627,484 and TPAF Long-Term Disability Insurance in the amount of \$965 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 payments 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 FERRY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Part I – Summary of Auditor’s Results**

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Were significant deficiencies identified that were not considered to be material weaknesses?   X   yes            none reported

Noncompliance material to basic financial statements noted?   X   yes            no

**Federal Awards Section**

Internal Control over compliance:

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

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?            yes   X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with U.S. Uniform Guidance (section.510(a))?   X   yes            none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</u>	<u>171NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>171NJ304N1099</u>	<u>School Breakfast Program</u>
<u>          </u>	<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>	<u>          </u>

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

Auditee qualified as low-risk auditee?   X   yes            no



LITTLE FERRY 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 Section**

Internal Control over compliance:

- 1) Material weakness(es) identified? \_\_\_\_\_ yes  X  no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? \_\_\_\_\_ yes  X  no

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-1520-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-102</u>	<u>Professional Learning Community Aid</u>
<u>495-034-5120-101</u>	<u>Host District Support Aid</u>

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

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

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

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

**Finding 2018-001**

Our audit revealed that certain capital contracts were not encumbered when awarded.

**Criteria or specific requirement:**

The State Department of Education’s GAAP Technical Systems Manual pursuant to N.J.S.A. 18A:4-14 AND NJAC 6:20-2A.

**Condition:**

Certain capital contracts were not properly encumbered and classified (i.e., reserve for encumbrances, accounts payable) at year-end.

**Questioned Costs:**

Unknown.

**Context:**

Capital project contracts in the amount of \$3,316,710 were awarded during the year but were not encumbered. Of this amount, \$107,800 should have been classified as accounts payable. Financial statements have been adjusted to reflect these contracts.

**Effect:**

Expenditures may not reflect amounts incurred for the year.

**Recommendation:**

Contracts should be encumbered when awarded and be properly classified as either reserve for encumbrances or accounts payable.

**Management’s Response:**

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

**LITTLE FERRY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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**

**Finding 2018-002**

Our audit of free and reduced meal applications revealed instances where a valid application was not available for audit. In addition, two instances were noted where application on file resulted in a change in eligibility, however that change in status was not recorded.

**Information on federal program**

School Breakfast	10.553
National School Lunch	10.555

**Criteria or Specific Requirement**

Grant Compliance Supplement

**Condition**

See Finding

**Questioned Costs**

Unknown.

**Context**

Select instances were noted where there was no evidence of an eligible application on file. There were also two instances where eligibility status was not updated.

**Effect**

District may be claiming meals for reimbursement for students who are ineligible.

**Recommendation**

It is recommended that free and reduced applications be on file for all eligible students claimed and eligibility status be properly reported.

**Views of Responsible Officials and Planned Corrective Action**

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

**LITTLE FERRY 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 STATE AWARDS**

There are none.

**LITTLE FERRY BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2017-001:**

We noted the payments for purchase and installation of kitchen equipment for a total cost of \$18,377 and payments for alarm and fire monitor for a total cost of \$49,954 incurred by the district were in excess of the bid/quote threshold, however, there was no documentation to support competitive quotations/bids were solicited by the District in accordance with N.J.S.A. 18A:18A-27 and 18A:18A-37.

**Current Status**

Corrective action has been taken.