

SECAUCUS BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

Secaucus, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Secaucus Board of Education

Secaucus, New Jersey

For The Fiscal Year Ended June 30, 2018

Prepared by

**Secaucus Board of Education
Business Department**

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INTRODUCTORY SECTION

Public School District **Secaucus**

685 Fifth Street, Secaucus, NJ 07094

Growing Global Learners through Positive Culture and Academic Challenges

January 24, 2019

Honorable President and Members of the
Secaucus Board of Education
685 Fifth Street
Secaucus, New Jersey 07094

Dear Board Members:

State Department of Education statutes require that all School District's prepare a complete set of financial statements presented in conformity with accounting principles generally accepted in the United State of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Secaucus Board of Education for the fiscal year ended June 30, 2018.

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

The Secaucus Board of Education's financial statements have been audited by Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Secaucus Board of Education for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Secaucus Board of Education's financial statements for the fiscal year ended June 30, 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Secaucus Board of Education was part of a broader, federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal control and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance. These reports are available in the Single Audit Section of the Secaucus Board of Education's CAFR.

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

1).REPORTING ENTITY AND ITS SERVICES: Secaucus Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standard Board (GASB). All funds of the District are included in this report. The Secaucus Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PK through 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2017-2018 fiscal year with an enrollment of 2197 students. The following details the changes in the student enrollment of the District over the last ten (10) years.

Fiscal Year	Student Count	Percent Change
2017-2018	2197	3.9
2016-2017	2114	(0.3)
2015-2016	2120	(3.0)
2014-2015	2185	0.1
2013-2014	2183	(.1)
2012-2013	2185	1.8
2011-2012	2146	(2.3)
2010-2011	2196	2.5
2009-2010	2143	1.1
2008-2009	2120	2.2

2). ECONOMIC CONDITION AND OUTLOOK: The Town of Secaucus continues with a significant increase in residential construction. This is due to the continuation of the housing units being built in various parts of town. Current construction has yielded in an additional 121 students and continues to rise. Future construction could continue to impact the student population. The additional rateable's will continue to stabilize the tax rate. This in turn will provide revenues which will enable the Town of Secaucus to continue providing services that were the basis for Secaucus being considered a very good place to live in New Jersey. The town, for the second year in a row, was able to absorb the school tax increase without increasing the property tax rate. For all these reasons, Secaucus will continue to prosper economically and its residents will continue to enjoy a high quality of life.

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

- Expansion of Orton Gillingham Instruction for all students in Grades K-2
- Continued to support class size which is conducive to learning.
- We began offering several new courses at the secondary level, including Intro to Marketing, World Foods, AP Physics II, PSI Chemistry Concepts, Mathematical Physics, Calculus III, AP Computer Science A and AP Computer Science with Pre-Calc Honors, Spanish I for Native Speakers, AP Music Theory

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

- 96% of Secaucus High School Graduates went onto further their education
- 81% went onto 4 year college
- 10% went onto 2 year college
- 5% went onto trade school
- 3% Employment
- 1% Military

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

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

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

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

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

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

7). DEBT ADMINISTRATION: As of June 30, 2018 the District's outstanding debt issues included \$24,990,000 of general obligation and refunding bonds.

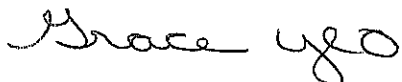
8). CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in the "Notes to the Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions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

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

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

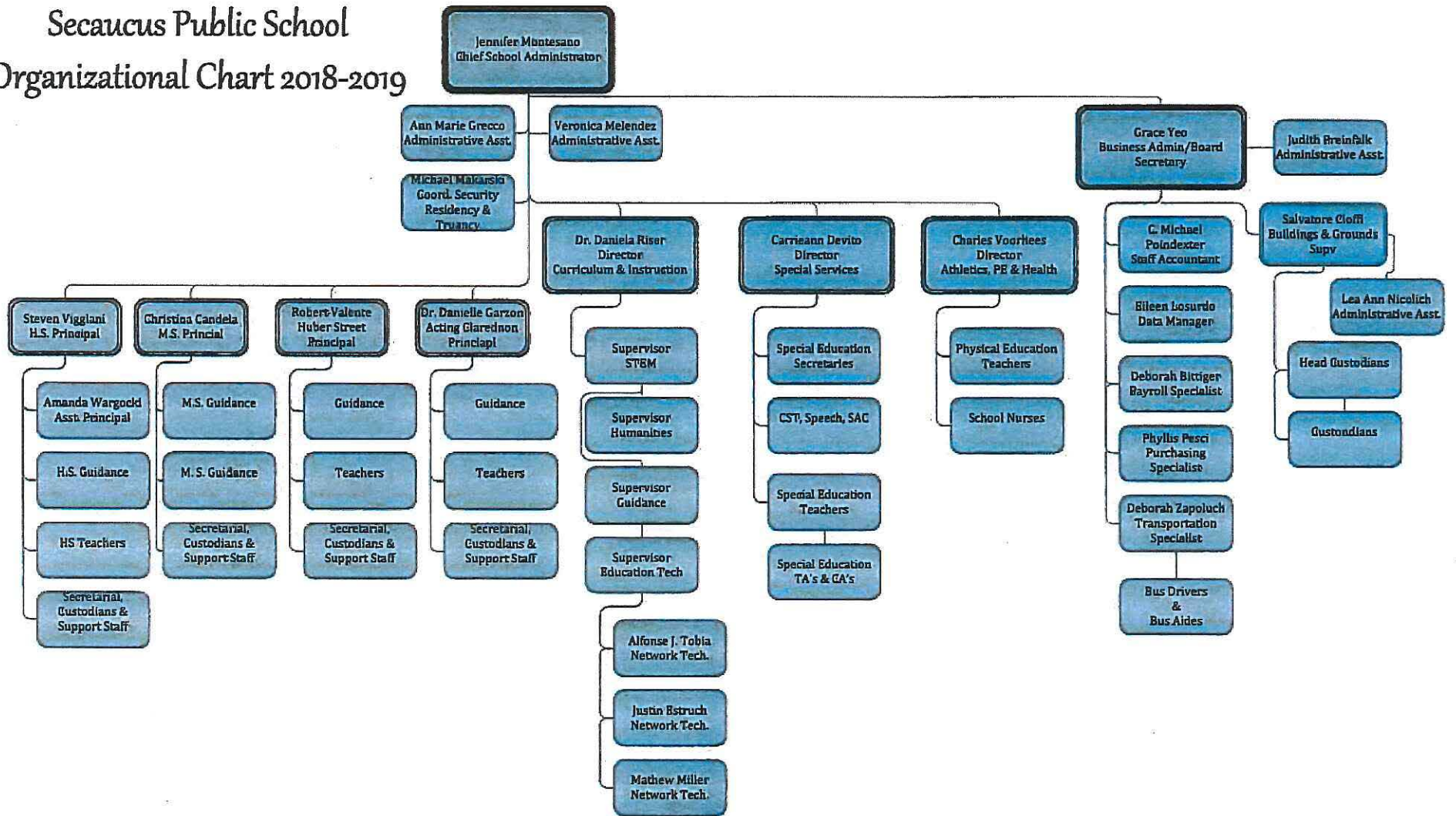
11). ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Secaucus Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of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

Respectfully submitted,



Grace Yeo
Business Administrator/Board Secretary

Secaucus Public School Organizational Chart 2018-2019



Roster of Officials
Secaucus Board of Education
June 30, 2018

	<u>Term Expires</u>
John McStowe, President	2019
Joan Cali, Vice President	2018
Kathy McFarlane	2020
Lance Bartletta	2020
Ruby Pantoliano	2020
Louis Giele	2018
Norma Hanley	2018
Kathy O'Connell	2019
Sharon Dellafave	2019

Jennifer Montesano, Superintendent of Schools

Grace Yeo, School Business Administrator/Board Secretary

SECAUCUS BOARD OF EDUCATION
CONSULTANTS AND ADVISORS

Audit Firm

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

Attorneys

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

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

Official Depository

TD Bank
1262 Paterson Plank Road
Secaucus, NJ 0709

Consultant

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

Construction Manager:

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

Benefit Advisors:

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

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Secaucus Board of Education as of and for the fiscal year ended June 30, 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 Secaucus 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 Secaucus 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 Secaucus Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Secaucus Board of Education.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2019 on our consideration of the Secaucus Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Secaucus Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Secaucus Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 24, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The discussion and analysis of the Secaucus Board of Education's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,357,898 (net position).
- General revenues accounted for \$38,065,363 in revenue or 71 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$15,762,079 or 29 percent of total revenues of \$53,827,442.
- Total net position of governmental activities amounted to \$15,307,199 as of June 30, 2018.
- The District had \$50,551,565 in expenses related to governmental activities; only \$14,626,914 were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$38,065,363 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$41,380,193 in revenues and \$40,326,380 in expenditures. The General Fund's fund balance increased \$1,053,813 or 22 percent from the fiscal year ended June 30, 2017.

Using the Comprehensive Annual Financial report (CAFR)

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

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

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Reporting the District as a Whole

One of the most important questions asked about the District is "How did we do financially during the fiscal year ended June 30, 2018?" The *Statement of Net position* and the *Statement of Activities*, which appear first in the District's financial statements, report information on the District as a whole and its activities in such a way as to answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Enterprise Fund

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

Notes to the Financial Statements

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

The District as a Whole

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

Table 1 provides a summary of the District's net position as of June 30, 2018 and 2017.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current Assets	\$ 6,658,115	\$ 6,350,997	\$ 876,585	\$ 962,654	\$ 7,534,700	\$ 7,313,651
Capital Assets	48,122,394	48,591,501	193,493	32,804	48,315,887	48,624,305
Total Assets	<u>54,780,509</u>	<u>54,942,498</u>	<u>1,070,078</u>	<u>995,458</u>	<u>55,850,587</u>	<u>55,937,956</u>
Deferred Outflows of Resources						
Deferred Amount on Net Pension Liability	3,103,465	4,664,282	-	-	3,103,465	4,664,282
Total Deferred Outflows of Resources	<u>3,103,465</u>	<u>4,664,282</u>	<u>-</u>	<u>-</u>	<u>3,103,465</u>	<u>4,664,282</u>
Liabilities						
Other Liabilities	635,000	883,228	18,707	17,292	653,707	900,520
Long-Term Liabilities	38,983,747	45,544,691	-	-	38,983,747	45,544,691
Total Liabilities	<u>39,618,747</u>	<u>46,427,919</u>	<u>18,707</u>	<u>17,292</u>	<u>39,637,454</u>	<u>46,445,211</u>
Deferred Inflows of Resources						
USDA Commodities			672	538	672	538
Deferred Amount on Net Pension Liability	2,958,028	12,374	-	-	2,958,028	12,374
Total Deferred Inflows of Resources	<u>2,958,028</u>	<u>12,374</u>	<u>672</u>	<u>538</u>	<u>2,958,700</u>	<u>12,912</u>
Net Position:						
Net Investment in Capital Assets	23,569,792	22,249,472	193,493	32,804	23,763,285	22,282,276
Restricted	4,349,830	3,041,745			4,349,830	3,041,745
Unrestricted	(12,612,423)	(12,124,730)	857,206	944,824	(11,755,217)	(11,179,906)
Total Net Position	<u>\$ 15,307,199</u>	<u>\$ 13,166,487</u>	<u>\$ 1,050,699</u>	<u>\$ 977,628</u>	<u>\$ 16,357,898</u>	<u>\$ 14,144,115</u>

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The District's combined net position was \$16,357,898 and \$14,144,115 on June 30, 2018 and 2017, respectively. This was an increase of \$2,213,783 or 16 percent from the fiscal year ended June 30, 2017.

Table 2 shows changes in net position for the fiscal years ended June 30, 2018 and 2017.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	\$ 124,950	\$ 13,782	\$ 722,056	\$ 685,843	\$ 847,006	\$ 699,625
Grants and Contributions	14,501,964	13,579,378	413,109	404,475	14,915,073	13,983,853
General Revenues						
Property Taxes	37,194,115	36,401,377			37,194,115	36,401,377
State Aid	537,158	527,128			537,158	527,128
Other	334,090	174,417	-	-	334,090	174,417
Total Revenues	<u>52,692,277</u>	<u>50,696,082</u>	<u>1,135,165</u>	<u>1,090,318</u>	<u>53,827,442</u>	<u>51,786,400</u>
Program Expenses						
Instruction	30,819,269	29,991,904			30,819,269	29,991,904
Support Services						
Student and Instruction Related	5,246,723	5,129,110			5,246,723	5,129,110
General Administration	1,277,129	1,210,746			1,277,129	1,210,746
School Administration	2,866,244	2,974,427			2,866,244	2,974,427
Central Services	1,434,535	1,430,431			1,434,535	1,430,431
Operations and Maintenance of Facilities	6,150,870	6,377,866			6,150,870	6,377,866
Pupil Transportation	1,924,270	1,939,996			1,924,270	1,939,996
Interest on Debt	832,525	896,480			832,525	896,480
Food Service	-	-	1,062,094	967,022	1,062,094	967,022
Total Expenses	<u>50,551,565</u>	<u>49,950,960</u>	<u>1,062,094</u>	<u>967,022</u>	<u>51,613,659</u>	<u>50,917,982</u>
Change in Net Position	2,140,712	745,122	73,071	123,296	2,213,783	868,418
Net Position, Beginning of Year	<u>13,166,487</u>	<u>12,421,365</u>	<u>977,628</u>	<u>854,332</u>	<u>14,144,115</u>	<u>13,275,697</u>
Net Position, End of Year	<u>\$ 15,307,199</u>	<u>\$ 13,166,487</u>	<u>\$ 1,050,699</u>	<u>\$ 977,628</u>	<u>\$ 16,357,898</u>	<u>\$ 14,144,115</u>

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Governmental Activities

The District's total governmental activities revenues were \$52,692,777 and \$50,696,082 for the years ended June 30, 2018 and 2017, respectively. Property taxes made up 71 and 72 percent of revenues for governmental activities for the Secaucus Board of Education for fiscal years 2018 and 2017, respectively. Federal, state and local grants accounted for 29 and 28 percent of revenue for the fiscal years ended June 30, 2018 and 2017, respectively.

The total cost of all programs and services was \$50,551,565 and \$49,950,960 for the fiscal years ended June 30, 2018 and 2017, respectively. Instruction comprises 61 and 60 percent of governmental program expenses for the years ended June 30, 2018 and 2017, respectively. Support services expenses make up 38 percent of governmental expenses for both years ended June 30, 2018 and 2017. The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table A-3
Total and Net Cost of Services
for the Fiscal Years Ended June 30, 2018 and 2017

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction	\$ 30,819,269	\$ 29,991,904	\$ 19,468,734	\$ 19,212,370
Support Services				
Student and Instruction Related	5,246,723	5,129,110	3,781,774	3,771,514
General Administration, School Admin., Central Services	5,577,908	5,615,604	4,476,457	4,636,720
Operation and Maintenance of Facilities	6,150,870	6,377,866	5,836,484	6,302,361
Pupil Transportation	1,924,270	1,939,996	1,704,139	1,725,441
Interest on Debt	832,525	896,480	657,063	709,394
Total	\$ 50,551,565	\$ 49,950,960	\$ 35,924,651	\$ 36,357,800

Business-Type Activities

The only business-type activity is the food service operation. The program had revenues of \$1,135,165 and \$1,090,318 and expenses of \$1,062,094 and \$967,022 in fiscal years ended June 30, 2018 and 2017, respectively. Of the revenues, \$722,056 and \$685,843 was charges for services paid by patrons for daily food service; \$413,109 and \$404,475 was from State and Federal reimbursements for the years ended June 30, 2018 and 2017, respectively.

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$45,298,400 and \$43,549,724 and expenditures were \$44,770,250 and \$48,010,313 for the fiscal years ended June 30, 2018 and 2017, respectively. The net change in the fund balance for the year was an increase of \$528,240 mainly as the result of the decrease of expenditures of the Capital Projects Fund proceeds from the prior year referendum approved by the voters net of the excess results of operations in the General Fund.

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

<u>Revenue</u>	<u>Years Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2018</u>	<u>2017</u>		
Local Sources	\$ 37,653,155	\$ 36,589,576	\$ 1,063,579	2.91%
State Sources	6,858,840	6,054,287	804,553	13.29%
Federal Sources	786,495	905,861	(119,366)	-13.18%
Total Governmental Fund Revenues	<u>\$ 45,298,490</u>	<u>\$ 43,549,724</u>	<u>\$ 1,748,766</u>	4.02%

The following schedule represents a summary of the governmental funds expenditures for the fiscal years ending June 30, 2018 and 2017.

	<u>Years Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2018</u>	<u>2017</u>		
Current Expense				
Instruction	\$ 25,237,878	\$ 23,877,636	\$ 1,360,242	5.70%
Support Services	15,119,510	15,037,801	81,709	0.54%
Capital Outlay	1,223,759	5,697,524	(4,473,765)	-78.52%
Debt Service				
Principal	2,329,472	2,477,761	(148,289)	-5.98%
Interest	859,631	919,591	(59,960)	-6.52%
Total Expenditures	<u>\$ 44,770,250</u>	<u>\$ 48,010,313</u>	<u>\$ (3,240,063)</u>	-6.75%

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

General Fund Budgeting Highlights

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

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

Capital Assets

At the end of fiscal years 2018 and 2017, the District had \$48,122,394 and \$193,493 and \$48,591,501 and \$32,804 invested in land, buildings, furniture and equipment and vehicles and construction in progress for governmental activities and business type activities net of accumulated depreciation, respectively. Overall capital assets for governmental activities decreased \$469,107 and capital assets of business type activities increased \$160,689 from the fiscal year ended June 30, 2017 to fiscal year ended June 30, 2018. Table A-4 and A-5 shows capital assets and the related depreciation for governmental activities and business type activities at June 30, 2018 and 2017, respectively.

Table A-4
Capital Assets
as of June 30, 2018 and 2017
Governmental Activities

	<u>2018</u>	<u>Total</u>	<u>2017</u>
Land	\$ 533,623		\$ 533,623
Improvements Other Than Buildings	1,251,802		964,052
Buildings	64,511,800		63,966,727
Machinery and Equipment	<u>5,232,668</u>		<u>4,841,732</u>
	71,529,893		70,306,134
Less Accumulated Depreciation	<u>23,407,499</u>		<u>21,714,633</u>
Net	<u>\$ 48,122,394</u>		<u>\$ 48,591,501</u>

SECAUCUS BOARD OF EDUCATION
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

Capital Assets (Continued)

Table A-5
Capital Assets
as of June 30, 2018 and 2017
Business Type Activities

	<u>2018</u>	<u>Total</u>	<u>2017</u>
Machinery and Equipment	\$ 396,923	\$	276,650
Less Accumulated Depreciation	<u>203,430</u>	<u>\$</u>	<u>243,846</u>
Net	<u>\$ 193,493</u>	<u>\$</u>	<u>32,804</u>

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

Long-Term Liabilities

At June 30, 2018 and 2017, the District had \$38,983,747 and \$45,544,691 of long-term liabilities. Of this amount, \$1,531,237 and \$1,619,376 is for compensated absences; and \$24,990,000 and \$27,305,000 of bonds payable; \$95,593 and \$110,065 for deferred pension obligations, and \$12,366,917 and \$16,510,250 for net pension liability, respectively.

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

For the Future

Secaucus Board of Education demonstrated strengths in developing and implementing budgets was a major factor in the successes of the 2017-2018 school year. The process is broad based and includes the staff, administration and Board of Education. All effort in the development of a budget are directed at achieving district goals. As we look forward, the administration and staff are prepared to face the new economic realities of no increases in state aid and 2% caps on tax increases. In these difficult times improvement of student achievement will always be our paramount consideration.

Contacting the District's Financial Management

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

DISTRICT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 5,907,691	\$ 795,760	\$ 6,703,451
Receivables, Net	700,374	74,436	774,810
Due from Other Funds	50,050		50,050
Inventory		6,389	6,389
Capital Assets Not Being Depreciated	533,623		533,623
Capital Assets, Being Depreciated, net	<u>47,588,771</u>	<u>193,493</u>	<u>47,782,264</u>
Total Assets	<u>54,780,509</u>	<u>1,070,078</u>	<u>55,850,587</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>3,103,465</u>	<u>-</u>	<u>3,103,465</u>
Total Deferred Outflows of Resources	<u>3,103,465</u>	<u>-</u>	<u>3,103,465</u>
Total Assets and Deferred Outflows of Resources	<u>57,883,974</u>	<u>1,070,078</u>	<u>58,954,052</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	301,840	274	302,114
Due to Other Funds	19,437		19,437
Accrued Interest Payable	312,886		312,886
Unearned Revenue	837	18,433	19,270
Noncurrent Liabilities			
Due Within One Year	1,548,124		1,548,124
Due Beyond One Year	<u>37,435,623</u>	<u>-</u>	<u>37,435,623</u>
Total Liabilities	<u>39,618,747</u>	<u>18,707</u>	<u>39,637,454</u>
DEFERRED INFLOWS OF RESOURCES			
USDA Commodities		672	672
Deferred Amount on Net Pension Liability	<u>2,958,028</u>	<u>-</u>	<u>2,958,028</u>
Total Deferred Inflows of Resources	<u>2,958,028</u>	<u>672</u>	<u>2,958,700</u>
Total Liabilities and Deferred Inflows of Resources	<u>42,576,775</u>	<u>19,379</u>	<u>42,596,154</u>
NET POSITION			
Net Investment in Capital Assets	23,569,792	193,493	23,763,285
Restricted for			
Capital Projects	4,149,830		4,149,830
Maintenance	200,000		200,000
Unrestricted	<u>(12,612,423)</u>	<u>857,206</u>	<u>(11,755,217)</u>
Total Net Position	<u>\$ 15,307,199</u>	<u>\$ 1,050,699</u>	<u>\$ 16,357,898</u>

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

**SECAUCUS BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities						
Instruction						
Regular	\$ 22,669,639	\$ 124,950	\$ 7,883,700	\$ (14,660,989)		\$ (14,660,989)
Special Education	6,058,490		2,682,771	(3,375,719)		(3,375,719)
Other Instruction	462,428		134,519	(327,909)		(327,909)
School Sponsored Activities and Athletics	1,579,347		520,875	(1,058,472)		(1,058,472)
Community Services	49,365		3,720	(45,645)		(45,645)
Support Services						
Student and Instruction Related Services	5,246,723		1,464,949	(3,781,774)		(3,781,774)
School Administration Services	2,866,244		801,452	(2,064,792)		(2,064,792)
General Administration Services	1,277,129		140,521	(1,136,608)		(1,136,608)
Plant Operations and Maintenance	6,150,870		314,386	(5,836,484)		(5,836,484)
Pupil Transportation	1,924,270		220,131	(1,704,139)		(1,704,139)
Central Services	1,434,535		159,478	(1,275,057)		(1,275,057)
Interest on Long Term Debt	832,525	-	175,462	(657,063)	-	(657,063)
Total Governmental Activities	<u>50,551,565</u>	<u>124,950</u>	<u>14,501,964</u>	<u>(35,924,651)</u>	<u>-</u>	<u>(35,924,651)</u>
Business-Type Activities						
Food Service	<u>1,062,094</u>	<u>722,056</u>	<u>413,109</u>	<u>-</u>	<u>\$ 73,071</u>	<u>73,071</u>
Total Business-Type Activities	<u>1,062,094</u>	<u>722,056</u>	<u>413,109</u>	<u>-</u>	<u>73,071</u>	<u>73,071</u>
Total Primary Government	<u>\$ 51,613,659</u>	<u>\$ 847,006</u>	<u>\$ 14,915,073</u>	<u>\$ (35,924,651)</u>	<u>\$ 73,071</u>	<u>\$ (35,851,580)</u>

Continued

**SECAUCUS BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues			
Property Taxes Levied for General Purposes	\$ 34,667,422		\$ 34,667,422
Property Taxes Levied for Debt Service	2,526,693		2,526,693
State Aid Restricted for Debt Service	472,476		472,476
State Aid-Unrestricted	64,682		64,682
Miscellaneous Income	334,090	-	334,090
 Total General Revenues and Transfers	 38,065,363	 -	 38,065,363
 Change in Net Position	 2,140,712	 \$ 73,071	 2,213,783
Net Position, Beginning of Year	13,166,487	977,628	14,144,115
Net Position, End of Year	\$ 15,307,199	\$ 1,050,699	\$ 16,357,898

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 5,472,499		\$ 435,192		\$ 5,907,691
Other Accounts Receivable		\$ 9,873			9,873
Due from Other Funds	567,026		2,206		569,232
Receivables from Other Governments	88,350	602,151	-	-	690,501
Total Assets	\$ 6,127,875	\$ 612,024	\$ 437,398	\$ -	\$ 7,177,297
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 207,629	\$ 94,211			\$ 301,840
Due to Other Funds	21,643	516,976			538,619
Unearned Revenue	-	837	-	-	837
Total Liabilities	229,272	612,024	-	-	841,296
Fund Balances					
Restricted					
Capital Projects			\$ 437,398		437,398
Excess Surplus	200,000				200,000
Excess Surplus-Designated for Subsequent Year's Expenditures	300,000				300,000
Maintenance Reserve	200,000				200,000
Emergency Reserve	250,000				250,000
Capital Reserve	3,678,330				3,678,330
Capital Reserve-Designated for Subsequent Year's Expenditures	471,500				471,500
Assigned					
Year End Encumbrances Designated for Subsequent Year's Expenditures	272,334				272,334
Unassigned	512,886	-	-	-	512,886
Total Fund Balances	5,898,603	-	437,398	-	6,336,001
Total Liabilities and Fund Balances	\$ 6,127,875	\$ 612,024	\$ 437,398	\$ -	\$ 7,177,297
Total Fund Balances-governmental Funds (Exhibit B-1)					\$ 6,336,001

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 \$71,529,893 and the accumulated depreciation is \$23,407,499.

48,122,394

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:

(312,886)

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
Deferred Inflows of Resources

\$ 3,103,465
(2,958,028)

145,437

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These items are as follows:

Bonds Payable (24,990,000)
Deferred Pension Obligation (95,593)
Net Pension Liability (12,366,917)
Compensated Absences Payable (1,531,237)

(38,983,747)

Net position of governmental activities

\$ 15,307,199

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 34,667,422			\$ 2,526,693	\$ 37,194,115
Tuition	124,950				124,950
Rents and Royalties	72,203				72,203
Unrestricted Miscellaneous Revenues	<u>261,887</u>	-	-	-	<u>261,887</u>
Total - Local Sources	35,126,462	-	-	2,526,693	37,653,155
State Sources	6,210,902			647,938	6,858,840
Federal Sources	<u>42,829</u>	\$ 743,666	-	-	<u>786,495</u>
Total Revenues	<u>41,380,193</u>	<u>743,666</u>	-	<u>3,174,631</u>	<u>45,298,490</u>
EXPENDITURES					
Current					
Regular Instruction	17,988,838	264,360			18,253,198
Special Education Instruction	4,970,532	306,481			5,277,013
Other Instruction	384,912				384,912
School Sponsored Activities and Athletics	1,279,193				1,279,193
Community Services	43,562				43,562
Support Services					
Student and Instruction Related Services	4,221,618	172,825			4,394,443
School Administration Services	2,340,776				2,340,776
General Administration Services	1,171,126				1,171,126
Plant Operations and Maintenance	4,378,138				4,378,138
Pupil Transportation	1,587,676				1,587,676
Central Services	1,247,351				1,247,351
Debt Service					
Principal	14,472			2,315,000	2,329,472
Interest and Other Charges				859,631	859,631
Capital Outlay	<u>698,186</u>	-	\$ 525,573	-	<u>1,223,759</u>
Total Expenditures	<u>40,326,380</u>	<u>743,666</u>	<u>525,573</u>	<u>3,174,631</u>	<u>44,770,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,053,813</u>	-	<u>(525,573)</u>	-	<u>528,240</u>
Net Change in Fund Balances	1,053,813	-	(525,573)	-	528,240
Fund Balance, Beginning of Year	<u>4,844,790</u>	-	<u>962,971</u>	-	<u>5,807,761</u>
Fund Balance, End of Year	<u>\$ 5,898,603</u>	<u>\$ -</u>	<u>\$ 437,398</u>	<u>\$ -</u>	<u>\$ 6,336,001</u>

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

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 528,240

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

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

	Capital Outlay	\$ 1,223,759	
	Depreciation Expense	<u>(1,692,866)</u>	
			(469,107)

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

	Bond Principal	2,315,000	
	Deferred Pension Obligation	<u>14,472</u>	
			2,329,472

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

	Decrease in accrued interest		27,106
--	------------------------------	--	--------

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

	Increase in Pension Expense	(363,138)	
	Decrease in Compensated Absences	<u>88,139</u>	
			<u>(274,999)</u>

Change in net position of governmental activities(Exhibit A-2) \$ 2,140,712

**SECAUCUS BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2018**

	Business-Type Activities
	<u>Enterprise Fund</u>
	<u>Food Service</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 795,760
Intergovernmental Receivable	
State	1,836
Federal	69,965
Other Receivables	2,635
Inventory	<u>6,389</u>
Total Current Assets	<u>876,585</u>
Capital Assets	
Machinery and Equipment	396,923
Less: Accumulated Depreciation	<u>(203,430)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>193,493</u>
Total Assets	<u>\$ 1,070,078</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	274
Unearned Revenue	<u>18,433</u>
Total Current Liabilities	<u>18,707</u>
DEFERRED INFLOWS OF RESOURCES	
U.S.D.A Commodities	<u>672</u>
Total Deferred Inflows of Resources	<u>672</u>
Total Liabilities and Deferred Inflows of Resources	<u>19,379</u>
NET POSITION	
Investment in Capital Assets, Net of Related Debt	193,493
Unrestricted	<u>857,206</u>
Total Net Position	<u>\$ 1,050,699</u>

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

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

	Business-Type Activities
	<u>Enterprise Fund</u>
	<u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 322,194
Daily Sales - Non-Reimbursable Programs	399,862
	722,056
OPERATING EXPENSES	
Cost of Sales - Reimbursable Programs	381,567
Cost of Sales - Non-Reimbursable Programs	194,333
Salaries and Employee Benefits	317,656
Other Purchased Professional Services	21,068
Management Fee	76,500
General Supplies	34,170
Miscellaneous Expenditures	15,161
Depreciation Expense	21,639
	1,062,094
Operating Loss	(340,038)
NONOPERATING REVENUES	
State Sources	
School Lunch Program	9,528
Federal Sources	
National School Lunch Program	290,655
Food Distribution Program	45,931
National School Breakfast Program	66,995
	413,109
Net Income	73,071
Change in Net Position	73,071
Total Net Position, Beginning of Year	977,628
Total Net Position, End of Year	\$ 1,050,699

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

**SECAUCUS BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities <u>Enterprise Fund</u> <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 725,097
Cash Payments to Employees' Salaries and Benefits	(317,656)
Cash Payments to Suppliers for Goods and Services	<u>(678,043)</u>
Net Cash Used by Operating Activities	<u>(270,602)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Subsidy Reimbursements	<u>318,732</u>
Net Cash Provided by Noncapital Financing Activities	<u>318,732</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	<u>(182,328)</u>
Net Cash Used by Noncapital Financing Activities	<u>(182,328)</u>
Net Decrease in Cash and Cash Equivalents	(134,198)
Cash and Cash Equivalents, Beginning of Year	<u>929,958</u>
Cash and Cash Equivalents, End of Year	<u>\$ 795,760</u>
Reconciliation of Operating Loss to Net Cash	
Used by Operating Activities	
Operating Loss	<u>\$ (340,038)</u>
Adjustments to Reconcile Operating Loss to	
Net Cash Used by Operating Activities	
Depreciation	21,639
Non-Cash Federal Assistance - Food Distribution - National School Lunch Program	45,931
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(337)
(Increase)/Decrease in Other Receivables	788
Increase/(Decrease) in Unearned Revenue	2,253
Increase/(Decrease) in Accounts Payable	<u>(838)</u>
Total Adjustments	<u>69,436</u>
Net Cash Used by Operating Activities	<u>\$ (270,602)</u>
Non-Cash Financing Activities	
National School Lunch (Food Distribution Program)	<u>\$ 46,065</u>

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

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

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 912	\$ 204	\$ 378,484
Due from Other Funds	<u>105,331</u>	<u>-</u>	<u>19,437</u>
Total Assets	<u>106,243</u>	<u>204</u>	<u>\$ 397,921</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 80,357
Accrued Salaries and Wages			3,682
Payable to State Government	798		
Due to Other Funds	50,050		105,331
Due to Student Groups	<u>-</u>	<u>-</u>	<u>208,551</u>
Total Liabilities	<u>50,848</u>	<u>-</u>	<u>\$ 397,921</u>
NET POSITION			
Reserved for Scholarships		<u>\$ 204</u>	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 55,395</u>		

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

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
ADDITIONS		
Contributions		
Other		\$ 942
Board Contributions	\$ 47,000	
Employee Contributions	61,298	
Miscellaneous	1,324	-
	<hr/>	<hr/>
Total Additions	109,622	942
	<hr/>	<hr/>
DEDUCTIONS		
Scholarships Awarded		750
Unemployment Claims and Contributions	121,850	-
	<hr/>	<hr/>
Total Deductions	121,850	750
	<hr/>	<hr/>
Change in Net Position	(12,228)	192
Net Position, Beginning of the Year	67,623	12
	<hr/>	<hr/>
Net Position, End of the Year	\$ 55,395	\$ 204
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

B. New Accounting Standards

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

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. 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.

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

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

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

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**SECAUCUS 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, 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.

**SECAUCUS 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)

4. Capital Assets

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

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualify for reporting in this category. The one item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (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.

**SECAUCUS 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. Deferred Outflows/Inflows of Resources (Continued)

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

6. Compensated Absences

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

7. Pensions

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

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

8 Long-Term Obligations

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

SECAUCUS 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)

9. Net Position/Fund Balance

District-Wide Statements

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

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

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.

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

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

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

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

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 2).

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

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

SECAUCUS 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)

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

Governmental Fund Statements (Continued)

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 amounts are used only after the other resources have been used.

10. *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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

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

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

4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 22, 2015, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$817,561. The increase was funded by additional state aid, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

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

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

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

Balance, July 1, 2017		\$ 3,041,745
Increased by		
Deposits Approved by Board Resolution	\$ 1,494,271	
Unexpended Balances in District Budget	<u>63,814</u>	
Total Increases		<u>1,558,085</u>
		4,599,830
Withdrawals		
Approved in District Budget		<u>450,000</u>
Balance, June 30, 2018		<u>\$ 4,149,830</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district’s Long Range Facilities Plan. \$471,500 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

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

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

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

Increased by	
Deposits Approved by Board Resolution	<u>\$ 200,000</u>
Balance, June 30, 2018	<u>\$ 200,000</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$2,114,398.

D. Emergency Reserve

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

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

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

Balance, July 1, 2017	\$ 100,000
Increased by	
Deposits Approved by Board Resolution	<u>150,000</u>
Balance, June 30, 2018	<u>\$ 250,000</u>

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$500,000. Of this amount, \$300,000 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$200,000 will be appropriated in the 2019/2020 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC 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 \$7,083,051 and bank and brokerage firm balances of the Board's deposits amounted to \$10,102,401. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 10,102,401</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 none of the Board's bank balances were exposed to custodial credit risk.

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

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

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

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

B. Receivables

Receivables as of June 30, 2018 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental-				
Federal		\$ 602,151	\$ 69,965	\$ 672,116
State	\$ 88,350		1,836	90,186
Other	-	9,873	2,635	12,508
Gross Receivables	88,350	612,024	74,436	774,810
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 88,350</u>	<u>\$ 612,024</u>	<u>\$ 74,436</u>	<u>\$ 774,810</u>

**SECAUCUS 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:

Special Revenue Fund		
Grant Draw Downs Reserved for Encumbrances	\$	<u>837</u>
Total Unearned Revenue for Governmental Funds	\$	<u>837</u>

D. Capital Assets

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

	<u>Balance, July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance, June 30, 2018</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 533,623	-	-	-	\$ 533,623
Total Capital Assets, Not Being Depreciated	<u>533,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>533,623</u>
Capital Assets, Being Depreciated:					
Buildings and Building Improvements	63,966,727	\$ 545,073			64,511,800
Improvements Other Than Buildings	964,052	287,750			1,251,802
Machinery and Equipment	4,841,732	390,936	-	-	5,232,668
Total Capital Assets Being Depreciated	<u>69,772,511</u>	<u>1,223,759</u>	<u>-</u>	<u>-</u>	<u>70,996,270</u>
Less Accumulated Depreciation for:					
Buildings and Building Improvements	(17,470,917)	(1,347,771)			(18,818,688)
Land Improvements	(866,990)	(20,964)			(887,954)
Machinery and Equipment	(3,376,726)	(324,131)	-	-	(3,700,857)
Total Accumulated Depreciation	<u>(21,714,633)</u>	<u>(1,692,866)</u>	<u>-</u>	<u>-</u>	<u>(23,407,499)</u>
Total Capital Assets, Being Depreciated, Net	<u>48,057,878</u>	<u>(469,107)</u>	<u>-</u>	<u>-</u>	<u>47,588,771</u>
Governmental Activities Capital Assets, Net	<u>\$ 48,591,501</u>	<u>\$ (469,107)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,122,394</u>

SECAUCUS 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, July 1, 2017	Increases	Decreases	Balance, June 30, 2018
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 276,650	\$ 182,328	\$ (62,055)	\$ 396,923
Total Capital Assets Being Depreciated	<u>276,650</u>	<u>182,328</u>	<u>(62,055)</u>	<u>396,923</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(243,846)	(21,639)	62,055	(203,430)
Total Accumulated Depreciation	<u>(243,846)</u>	<u>(21,639)</u>	<u>62,055</u>	<u>(203,430)</u>
Total Capital Assets, Being Depreciated, Net	<u>32,804</u>	<u>160,689</u>	<u>-</u>	<u>193,493</u>
Business-Type Activities Capital Assets, Net	<u>\$ 32,804</u>	<u>\$ 160,689</u>	<u>\$ -</u>	<u>\$ 193,493</u>

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

Governmental Activities:

Instruction	
Regular	\$ 46,352
Total Instruction	<u>46,352</u>
Support Services	
Support Services-Students	21,167
School Administration	18,369
Operations and Maintenance of Plant	1,406,397
Student Transportation	174,116
Business and Other Support Services	<u>26,465</u>
Total Support Services	<u>1,646,514</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,692,866</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 21,639</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 21,639</u>

**SECAUCUS 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

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	\$ 516,976
General Fund	Unemployment Compensation Trust	50,050
Agency Fund	General Fund	19,437
Capital Projects Fund	General Fund	2,206
Unemployment Compensation Trust	Agency Fund	<u>105,331</u>
 Total		 <u>\$ 694,000</u>

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

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

F. Long-Term Debt

General Obligation Bonds

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

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

\$2,910,000, 2009 Refunding Bonds, due in annual installments of \$270,000 to \$275,000 through July 15, 2020, interest at 4.00%	\$ 820,000
 \$27,400,000, 2014 School Bonds, due in annual installments of \$1,120,000 to \$1,870,000 through August 15, 2034, interest at 3.00% to 4.00%	 <u>24,170,000</u>
 Total	 <u>\$24,990,000</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 1,395,000	\$ 804,775	\$ 2,199,775
2020	1,415,000	759,875	2,174,875
2021	1,435,000	714,400	2,149,400
2022	1,195,000	673,601	1,868,601
2023	1,220,000	637,375	1,857,375
2024-2028	6,675,000	2,606,608	9,281,608
2029-2033	7,990,000	1,450,196	9,440,196
2033-2035	<u>3,665,000</u>	<u>148,100</u>	<u>3,813,100</u>
	<u>\$ 24,990,000</u>	<u>\$ 7,794,930</u>	<u>\$ 32,784,930</u>

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:

4% of Equalized Valuation Basis (Municipal)	\$ 184,473,973
Less: Net Debt	<u>24,990,000</u>
Remaining Borrowing Power	<u>\$ 159,483,973</u>

**SECAUCUS 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. Other Long-Term Liabilities

Deferred Pension Obligation

During the 2009/2010 school year the Board elected to contribute only 50% of its normal and accrued liability components of the Public Employee Retirement System (PERS) obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$139,317 and is being paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.00% effective July 1, 2017), at June 30, 2018 is \$95,593.

Changes in Long-Term Liabilities

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

	<u>Balance,</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2018</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 27,305,000		\$ 2,315,000	\$ 24,990,000	\$ 1,395,000
Net Pension Liability	16,510,250		4,143,333	12,366,917	
Compensated Absences	1,619,376		88,139	1,531,237	153,124
Deferred Pension Obligation	<u>110,065</u>	<u>\$ 7,422</u>	<u>21,894</u>	<u>95,593</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 45,544,691</u>	<u>\$ 7,422</u>	<u>\$ 6,568,366</u>	<u>\$ 38,983,747</u>	<u>\$ 1,548,124</u>

For the governmental activities, the liabilities for compensated absences, deferred pension obligations and net pension liability are generally liquidated by the general 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 School Alliance Insurance Fund (SAIF). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

**SECAUCUS 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)

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

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

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

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

<u>Fiscal Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 47,000	\$ 61,298	\$ 121,850	\$ 55,395
2017	55,750	35,085	55,355	67,623
2016	19,250	34,645	49,340	32,143

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.

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

NOTE 4 OTHER INFORMATION (Continued)

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.

The following represents the membership tiers for PERS:

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

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

**SECAUCUS 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) – 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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the 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.

**SECAUCUS 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)

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.

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.

**SECAUCUS 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)

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.

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.

**SECAUCUS 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)

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.

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	\$ 492,157	\$ 2,234,392	\$ 20,064
2017	495,236	1,666,197	17,078
2016	467,021	1,193,716	16,045

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$5,307 and \$1,677, respectively for PERS and the State contributed \$4,457 and \$4,941, 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 \$1,186,047 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.

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.

**SECAUCUS 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

Public Employees Retirement System (PERS) (Continued)

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.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$12,366,917 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 0.05313 percent, which was a decrease of 0.00262 percent from its proportionate share measured as of June 30, 2016 of 0.05575percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$855,295 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 291,198	
Changes of Assumptions	2,491,508	\$ 2,482,373
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	84,210	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>236,549</u>	<u>475,655</u>
Total	<u>\$ 3,103,465</u>	<u>\$ 2,958,028</u>

**SECAUCUS 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

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	\$ 264,824
2020	414,668
2021	235,436
2022	(446,901)
2023	(322,590)
Thereafter	<u>-</u>
	<u>\$ 145,437</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.

SECAUCUS 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%

**SECAUCUS 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)

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:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ 15,342,000	\$ 12,366,917	\$ 9,888,304

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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$6,918,914 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 \$99,876,153. 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 .14813 percent, which was a decrease of .00097 percent from its proportionate share measured as of June 30, 2016 of .14910 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
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:

	1% Decrease <u>(3.25%)</u>	Current Discount Rate <u>(4.25%)</u>	1% Increase <u>(5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 118,656,003</u>	<u>\$ 99,876,153</u>	<u>\$ 84,405,231</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.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

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

Plan Description and Benefits Provided

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

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

Post-Retirement Medical Benefits Contributions

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

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$1,443,146, \$1,388,321 and \$1,421,386, 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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$4,152,411. 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 \$68,601,365. 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 .12789 percent, which was a decrease of .00035 percent from its proportionate share measured as of June 30, 2016 of .12824 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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

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

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

Long-Term Expected Rate of Return

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

Discount Rate

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

<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.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

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

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>74,164,226</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,923,049
Interest on the Total OPEB Liability	2,179,386
Changes of Assumptions	(9,063,233)
Gross Benefit Payments	(1,663,310)
Contributions from the Member	61,247
Net Changes	<u>(5,562,861)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>68,601,365</u>

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

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

Sensitivity of OPEB Liability

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

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>81,434,770</u>	\$ <u>68,601,365</u>	\$ <u>58,421,787</u>

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability (Continued)

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

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>	Healthcare Cost Trend Rates	<u>1% Increase</u>
Total OPEB Liability (School Retirees)	\$ 56,417,991	\$ 68,601,365	\$ 84,780,742

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

F. Tax Abatements

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

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted		Actual	Variance	
	Original Budget	Adjustments		Final Budget	Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 34,667,422		\$ 34,667,422	\$ 34,667,422	
Tuition from Individuals	180,000		180,000	124,950	\$ (55,050)
Rents and Royalties	53,000		53,000	72,203	19,203
Interest Earned on Capital Reserve Funds	300		300		(300)
Unrestricted Miscellaneous Revenue	43,700		43,700	261,887	218,187
State Sources					
Extraordinary Aid	145,000		145,000	140,589	(4,411)
Additional Non Public Transportation Aid				30,190	30,190
Categorical Special Education Aid	773,872	\$ 131,132	905,004	905,004	
Categorical Security Aid	75,507		75,507	75,507	
Categorical Transportation Aid	86,193		86,193	86,193	
Professional Learning Community Aid	21,230		21,230	21,230	
PARCC Readiness Aid	21,370		21,370	21,370	
Per Pupil Growth Aid	21,370		21,370	21,370	
Lead Testing for Schools Aid				4,213	4,213
On-behalf TPAF Non-Contributory Insurance Contribution (Nonbudgeted)				52,938	52,938
On-behalf TPAF Long Term Disability Insurance Contribution (Nonbudgeted)				4,457	4,457
On-behalf TPAF Normal Cost and Accrued Liability Contribution (Nonbudgeted)				2,181,454	2,181,454
On-Behalf TPAF Post Retirement Medical Benefit Contribution (Nonbudgeted)				1,443,146	1,443,146
Reimbursed TPAF Soc. Sec. Contr. (Nonbudgeted)				1,186,047	1,186,047
Federal Sources					
Medical Assistance Program (SEMI)	31,630	-	31,630	42,829	11,199
Total Revenues	36,120,594	131,132	36,251,726	41,342,999	5,091,273
EXPENDITURES					
CURRENT EXPENDITURES					
Regular Programs - Instruction					
Salaries of Teachers					
Preschool	229,528	5,322	234,850	234,849	1
Kindergarten	619,558	7,115	626,673	626,672	1
Grades 1-5	4,038,619	24,343	4,062,962	3,978,014	84,948
Grades 6-8	2,875,632	10,719	2,886,351	2,774,051	112,300
Grades 9-12	3,576,633	(11,114)	3,565,519	3,564,412	1,107
Regular Programs - Home Instruction					
Salaries of Teachers	25,000	7,942	32,942	32,829	113
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		4,630	4,630	4,630	-
Purchased Professional/Educational Services	379,800	31,665	411,465	411,465	-
Other Purchased Services	83,650	2,000	85,650	51,952	33,698
General Supplies	397,596	(10,563)	387,033	292,728	94,305
Textbooks	137,180	(9,869)	127,311	99,509	27,802
Other Objects	-	369	369	369	-
Total Regular Programs	12,363,196	62,559	12,425,755	12,071,480	354,275

**SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budgeted</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>		<u>Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 335,520	\$ 3,782	\$ 339,302	\$ 334,352	\$ 4,950
Other Salaries for Instruction	300,744	(26,181)	274,563	271,220	3,343
General Supplies	7,000	(1,200)	5,800	2,791	3,009
Textbooks	3,000	-	3,000	-	3,000
Total Learning and/or Language Disabilities	646,264	(23,599)	622,665	608,363	14,302
Multiple Disabilities					
Salaries of Teachers	136,600	-	136,600	134,201	2,399
Purchased Professional/Educational Services	153,000	13,642	166,642	163,642	3,000
General Supplies	6,000	-	6,000	3,300	2,700
Total Multiple Disabilities	295,600	13,642	309,242	301,143	8,099
Resource Room/Resource Center					
Salaries of Teachers	1,194,830	33,711	1,228,541	1,112,680	115,861
Other Salaries for Instruction	132,430	-	132,430	103,502	28,928
Purchased Professional/Educational Services	339,367	30,739	370,106	370,106	-
General Supplies	28,000	(9,716)	18,284	13,222	5,062
Textbooks	4,000	(3,500)	500	-	500
Total Resource Room/Resource Center	1,698,627	51,234	1,749,861	1,599,510	150,351
Preschool Disabilities - Part Time					
Salaries of Teachers	62,710	463	63,173	63,173	-
Total Preschool Disabilities - Part Time	62,710	463	63,173	63,173	-
Preschool Disabilities - Full Time					
Salaries of Teachers	63,450	-	63,450	62,708	742
Other Salaries for Instruction	129,410	1,500	130,910	130,910	-
General Supplies	1,000	-	1,000	194	806
Other Objects	500	-	500	-	500
Total Preschool Disabilities - Full Time	194,360	1,500	195,860	193,812	2,048

**SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted		Actual	Variance	
	Original Budget	Adjustments		Final Budget	Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Home Instruction:					
Salaries of Teachers	\$ 37,000	\$ (13,275)	\$ 23,725	\$ 13,452	\$ 10,273
Total Home Instruction	37,000	(13,275)	23,725	13,452	10,273
Total Special Education	2,934,561	29,965	2,964,526	2,779,453	185,073
Basic Skills/Remedial					
Salaries of Teachers	126,250	(41,000)	85,250	62,629	22,621
General Supplies	2,700	-	2,700	1,173	1,527
Total Basic Skills/Remedial	128,950	(41,000)	87,950	63,802	24,148
Bilingual Education					
Salaries of Teachers	163,300	(4,400)	158,900	135,727	23,173
General Supplies	3,250	2,675	5,925	3,131	2,794
Total Bilingual Education	166,550	(1,725)	164,825	138,858	25,967
School Sponsored Co-Curricular Activities					
Salaries	260,500	(26,775)	233,725	229,800	3,925
Supplies and Materials	11,000	(4,709)	6,291	1,246	5,045
Other Objects	350	-	350	-	350
Total School Sponsored Co-Curricular Activities	271,850	(31,484)	240,366	231,046	9,320
School Sponsored Athletics					
Salaries	500,906	(3,917)	496,989	457,579	39,410
Purchased Services	88,000	(830)	87,170	85,796	1,374
Supplies and Materials	84,253	(2,420)	81,833	80,316	1,517
Other Objects	7,550	50,534	58,084	35,397	22,687
Total School Sponsored Athletics	680,709	43,367	724,076	659,088	64,988
Other Instructional Programs					
Salaries	76,767	3,917	80,684	80,683	1
Supplies and Materials	3,400	1,500	4,900	1,092	3,808
Total Other Instructional Programs	80,167	5,417	85,584	81,775	3,809

SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted		Actual	Variance	
	Original Budget	Adjustments		Final Budget	Final To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Community Services Programs/Operations					
Salaries	\$ 30,800	-	\$ 30,800	\$ 30,480	\$ 320
Total Community Services Programs/Operations	<u>30,800</u>	<u>-</u>	<u>30,800</u>	<u>30,480</u>	<u>320</u>
Total - Instruction	<u>16,656,783</u>	<u>\$ 67,099</u>	<u>16,723,882</u>	<u>16,055,982</u>	<u>667,900</u>
Undistributed Expenditures					
Instruction					
Tuition to CSSD & Reg Day Schools	125,000	-	125,000	65,988	59,012
Tuition to Private Schools for the Disabled Within the State	794,478	202,205	996,683	954,257	42,426
Tuition - State Facilities	32,952	-	32,952	32,952	
Tuition - Other	<u>206,000</u>	<u>(146,315)</u>	<u>59,685</u>	<u>32,687</u>	<u>26,998</u>
Total Undistributed Expenditures - Instruction	<u>1,158,430</u>	<u>55,890</u>	<u>1,214,320</u>	<u>1,085,884</u>	<u>128,436</u>
Health Services					
Salaries	342,796	7,987	350,783	349,592	1,191
Purchased Professional and Technical Services	48,500	(8,237)	40,263	34,915	5,348
Supplies and Materials	<u>23,550</u>	<u>40</u>	<u>23,590</u>	<u>16,114</u>	<u>7,476</u>
Total Health Services	<u>414,846</u>	<u>(210)</u>	<u>414,636</u>	<u>400,621</u>	<u>14,015</u>
Speech, OT, PT & Related Services					
Salaries	195,172	-	195,172	188,657	6,515
Purchased Professional- Educational Services	132,000	34,279	166,279	148,064	18,215
Supplies and Materials	<u>4,000</u>	<u>15</u>	<u>4,015</u>	<u>1,716</u>	<u>2,299</u>
Total Speech, OT, PT & Related Services	<u>331,172</u>	<u>34,294</u>	<u>365,466</u>	<u>338,437</u>	<u>27,029</u>
Other Support Services - Students - Extra Services					
Purchased Professional - Educational Services	250,000	98,656	348,656	323,542	25,114
Other Objects	<u>-</u>	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
Total Other Support Services - Students - Extra Serv.	<u>250,000</u>	<u>98,906</u>	<u>348,906</u>	<u>323,542</u>	<u>25,364</u>

**SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budgeted</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>		<u>Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Guidance					
Salaries of Other Prof. Staff	\$ 553,392	\$ 53,121	\$ 606,513	\$ 606,512	\$ 1
Salaries of Secretarial and Clerical Assistants	172,493	2,032	174,525	139,374	35,151
Purchased Professional - Educational Services	6,600	(900)	5,700	5,664	36
Other Purchased Prof. and Technical Services	2,850	97	2,947	2,597	350
Supplies and Materials	16,525	(8,844)	7,681	6,791	890
Other Objects	160	-	160	160	-
Total Guidance	<u>752,020</u>	<u>45,506</u>	<u>797,526</u>	<u>761,098</u>	<u>36,428</u>
Child Study Teams					
Salaries of Other Professional Staff	783,289	(61,153)	722,136	721,388	748
Salaries of Secretarial and Clerical Assistants	143,871	14,900	158,771	105,008	53,763
Purchased Professional - Educational Services	49,000	(15,000)	34,000	25,884	8,116
Other Purchased Prof. and Technical Services	10,000	-	10,000	6,116	3,884
Other Purchased Services	7,000	-	7,000	6,247	753
Miscellaneous Purchased Services	2,000	-	2,000	1,913	87
Supplies and Materials	10,000	1,200	11,200	9,890	1,310
Other Objects	3,000	-	3,000	2,897	103
Total Child Study Teams	<u>1,008,160</u>	<u>(60,053)</u>	<u>948,107</u>	<u>879,343</u>	<u>68,764</u>
Improvement of Instructional Services					
Salaries of Other Professional Staff	64,000	(230)	63,770	59,758	4,012
Salaries of Secretarial and Clerical Assistants	35,050	230	35,280	35,280	-
Purchased Professional-Educational Services	2,000	-	2,000	375	1,625
Other Purchased Services	19,500	-	19,500	8,753	10,747
Total Improvement of Instructional Services	<u>120,550</u>	<u>-</u>	<u>120,550</u>	<u>104,166</u>	<u>16,384</u>
Educational Media Services/School Library					
Salaries	201,306	2,462	203,768	203,043	725
Other Purchased Services	4,300	(900)	3,400	2,127	1,273
Supplies and Materials	27,487	-	27,487	22,412	5,075
Total Educational Media Services/School Library	<u>233,093</u>	<u>1,562</u>	<u>234,655</u>	<u>227,582</u>	<u>7,073</u>

SECAUCUS BOARD OF EDUCATION

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted		Actual	Variance
	Original Budget	Adjustments		Final Budget
EXPENDITURES				
CURRENT EXPENDITURES (Continued)				
Undistributed Expenditures (Continued)				
Instructional Staff Training Services				
Salaries of Other Professional Staff	\$ 8,000	\$ (1,562)	\$ 6,438	\$ 6,438
Purchased Professional - Educational Services	13,500	-	13,500	5,600
Other Purchased Prof. and Technical Services	7,350	(3,000)	4,350	4,105
Other Purchased Services	5,300	(1,617)	3,683	2,563
Total Instructional Staff Training Services	34,150	(6,179)	27,971	18,706
Support Services General Administration				
Salaries	408,600	(30,437)	378,163	-
Legal Services	100,000	52,378	152,378	-
Audit Fees	38,000	-	38,000	95
Architectural/Engineering Services	20,000	44,397	64,397	50,000
Other Purchased Professional Services	37,000	9,917	46,917	1
Communications/Telephone	168,203	14,739	182,942	8,759
BOE Other Purchased Services	5,000	100	5,100	1
Miscellaneous Purchased Services	107,125	(7,541)	99,584	1,695
General Supplies	3,000	(467)	2,533	294
BOE In-House Training/Meeting Supplies	3,500	145	3,645	546
Miscellaneous Expenditures	4,000	7,594	11,594	17
BOE Membership Due and Fees	16,000	-	16,000	24
Total Support Services General Administration	910,428	90,825	1,001,253	61,432
Support Services School Administration				
Salaries of Principals/Asst. Principals	625,978	4,633	630,611	155
Salaries of Other Professional Staff	518,782	(2,984)	515,798	32,312
Salaries of Secretarial and Clerical Assistants	354,816	23,196	378,012	985
Other Purchased Services	43,500	(19,789)	23,711	137
Supplies and Materials	85,425	11,938	97,363	2,975
Other Objects	4,800	1,699	6,499	739
Total Support Services School Administration	1,633,301	18,693	1,651,994	37,303
Central Services				
Salaries	454,305	(20,000)	434,305	4,430
Miscellaneous Purchased Services	137,700	(15,114)	122,586	45,072
Supplies and Materials	20,000	-	20,000	4,923
Miscellaneous Expenditures	1,500	(121)	1,379	1,119
Total Central Services	613,505	(35,235)	578,270	55,544

**SECAUCUS BOARD OF EDUCATION
GENERAL FUND**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Budgeted		Actual	Variance	
	Original Budget	Adjustments			Final Budget
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Admin. Info. Technology					
Salaries	\$ 302,045	\$ (25,170)	\$ 276,875	\$ 275,391	\$ 1,484
Other Purchased Services	143,850	97,996	241,846	210,124	31,722
Supplies and Materials	84,750	4,651	89,401	65,674	23,727
Total Admin. Info. Technology	530,645	77,477	608,122	551,189	56,933
Required Maintenance for School Facilities					
Salaries	144,750	(46,335)	98,415	98,415	-
Cleaning, Repairs & Maintenance Service	262,500	266,897	529,397	484,740	44,657
Lead Testing of Drinking Water	5,000	-	5,000	4,250	750
General Supplies	57,500	3,972	61,472	56,200	5,272
Other Objects	1,500	(740)	760	179	581
Total Required Maintenance for School Facilities	471,250	223,794	695,044	643,784	51,260
Custodial Services					
Salaries	1,720,814	(143,342)	1,577,472	1,565,358	12,114
Cleaning, Repairs & Maintenance Service	65,000	(10,839)	54,161	52,607	1,554
Rental of Land & Buildings Other Than Leases	75,000	(1,100)	73,900	73,703	197
Other Purchased Property Services	33,700	2,330	36,030	36,027	3
Insurance	160,000	(2,000)	158,000	157,652	348
Miscellaneous Purchased Services	1,000	(750)	250	-	250
General Supplies	121,500	(11,407)	110,093	102,088	8,005
Energy (Natural Gas)	145,000	10,935	155,935	118,521	37,414
Energy (Electricity)	537,048	53,338	590,386	541,300	49,086
Other Objects	1,000	6,986	7,986	7,462	524
Total Custodial Services	2,860,062	(95,849)	2,764,213	2,654,718	109,495
Security					
Salaries	263,002	-	263,002	260,461	2,541
Purchased Professional and Technical Services	3,000	389	3,389	3,341	48
General Supplies	18,000	4,968	22,968	22,967	1
Total Security	284,002	5,357	289,359	286,769	2,590
Student Transportation Services					
Salaries of Non-Instructional Aides	369,257	(61,465)	307,792	257,908	49,884
Salaries for Pupil Transportation (Between Home and School) - Regular	207,047	-	207,047	182,816	24,231
Salaries for Pupil Transportation (Between Home and School) - Special Ed	389,086	-	389,086	354,686	34,400
Salaries for Pupil Transportation (Other than Between Home and School) -	74,000	(1,500)	72,500	58,032	14,468
Cleaning, Repair and Maintenance Svcs.	119,421	10,798	130,219	125,969	4,250
Contracted Services (Between Home and School) - Vendors	145,000	(3,000)	142,000	134,189	7,811
Contracted Services (Spec Ed)-ESC & CTSA	8,500	15,000	23,500	20,207	3,293
Miscellaneous Purchased Services	17,015	(13,323)	3,692	-	3,692
General Supplies	2,800	-	2,800	1,236	1,564
Transportation Supplies	128,800	(16,402)	112,398	77,370	35,028
Other Objects	16,800	590	17,390	8,963	8,427
Total Student Transportation Services	1,477,726	(69,302)	1,408,424	1,221,376	187,048

**SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budgeted</u>		<u>Actual</u>	<u>Variance</u>	
	<u>Original Budget</u>	<u>Adjustments</u>		<u>Final Budget</u>	<u>Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits-Employee Benefits					
Social Security Contributions	\$ 525,000	-	\$ 525,000	\$ 495,452	\$ 29,548
Other Retirement Contributions - PERS	550,000	\$ (30,000)	520,000	519,358	642
Other Retirement Contributions - Regular	22,000	-	22,000	20,064	1,936
Unemployment Compensation	50,000	-	50,000	47,000	3,000
Worker's Compensation	442,550	-	442,550	425,879	16,671
Health Benefits	4,270,663	(162,273)	4,108,390	4,003,454	104,936
Other Employee Benefits	295,000	192,321	487,321	477,269	10,052
Total Regular Programs-Instr.- Employee Benefits	<u>6,155,213</u>	<u>48</u>	<u>6,155,261</u>	<u>5,988,476</u>	<u>166,785</u>
On-behalf TPAF Non-Contributory Insurance Contribution (Nonbudgeted)				52,938	(52,938)
On-behalf TPAF Long Term Disability Insurance Contribution (Nonbudgeted)				4,457	(4,457)
On-behalf TPAF Normal Cost and Accrued Liability Contribution (Nonbudgeted)				2,181,454	(2,181,454)
On-Behalf TPAF Post Retirement Medical Benefit Contribution (Nonbudgeted)				1,443,146	(1,443,146)
Reimbursed TPAF Soc. Sec. Contr. (Nonbudgeted)	-	-	-	1,186,047	(1,186,047)
Total Undistributed Expenditures	<u>19,238,553</u>	<u>385,524</u>	<u>19,624,077</u>	<u>23,421,530</u>	<u>(3,797,453)</u>
Total Expenditures - Current Expenditures	<u>35,895,336</u>	<u>452,623</u>	<u>36,347,959</u>	<u>39,477,512</u>	<u>(3,129,553)</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Admin Info Technology	47,700	-	47,700	1,000	46,700
School Buses - Regular		105,410	105,410	105,410	-
School Buses - Special	-	27,591	27,591	27,591	-
Total Equipment	<u>47,700</u>	<u>133,001</u>	<u>180,701</u>	<u>134,001</u>	<u>46,700</u>

SECAUCUS BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budgeted</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>		<u>Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Facilities Acquisition and Construction Services					
Construction Services	\$ 110,000	\$ 450,000	\$ 560,000	\$ 406,161	\$ 153,839
Assessment for Debt Service on SDA	55,872	-	55,872	55,872	-
Total Facilities Acquisition and Constr. Services	165,872	450,000	615,872	462,033	153,839
Interest Deposit to Capital Reserve	300	-	300	-	300
Total Capital Outlay	213,872	583,001	796,873	596,034	200,839
Transfer of Funds to Charter Schools	443,282	24,097	467,379	252,834	214,545
Total Expenditures	36,552,490	1,059,721	37,612,211	40,326,380	(2,714,169)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(431,896)	(928,589)	(1,360,485)	1,016,619	2,377,104
Other Financing Sources(Uses)					
Capital Reserve-Transfer to Capital Projects	(450,000)	450,000	-	-	-
Total Other Financing Sources (Uses)	(450,000)	450,000	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(881,896)	(478,589)	(1,360,485)	1,016,619	2,377,104
Fund Balances, Beginning of Year	5,108,455	-	5,108,455	5,108,455	-
Fund Balances, End of Year	\$ 4,226,559	\$ (478,589)	\$ 3,747,970	\$ 6,125,074	\$ 2,377,104

Recapitulation

Restricted:

Capital Reserve	\$ 3,678,330
Capital Reserve - Designated for Subsequent Year's Expenditures	471,500
Maintenance Reserve	200,000
Emergency Reserve	250,000
Excess Surplus	200,000
Excess Surplus - Designated for Subsequent Year's Expenditures	300,000

Assigned:

Year End Encumbrances	272,334
Designated for Subsequent Year's Expenditures	13,553
Unassigned	739,357

Total Fund Balance 6,125,074

Reconciliation to Governmental Funds Statements (GAAP)

Less : Last State Aid Payments not Recognized on GAAP Basis	(226,471)
Fund Balance per Governmental Fund	\$ 5,898,603

**SECAUCUS BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Federal	\$ 952,277	\$ 207,840	\$ 1,160,117	\$ 744,503	\$ (415,614)
Total Revenues	<u>952,277</u>	<u>207,840</u>	<u>1,160,117</u>	<u>744,503</u>	<u>(415,614)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	230,926	108,574	339,500	241,782	97,718
Purchased Professional Educational Services		3,000	3,000	1,945	1,055
Other Purchased Services	366,522	59,644	426,166	306,481	119,685
General Supplies	280,528	(259,336)	21,192	21,133	59
Other Objects	-	45,999	45,999	-	45,999
Total Instruction	<u>877,976</u>	<u>(42,119)</u>	<u>835,857</u>	<u>571,341</u>	<u>264,516</u>
Support Services					
Salaries of Teachers		13,390	13,390	4,681	8,709
Salaries of Other Professional Staff	13,650	(153)	13,497	13,497	-
Purchased Professional Educational Services		34,900	34,900	33,923	977
Other Purchased Professional Services		-	-	-	-
Employee Benefits	48,850	75,260	124,110	81,623	42,487
General Supplies	11,801	40,890	52,691	39,438	13,253
Other Objects	-	-	-	-	-
Total Support Services	<u>74,301</u>	<u>164,287</u>	<u>238,588</u>	<u>173,162</u>	<u>65,426</u>
Facilities Acquisition and Construction Svs					
Instructional Equipment		83,530	83,530	-	83,530
Noninstructional Equipment	-	2,142	2,142	-	2,142
Total Facilities Acquisition and Const Svs	<u>-</u>	<u>85,672</u>	<u>85,672</u>	<u>-</u>	<u>85,672</u>
Total Expenditures	<u>952,277</u>	<u>207,840</u>	<u>1,160,117</u>	<u>744,503</u>	<u>415,614</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**SECAUCUS BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (Exhibit C-1 and C-2)	\$ 41,342,999	\$ 744,503
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2018 Encumbrances		(837)
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. (2016-2017)	263,665	
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements. (2017-2018)	<u>(226,471)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. (Exhibit B-2)	<u>\$ 41,380,193</u>	<u>\$ 743,666</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 40,326,380	\$ 744,503
Differences - Budget to GAAP		
Encumbrances for good and services ordered but not received are reported in the year the order is placed for budgetary purposes but in the year the goods and services are received for financial reporting purposes.		
June 30, 2018 Encumbrances	<u>-</u>	<u>(837)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 40,326,380</u>	<u>\$ 743,666</u>

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	<u>0.05313%</u>	<u>0.05575%</u>	<u>0.05432%</u>	<u>0.05372%</u>	<u>0.05384%</u>
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 12,366,917</u>	<u>\$ 16,510,250</u>	<u>\$ 12,194,135</u>	<u>\$ 10,057,446</u>	<u>\$ 10,289,706</u>
District's Covered-Employee Payroll	<u>\$ 3,684,476</u>	<u>\$ 3,685,550</u>	<u>\$ 3,765,997</u>	<u>\$ 3,670,569</u>	<u>\$ 3,617,264</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	336%	448%	324%	274%	284%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.92%	52.08%	48.72%

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

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 492,157	\$ 495,236	\$ 467,021	\$ 464,094	\$ 426,440
Contributions in Relation to the Contractually Required Contributions	<u>492,157</u>	<u>495,236</u>	<u>467,021</u>	<u>464,094</u>	<u>426,440</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 3,684,476</u>	<u>\$ 3,685,550</u>	<u>\$ 3,765,997</u>	<u>\$ 3,670,569</u>	<u>\$ 3,617,264</u>
Contributions as a Percentage of Covered-Employee Payroll	13.36%	13.44%	12.40%	12.64%	11.79%

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

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

**TEACHERS PENSION AND ANNUITY FUND
Last 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)	0.00%	0.00%	0.00%	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 99,876,153</u>	<u>\$ 117,287,912</u>	<u>\$ 90,706,484</u>	<u>\$ 76,735,244</u>	<u>\$ 76,465,713</u>
Total	<u>\$ 99,876,153</u>	<u>\$ 117,287,912</u>	<u>\$ 90,706,484</u>	<u>\$ 76,735,244</u>	<u>\$ 76,465,713</u>
District's Covered-Employee Payroll	<u>\$ 15,521,054</u>	<u>\$ 15,167,830</u>	<u>\$ 14,823,127</u>	<u>\$ 14,925,265</u>	<u>\$ 14,492,650</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	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.

**SECAUCUS BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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 4.

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

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 2,923,049
Interest on the Total OPEB Liability	2,179,386
Changes of Assumptions	(9,063,233)
Gross Benefit Payments	(1,663,310)
Contribution from the Member	61,247
Net Change in Total OPEB Liability	(5,562,861)
Total OPEB Liability - Beginning	74,164,226
Total OPEB Liability - Ending	\$ 68,601,365
District's Proportionate Share	\$0
State's Proportionate Share	\$ 68,601,365
Total OPEB Liability - Ending	\$ 68,601,365
Covered-Employee Payroll	\$ 19,205,530
Total OPEB Liability as a Percentage of Covered-Employee Payroll:	357.20%

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.

**SECAUCUS 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.

SPECIAL REVENUE FUND

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

	NCLB					I.D.E.A. B-Basic Regular	Totals
	<u>Title I</u>	<u>Title IIA</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Title IV</u>		
REVENUES							
Intergovernmental							
Federal	\$ 380,625	\$ 40,081	\$ 8,329	\$ 4,963	\$ 4,024	\$ 306,481	\$ 744,503
Total Revenues	<u>\$ 380,625</u>	<u>\$ 40,081</u>	<u>\$ 8,329</u>	<u>\$ 4,963</u>	<u>\$ 4,024</u>	<u>\$ 306,481</u>	<u>\$ 744,503</u>
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 241,782						\$ 241,782
Purchased Professional Educational Services				\$ 1,945			1,945
Other Purchased Services						\$ 306,481	306,481
General Supplies	15,134	-	\$ 3,916	2,083	-	-	21,133
Total Instruction	<u>256,916</u>	<u>-</u>	<u>3,916</u>	<u>4,028</u>	<u>-</u>	<u>306,481</u>	<u>571,341</u>
Support Services							
Salaries of Teachers		\$ 4,681					4,681
Salaries of Other Professional Staff	13,497						13,497
Purchased Professional Educational Services		32,900			\$ 1,023		33,923
Other Purchased Prof. Services							-
Employee Benefits	80,413	1,210					81,623
General Supplies	29,799	1,290	4,413	935	3,001	-	39,438
Total Support Services	<u>123,709</u>	<u>40,081</u>	<u>4,413</u>	<u>935</u>	<u>4,024</u>	<u>-</u>	<u>173,162</u>
Facilities Acquisition and Construction Svs							
Instructional Equipment							-
Noninstructional Equipment	-	-	-	-	-	-	-
Total Facilities Acquisition and Const Svs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 380,625</u>	<u>\$ 40,081</u>	<u>\$ 8,329</u>	<u>\$ 4,963</u>	<u>\$ 4,024</u>	<u>\$ 306,481</u>	<u>\$ 744,503</u>

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

SECAUCUS BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>
		<u>Prior Years</u>	<u>Current Year</u>	
12/10/2013 Referendum - Middle School Renovations and Expansion Project	\$ 27,400,000	\$ 26,437,029	\$ 525,573	\$ 437,398
	<u>\$ 27,400,000</u>	<u>\$ 26,437,029</u>	<u>\$ 525,573</u>	<u>\$ 437,398</u>
<u>Recapitulation of Balance</u>				
Restricted for Capital Projects:				
Year End Encumbrances				\$ 5,088
Available for Capital Projects				<u>432,310</u>
Total Fund Balance - Restricted For Capital Projects				<u>\$ 437,398</u>

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

Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	\$ 1,308
Construction Services	<u>524,265</u>
 Total Expenditures and Other Financing Uses	 <u>525,573</u>
 Excess of Expenditures and Other Financing Uses Over Revenues and Other Financing Sources	 (525,573)
 Fund Balance, Beginning of Year	 <u>962,971</u>
 Fund Balance, End of Year	 <u>\$ 437,398</u>
 <u>Reconciliation to GAAP Basis</u>	
Fund Balance, June 30, 2018 - Budgetary Basis	<u>\$ 437,398</u>
 Fund Balance, June 30, 2018 - GAAP Basis	 <u>\$ 437,398</u>

**SECAUCUS BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
12/10/2013 REFERENDUM - MIDDLE SCHOOL RENOVATIONS AND EXPANSION PROJECT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 27,400,000	-	\$27,400,000	\$27,400,000
Total Revenues	<u>27,400,000</u>	<u>-</u>	<u>27,400,000</u>	<u>27,400,000</u>
 Expenditures and Other Financing Uses				
Legal	108,774		108,774	129,063
Purchased Professional and Technical Services	2,347,512	\$ 1,308	2,348,820	3,010,871
Construction Services	22,764,328	524,265	23,288,593	21,708,135
Equipment	896,562		896,562	606,000
Other Objects	319,853	-	319,853	1,945,931
Total Expenditures	<u>26,437,029</u>	<u>525,573</u>	<u>26,962,602</u>	<u>27,400,000</u>
Excess of Revenue Over Expenditures	<u>\$ 962,971</u>	<u>\$ (525,573)</u>	<u>\$ 437,398</u>	<u>\$ -</u>

Additional Project Information:

Project Number	4730-050-13-1000
Grant Date	N/A
Bond Authorization (Referendum) Date	12/10/2013
Bonds Authorized	\$ 27,400,000
Bonds Issued	\$ 27,400,000
Original Authorized Cost	\$ 27,400,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 27,400,000
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	2015/2016
Revised Target Completion Date	2017/2018

ENTERPRISE FUNDS

NOT APPLICABLE

FIDUCIARY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 208,551	\$ 169,933	\$ 378,484
Due from Other Funds	<u>-</u>	<u>19,437</u>	<u>19,437</u>
Total Assets	<u>\$ 208,551</u>	<u>\$ 189,370</u>	<u>\$ 397,921</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 80,357	\$ 80,357
Accrued Salaries and Wages		3,682	3,682
Due to Other Funds		105,331	105,331
Due to Student Groups	<u>\$ 208,551</u>	<u>-</u>	<u>208,551</u>
Total Liabilities	<u>\$ 208,551</u>	<u>\$ 189,370</u>	<u>\$ 397,921</u>

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

NOT APPLICABLE

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

	Balance, July 1, <u>2017</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2018</u>
ELEMENTARY SCHOOLS				
Clarendon	\$ 7,888	\$ 17,847	\$ 16,246	\$ 9,489
Huber School	7,736	31,009	34,766	3,979
JUNIOR HIGH SCHOOL				
Middle School	25,771	44,625	30,316	40,080
HIGH SCHOOL				
High School Activity	133,379	217,914	199,599	151,694
High School Athletic	<u>2,666</u>	<u>66,696</u>	<u>66,053</u>	<u>3,309</u>
Total All Schools	<u>\$ 177,440</u>	<u>\$ 378,091</u>	<u>\$ 346,980</u>	<u>\$ 208,551</u>

**SECAUCUS BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2018</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,015,121	\$ 25,709,151	\$ 26,554,339	\$ 169,933
Due from Other Funds	<u>19,437</u>	<u>-</u>	<u>-</u>	<u>19,437</u>
 Total Assets	 <u>\$ 1,034,558</u>	 <u>\$ 25,709,151</u>	 <u>\$ 26,554,339</u>	 <u>\$ 189,370</u>
LIABILITIES				
Due to Other Funds	\$ 69,730	\$ 35,601		\$ 105,331
Payroll Deductions and Withholdings	964,034	11,791,909	\$ 12,675,586	80,357
Accrued Salaries and Wages	<u>794</u>	<u>13,881,641</u>	<u>13,878,753</u>	<u>3,682</u>
 Total Liabilities	 <u>\$ 1,034,558</u>	 <u>\$ 25,709,151</u>	 <u>\$ 26,554,339</u>	 <u>\$ 189,370</u>

LONG-TERM DEBT

**SECAUCUS BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2017</u>	<u>Retired</u>	<u>Balance June 30, 2018</u>
Refunding Bonds	5/27/2009	\$ 2,910,000	7/15/2018	\$ 275,000	4.00%	\$ 1,095,000	\$ 275,000	\$ 820,000
			7/15/2019	275,000	4.00%			
			7/15/2020	270,000	4.00%			
Refunding Bonds	7/15/2011	4,550,000				945,000	945,000	
School Bonds Series 2014	7/16/2014	27,400,000	8/15/2018	1,120,000	3.00%			
			8/15/2019	1,140,000	3.00%			
			8/15/2020	1,165,000	3.00%			
			8/15/2021	1,195,000	3.00%			
			8/15/2022	1,220,000	3.00%			
			8/15/2023	1,255,000	3.00%			
			8/15/2024	1,290,000	3.00%			
			8/15/2025	1,330,000	3.00%			
			8/15/2026	1,375,000	3.00%			
			8/15/2027	1,425,000	3.125%			
			8/15/2028	1,475,000	3.125%			
			8/15/2029	1,535,000	3.250%			
			8/15/2030	1,595,000	3.375%			
			8/15/2031	1,660,000	3.500%			
8/15/2032	1,725,000	3.625%						
8/15/2033	1,795,000	4.000%						
8/15/2034	1,870,000	4.000%						
						<u>25,265,000</u>	<u>1,095,000</u>	<u>24,170,000</u>
						<u>\$ 27,305,000</u>	<u>\$ 2,315,000</u>	<u>\$ 24,990,000</u>

**SECAUCUS BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF CAPITAL LEASES PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

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

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance Final to Actual</u>
	<u>Original</u>	<u>Transfers</u>	<u>Final</u>		
REVENUES					
Local Sources					
Local Tax Levy	\$ 2,526,693		\$ 2,526,693	\$ 2,526,693	
State Sources					
Debt Service Aid Type II	<u>647,938</u>	-	<u>647,938</u>	<u>647,938</u>	-
Total Revenues	<u>3,174,631</u>	-	<u>3,174,631</u>	<u>3,174,631</u>	-
EXPENDITURES					
Regular Debt Service					
Interest on Bonds	859,631		859,631	859,631	
Redemption of Principal	<u>2,315,000</u>	-	<u>2,315,000</u>	<u>2,315,000</u>	-
Total Expenditures	<u>3,174,631</u>	-	<u>3,174,631</u>	<u>3,174,631</u>	-
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	Fiscal Year Ended June 30,		2011	2012	2013	2014 (Restated)	2015	2016	2017	2018
	2009	2010								
Governmental Activities										
Invested in Capital Assets, Net of Related Deb	\$ 14,560,199	\$ 14,586,629	\$ 14,762,168	\$ 15,097,529	\$ 15,980,330	\$ 14,720,735	\$ 18,324,882	\$ 20,860,209	\$ 22,249,472	\$ 23,569,792
Restricted	4	73,029	73,028	699,334	620,909	3,882,864	881,285	1,950,928	3,041,745	4,349,830
Unrestricted	<u>282,180</u>	<u>(568,724)</u>	<u>(1,027,289)</u>	<u>(875,430)</u>	<u>(695,185)</u>	<u>(10,872,549)</u>	<u>(9,889,492)</u>	<u>(10,389,772)</u>	<u>(12,124,730)</u>	<u>(12,612,423)</u>
Total Governmental Activities Net Position	\$ <u>14,842,383</u>	\$ <u>14,090,934</u>	\$ <u>13,807,907</u>	\$ <u>14,921,433</u>	\$ <u>15,906,054</u>	\$ <u>7,731,050</u>	\$ <u>9,316,675</u>	\$ <u>12,421,365</u>	\$ <u>13,166,487</u>	\$ <u>15,307,199</u>
Business-Type Activities										
Invested in Capital Assets, Net of Related Deb	\$ 101,340	\$ 86,862	\$ 72,385	\$ 57,908	\$ 43,431	\$ 28,954	\$ 28,276	\$ 36,209	\$ 32,804	\$ 193,493
Unrestricted	<u>30,993</u>	<u>84,108</u>	<u>181,306</u>	<u>293,315</u>	<u>442,657</u>	<u>565,638</u>	<u>679,034</u>	<u>818,123</u>	<u>944,824</u>	<u>857,206</u>
Total Business-Type Activities Net Position	\$ <u>132,333</u>	\$ <u>170,970</u>	\$ <u>253,691</u>	\$ <u>351,223</u>	\$ <u>486,088</u>	\$ <u>594,592</u>	\$ <u>707,310</u>	\$ <u>854,332</u>	\$ <u>977,628</u>	\$ <u>1,050,699</u>
District-Wide										
Invested in Capital Assets, Net of Related Deb	\$ 14,661,539	\$ 14,673,491	\$ 14,834,553	\$ 15,155,437	\$ 16,023,761	\$ 14,749,689	\$ 18,353,158	\$ 20,896,418	\$ 22,282,276	\$ 23,763,285
Restricted	4	73,029	73,028	699,334	620,909	3,882,864	881,285	1,950,928	3,041,745	4,349,830
Unrestricted	<u>313,173</u>	<u>(484,616)</u>	<u>(845,983)</u>	<u>(582,115)</u>	<u>(252,528)</u>	<u>(10,306,911)</u>	<u>(9,210,458)</u>	<u>(9,571,649)</u>	<u>(11,179,906)</u>	<u>(11,755,217)</u>
Total District Net Position	\$ <u>14,974,716</u>	\$ <u>14,261,904</u>	\$ <u>14,061,598</u>	\$ <u>15,272,656</u>	\$ <u>16,392,142</u>	\$ <u>8,325,642</u>	\$ <u>10,023,985</u>	\$ <u>13,275,697</u>	\$ <u>14,144,115</u>	\$ <u>16,357,898</u>

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

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

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

EXHIBIT J-2

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 14,122,338	\$ 15,751,201	\$ 14,999,035	\$ 17,473,247	\$ 18,455,000	\$ 17,287,422	\$ 17,891,698	\$ 18,631,672	\$ 21,972,466	\$ 22,669,639
Special Education	3,659,284	3,922,175	3,712,888	2,860,092	3,146,845	3,077,142	5,299,019	5,636,227	5,873,674	6,058,490
Other Special Instruction					290,070	262,571				
Other Instruction	396,392	232,785	225,880	200,960	1,212,538	1,166,714	438,715	585,582	546,407	462,428
School Sponsored Activities And Athletics	1,084,016	1,159,150	1,031,952	1,076,225			1,345,392	1,406,365	1,554,978	1,579,347
Community Services	60,663	53,528	58,372				42,123	40,068	44,379	49,365
Support Services:										
Tuition				299,726	192,571	394,392				
Student & Instruction Related Services	3,805,878	4,249,798	3,629,009	3,852,337	3,652,990	3,622,645	4,394,143	4,600,464	5,129,110	5,246,723
School Administration Services	1,656,438	1,900,168	2,443,713	2,007,116	1,783,165	1,230,439	2,429,217	2,789,015	2,974,427	2,866,244
General Administrative Services	1,180,325	989,193	1,133,855	1,324,622	1,807,722	1,966,545	1,005,038	1,046,506	1,210,746	1,277,129
Business/Central Services	817,001	954,600	1,416,831	702,578	587,510	587,510	735,185	1,221,673	1,430,431	1,434,535
Administration of Information Technology				342,923	450,274	442,727				
Plant Operations And Maintenance	4,836,715	4,811,744	4,671,900	3,620,091	3,493,530	4,072,940	4,802,450	5,135,538	6,377,866	6,150,870
Pupil Transportation	1,340,523	1,569,972	1,745,170	1,597,291	1,202,110	1,364,581	1,756,128	1,640,332	1,939,996	1,924,270
Transfer to Charter School			45,420		40,985		53,088			
Interest: On Long-Term Debt	496,809	382,044	456,488	453,858	195,837	-	965,431	948,658	896,480	832,525
Total Governmental Activities Expenses	33,456,382	35,976,358	35,525,093	35,856,486	36,511,147	35,696,391	41,591,027	43,727,837	49,950,960	50,551,565
Business-Type Activities:										
Enterprise Fund										
	1,611,941	1,744,015	1,661,422	847,236	1,716,826	1,712,055	938,181	896,165	967,022	1,062,094
Total Business-Type Activities	1,611,941	1,744,015	1,661,422	847,236	1,716,826	1,712,055	938,181	896,165	967,022	1,062,094
Total District Expenses	\$ 35,068,323	\$ 37,720,373	\$ 37,186,515	\$ 36,703,722	\$ 38,227,973	\$ 37,408,446	\$ 42,529,208	\$ 44,624,002	\$ 50,917,982	\$ 51,613,659
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular		\$ 1,358					\$ 3,200	\$ 9,050		\$ 124,950
Plant Operations and Maintenance										
Special Schools and Programs	\$ 12,751								\$ 13,782	-
Transportation	70,456	79,250	61,748				33,850		13,579,378	14,501,964
Operating Grants And Contributions	4,136,069	4,127,583	3,451,205	3,407,310	3,875,799	3,913,673	8,395,904	10,318,266	-	-
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	4,219,276	4,208,191	3,512,953	3,407,310	3,875,799	3,913,673	8,432,954	10,327,316	13,593,160	14,626,914
Business-Type Activities:										
Charges For Services										
Food Service	\$ 683,807	\$ 681,054	\$ 672,715	\$ 642,920	\$ 618,136	\$ 621,045	\$ 646,804	\$ 648,083	\$ 685,843	\$ 722,056
Operating Grants And Contributions	354,371	317,715	312,078	286,053	315,849	356,729	404,095	395,104	404,475	413,109
Total Business-Type Activities Program Revenues	1,038,178	998,769	984,793	928,973	933,985	977,774	1,050,899	1,043,187	1,090,318	1,135,165
Total District Program Revenues	\$ 5,257,454	\$ 5,206,960	\$ 4,497,746	\$ 4,336,283	\$ 4,809,784	\$ 4,891,447	\$ 9,483,853	\$ 11,370,503	\$ 14,683,478	\$ 15,762,079
Net (Expense)/Revenue										
Governmental Activities	\$ (29,237,106)	\$ (31,768,167)	\$ (32,012,140)	\$ (32,449,176)	\$ (32,635,348)	\$ (31,782,718)	\$ (33,158,073)	\$ (33,400,521)	\$ (36,357,800)	\$ (35,924,651)
Business-Type Activities	(573,763)	(745,246)	(676,629)	81,737	(782,841)	(734,281)	112,718	147,022	123,296	73,071
Total District-Wide Net Expense	\$ (29,810,869)	\$ (32,513,413)	\$ (32,688,769)	\$ (32,367,439)	\$ (33,418,189)	\$ (32,516,999)	\$ (33,045,355)	\$ (33,253,499)	\$ (36,234,504)	\$ (35,851,580)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 29,233,491	\$ 30,309,145	\$ 31,066,874	\$ 31,015,985	\$ 31,506,805	\$ 32,311,941	\$ 32,748,152	\$ 33,321,245	\$ 33,987,669	\$ 34,667,422
Taxes Levied For Debt Service	1,293,073	1,294,240	1,287,318	1,217,257	1,265,839	1,276,826	1,877,925	2,368,408	2,413,708	2,526,693
Federal and State Aid - Restricted								573,563	465,009	472,476
Federal and State Aid - Unrestricted	12,701			1,140,697	1,153,722	1,153,386	39,072	42,688	62,119	64,682
Investment Earnings	57,532	23,861	9,660				41,595	37,644		
Miscellaneous Income	77,427	173,355	124,611	188,763	624,363	637,242	36,954	161,663	174,417	334,090
Transfers	(609,664)	(783,883)	(759,350)	-	(930,760)	(884,624)	-	-	-	-
Total Governmental Activities	30,664,980	31,016,718	31,729,113	33,562,702	33,619,969	34,494,771	34,743,698	36,505,211	37,102,922	38,065,363
Business-Type Activities:										
Transfers	609,664	783,883	759,350	-	913,486	842,784	-	-	-	-
Miscellaneous Income	-	-	-	15,795	4,219	-	42,688	-	-	-
Total Business-Type Activities	609,664	783,883	759,350	15,795	917,705	842,784	42,688	-	-	-
Total District-Wide	\$ 30,674,644	\$ 31,800,601	\$ 32,488,463	\$ 33,578,497	\$ 34,537,674	\$ 35,337,555	\$ 34,786,386	\$ 36,505,211	\$ 37,102,922	\$ 38,065,363
Change in Net Position										
Governmental Activities	\$ 827,874	\$ (751,449)	\$ (283,027)	\$ 1,113,326	\$ 984,621	\$ 2,712,053	\$ 1,585,625	\$ 3,104,690	\$ 745,122	\$ 2,140,712
Business-Type Activities	35,901	38,637	82,721	97,332	134,864	108,503	155,406	147,022	123,296	73,071
Total District	\$ 863,775	\$ (712,812)	\$ (200,306)	\$ 1,211,058	\$ 1,119,485	\$ 2,820,556	\$ 1,741,031	\$ 3,251,712	\$ 868,418	\$ 2,213,783

SECAUCUS 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	\$ 1,576,345	\$ 1,070,295	\$ 350,517	\$ 628,426	\$ 686,816	\$ 1,761,756				
Unreserved	722,552	470,276	539,980	718,175	771,330	766,083				
Restricted							\$ 1,548,141	\$ 2,604,017	\$ 3,841,745	\$ 5,099,830
Committed							302,900	387,343	133,001	-
Assigned							796,128	488,021	377,484	285,887
Unassigned	-	-	-	-	-	-	470,999	478,988	492,560	512,886
Total General Fund	<u>\$ 2,298,897</u>	<u>\$ 1,540,571</u>	<u>\$ 890,497</u>	<u>\$ 1,346,601</u>	<u>\$ 1,458,146</u>	<u>\$ 2,527,839</u>	<u>\$ 3,118,168</u>	<u>\$ 3,958,369</u>	<u>\$ 4,844,790</u>	<u>\$ 5,898,603</u>
All Other Governmental Funds										
Reserved										
Unreserved	\$ 172,249	\$ 245,274								
Restricted	-	-	\$ 232,988	\$ 70,909	\$ 61,183	\$ 2,121,108	\$ 23,794,552	\$ 6,309,981	\$ 962,971	\$ 437,398
Total All Other Governmental Funds	<u>\$ 172,249</u>	<u>\$ 245,274</u>	<u>\$ 232,988</u>	<u>\$ 70,909</u>	<u>\$ 61,183</u>	<u>\$ 2,121,108</u>	<u>\$ 23,794,552</u>	<u>\$ 6,309,981</u>	<u>\$ 962,971</u>	<u>\$ 437,398</u>

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 30,526,564	\$ 31,603,385	\$ 32,354,192	\$ 32,233,242	\$ 32,772,644	\$ 33,588,767	\$ 34,626,077	\$ 35,689,653	\$ 36,401,377	\$ 37,194,115
Other Local Governmental Units-Restricted	70,456	152,050	61,748	99,017	72,228	1,375	3,200	9,050		
Tuition Charges		1,358		3,750	4,125	4,125				124,950
Interest Earnings	75,167	23,861	9,660							
Rents and Royalties								65,041	51,681	72,203
Restricted Revenue from Intermediate Sources	12,751					83,385	33,850	13,442	13,782	-
Miscellaneous	83,742	116,283	135,275	85,995	548,010	548,357	175,718	120,824	122,736	261,887
State Sources	3,535,788	3,159,108	2,342,386	3,605,257	4,318,938	4,268,224	4,088,104	5,728,295	6,054,287	6,858,840
Federal Sources	589,452	952,737	1,098,155	942,750	720,436	798,836	896,511	861,490	905,861	786,495
Total Revenue	34,893,920	36,008,792	36,001,416	36,970,011	38,436,381	39,293,069	39,823,460	42,487,795	43,549,724	45,298,490
Expenditures										
Instruction										
Regular Instruction	13,881,652	15,588,371	14,959,930	11,739,981	11,949,947	12,044,626	15,709,509	15,933,860	17,195,586	18,253,198
Special Education Instruction	3,659,122	3,926,917	3,767,137	2,034,889	2,094,337	2,183,184	4,889,398	5,101,040	4,987,977	5,277,013
Other Special Instruction				860,547	188,751	180,019				
Other Instruction	279,174	234,109	255,637	139,781	979,481	958,536	393,617	508,514	437,645	384,912
School Sponsored Activities and Athletics	1,079,363	1,159,150	1,031,952				1,189,777	1,209,951	1,218,386	1,279,193
Community Services	60,352	53,528	58,372				41,525	38,301	38,042	43,562
Support Services:										
Tuition				299,726	192,571	394,392				
Student and Inst. Related Services	3,792,296	4,220,319	3,627,745	3,096,463	2,938,415	3,000,150	3,986,083	4,062,874	4,184,282	4,394,443
General Administration Services	958,517	971,209	1,134,521	1,059,166	1,660,104	884,507	968,588	993,383	1,093,413	1,171,126
School Administration Services	1,755,904	1,810,992	2,435,106	1,486,017	1,169,597	1,615,653	2,194,588	2,439,118	2,356,554	2,340,776
Central Services				561,780	467,521	131,002				
Administration of Information Technology				274,201	398,242	363,731				
Plant Operations And Maintenance	3,947,986	4,096,160	3,880,866	2,894,619	3,013,492	3,346,203	3,970,609	4,209,721	4,630,399	4,378,138
Pupil Transportation	1,335,562	1,462,873	1,613,561	1,277,191	1,135,591	1,121,098	1,620,705	1,492,560	1,557,112	1,587,676
Business/Central Services	805,635	947,517	1,171,496			473,003	1,164,975	1,195,051	1,216,041	1,247,351
Employee Benefits				8,565,134	9,127,227	9,077,269				
Transfer to Charter School				45,420	40,985	53,088				
Capital Outlay	580,658	638,481	1,373,014	405,837	781,705	1,175,539	3,290,438	18,221,641	5,697,524	1,223,759
Principal	1,721,991	1,488,535	1,570,615	985,000	1,070,000	1,115,000	1,936,598	2,744,828	2,477,761	2,329,472
Payments to Refunding Escrow Agent	65,473									
Cost of Issuance of Refunding Bonds	77,154									
Interest and Other Charges	672,139	387,049	408,347	264,020	195,837	161,826	674,370	981,323	919,591	859,631
Total Expenditures	34,672,778	36,985,210	37,288,299	35,989,772	37,403,803	38,278,826	42,030,780	59,132,165	48,010,313	44,770,250
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	221,142	(976,418)	(1,286,883)	980,239	1,032,578	1,014,243	(2,207,320)	(16,644,370)	(4,460,589)	528,240
Other Financing Sources (Uses)										
Capital Lease Proceeds		1,075,000	1,670,000				27,400,000			
Premium on Note										
Premium on Refunding Bonds	81,627									
Payment to Refunding Escrow Agent	(2,849,000)									
Refunding Bond Proceeds	2,910,000									
Refunding of Unfunded Pension Liability										
Bond Proceeds						3,000,000				
State Grants Receivable Cancelled			(286,127)		(17,273)	(41,840)				
Transfers to Cover Deficit - Food Service	(609,664)	(783,883)	(759,350)	(686,215)		(842,784)				
Transfers In	342,487	169	303	113,881				257	150,533	-
Transfers Out	(342,487)	(169)	(303)	(113,881)	(913,486)	-	(2)	(257)	(150,533)	-
Total Other Financing Sources (Uses)	(467,037)	291,117	624,523	(686,215)	(930,759)	2,115,376	27,400,000	-	-	-
Net Change in Fund Balances	\$ (245,895)	\$ (685,301)	\$ (662,360)	\$ 294,024	\$ 101,819	\$ 3,129,619	\$ 25,192,680	\$ (16,644,370)	\$ (4,460,589)	\$ 528,240
Debt Service as a Percentage of										
Noncapital Expenditures	7.02%	5.16%	5.51%	3.51%	3.46%	3.44%	6.74%	9.11%	8.03%	7.32%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Year</u>	<u>Interlocal Agreements</u>	<u>Adult Education Program Fees</u>	<u>Tuition</u>	<u>Interest Earned on Investments</u>	<u>Miscellaneous</u>	<u>Sale of Assets</u>	<u>Total</u>
2009	\$ 70,456	\$ 12,751		\$ 57,952	\$ 75,167		\$ 216,326
2010	152,060		\$ 1,358	23,861	100,376		277,655
2011	61,748			9,357	124,611		195,716
2012	99,017		3,750		74,890		177,657
2013	66,756		4,125	1,597	52,928		125,406
2014	31,862		4,125	1,393	412,448		449,828
2015	33,850		3,200	41,593	36,954		115,597
2016	13,442		9,050	37,130	145,918	\$ 2,560	208,100
2017	13,782		8,122	17,765	148,530		188,199
2018	4,200		124,950	29,317	298,473	2,100	459,040

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009	\$ 69,947,500	\$ 837,108,300			\$ 748,314,375	\$ 861,030,800	\$ 16,861,200	\$ 2,533,262,175	\$ 3,588,479	\$ 2,536,850,654	\$ 5,102,274,042	\$ 1.23
2010	72,162,000	836,754,000			749,407,275	849,172,500	16,861,200	2,524,356,975	3,588,479	2,527,945,454	5,123,437,347	1.27
2011	70,381,700	826,938,200			770,934,475	846,900,400	16,861,200	2,532,015,975	3,588,479	2,535,252,214	5,377,088,565	1.29
2012	62,246,400	827,075,000			794,806,875	813,653,800	16,861,200	2,514,643,275	3,588,107	2,518,231,382	4,852,769,008	1.29
2013	62,317,200	816,160,000			819,622,775	807,360,900	41,712,200	2,547,173,075	3,185,224	2,550,358,299	4,955,875,892	1.30
2014	65,552,700	809,674,400			780,089,475	826,429,600	54,043,000	2,535,789,175	2,903,044	2,538,692,219	4,789,253,168	1.34
2015	60,295,500	867,609,000			799,892,975	869,802,300	54,043,000	2,651,642,775	3,339,721	2,654,982,496	4,402,341,949	1.41
2016	60,427,100	865,092,000			797,560,475	867,274,300	56,537,100	2,646,890,975	3,293,675	2,650,184,650	4,577,186,263	1.36
2017	60,578,100	829,147,250			892,345,175	906,471,500	65,058,400	2,753,600,425	3,232,106	2,756,832,531	4,832,900,084	1.30
2018	59,458,100	833,569,750			903,258,175	906,966,800	65,058,400	2,768,311,225	3,258,237	2,771,569,462	4,898,813,081	1.34

Source: County Abstract of Ratables

a Tax rates are per \$100

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

Calendar Year	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County</u>
2009	\$ 3.41	\$ 1.23	\$ 1.31	\$ 0.87
2010	3.45	1.27	1.36	0.82
2011	3.65	1.27	1.41	0.97
2012	3.69	1.29	1.40	1.00
2013	3.76	1.30	1.40	1.06
2014	3.77	1.34	1.40	1.03
2015	3.70	1.41	1.39	0.90
2016	3.71	1.36	1.43	0.92
2017	3.61	1.30	1.44	0.87
2018	3.61	1.34	1.48	0.79

Source: Tax Duplicate, Township of Secaucus

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

Taxpayer	2018		Taxpayer	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value
Fraternity Meadows LLC	\$ 85,159,400	3.07%	Hudson County Imprvt Authority	\$ 64,125,300	2.53%
Hancock S REIT SECA Corp	63,126,200	2.28%	Hartz R7 Inc	57,508,900	2.27%
755 Secaucus LLC % Hartz	58,353,200	2.11%	500 Plaza Drive Corp	48,407,600	1.91%
800 Secaucus LLC % Hartz	50,760,000	1.83%	300-400 Park Plaza Drive Inc	42,363,100	1.67%
NY2 Hartz Way LLC % Equinix	42,739,200	1.54%	Hudson County	37,722,000	1.49%
300-400 Park Plaza Dr. Inc	41,679,000	1.50%	Hartz C/O Matsushita	34,057,800	1.34%
50 Meadowland Parkway LLC	35,985,800	1.30%	Liberty Riverside Healthcare Inc	33,024,700	1.30%
Fraternity Meadows LLC	33,793,600	1.22%	BT NewYo LLC	30,900,500	1.22%
REEP RTL Mill NJ LLC	33,158,200	1.20%	Hartz Mountain Development Corp	29,751,900	1.17%
BT NewYo LLC	31,668,500	1.14%	CP/IPERS Secaucus LLC	28,500,000	1.12%
	<u>\$ 476,423,100</u>	<u>17.19%</u>		<u>\$ 406,361,800</u>	<u>16.02%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School District Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 30,526,564	\$ 30,526,564	100.00%	N/A
2010	31,978,788	31,978,788	100.00%	N/A
2011	32,293,717	32,293,717	100.00%	N/A
2012	32,502,943	32,502,943	100.00%	N/A
2013	33,180,707	33,180,707	100.00%	N/A
2014	34,107,422	34,107,422	100.00%	N/A
2015	34,626,077	34,626,075	99.99%	\$ 2
2016	35,689,653	35,689,653	100.00%	N/A
2017	36,401,377	36,401,377	100.00%	N/A
2018	37,194,115	37,194,115	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities				Total District	Population (1)	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)			
2009	\$ 10,369,000		\$ 1,393,588	\$ 670,818	\$ 12,433,406	15,281	\$ 814
2010	9,484,000		1,865,053	670,818	12,019,871	15,768	762
2011	8,534,000		2,914,438	670,818	12,119,256	16,707	725
2012	7,745,000		2,211,566		9,956,566	16,990	586
2013	6,675,000		2,153,763		8,828,763	18,173	486
2014	5,560,000		1,453,838	3,000,000	10,013,838	18,352	546
2015	31,810,000		688,492		32,498,492	18,511	1,756
2016	29,585,000		168,664		29,753,664	19,246	1,546
2017	27,305,000				27,305,000	20,063	1,361
2018	24,990,000				24,990,000	20,215	1,236

Source: District records

(1) Estimated

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2009	\$ 10,369,000		\$ 10,369,000	0.41%	\$ 679
2010	9,484,000		9,484,000	0.38%	601
2011	8,534,000		8,534,000	0.34%	511
2012	7,745,000		7,745,000	0.31%	456
2013	6,675,000		6,675,000	0.26%	367
2014	5,560,000		5,560,000	0.22%	303
2015	31,810,000		31,810,000	1.20%	1,718
2016	29,585,000		29,585,000	1.12%	1,537
2017	27,305,000		27,305,000	0.99%	1,361
2017	24,990,000		24,990,000	0.90%	1,236

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**SECAUCUS BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
AS OF DECEMBER 31, 2017
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Secaucus Board of Education	\$ 24,990,000	\$ 24,990,000	
Town of Secaucus	<u>49,125,484</u>	<u>111,719</u>	<u>\$ 49,013,765</u>
	<u>\$ 74,115,484</u>	<u>\$ 25,101,719</u>	49,013,765
Overlapping Debt Apportioned to the Municipality:			
Hudson County:			
County of Hudson (2)			<u>32,631,742</u>
Total Direct and Overlapping Debt			<u>\$ 81,645,507</u>

Source:

- (1) 2017 Annual Debt Statement of the Town of Secaucus
(2) Hudson County Treasurer's Office

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

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized Valuation Basis	
2017	\$ 4,838,517,703
2016	4,613,719,671
2015	4,383,310,601
	<u>\$ 13,835,547,975</u>
Average Equalized Valuation Of Taxable Property	<u>\$ 4,611,849,325</u>
Debt Limit (4% of Average Equalization)	184,473,973
Total Net Debt Applicable to Limit	<u>24,990,000</u>
Legal Debt Margin	<u>\$ 159,483,973</u>

III

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 198,780,849	\$ 222,364,406	\$ 220,139,675	\$ 215,153,842	\$ 200,286,295	\$ 193,011,901	\$ 186,236,835	\$ 179,928,993	\$ 177,785,822	\$ 184,473,973
Total Net Debt Applicable To Limit	<u>10,369,000</u>	<u>9,484,000</u>	<u>8,534,000</u>	<u>7,745,000</u>	<u>6,675,000</u>	<u>5,560,000</u>	<u>31,810,000</u>	<u>29,585,000</u>	<u>27,305,000</u>	<u>24,990,000</u>
Legal Debt Margin	<u>\$ 188,411,849</u>	<u>\$ 212,880,406</u>	<u>\$ 211,605,675</u>	<u>\$ 207,408,842</u>	<u>\$ 193,611,295</u>	<u>\$ 187,451,901</u>	<u>\$ 154,426,835</u>	<u>\$ 150,343,993</u>	<u>\$ 150,480,822</u>	<u>\$ 159,483,973</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	5.22%	4.27%	3.88%	3.60%	3.33%	2.88%	17.08%	16.44%	15.36%	13.55%

Source: Annual Debt Statements

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (A)</u>	<u>School District Population (1)</u>
2009	5.0	\$ 42,981	15,281
2010	5.1	44,598	15,768
2011	N/A	45,609	16,707
2012	N/A	47,153	16,990
2013	N/A	47,867	18,173
2014	7.3	51,056	18,352
2015	4.6	54,768	18,511
2016	4.3	55,986	19,246
2017	3.8	N/A	20,063
2018	N/A	N/A	20,215

(A) Represents the County of Hudson

(1) Estimated

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

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

<u>Employer</u>	<u>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>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>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	130	140	132	138	137	141	138	141	150	151
Special Education	44	44	29	37	37	37	39	37	41	42
Other Instruction	3	3	3	3	3	3	4	3	3	3
Adult/Continuing Education Programs	2									
Support Services:										
Student and Instruction Related Services	36	36	29	38	38	33	33	33	33	33
General Administration	6	6	6	7	7	9	8	8	6	6
School Administrative Services	13	14	10	12	13	16	16	16	16	16
Central Services	4	4	5	4	4	3	5	5	5	5
Administrative Information Technology	3	2	2	1	1	1	1	1	1	-
Plant Operations And Maintenance	24	27	22	22	21	27	27	21	21	22
Pupil Transportation	23	23	30	30	30	30	30	30	30	30
Total	<u>288</u>	<u>299</u>	<u>268</u>	<u>292</u>	<u>291</u>	<u>300</u>	<u>301</u>	<u>295</u>	<u>306</u>	<u>308</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2009	2,120	\$ 31,555,363	\$ 14,885	-2.01%	N/A	12:05	12:06	11:04	2,121	2,009	2.05%	94.72%
2010	2,143	34,471,145	16,085	8.07%	N/A	14:01	11:76	11:71	2,158	2,040	1.76%	94.53%
2011	2,196	33,936,323	15,454	-3.93%	N/A	15:6	14:00	19:8	2,182	2,059	1.11%	94.36%
2012	2,165	32,780,508	15,141	-2.02%	N/A	10:5	22:2	19:8	2,148	2,041	-1.56%	95.02%
2013	2,185	35,356,260	16,181	6.87%	N/A	N/A	N/A	N/A	2,123	2,069	-1.16%	97.46%
2014	2,181	35,826,462	16,427	1.52%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	2,189	36,129,374	16,505	0.48%	N/A	N/A	N/A	N/A	2,181	2,076	N/A	95.19%
2016	2,114	37,184,373	17,590	6.57%	N/A	N/A	N/A	N/A	2,110	2,017	-3.26%	95.59%
2017	2,113	38,915,437	18,417	4.70%	N/A	N/A	N/A	N/A	2,109	2,012	-0.05%	95.40%
2018	2,197	40,357,388	18,369	-0.26%	N/A	N/A	N/A	N/A	2,171	2,076	2.94%	95.62%

Sources: District records

N/A - Not Available

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

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>District Building</u>										
<u>Elementary</u>										
Clarendon School										
Square Feet	97,715	97,715	97,715	97,715	97,715	97,715	97,715	97,715	97,715	97,715
Capacity (students)	456	456	456	456	456	456	456	456	456	456
Enrollment	616	637	705	619	650	641	579	448	448	456
Huber School										
Square Feet	58,240	58,240	58,240	58,240	58,240	58,240	58,240	58,240	58,240	58,240
Capacity (students)	466	466	466	466	466	466	466	466	466	466
Enrollment	551	582	583	637	648	640	694	600	593	622
<u>High School / Middle School</u>										
Square Feet	159,070	159,070	159,070	159,070	159,070	159,070	159,070	159,070	213,695	213,695
Capacity (students)	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109	1,109
Enrollment	953	924	908	889	887	892	916	1,066	1,072	1,119

Number of Schools at June 30, 2018
 Elementary = 2 Clarendon/Huber Street
 Middle School / High School = 1
 Other = 2 Pre K and Board Office

Source: District Records

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

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

<u>School Facility</u>	<u>Project #</u>	<u>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>
Clarendon School	N/A	\$ 164,193	\$ 157,179	\$ 105,413	\$ 161,691	\$ 307,899	\$ 230,684	\$ 133,113	\$ 218,018	\$ 181,614	\$ 177,298
Huber School	N/A	136,174	130,357	87,425	239,581	170,010	129,114	74,504	122,026	101,651	95,312
High School / Middle School	N/A	<u>244,889</u>	<u>234,427</u>	<u>157,220</u>	<u>294,575</u>	<u>434,797</u>	<u>502,818</u>	<u>290,144</u>	<u>475,210</u>	<u>395,862</u>	<u>371,174</u>
Total School Facilities		545,256	521,963	350,058	695,847	912,706	862,616	497,761	815,254	679,127	643,784
Other Facilities	N/A	<u>15,130</u>	<u>14,483</u>	<u>9,714</u>	<u>22,224</u>	<u>21,632</u>	<u>9,495</u>	<u>5,479</u>	<u>8,974</u>	<u>7,476</u>	<u>-</u>
Grand Total		<u>\$ 560,386</u>	<u>\$ 536,446</u>	<u>\$ 359,772</u>	<u>\$ 718,071</u>	<u>\$ 934,338</u>	<u>\$ 872,111</u>	<u>\$ 503,240</u>	<u>\$ 824,228</u>	<u>\$ 686,603</u>	<u>\$ 643,784</u>

SECAUCUS BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2018
(Unaudited)

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

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Secaucus Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Secaucus Board of Education's basic financial statements and have issued our report thereon dated January 24, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

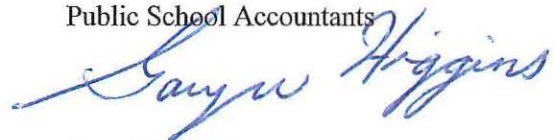
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Secaucus Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated January 24, 2019.

Purpose of this Report

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



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 24, 2019



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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ROBERT LERCH, CPA
CHRIS SOHN, 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
Secaucus Board of Education
Secaucus, New Jersey

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Secaucus Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 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 and New Jersey OMB Circular 15-08 which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal and state program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

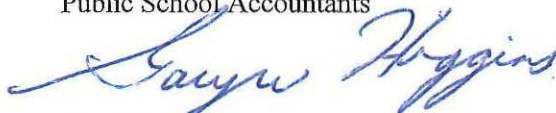
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable 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 Secaucus 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 24, 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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 24, 2019

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or Project Number	Grant Period	Award Amount	Balance, July 1, 2017	Unearned Revenue Carryover	Accounts Receivable Carryover	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balance	Unearned Revenue Adjustments	Accounts Receivable Adjustments	June 30, 2018			MEMO GAAP Receivable
														(Account Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Agriculture																	
Passed-Through State Department of Education																	
Enterprise Fund:																	
National School Lunch Program	10.555		N/A														
Cash Assistance		181NJ304N1099		07/01/17-6/30/18	\$ 290,655			\$ 235,968	\$ 290,655					\$ (54,687)			\$ (54,687)
Cash Assistance		171NJ304N1099		07/01/16-6/30/17	290,403	\$ (17,842)		17,842									
Non-Cash Assistance (Food Distribution)		181NJ304N1099		07/01/17-6/30/18	46,065			46,065	45,393					\$ 672			
Non-Cash Assistance (Food Distribution)		171NJ304N1099		07/01/16-6/30/17	46,764	538			538								
School Breakfast Program	10.553	181NJ304N1099	N/A	07/01/17-6/30/18	66,995			51,717	66,995					(15,278)			(15,278)
School Breakfast Program	10.553	171NJ304N1099	N/A	07/01/16-6/30/17	58,658	(4,963)		4,963									
Child Nutrition Cluster						(22,267)		356,555	403,581					(69,965)	672		(69,965)
U.S. Department of Education																	
Passed-Through State Department of Education																	
Special Revenue Fund:																	
NCLB																	
Title I	84.010	S010A170030	NCLB473018	07/01/17-6/30/18	429,441		\$ 63,497	\$ (217,939)	213,832	380,625		\$ (63,497)	\$ 63,497	(370,051)	48,816		(321,235)
Title I, Carryover	84.010	S010A160030	NCLB473017	07/01/16-6/30/17	423,317	(154,442)	(63,497)	217,939									
Title II - Part A	84.367A	S367A170029	NCLB473018	07/01/17-6/30/18	68,839		35,443	(43,246)	3,975	40,081				(108,110)	64,201		(43,909)
Title II - Part A, Carryover	84.367A	S367A160029	NCLB473017	07/01/16-6/30/17	35,443	(7,803)	(35,443)	43,246									
Title II - Part A, Carryover	84.367A	N/A	NCLB473015	07/01/14-6/30/15	41,000	3,827				\$ 3,827							
Title III	84.365	S365A170030	NCLB473018	07/01/17-6/30/18	10,719				8,329					(10,719)	2,390		(8,329)
Title III-Immigrant	84.365	S365A170030	NCLB473018	07/01/17-6/30/18	10,028				4,963					(10,028)	5,065		(4,963)
Title III-Immigrant, Carryover	84.365	S365A160030	NCLB473017	07/01/16-6/30/17		(5,225)				822	822	5,225					
Title III-Immigrant, Carryover	84.365	N/A	NCLB473015	07/01/14-6/30/15	17,092	6,046				6,046							
Title IV	84.424	S424A170031	NCLB473018	07/01/17-6/30/18	10,000				4,024					(10,000)	5,976		(4,024)
LD.E.A. Part B, Basic Regular	84.027	H027A170100	FT473018	07/01/17-6/30/18	412,861		63,263	(158,756)	188,835	306,481				(382,782)	169,643		(213,139)
LD.E.A. Part B, Basic Regular	84.027	H027A160100	FT473017	07/01/16-6/30/17	417,802	(95,493)	(63,263)	158,756									
LD.E.A. Part B, Preschool	84.173	H173A170114	PS473018	07/01/17-6/30/18	13,305		12,813	(19,365)				588	(588)	(33,258)	26,706		(6,552)
LD.E.A. Part B, Preschool, Carryover	84.173	H173A160114	PS473017	07/01/16-6/30/17	13,401	(6,552)	(12,813)	19,365									
Special Education Cluster (IDEA)									306,481								
Total Special Revenue Fund						(259,642)		406,642	744,503	10,695	(62,087)	68,134	(924,948)	322,797			(602,151)
U.S. Department of Education																	
Passed-Through State Department of Education																	
General Fund:																	
Medicaid Assistance Program (SEMI)	93.778	1805NJ5MAP	N/A	07/01/17-6/30/18	42,829			42,829	42,829								
Total General Fund								42,829	42,829								
Total Federal Financial Awards						\$ (281,909)	\$ -	\$ -	\$ 806,026	\$ 1,190,913	\$ 10,695	\$ (62,087)	\$ 68,134	\$ (994,913)	\$ 323,469	\$ -	\$ (672,116)

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017		Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	June 30, 2018			MEMO		
				(Accts. Rec.) Deferred Revenue	Due to Grantor					(Accounts Receivable)	Deferred Revenue	Due to Grantor	GAAP Receivable	Cumulative Expenditures	
State Department of Education															
General Fund															
Special Education Aid	18-495-034-5120-089	07/01/2017-6/30/2018	\$ 905,004			\$ 836,263	\$ 905,004			\$ (68,741)				\$ 905,004	
Special Education Aid	17-495-034-5120-089	07/01/2016-6/30/2017	773,872	\$ (66,828)		66,828									
Security Aid	18-495-034-5120-084	07/01/2017-6/30/2018	75,507			69,772	75,507			(5,735)				75,507	
Security Aid	17-495-034-5120-084	07/01/2016-6/30/2017	75,507	(6,521)		6,521									
Professional Learning Community Aid	18-495-034-5120-101	07/01/2017-6/30/2018	21,230			19,617	21,230			(1,613)				21,230	
Professional Learning Community Aid	17-495-034-5120-101	07/01/2016-6/30/2017	21,230	(1,832)		1,832								-	
Per Pupil Growth Aid	18-495-034-5120-097	07/01/2017-6/30/2018	21,370			19,747	21,370			(1,623)				21,370	
Per Pupil Growth Aid	17-495-034-5120-097	07/01/2016-6/30/2017	21,370	(1,846)		1,846								-	
PARCC Readiness	18-495-034-5120-098	07/01/2017-6/30/2018	21,370			19,747	21,370			(1,623)				21,370	
PARCC Readiness	17-495-034-5120-098	07/01/2016-6/30/2017	21,370	(1,846)		1,846								-	
Subtotal State Aid Public Cluster							1,044,481								
Transportation Aid	18-495-034-5120-014	07/01/2017-6/30/2018	86,193			79,646	86,193			(6,547)				86,193	
Transportation Aid	17-495-034-5120-014	07/01/2016-6/30/2017	86,193	(7,443)		7,443								-	
Extraordinary Aid	18-495-034-5120-044	07/01/2017-6/30/2018	140,589				140,589			(140,589)				140,589	
Extraordinary Aid	17-495-034-5120-044	07/01/2016-6/30/2017	177,349	(177,349)		177,349								-	
Non-Public Transportation Reimb.	18-495-034-5120-014	07/01/2017-6/30/2018	30,190				30,190			(30,190)			\$ (30,190)	30,190	
Non-Public Transportation Reimb.	17-495-034-5120-014	07/01/2016-6/30/2017	14,583	(14,583)		14,583								-	
Lead Testing for Schools Aid	18-495-034-5120-104	07/01/2017-6/30/2018	4,213			4,213	4,213							4,213	
T.P.A.F. NCGI	18-495-034-5094-004	07/01/2017-6/30/2018	52,938			52,938	52,938							52,938	
T.P.A.F. LTDI	18-495-034-5094-004	07/01/2017-6/30/2018	4,457			4,457	4,457							4,457	
T.P.A.F. Post Retirement Medical	18-495-034-5094-001	07/01/2017-6/30/2018	1,443,146			1,443,146	1,443,146							1,443,146	
T.P.A.F. Normal Cost & Accrued Liab	18-495-034-5094-002	07/01/2017-6/30/2018	2,181,454			2,181,454	2,181,454							2,181,454	
Reimbursed T.P.A.F. Social Security Aid	18-495-034-5094-003	07/01/2017-6/30/2018	1,186,047			1,127,887	1,186,047			(58,160)			(58,160)	1,186,047	
Reimbursed T.P.A.F. Social Security Aid	17-495-034-5094-003	07/01/2016-6/30/2017	1,138,473	(55,353)	-	55,353	-	-	-	-	-	-	-	-	
Total General Fund				(333,601)	-	6,192,488	6,173,708	-	-	(314,821)	-	-	(88,350)	6,173,708	
Special Revenue Fund															
HLB. Grant	N/A	07/01/2013-6/30/2014	2,437		\$ 20				\$ 20						
HLB. Grant	N/A	07/01/2012-6/30/2013	3,071		564				564						
Total Special Revenue Fund					584				584						
Debt Service Fund															
School Construction Debt Service Aid	18-495-034-5120-075	07/01/2017-6/30/2018	647,938			647,938	647,938							647,938	
Total Debt Service Fund						647,938	647,938							647,938	
State Department of Agriculture															
Enterprise Fund															
National School Lunch (State Share)	18-100-010-3350-023	07/01/2017-6/30/2018	9,528			7,692	9,528			(1,836)			(1,836)	9,528	
National School Lunch (State Share)	17-100-010-3350-023	07/01/2016-6/30/2017	8,650	(550)		550								-	
Total Enterprise Fund				(550)	-	8,242	9,528	-	-	(1,836)	-	-	(1,836)	9,528	
State Financial Assistance Subject to Single Audit Determination				\$ (334,151)	\$ 584	\$ 6,848,668	\$ 6,831,174	\$ -	\$ 584	\$ (316,657)	\$ -	\$ -	\$ (90,186)	\$ 6,831,174	
State Financial Assistance Not Subject to Single Audit															
General Fund															
T.P.A.F. NCGI	18-495-034-5094-004	07/01/2017-6/30/2018				(52,938)	(52,938)							(52,938)	
T.P.A.F. LTDI	18-495-034-5094-004	07/01/2017-6/30/2018				(4,457)	(4,457)							(4,457)	
T.P.A.F. Post Retirement Medical	18-495-034-5094-001	07/01/2017-6/30/2018				(1,443,146)	(1,443,146)							(1,443,146)	
T.P.A.F. Normal Cost & Accrued Liab	18-495-034-5094-002	07/01/2017-6/30/2018				(2,181,454)	(2,181,454)							(2,181,454)	
Total State Financial Assistance for Major Program Determination				\$ (334,151)	\$ 584	\$ 3,166,673	\$ 3,149,179	\$ -	\$ 584	\$ (316,657)	\$ -	\$ -	\$ (90,186)	\$ 3,149,179	

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

**SECAUCUS 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 Secaucus Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$37,194 for the general fund and a decrease of \$837 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	\$ 42,829	\$ 6,210,902	\$ 6,253,731
Special Revenue Fund	743,666		743,666
Debt Service Fund		647,938	647,938
Food Service Fund	403,581	9,528	413,109
	<hr/>	<hr/>	<hr/>
Total Awards Financial Assistance	<u>\$ 1,190,076</u>	<u>\$ 6,868,368</u>	<u>\$ 8,058,444</u>

**SECAUCUS BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 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 \$1,186,047 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 \$2,234,392 , TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,443,146 and TPAF Long-Term Disability Insurance in the amount of \$4,457 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

SECAUCUS 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 Statements

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

Internal Control over major programs:

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

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

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553</u>	<u>181NJ304N1099</u>	<u>School Breakfast Program</u>
<u>10.555</u>	<u>181NJ304N1099</u>	<u>National School Lunch Program</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

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

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over major programs:

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

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

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

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

Identification of major state programs:

<u>GMIS Number</u>	<u>Name of State Program or Cluster</u>
<u>18-495-034-5120-075</u>	<u>Debt Service Aid</u>
<u>18-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>18-495-034-5120-084</u>	<u>Security Aid</u>
<u>18-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>18-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>

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

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

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

Part 2 – Schedule of Financial Statement Findings

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

THERE ARE NONE.

SECAUCUS 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

THERE ARE NONE.

**SECAUCUS 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 STATE AWARDS

Finding 2018-001:

Our audit of purchases revealed the following:

- We noted one vendor awarded under a national cooperative contract where the procedures required under State procurement guidelines for National Co-op contract purchases was not followed by the District.
- We noted certain purchases under Cooperative Purchasing Agreements and State Contracts that in aggregate exceeded the bid threshold that were not specifically approved by Board resolution.

State Program Information:

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

Criteria or Specific Requirement:

State Grant Compliance Supplement – State Aid Public
NJSA 18A:18A – Public School Contracts Law

Condition:

See Finding 2018-001.

Questioned Costs:

Unknown

**SECAUCUS 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 STATE AWARDS

Finding 2018-001: (Continued)

Context:

- There were purchases made under a National Cooperative contract in the amount of \$287,750 where the procedures required by State procurement guidelines for National Co-op contract purchases as outlined in Local Finance Notice LFN 2012-10 were not adhered to by the District.
- There were purchases under Hunterdon County ESC Co-op and State contract that exceeded the bid threshold that were specifically not approved by Board resolution as follows:
 - Technology services in the amount of \$97,782.
 - Vehicle purchases in the amount of \$54,207.
 - Huber Street School Fire Alarm Improvements in the amount of \$73,397.

Cause:

Unknown.

Effect:

It appears that the District is not in compliance with Public School Contracts Law.

Recommendation:

Purchases made under National Cooperative contracts be made in accordance with State procurement guidelines and Cooperative purchase and State contract vendors whose purchases exceed in the aggregate the bid threshold be awarded by Board resolution.

Management's Response:

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

**SECAUCUS BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2017-001

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

Status

Corrective action was taken.

Finding 2017-002

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

Status

Corrective action has been taken.