

LITTLE FERRY
BOARD OF EDUCATION

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2019**

Little Ferry, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
of the
Little Ferry Board of Education
Little Ferry, New Jersey
For The Fiscal Year Ended June 30, 2019**

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

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INTRODUCTORY SECTION

Little Ferry Public Schools

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

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

November 12, 2019

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

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Little Ferry School District (the "District") for the fiscal year ended June 30, 2019 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

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

1) REPORTING ENTITY AND ITS SERVICES

The Little Ferry Public School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Little Ferry Board of Education and its all of its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 8 for regular and special education handicapped youngsters. The District completed the 2018/19 fiscal year with an average daily enrollment of 875 students, which represents a decrease of 38 students from the previous year's average daily enrollment. The following details the changes in the student enrollment of the District over the last nine (9) years.

Average Daily Enrollment

Fiscal Year	Average Daily Enrollment	Percentage Change
2018/19	875	(-4.34%)
2017/18	913	(-2.67%)
2016/17	938	(-3.9%)
2015/16	976	(-18.46%)
2014/15	1,197	21.03%
2013/14	989	0.20%
2012/13	991	0.164%
2011/12	975	0.83%
2010/11	967	0.73%

2) ECONOMIC CONDITION AND OUTLOOK

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

3) MAJOR INITIATIVES

The District installed 16 modular classroom units to house its first and second grade students. In addition, the District replaced its old boilers and is in the process of upgrading its HVAC system by adding air conditioning to the Memorial School Gym. The District plans to move forward with a physical plant upgrade adding new lighting, security system, ceiling tiles, paint, and replacing carpeted classrooms with tile during the 19/20 fiscal year.

The District is planning a referendum in 2020 for the construction of a new elementary school and to convert Memorial School to a Junior/Senior High School and eliminate its send/receive relationship with the Ridgefield Park Public School District. All Curricula has been updated for the beginning of the 2018-19 school year. The district has adopted envision 2.0 for Middle School Math and Algebra 1. The district is continuing to align of the New Jersey Student Learning Standards to the District curriculum. The district implemented a very successful chrome roll out and will begin class room instruction in September 2019.

4) INTERNAL ACCOUNTING CONTROLS

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

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

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

5) BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as commitments/ assignments of fund balance at June 30, 2019.

6) ACCOUNTING SYSTEMS AND REPORTS

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

7) DEBT ADMINISTRATION

At June 30, 2019, there is no outstanding long-term debt obligations.

8) CASH MANAGEMENT

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

9) RISK MANAGEMENT

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

10) OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, was selected by the Board to perform the audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related U.S. Uniform Guidance and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific, required supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

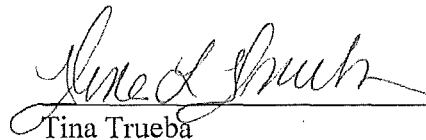
10) ACKNOWLEDGMENTS

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

Respectfully submitted,

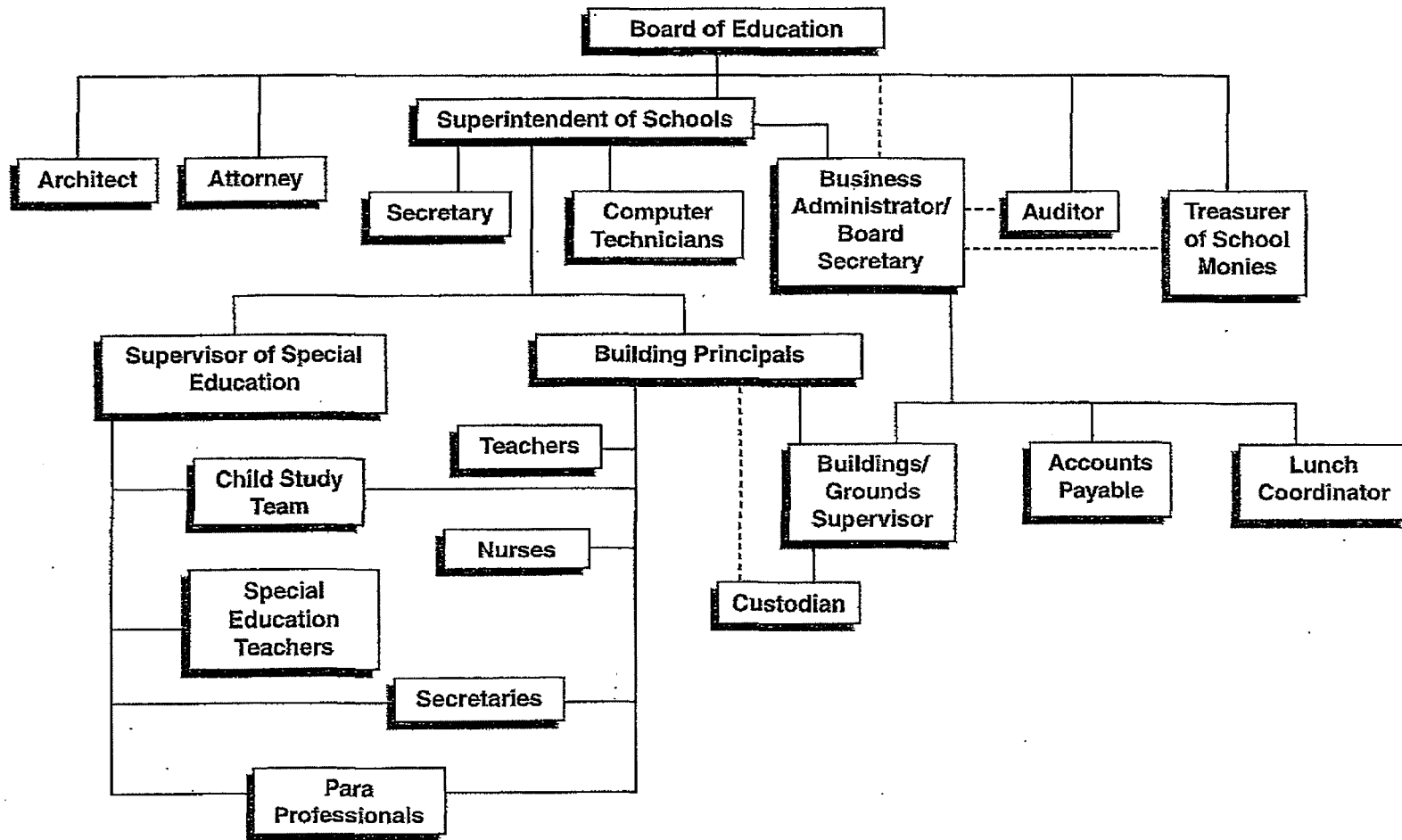


Mr. Frank R. Scarafile
Superintendent
Little Ferry Board of Education



Tina Trueba
SBA/Board Secretary
Little Ferry Board of Education

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



LITTLE FERRY BOARD OF EDUCATION
Little Ferry, New Jersey

ROSTER OF OFFICIALS
June 30, 2019

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Raymond Vorisek	2022
Nicholas Fytros, President	2020
Michelle Brattoli	2020
Suzanne Ferrante	2021
Jeanine Ferrara, Vice President	2022
Debra Flanagan	2021
Jill Fucci	2021
Maria DeLourdes Villasuso	2022
Frank Mele	2020

Other Officials

Frank R. Scarafile
Superintendent of Schools/Interim Board Secretary (5/1/19-6/30/19)

Dennis R. Frohnapfel, Ed. D.
Interim Business Administrator (7/1/18-11/18)/Board Secretary (7/1/18-5/1/19)

Robert Brown
Interim Business Administrator (11/8/18-6/30/19)

Antoinette Kelly
Treasurer of School Monies

LITTLE FERRY BOARD OF EDUCATION
Little Ferry, New Jersey

CONSULTANTS and ADVISORS

Audit Firm

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

Attorney

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

Official Depositories

TD Bank North
State of New Jersey Cash Management Fund

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Ferry Board of Education, as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Ferry Board of Education as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

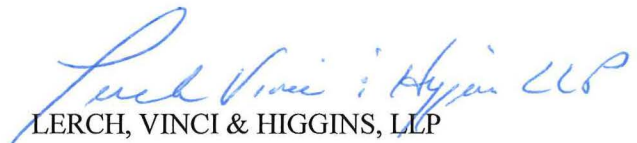
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Little Ferry Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 12, 2019 on our consideration of the Little Ferry Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Little Ferry Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Little Ferry Board of Education's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 12, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Little Ferry Board of Education Little Ferry, New Jersey

Management's Discussion and Analysis Fiscal Year Ended June 30, 2019

This section of the Little Ferry Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2018-2019) and the prior year (2017-2018) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-2019 fiscal year are as follows:

- Net position increased by \$663,572 from the June 30, 2018 balance of \$3,330,116 to \$3,993,688 at June 30, 2019.
- General revenues of \$21,725,072 accounted for 75 percent of all revenues. Program revenues of \$7,076,273 accounted for 25 percent of total revenues of \$28,801,345.
- Among major funds, the General Fund had \$25,903,211 in revenues and \$26,418,305 in expenditures. The General Fund's fund balance decreased \$515,094 from the prior year.
- In total, fund balance of Governmental Funds decreased \$2,520,587, which represents a 61 percent decrease from the prior year's fund balance of \$4,126,782 to \$1,606,195 at June 30, 2019. The decrease is primarily the result of large expenditures in the 2018/19 year related to the lease purchase agreement for the modular classroom project.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the Little Ferry Board of Education.

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental funds statements tell how basic services such as regular and special education instruction and support services were financed in short term as well as what remains for future spending.
- Proprietary fund statements offer short- and long-term financial information about the activities the Little Ferry Board of Education operates like a business. The food service operation is considered a proprietary fund.
- Fiduciary funds statements provide information about the financial relationship in which the District acts as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 summarizes the major features of the Little Ferry Board of Education's financial statements, including the portion of the Little Ferry Board of Education activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019**

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

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activity of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education and building	Activities the district operates similar to private businesses: Food Service	Instances in which the district administers resources on behalf of someone else, such as payroll related activities and student activity funds.
Required financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of changes in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/deferred inflows/outflows of resources/liability information	All assets, deferred inflows/outflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred inflows/outflows of resources and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities both short-term and long term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019**

District-wide Statements

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

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

- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the district you need to consider additional non-financial factors such as changes in the district's property tax base and the condition of school buildings and other facilities.

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

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

Fund Financial Statements

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

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

Little Ferry Board of Education
Little Ferry, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019

The district has three kinds of funds:

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

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

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

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

The following table provides a summary of the school district's net position as of June 30, 2019 and 2018.

Net Position. The district's combined net position was \$3,993,688 as of June 30, 2019 and \$3,330,116 as of June 30, 2018.

The table on the following page shows changes in net position for fiscal years 2019 and 2018.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019**

Statement of Net Position
As of June 30, 2019 and 2018

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$ 1,734,392	\$ 4,711,113	\$ 53,084	\$ 16,981	\$ 1,787,476	\$ 4,728,094
Capital Assets - Net	<u>8,694,767</u>	<u>6,157,072</u>	<u>40,245</u>	<u>43,176</u>	<u>8,735,012</u>	<u>6,200,248</u>
Total Assets	<u>10,429,159</u>	<u>10,868,185</u>	<u>93,329</u>	<u>60,157</u>	<u>10,522,488</u>	<u>10,928,342</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	<u>735,677</u>	<u>983,111</u>	<u>-</u>	<u>-</u>	<u>735,677</u>	<u>983,111</u>
Total Deferred Outflows of Resources	<u>735,677</u>	<u>983,111</u>	<u>-</u>	<u>-</u>	<u>735,677</u>	<u>983,111</u>
Total Assets and Deferred Outflows of Resources	<u>11,164,836</u>	<u>11,851,296</u>	<u>93,329</u>	<u>60,157</u>	<u>11,258,165</u>	<u>11,911,453</u>
Long-Term Liabilities	5,963,432	7,117,169			5,963,432	7,117,169
Other Liabilities	<u>146,686</u>	<u>587,382</u>	<u>3,262</u>	<u>2,444</u>	<u>149,948</u>	<u>589,826</u>
Total Liabilities	<u>6,110,118</u>	<u>7,704,551</u>	<u>3,262</u>	<u>2,444</u>	<u>6,113,380</u>	<u>7,706,995</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue	-	-	1,033	536	1,033	536
Deferred Amounts on Net Pension Liability	<u>1,150,064</u>	<u>873,806</u>	<u>-</u>	<u>-</u>	<u>1,150,064</u>	<u>873,806</u>
Total Deferred Inflows of Resources	<u>1,150,064</u>	<u>873,806</u>	<u>1,033</u>	<u>536</u>	<u>1,151,097</u>	<u>874,342</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,260,182</u>	<u>8,578,357</u>	<u>4,295</u>	<u>2,980</u>	<u>7,264,477</u>	<u>8,581,337</u>
Net Position:						
Net Investment in Capital Assets	6,914,528	5,739,062	40,245	43,176	6,954,773	5,782,238
Restricted	1,332,450	3,583,912			1,332,450	3,583,912
Unrestricted	<u>(4,342,324)</u>	<u>(6,050,035)</u>	<u>48,789</u>	<u>14,001</u>	<u>(4,293,535)</u>	<u>(6,036,034)</u>
Total Net Position	<u>\$ 3,904,654</u>	<u>\$ 3,272,939</u>	<u>\$ 89,034</u>	<u>\$ 57,177</u>	<u>\$ 3,993,688</u>	<u>\$ 3,330,116</u>

Changes in Net Position. The District's total revenues were \$28,801,345 for the fiscal year ended June 30, 2019. Property taxes accounted for 67% of the total revenues for the school year. Operating grants and contributions and unrestricted federal and state aids were 32%. The balance or 1% was obtained from charges for services, investment earnings and other miscellaneous revenue.

The total cost of all programs and services was \$28,137,773. The District's expenses are predominantly related to instruction and student and instruction related services accounting for 80% of total costs. The purely administrative activities of the District accounted for just 7% of total costs.

Total revenues exceeded expenses, which resulted in an increase in net position of \$663,572 over last year.

Little Ferry Board of Education
Little Ferry, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019

Changes in Net Position
For the Fiscal Years Ended June 30, 2019 and 2018

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues						
Charges for Services	\$ 113,757	\$ 77,140	\$ 143,975	\$ 145,260	\$ 257,732	\$ 222,400
Operating Grants and Contributions	6,548,168	7,063,981	270,373	206,787	6,818,541	7,270,768
General Revenues						
Property Taxes	19,150,517	18,960,908			19,150,517	18,960,908
Unrestricted Federal and State Aid	2,483,789	1,126,100			2,483,789	1,126,100
Investment Earnings	31,267	11,489			31,267	11,489
Other	59,499	89,546	-	-	59,499	89,546
Total Revenues	<u>28,386,997</u>	<u>27,329,164</u>	<u>414,348</u>	<u>352,047</u>	<u>28,801,345</u>	<u>27,681,211</u>
Expenses						
Instruction						
Regular	14,887,061	15,399,923			14,887,061	15,399,923
Special Education	4,526,929	4,792,726			4,526,929	4,792,726
Other Instruction	762,980	804,781			762,980	804,781
School Sponsored Activities and Athletics	58,038	67,266			58,038	67,266
Support Services						
Student and Instruction Related Serv.	2,281,443	2,762,952			2,281,443	2,762,952
General Administration Services	543,820	511,107			543,820	511,107
School Administration Services	931,232	807,894			931,232	807,894
Business / Central Services	531,442	470,179			531,442	470,179
Plant Operations and Maintenance	2,291,137	1,932,464			2,291,137	1,932,464
Pupil Transportation	839,614	733,594			839,614	733,594
Interest on Long Term Debt	101,586	20,600			101,586	20,600
Food Services	-	-	382,491	337,643	382,491	337,643
Total Expenses	<u>27,755,282</u>	<u>28,303,486</u>	<u>382,491</u>	<u>337,643</u>	<u>28,137,773</u>	<u>28,641,129</u>
Change in Net Position	631,715	(974,322)	31,857	14,404	663,572	(959,918)
Net Position, Beginning of Year	<u>3,272,939</u>	<u>4,247,261</u>	<u>57,177</u>	<u>42,773</u>	<u>3,330,116</u>	<u>4,290,034</u>
Net Position, End of Year	<u>\$ 3,904,654</u>	<u>\$ 3,272,939</u>	<u>\$ 89,034</u>	<u>\$ 57,177</u>	<u>\$ 3,993,688</u>	<u>\$ 3,330,116</u>

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019**

**Total Cost and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2019 and 2018**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Governmental Activities				
Instruction				
Regular	\$ 14,887,061	\$ 15,399,923	\$ 11,599,531	\$ 11,319,268
Special Education	4,526,929	4,792,726	2,705,185	3,071,432
Other Instruction	762,980	804,781	516,380	492,759
School Sponsored Activities and Athletics	58,038	67,266	39,319	41,701
Support Services				
Student and Instruction Related Svcs.	2,281,443	2,762,952	1,930,611	2,336,037
General Administration Services	543,820	511,107	529,805	486,381
School Administration Services	931,232	807,894	746,112	576,525
Business / Central Services	531,442	470,179	506,240	429,399
Plant Operations and Maintenance	2,291,137	1,932,464	1,860,458	1,744,081
Pupil Transportation	839,614	733,594	558,130	644,182
Interest on Long Term Debt	101,586	20,600	101,586	20,600
	<u>\$ 27,755,282</u>	<u>\$ 28,303,486</u>	<u>\$ 21,093,357</u>	<u>\$ 21,162,365</u>
Total Governmental Activities				

The following schedule presents a comparison of General Fund (GAAP basis) revenues for the fiscal years ended June 30, 2019 and 2018.

General Fund Revenues

	<u>Fiscal Year Ended June 30,</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
	<u>2019</u>	<u>2018</u>		
Local Sources:				
Property Taxes	\$ 19,150,517	\$ 18,960,908	\$ 189,609	1.0%
Tuition	27,217	33,840	(6,623)	-19.6%
Rentals	86,540	43,300	43,240	99.9%
Interest Earnings	2,789	9,893	(7,104)	-71.8%
Miscellaneous	59,499	89,546	(30,047)	-33.6%
Intergovernmental:				
State Sources	<u>6,576,649</u>	<u>4,302,168</u>	<u>2,274,481</u>	52.9%
Total Revenues	<u>\$ 25,903,211</u>	<u>\$ 23,439,655</u>	<u>\$ 2,463,556</u>	10.5%

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019**

The following schedule presents a comparison of General Fund (GAAP Basis) expenditures for the fiscal years ended June 30, 2019 and 2018.

General Fund Expenditures

	Fiscal Year Ended June 30,		Amount of Increase (Decrease)	Percent Change
	<u>2019</u>	<u>2018</u>		
Instruction	\$ 18,229,742	\$ 17,831,722	\$ 398,020	2.2%
Undistributed Expenditures	6,399,414	6,118,592	280,822	4.6%
Debt Service	757,890	24,493	733,397	2994.3%
Capital Outlay	<u>1,031,259</u>	<u>466,482</u>	<u>564,777</u>	100.0%
 Total Expenditures	 <u>\$ 26,418,305</u>	 <u>\$ 24,441,289</u>	 <u>\$ 1,977,016</u>	 8.1%

Capital Assets. As of June 30, 2019 and 2018, the school district had invested in land, construction in progress, land improvements, buildings and building improvements and machinery and equipment as follows:

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 2,473,220	\$ 2,473,220			\$ 2,473,220	\$ 2,473,220
Construction in Progress	2,275,981	418,010			2,275,981	418,010
Land Improvements	318,213	318,213			318,213	318,213
Buildings and Building Improvements	9,640,552	8,701,938			9,640,552	8,701,938
Machinery and Equipment	<u>1,609,229</u>	<u>1,516,584</u>	<u>\$ 104,700</u>	<u>\$ 101,916</u>	<u>1,713,929</u>	<u>1,618,500</u>
 Total	 16,317,195	 13,427,965	 104,700	 101,916	 16,421,895	 13,529,881
Less: Accumulated Depreciation	<u>(7,622,428)</u>	<u>(7,270,893)</u>	<u>(64,455)</u>	<u>(58,740)</u>	<u>(7,686,883)</u>	<u>(7,329,633)</u>
 Total Capital Assets, Net	 <u>\$ 8,694,767</u>	 <u>\$ 6,157,072</u>	 <u>\$ 40,245</u>	 <u>\$ 43,176</u>	 <u>\$ 8,735,012</u>	 <u>\$ 6,200,248</u>

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019**

Debt Administration. As of June 30, 2019 and 2018 the school district had long-term liabilities in the amount of \$5,963,432 and \$7,117,169 as follows:

**Long-Term Debt
Outstanding Long-Term Liabilities
As of June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Lease Purchase Agreements	\$ 2,828,258	\$ 3,500,000
Compensated Absence (Severance Pay) Payable	49,519	45,751
Net Pension Liability	3,063,811	3,545,861
Deferred Pension Obligation	<u>21,844</u>	<u>25,557</u>
 Total	 <u>\$ 5,963,432</u>	 <u>\$ 7,117,169</u>

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

LITTLE FERRY BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 620,404	\$ 32,251	\$ 652,655
Receivables, net			
Receivables from Other Governments	35,895	14,938	50,833
Inventories		5,895	5,895
Restricted Cash with Fiscal Agents	1,078,093		1,078,093
Capital Assets, Not Being Depreciated	4,749,201		4,749,201
Capital Assets, Being Depreciated, Net	<u>3,945,566</u>	<u>40,245</u>	<u>3,985,811</u>
 Total Assets	 <u>10,429,159</u>	 <u>93,329</u>	 <u>10,522,488</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>735,677</u>	<u>-</u>	<u>735,677</u>
 Total Deferred Outflows of Resources	 <u>735,677</u>	 <u>-</u>	 <u>735,677</u>
 Total Assets and Deferred Outflows of Resources	 <u>11,164,836</u>	 <u>93,329</u>	 <u>11,258,165</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	124,993		124,993
Unearned Revenue	3,204	3,262	6,466
Accrued Interest Payable	18,489		18,489
Noncurrent Liabilities			
Due Within One Year	684,394		684,394
Due Beyond One Year	<u>5,279,038</u>	<u>-</u>	<u>5,279,038</u>
 Total Liabilities	 <u>6,110,118</u>	 <u>3,262</u>	 <u>6,113,380</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenues		1,033	1,033
Deferred Amounts on Net Pension Liability	<u>1,150,064</u>	<u>-</u>	<u>1,150,064</u>
 Total Deferred Inflows of Resources	 <u>1,150,064</u>	 <u>1,033</u>	 <u>1,151,097</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>7,260,182</u>	 <u>4,295</u>	 <u>7,264,477</u>
NET POSITION			
Net Investment in Capital Assets	6,914,528	40,245	6,954,773
Restricted for			
Capital Projects	1,302,376		1,302,376
Other Purpose	30,074		30,074
Unrestricted	<u>(4,342,324)</u>	<u>48,789</u>	<u>(4,293,535)</u>
 Total Net Position	 <u>\$ 3,904,654</u>	 <u>\$ 89,034</u>	 <u>\$ 3,993,688</u>

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

**LITTLE FERRY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Net (Expense) Revenue and
Changes in Net Position

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 14,887,061	\$ 27,217	\$ 3,260,313		\$ (11,599,531)		\$ (11,599,531)
Special Education	4,526,929		1,821,744		(2,705,185)		(2,705,185)
Other Instruction	762,980		246,600		(516,380)		(516,380)
School Sponsored Activities and Athletics	58,038		18,719		(39,319)		(39,319)
Support Services							
Student and Instruction Related Services	2,281,443		350,832		(1,930,611)		(1,930,611)
General Administrative Services	543,820		14,015		(529,805)		(529,805)
School Administrative Services	931,232		185,120		(746,112)		(746,112)
Plant Operations and Maintenance	2,291,137	86,540	344,139		(1,860,458)		(1,860,458)
Pupil Transportation	839,614		281,484		(558,130)		(558,130)
Central Services	531,442		25,202		(506,240)	-	(506,240)
Interest on Long-Term Debt	101,586	-	-	-	(101,586)	-	(101,586)
Total Governmental Activities	27,755,282	113,757	6,548,168	-	(21,093,357)	-	(21,093,357)
Business-Type Activities							
Food Service	382,491	143,975	270,373	-	-	\$ 31,857	31,857
Total Business-Type Activities	382,491	143,975	270,373	-	-	31,857	31,857
Total Primary Government	\$ 28,137,773	\$ 257,732	\$ 6,818,541	\$ -	(21,093,357)	31,857	(21,061,500)
General Revenues							
Property Taxes Levied for General Purpose					19,150,517		19,150,517
State Aid Not Restricted					2,483,789		2,483,789
Investment Earnings					31,267		31,267
Miscellaneous Income					59,499	-	59,499
Total General Revenues					21,725,072	-	21,725,072
Change in Net Position					631,715	31,857	663,572
Net Position, Beginning of Year					3,272,939	57,177	3,330,116
Net Position, End of Year					\$ 3,904,654	\$ 89,034	\$ 3,993,688

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

FUND FINANCIAL STATEMENTS

LITTLE FERRY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 620,404			\$ 620,404
Receivables				
Intergovernmental	35,895			35,895
Due from Other Funds	6,036			6,036
Restricted Cash with Fiscal Agent	-	-	\$ 1,078,093	1,078,093
Total Assets	\$ 662,335	\$ -	\$ 1,078,093	\$ 1,740,428
LIABILITIES AND FUND BALANCES				
Liabilities				
Due to Other Funds		\$ 6,036		6,036
Accrued Salaries & Wages	\$ 124,993			124,993
Unearned Revenue	-	3,204	-	3,204
Total Liabilities	124,993	9,240	-	134,233
Fund Balances				
Restricted Fund Balance				
Excess Surplus-Designated for Subsequent Year's Expenditures	182,448			182,448
Capital Reserve	254,357			254,357
Capital Projects			\$ 1,048,019	1,048,019
Debt Service			30,074	30,074
Assigned Fund Balance				
Year-End Encumbrances	68,092			68,092
Designated for Subsequent Year's Expenditures	52,651			52,651
Unassigned Fund Balance				
General Fund	(20,206)			(20,206)
Special Revenue Fund	-	(9,240)	-	(9,240)
Total Fund Balances	537,342	(9,240)	1,078,093	1,606,195
Total Liabilities and Fund Balances	\$ 662,335	\$ -	\$ 1,078,093	

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 \$16,317,195 and the accumulated depreciation is \$7,622,428. 8,694,767

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	\$ 735,677	
Deferred Inflows of Resources	(1,150,064)	(414,387)

The District has financed capital assets through the issuance of lease purchase obligations. The interest accrual at year-end is: (18,489)

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

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

Severance Pay Payable	(49,519)	
Lease Purchase Agreements Payable	(2,828,258)	
Deferred Pension Obligation	(21,844)	
Net Pension Liability	(3,063,811)	(5,963,432)

Net Position of Governmental Activities (Exhibit A-1) \$ 3,904,654

**LITTLE FERRY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Local Property Tax Levy	\$ 19,150,517			\$ 19,150,517
Tuition	27,217			27,217
Rentals	86,540			86,540
Interest	2,789		\$ 28,478	31,267
Miscellaneous	59,499	-	-	59,499
Total - Local Sources	<u>19,326,562</u>	<u>-</u>	<u>28,478</u>	<u>19,355,040</u>
State Sources	6,576,649	\$ 92,400		6,669,049
Federal Sources	-	580,677	-	580,677
Total Revenues	<u>25,903,211</u>	<u>673,077</u>	<u>28,478</u>	<u>26,604,766</u>
EXPENDITURES				
Current				
Regular Instruction	13,402,450	188,234		13,590,684
Special Education Instruction	4,114,050	257,205		4,371,255
Other Instruction	662,808			662,808
School-Sponsored Activities and Athletics	50,434			50,434
Support Services and Undistributed Costs				
Student and Instruction Related Services	1,926,214	227,638		2,153,852
General Administrative Services	530,335			530,335
School Administrative Services	834,806			834,806
Plant Operations and Maintenance	1,775,310		176,000	1,951,310
Pupil Transportation	832,233			832,233
Central Services	500,516			500,516
Capital Outlay	1,031,259		1,857,971	2,889,230
Debt Service				
Principal	671,742			671,742
Interest	86,148	-	-	86,148
Total Expenditures	<u>26,418,305</u>	<u>673,077</u>	<u>2,033,971</u>	<u>29,125,353</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(515,094)</u>	<u>-</u>	<u>(2,005,493)</u>	<u>(2,520,587)</u>
Net Change in Fund Balances	(515,094)	-	(2,005,493)	(2,520,587)
Fund Balance (Deficit), Beginning of Year	<u>1,052,436</u>	<u>(9,240)</u>	<u>3,083,586</u>	<u>4,126,782</u>
Fund Balance (Deficit), End of Year	<u>\$ 537,342</u>	<u>\$ (9,240)</u>	<u>\$ 1,078,093</u>	<u>\$ 1,606,195</u>

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

**LITTLE FERRY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (2,520,587)

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

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

Capital Outlay	\$ 2,889,230	
Depreciation Expense	<u>(351,535)</u>	
		2,537,695

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

Principal Repayments of Lease Purchase Agreements	<u>671,742</u>	
		671,742

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

Net Increase in Compensated Absences (Severance Pay)	(3,768)	
Increase in Pension Expense	(41,642)	
Net Decrease in Deferred Pension Obligation	<u>3,713</u>	
		(41,697)

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

Increase in Accrued Interest		<u>(15,438)</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 631,715**

**LITTLE FERRY BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2019**

	Enterprise Fund- <u>Food Service</u>
ASSETS	
Current Assets	
Cash	\$ 32,251
Receivables from Other Governments	14,938
Inventory	<u>5,895</u>
Total Current Assets	<u>53,084</u>
Capital Assets	
Equipment	104,700
Less: Accumulated Depreciation	<u>(64,455)</u>
Total Capital Assets, Net	<u>40,245</u>
Total Assets	<u>93,329</u>
LIABILITIES	
Current Liabilities	
Unearned Revenue	<u>3,262</u>
Total Current Liabilities	<u>3,262</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Commodities Revenue	<u>1,033</u>
Total Deferred Inflows of Resources	<u>1,033</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,295</u>
NET POSITION	
Investment in Capital Assets	40,245
Unrestricted	<u>48,789</u>
Total Net Position	<u><u>\$ 89,034</u></u>

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

**LITTLE FERRY BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Enterprise Fund- Food Service
OPERATING REVENUES	
Charges for Services	
Daily Sales Reimbursable Programs	\$ 117,019
Daily Sales - Non Reimbursable Programs	<u>26,956</u>
 Total Operating Revenues	 <u>143,975</u>
OPERATING EXPENSES	
Salaries and Benefits	148,291
Cost of Sales - Reimbursable Programs	176,234
Cost of Sales - Non Reimbursable	11,249
Other Purchased Services	10,316
Management Fee	25,000
Miscellaneous Expenses	1,300
Supplies and Materials	4,386
Depreciation	<u>5,715</u>
 Total Operating Expenses	 <u>382,491</u>
 Operating Income (Loss)	 <u>(238,516)</u>
NONOPERATING REVENUES	
State Sources	
State School Lunch Program	3,968
Federal Sources	
National School Lunch Program	146,879
School Breakfast Program	92,255
Food Distribution Program	<u>27,271</u>
 Total Nonoperating Revenues	 <u>270,373</u>
 Change in Net Position	 31,857
 Net Position, Beginning of Year	 <u>57,177</u>
 Net Position, End of Year	 <u>\$ 89,034</u>

**LITTLE FERRY BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Enterprise Fund- Food Service
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 144,793
Cash Payments for Salaries and Benefits	(148,291)
Cash Payments to Suppliers and Employees	<u>(203,747)</u>
Net Cash Used by Operating Activities	<u>(207,245)</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from State and Federal Reimbursements	<u>237,951</u>
Net Cash Provided by Noncapital Financing Activities	<u>237,951</u>
Cash Flows from Capital and Related Financing Activities	
Purchase of Capital Assets	<u>(2,784)</u>
Net Cash Used by Capital Financing Activities	<u>(2,784)</u>
Net Increase in Cash	27,922
Cash, Beginning of Year	<u>4,329</u>
Cash, End of Year	<u>\$ 32,251</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	<u>\$ (238,516)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	5,715
Food Distribution (USDA Commodities) Program	27,271
Change in Assets, Liabilities and Deferred Inflows of Resources	
(Increase/Decrease) in Inventory	(3,030)
Increase/(Decrease) in Unearned Revenue	818
Increase/(Decrease) in Deferred Commodities Revenue	<u>497</u>
Total Adjustments	<u>31,271</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (207,245)</u>
Non-Cash Investing, Capital and Related Financing Activities	
Fair Value of Food Distribution Program- National School Lunch Program	\$ 27,768

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

**LITTLE FERRY BOARD OF EDUCATION
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
 AS OF JUNE 30, 2019**

	<u>Agency Fund</u>
ASSETS	
Cash	\$ <u>43,375</u>
Total Assets	\$ <u><u>43,375</u></u>
LIABILITIES	
Due to Student Groups	\$ 35,064
Reserve for Flexible Spending	7,947
Accrued Salaries & Wages	<u>364</u>
Total Liabilities	\$ <u><u>43,375</u></u>

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

**LITTLE FERRY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

NOTES TO THE FINANCIAL STATEMENTS

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Little Ferry Board of Education this includes general operations, food service 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 2019, the District adopted the following GASB statement as required:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. 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.

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.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- 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. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

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

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.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. Inventories

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

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	15
Vehicles	10
Office Equipment	5-10
Computer Equipment	5

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Deferred Outflows/Inflows of Resources*

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items, both which arise only under the accrual basis of accounting that qualify for reporting in this category. Accordingly, one item that qualifies for reporting in this category 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 that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

7. *Severance Pay*

It is the District's policy to permit teachers who retire from the District after completing an uninterrupted, continuous service with the District for a minimum of any of the period of years set forth in the policy to be paid a fixed compensation based on the years of service. A long-term liability of accumulated severance pay and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

8. *Pensions*

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

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

LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Long-Term Obligations*

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

10. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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

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

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (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 2019/2020 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.

11. *Fund Balance Policies*

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 2017-2018 and 2018-2019 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.

The Little Ferry School District (sending District) entered into an agreement with the Ridgefield Park School District (receiving District) for students in grades 9-12. The receiving District has notified Little Ferry School District that a tuition adjustment for fiscal year 2016/17 in the amount of \$251,541 is due and payable in the next succeeding year. The Little Ferry School District is disputing the tuition adjustment and has not accrued any liability therefore in the financial statements.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general and special revenue funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 16, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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 2018/2019. Also, during 2018/2019 the Board increased the original general fund budget by \$1,873,774 and the original Special Revenue Fund budget by \$99,077. The increases were funded by additional state aid appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved additional appropriations of \$1,853,324 from the general fund for additional state aid received.

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

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

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Instruction – Regular Programs			
Salaries of Teachers			
Preschool	\$113,782	\$123,687	\$9,905
Kindergarten	346,189	365,715	19,526
Grades 1-5	3,048,431	3,095,056	46,625
Grades 6-8	1,112,482	1,136,466	23,984
Special Education			
Multiple Disabilities			
Salaries of Teachers	230,806	242,305	11,499
Undistributed Expenditures			
Child Study Team			
Salaries of Other Professional Staff	319,743	321,887	2,144

The above variances were offset with other available resources.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$20,206 in the General Fund and \$9,240 in the Special Revenue Fund as of June 30, 2019 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2018/2019 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund deficits do not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficits in the GAAP (fund) financial statements of \$20,206 in the General Fund and \$9,240 in the Special Revenue Fund are equal to or less than the delayed state aid payments at June 30, 2019.

C. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018		\$ 500,326
Increased by:		
Interest Earnings	\$ 2,789	
Deposits Approved by Board Resolution	139,242	
Total Increases		<u>142,031</u>
		642,357
Decreased by:		
Withdrawals Approved in District Budget	388,000	
Total Decreases		<u>388,000</u>
Balance, June 30, 2019		<u>\$ 254,357</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.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Transfers to Capital Outlay

During the 2018/2019 school year, the district transferred \$1,396,749 to the non-equipment capital outlay accounts. The transfer was made from the appropriation of additional state aid to supplement capital projects approved by the County Superintendent pursuant to N.J.A.C. 6A:23A-13.3(h).

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year’s budget. The excess fund balance at June 30, 2019 is \$182,448. This amount was designated and 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, 2019, the book value of the Board's deposits were \$1,774,123 and bank and brokerage firm balances of the Board’s deposits amounted to \$2,596,075. The Board's deposits which are displayed on the various fund balance sheets as “cash”, “cash and cash equivalents” or “restricted cash with fiscal agent” are categorized as:

Depository Account

Insured	\$ 2,594,156
Uninsured and Uncollateralized	<u>1,919</u>
	<u>\$ 2,596,075</u>

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

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, 2019 the Board’s bank balance of \$1,919 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department not in the Board's name	\$ <u>1,919</u>
	\$ <u>1,919</u>

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, 2019, 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.

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

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2019 for the district’s individual major funds are as follows:

	General Fund	Food Service Enterprise Fund	Total
Receivables:			
Intergovernmental-			
Federal		\$ 14,725	\$ 14,725
State	\$ 22,752	213	22,965
State - Tuition	13,143	-	13,143
	<u>35,895</u>	<u>14,938</u>	<u>50,833</u>
Net Total Receivables	<u>\$ 35,895</u>	<u>\$ 14,938</u>	<u>\$ 50,833</u>

C. Unearned Revenue

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

	Total
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ <u>3,204</u>
 Total Unearned Revenue for Governmental Funds	 \$ <u>3,204</u>

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Balance, July 1, 2018</u>	<u>Increases</u>	<u>Balance, June 30, 2019</u>
Governmental Activities:			
Capital Assets, Not Being Depreciated:			
Land	\$ 2,473,220		\$ 2,473,220
Construction in Progress	<u>418,010</u>	<u>\$ 1,857,971</u>	<u>2,275,981</u>
Total Capital Assets, Not Being Depreciated	<u>2,891,230</u>	<u>1,857,971</u>	<u>4,749,201</u>
Capital Assets, Being Depreciated:			
Land Improvements	318,213		318,213
Building and Building Improvements	8,701,938	938,614	9,640,552
Machinery and Equipment	<u>1,516,584</u>	<u>92,645</u>	<u>1,609,229</u>
Total Capital Assets Being Depreciated	<u>10,536,735</u>	<u>1,031,259</u>	<u>11,567,994</u>
Less Accumulated Depreciation for:			
Land Improvements	(182,705)	(14,247)	(196,952)
Building and Building Improvements	(5,948,760)	(264,648)	(6,213,408)
Machinery and Equipment	<u>(1,139,428)</u>	<u>(72,640)</u>	<u>(1,212,068)</u>
Total Accumulated Depreciation	<u>(7,270,893)</u>	<u>(351,535)</u>	<u>(7,622,428)</u>
Total Capital Assets, Being Depreciated, Net	<u>3,265,842</u>	<u>679,724</u>	<u>3,945,566</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,157,072</u>	<u>\$ 2,537,695</u>	<u>\$ 8,694,767</u>

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2018	Increases	Balance, June 30, 2019
Business-Type Activities:			
Capital Assets, Being Depreciated:			
Machinery and Equipment	\$ 101,916	\$ 2,784	\$ 104,700
Total Capital Assets Being Depreciated	<u>101,916</u>	<u>2,784</u>	<u>104,700</u>
Less Accumulated Depreciation for:			
Machinery and Equipment	(58,740)	(5,715)	(64,455)
Total Accumulated Depreciation	<u>(58,740)</u>	<u>(5,715)</u>	<u>(64,455)</u>
Total Capital Assets, Being Depreciated, Net	<u>43,176</u>	<u>(2,931)</u>	<u>40,245</u>
Business-Type Activities Capital Assets, Net	<u>\$ 43,176</u>	<u>\$ (2,931)</u>	<u>\$ 40,245</u>

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

Governmental Activities:	
Instruction	
Regular	\$ <u>45,700</u>
Total Instruction	<u>45,700</u>
Support Services	
Student and Instruction Related Services	21,092
School Administrative Services	3,515
Plant Operations and Maintenance	277,713
Pupil Transportation	<u>3,515</u>
Total Support Services	<u>305,835</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 351,535</u>
Business-Type Activities:	
Food Service Fund	\$ <u>5,715</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 5,715</u>

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2019:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Modular Classroom Project	\$ 1,482,083	\$ 1,319,570
Boiler Replacement and HVAC Upgrades	557,777	<u>56,223</u>
		<u>\$ 1,375,793</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 6,036</u>

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

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

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Lease Purchase Agreement

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

The capital assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>
Construction in Progress	\$ <u>2,275,981</u>

The unexpended proceeds from capital leases in the amount of \$1,078,093 at June 30, 2019 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2020	\$ 757,890
2021	757,890
2022	757,890
2023	<u>757,890</u>
Total minimum lease payments	\$ 3,031,560
Less: amount representing interest	<u>(203,302)</u>
Present value of minimum lease payments	<u>\$ 2,828,258</u>

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

3% of Equalized Valuation Basis (Municipal)	\$ 31,276,679
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 31,276,679</u>

H. Other Long-Term Liabilities

Deferred Pension Obligation

During the 2008/2009 school year the Board elected to contribute only 50% of its normal and accrued liability components of the Public Employee Retirement System (PERS) obligations and deferred the remaining 50% in accordance with P.L. 2009, c.19. The deferred amount totaled \$34,821 and is being paid back with interest over 15 years beginning in the 2011/2012 fiscal year. The District is permitted to payoff the deferred PERS pension obligations at any time. It is estimated that the total deferred liability including accrued interest (at 7.00% effective July 1, 2017), at June 30, 2019 is \$21,844.

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Balance, <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2019</u>	<u>Within One Year</u>
Governmental Activities:					
Severance Pay	\$ 45,751	\$ 3,768		\$ 49,519	\$ 10,000
Lease Purchase Agreements	3,500,000		\$ 671,742	2,828,258	674,394
Deferred Pension Obligation	25,557	1,789	5,502	21,844	
Net Pension Liability	<u>3,545,861</u>	<u>-</u>	<u>482,050</u>	<u>3,063,811</u>	<u>-</u>
Governmental Activities Long-Term Liabilities	<u>\$ 7,117,169</u>	<u>\$ 5,557</u>	<u>\$ 1,159,294</u>	<u>\$ 5,963,432</u>	<u>\$ 684,394</u>

For the governmental activities, the liabilities for severance pay, lease purchase agreements, deferred pension obligations and net pension liability are generally liquidated by the general fund.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

NESBIG provide its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance 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 "Contribution Method" under this plan the District remits quarterly contributions to the New Jersey unemployment Trust Fund under a consolidated rate established annually and shared by are governmental contributory employees.

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2019, 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.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. 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 Board employees who are eligible for pension coverage:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage 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, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

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 and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (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.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. 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. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2019.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2019	\$ 154,778	\$ 1,287,171	\$ 15,498
2018	141,112	971,520	14,166
2017	143,400	700,050	18,511

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$416, \$1,395 and \$774, respectively for PERS and the State contributed \$1,007, \$965 and \$881, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$465,175 during the fiscal year ended June 30, 2019 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. 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 measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. 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)

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) 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, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$3,063,811 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was .01556 percent, which was an increase of .00033 percent from its proportionate share measured as of June 30, 2017 of .01523 percent.

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$196,420 for PERS. The pension contribution made by the District during the current 2018/2019 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, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. 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, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 58,427	\$ 15,798
Changes of Assumptions	504,865	979,644
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		28,739
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>172,385</u>	<u>125,883</u>
Total	<u>\$ 735,677</u>	<u>\$ 1,150,064</u>

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2019, 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>
2020	\$ (10,851)
2021	(24,172)
2022	(216,817)
2023	(193,682)
2024	31,135
Thereafter	<u>-</u>
	<u>\$ (414,387)</u>

Actuarial Assumptions

The District’s total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. 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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. 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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	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%
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>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. 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, 2046
Municipal Bond Rate *	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 5.66%, 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 (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	1% Decrease <u>4.66%</u>	Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ <u>3,852,389</u>	\$ <u>3,063,811</u>	\$ <u>2,402,244</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2018. A sensitivity analysis specific to the District's net pension liability at June 30, 2018 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.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. 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. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. 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, 2018, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$2,388,698 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$40,974,986. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .06441 percent, which was an increase of .00217 percent from its proportionate share measured as of June 30, 2017 of .06224 percent.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. 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, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. 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

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

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

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. 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:

Fiscal Year	Measurement Date	Discount Rate
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 4.86%, 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 48,431,655	\$ 40,974,986	\$ 34,793,589

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

C. 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.

D. 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 for the fiscal year ended June 30, 2018. 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 Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

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.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>362,181</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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$583,859, \$627,484 and \$583,300, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan 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.

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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2017 through June 30, 2018. 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.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

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

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$1,264,563. 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, 2019 the State's proportionate share of the OPEB liability attributable to the District is \$25,586,630. 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, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state's share of the OPEB liability attributable to the District was .06 percent, which was an increase of .01 percent from its proportionate share measured as of June 30, 2017 of .05 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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	Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.
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.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight 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 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven 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, 2017 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.

**LITTLE FERRY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Post-Retirement Medical Benefits (Continued)

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

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, 2018.

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>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

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.

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, 2019 (measurement date June 30, 2018) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2017 Measurement Date	\$ 29,396,310
Changes Recognized for the Fiscal Year:	
Service Cost	1,128,972
Interest on the Total OPEB Liability	1,081,086
Differences Between Expected and Actual Experience	(2,423,013)
Changes of Assumptions	(2,936,194)
Gross Benefit Payments	(684,177)
Contributions from the Member	23,646
Net Changes	\$ (3,809,680)
Balance, June 30, 2018 Measurement Date	\$ 25,586,630

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

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, 2018. 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, 2018 was not provided by the pension system.

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. 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

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 3.87% 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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>30,248,605</u>	\$ <u>25,586,630</u>	\$ <u>21,880,841</u>

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ <u>21,148,840</u>	\$ <u>25,586,630</u>	\$ <u>31,455,777</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 19,340,126	\$ (189,609)	\$ 19,150,517	\$ 19,150,517	
Tuition- Individuals (Pre K)	30,000		30,000	27,217	\$ (2,783)
Rentals	53,300		53,300	86,540	33,240
Interest Earned on Capital Reserve Funds	2,746		2,746	2,789	43
Other Revenues from Local Sources	7,000	-	7,000	59,499	52,499
Total Local Sources	<u>19,433,172</u>	<u>(189,609)</u>	<u>19,243,563</u>	<u>19,326,562</u>	<u>82,999</u>
State Sources					
Categorical Special Education Aid	795,218	244,858	1,040,076	1,040,076	-
Categorical Transportation Aid	230,617	69,119	299,736	299,736	-
Categorical Security Aid	51,579	267,896	319,475	319,475	-
Equalization Aid	1,169,828	1,461,060	2,630,888	2,630,888	-
Extraordinary Aid	92,465		92,465	310,748	218,283
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				26,391	26,391
On-behalf TPAF Pension System Payments - Normal Cost & Accrued Liab. (Non-Budget)				1,260,780	1,260,780
On-behalf TPAF Pension System Payments - Long-Term Disability Insurance (Non-Budget)				1,007	1,007
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				583,859	583,859
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	465,175	465,175
Total State Sources	<u>2,339,707</u>	<u>2,042,933</u>	<u>4,382,640</u>	<u>6,938,135</u>	<u>2,555,495</u>
Federal Sources					
Medicaid Reimbursement	17,567	-	17,567	-	(17,567)
Total Federal Sources	<u>17,567</u>	<u>-</u>	<u>17,567</u>	<u>-</u>	<u>(17,567)</u>
Total Revenues	<u>21,790,446</u>	<u>1,853,324</u>	<u>23,643,770</u>	<u>26,264,697</u>	<u>2,620,927</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	114,034	(252)	113,782	123,687	(9,905)
Kindergarten	322,563	23,626	346,189	365,715	(19,526)
Grades 1-5	3,096,795	(48,364)	3,048,431	3,095,056	(46,625)
Grades 6-8	965,798	146,684	1,112,482	1,136,466	(23,984)
Regular Programs - Home Instruction					
Salaries of Teachers	8,000	(8,000)			-
Purchased Professional Services		1,600	1,600	1,600	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	211,932	110,327	322,259	322,259	-
Purchased Technical Services	139,601	41,223	180,824	173,253	7,571
Other Purchased Services	23,150	(877)	22,273	22,273	-
General Supplies	175,065	(17,627)	157,438	145,322	12,116
Textbooks	93,100	4	93,104	93,104	-
Other Objects	4,500	(1,100)	3,400	3,356	44
Total Regular Programs	<u>5,154,538</u>	<u>247,244</u>	<u>5,401,782</u>	<u>5,482,091</u>	<u>(80,309)</u>

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Multiple Disabilities					
Salaries of Teachers	\$ 181,652	\$ 49,154	\$ 230,806	\$ 242,305	\$ (11,499)
General Supplies	5,100	-	5,100	4,644	456
Textbooks	6,900	(3,550)	3,350	2,532	818
Total Multiple Disabilities	<u>193,652</u>	<u>45,604</u>	<u>239,256</u>	<u>249,481</u>	<u>(10,225)</u>
Resource Room/Resource Center					
Salaries of Teachers	405,670	(17,227)	388,443	388,443	-
General Supplies	2,240	(21)	2,219	2,184	35
Textbooks	3,360	67	3,427	3,427	-
Total Resource Room/Resource Center	<u>411,270</u>	<u>(17,181)</u>	<u>394,089</u>	<u>394,054</u>	<u>35</u>
Total Special Education	<u>604,922</u>	<u>28,423</u>	<u>633,345</u>	<u>643,535</u>	<u>(10,190)</u>
Basic Skills					
Salaries of Teachers	146,026	(54,860)	91,166	91,166	-
General Supplies	750	196	946	946	-
Total Basic Skills	<u>146,776</u>	<u>(54,664)</u>	<u>92,112</u>	<u>92,112</u>	<u>-</u>
Bilingual Education					
Salaries	319,125	1,150	320,275	314,706	5,569
General Supplies	3,500	(2,593)	907	907	-
Total Bilingual Education	<u>322,625</u>	<u>(1,443)</u>	<u>321,182</u>	<u>315,613</u>	<u>5,569</u>
School Sponsored Co/Extracurricular Activities-Instruction					
Salaries	30,406	(7,555)	22,851	17,825	5,026
Other Objects	-	-	-	-	-
Total Co/Extracurricular Activities-Instruction	<u>30,406</u>	<u>(7,555)</u>	<u>22,851</u>	<u>17,825</u>	<u>5,026</u>
School Sponsored Athletics-Instruction					
Salaries	10,000	2,984	12,984	12,984	-
Purchased Services	2,400	(1,052)	1,348	1,348	-
Total School Sponsored Athletics-Instruction	<u>12,400</u>	<u>1,932</u>	<u>14,332</u>	<u>14,332</u>	<u>-</u>
Total Instruction	<u>6,271,667</u>	<u>213,937</u>	<u>6,485,604</u>	<u>6,565,508</u>	<u>(79,904)</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	3,894,885	242,678	4,137,563	4,137,563	-
Tuition to Other LEAs Within the State - Special	2,292,824	19,231	2,312,055	2,312,055	-
Tuition to County Vocational School Districts - Regular	493,218	272,925	766,143	766,143	-
Tuition to County Vocational School Districts - Special	270,000	(256,900)	13,100	13,100	-
Tuition to CSSD & Reg. Day Schools	159,480	-	159,480	159,480	-
Tuition to Priv. School for the Disabled W/I State	568,283	7,170	575,453	575,453	-
Tuition-State Facilities	36,247	-	36,247	36,247	-
Total Undistributed Expenditures - Instruction	<u>7,714,937</u>	<u>285,104</u>	<u>8,000,041</u>	<u>8,000,041</u>	<u>-</u>

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 93,100	\$ (40,262)	\$ 52,838	\$ 52,489	\$ 349
Total Attendance and Social Work Services	<u>93,100</u>	<u>(40,262)</u>	<u>52,838</u>	<u>52,489</u>	<u>349</u>
Health Services					
Salaries	89,166	(4,960)	84,206	84,206	
Purchased Professional and Technical Services	9,955	(932)	9,023	9,023	-
Supplies and Materials	3,465	895	4,360	4,360	-
Total Health Services	<u>102,586</u>	<u>(4,997)</u>	<u>97,589</u>	<u>97,589</u>	<u>-</u>
Speech, OT, PT and Related Services					
Purchased Professional- Educational Services	105,000	(7,270)	97,730	89,182	8,548
Total Speech, OT, PT and Related Services	<u>105,000</u>	<u>(7,270)</u>	<u>97,730</u>	<u>89,182</u>	<u>8,548</u>
Other Support Serv. Students - Extra. Svcs.					
Salaries	116,343	32,172	148,515	148,515	-
Total Other Support Serv. Students - Extra. Svcs.	<u>116,343</u>	<u>32,172</u>	<u>148,515</u>	<u>148,515</u>	<u>-</u>
Guidance					
Salaries of Other Professional Staff	54,661	-	54,661	54,661	-
Salaries of Secretarial and Clerical Assistants	43,600	(4,936)	38,664	38,664	-
Other Purchased Professional-Technical Services	4,450	(11)	4,439	4,439	-
Supplies and Materials	3,500	(1)	3,499	3,499	-
Total Guidance	<u>106,211</u>	<u>(4,948)</u>	<u>101,263</u>	<u>101,263</u>	<u>-</u>
Child Study Teams					
Salaries of Other Professional Staff	453,079	(133,336)	319,743	321,887	(2,144)
Salaries of Secretarial and Clerical Assistants	44,600	(6,860)	37,740	37,740	-
Purchased Professional - Educational Services	227,400	57,692	285,092	282,992	2,100
Other Purchased Professional and Tech. Services	14,100	(5,071)	9,029	9,029	-
Other Purchased Services	7,300	(2,888)	4,412	4,412	-
Supplies and Materials	6,000	3,279	9,279	9,279	-
Other Objects	3,000	80	3,080	3,080	-
Total Child Study Teams	<u>755,479</u>	<u>(87,104)</u>	<u>668,375</u>	<u>668,419</u>	<u>(44)</u>
Improvement of Instructional Services					
Sal of Supervisor of Instruction	230,563	(140,990)	89,573	89,573	-
Salaries of Secretarial and Clerical Assistants	56,200	(4)	56,196	56,196	-
Purchased Prof- Educational Services	25,000	40,000	65,000	65,000	-
Other Purch Prof and Tech. Services	33,600	(8,161)	25,439	25,439	-
Supplies and Materials	1,500	13,734	15,234	14,914	320
Other Objects	1,600	-	1,600	1,600	-
Total Improvement of Instructional Services	<u>348,463</u>	<u>(95,421)</u>	<u>253,042</u>	<u>252,722</u>	<u>320</u>
Educational Media Services/School Library					
Salaries	86,206	15,192	101,398	101,398	-
Supplies and Materials	1,100	(72)	1,028	956	72
Total Educational Media Serv./School Library	<u>87,306</u>	<u>15,120</u>	<u>102,426</u>	<u>102,354</u>	<u>72</u>

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Instructional Staff Training Services					
Salaries of Other Professional Staff	\$ 54,661	\$ (54,661)			-
Purchased Professional - Educational Services	25,000	(14,289)	\$ 10,711	\$ 10,711	-
Other Purchased Services	3,000	427	3,427	3,427	-
Supplies and Materials	10,000	(8,271)	1,729	1,729	-
Total Instructional Staff Training Services	<u>92,661</u>	<u>(76,794)</u>	<u>15,867</u>	<u>15,867</u>	<u>-</u>
Support Services General Administration					
Salaries	176,543	-	176,543	176,543	-
General Admin. Salaries -Governance Staff (BOE Direct Reports Only)	6,000	-	6,000	6,000	-
Legal Services	56,000	(26,850)	29,150	28,850	\$ 300
Audit Fees	30,000	18,095	48,095	45,165	2,930
Architectural / Engineering Services	28,500	28,875	57,375	57,375	-
Other Purchased Professional Services	14,000	-	14,000	14,000	-
Purchased Technical Services	4,500	(2,300)	2,200	2,200	-
Communications/Telephone	21,600	(1,738)	19,862	16,326	3,536
BOE Other Purchased Services	2,000	-	2,000	2,000	-
Miscellaneous Purchased Services	40,000	10,850	50,850	50,725	125
General Supplies	4,300	-	4,300	4,300	-
Judgments Against the School District		40,000	40,000	40,000	-
BOE Membership Dues and Fees	8,200	-	8,200	8,200	-
Miscellaneous Expenditures	6,000	1,600	7,600	7,600	-
Total Support Services General Administration	<u>397,643</u>	<u>68,532</u>	<u>466,175</u>	<u>459,284</u>	<u>6,891</u>
Support Services School Administration					
Salaries of Principals/Assistant Principals	142,851	126,320	269,171	269,171	-
Salaries of Other Professional Staff		120,000	120,000	120,000	-
Salaries of Secretarial and Clerical Assistants	166,000	(4,966)	161,034	161,034	-
Other Purchased Services	23,500	(16,825)	6,675	6,675	-
Supplies and Materials	10,500	(1,586)	8,914	8,675	239
Other Objects	2,300	-	2,300	1,431	869
Total Support Services School Administration	<u>345,151</u>	<u>222,943</u>	<u>568,094</u>	<u>566,986</u>	<u>1,108</u>
Central Services					
Salaries	236,000	(45,437)	190,563	190,563	-
Misc. Purchased Services	40,000	(9,905)	30,095	27,686	2,409
Supplies and Materials	5,339	6,000	11,339	11,019	320
Miscellaneous Expenditures	5,000	2,500	7,500	7,250	250
Total Central Services	<u>286,339</u>	<u>(46,842)</u>	<u>239,497</u>	<u>236,518</u>	<u>2,979</u>
Admin. Info. Tech.					
Salaries	134,192	3,498	137,690	137,690	-
Total Admin. Info. Tech.	<u>134,192</u>	<u>3,498</u>	<u>137,690</u>	<u>137,690</u>	<u>-</u>
Required Maintenance for School Facilities					
Salaries	90,600	1,241	91,841	91,841	-
Cleaning, Repair and Maintenance Services	125,000	107,584	232,584	232,584	-
General Supplies	39,000	9,414	48,414	46,975	1,439
Total Required Maintenance for School Fac.	<u>254,600</u>	<u>118,239</u>	<u>372,839</u>	<u>371,400</u>	<u>1,439</u>

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 435,703	\$ 12,958	\$ 448,661	\$ 448,661	
Salaries of Non-Instructional Aides	45,360	40,720	86,080	86,080	\$ -
Purchased Professional and Technical Services	8,434	1,652	10,086	10,086	-
Cleaning, Repair, and Maintenance Svc.	46,700	1,805	48,505	48,505	-
Rental of Land & Bldg. Oth. Than Lease Purchase	136,635	(26,000)	110,635	110,586	49
Other Purchased Property Services	49,400	(455)	48,945	48,509	436
Insurance	116,000	(12,673)	103,327	103,327	-
Miscellaneous Purchased Services	-	-	-	-	-
General Supplies	14,000	393	14,393	14,284	109
Energy (Electricity)	175,000	89,122	264,122	258,927	5,195
Energy (Natural Gas)	-	-	-	-	-
Other Objects	7,800	(729)	7,071	6,946	125
Total Custodial Services	1,035,032	106,793	1,141,825	1,135,911	5,914
Security					
Salaries	17,250	15,457	32,707	32,707	-
Purchased Professional and Technical Services	84,682	(16,928)	67,754	67,754	-
Total Security	101,932	(1,471)	100,461	100,461	-
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & Sch) Regular	52,900	(11,865)	41,035	41,035	-
Cleaning, Repair and Maintenance Services	10,000	(5,500)	4,500	4,408	92
Contracted Serv.-Aid in Lieu of Payments-Non Public Schools	50,000	(2,291)	47,709	47,709	-
Contracted Services					
(Between Home and School) - Vendors	159,860	(10,832)	149,028	149,028	-
Contracted Services					
(Other Between Home and School) - Vendors	12,000	(3,620)	8,380	8,380	-
Contracted Services (Bet Home & Sch) - Joint Agreements	-	-	-	-	-
Contracted Services (Spl. Ed. Students) - Joint Agreements	374,540	170,423	544,963	544,963	-
Miscellaneous Purchased Services - Transportation	20,400	-	20,400	20,370	30
General Supplies	5,000	(4,450)	550	550	-
Total Student Transportation Services	684,700	131,865	816,565	816,443	122
Unallocated Benefits - Employee Benefits					
Social Security Contributions	151,000	41,787	192,787	191,034	1,753
Other Retirement Contributions - PERS	169,600	(8,904)	160,696	160,696	-
Other Retirement Contributions - Regular	15,600	300	15,900	15,498	402
Unemployment Compensation	30,000	3,565	33,565	32,739	826
Workmen's Compensation	78,519	1,128	79,647	79,647	-
Health Benefits	2,300,000	(405,580)	1,894,420	1,883,812	10,608
Tuition Reimbursement	14,300	(4,300)	10,000	9,442	558
Other Employee Benefits	52,000	(81)	51,919	51,919	-
Total Unallocated Benefits - Employee Benefits	2,811,019	(372,085)	2,438,934	2,424,787	14,147

**LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Undistributed Expenditures (Continued)					
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				\$ 26,391	\$ (26,391)
On-behalf TPAF Pension System Payments - Normal Cost & Accrued Liab. (Non-Budget)				1,260,780	(1,260,780)
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				583,859	(583,859)
On-behalf TPAF Pension System Payments - Long-Term Disability Insurance (Non-Budget)				1,007	(1,007)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	465,175	(465,175)
Total On-Behalf Contributions/Reimbursements	-	-	-	<u>2,337,212</u>	<u>(2,337,212)</u>
Total Undistributed Expenditures	<u>\$ 15,572,694</u>	<u>\$ 247,072</u>	<u>\$ 15,819,766</u>	<u>18,115,133</u>	<u>(2,295,367)</u>
Total Expenditures - Current Expenditures	<u>21,844,361</u>	<u>461,009</u>	<u>22,305,370</u>	<u>24,680,641</u>	<u>(2,375,271)</u>
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	2,746	-	2,746		2,746
Equipment					
Undistributed Expenditures- Admin Info Tech	13,800	3,351	17,151	17,151	-
Undistributed Expenditures- Required Maintenance for School Fac.	40,000	35,494	75,494	75,494	-
Facilities Acquisition and Construction Serv.					
Construction Services		1,109,740	1,109,740	938,614	171,126
Land Improvements	28,875	(28,875)			-
Lease Purchase Agreements- Principal	359,125	312,617	671,742	671,742	
Assessment for Debt Service on SDA Funding	811	-	811	811	-
Total Capital Outlay	<u>445,357</u>	<u>1,432,327</u>	<u>1,877,684</u>	<u>1,703,812</u>	<u>173,872</u>
SPECIAL SCHOOLS					
Summer Schools					
Instruction					
Salaries of Teachers	30,324	(21,344)	8,980	8,980	-
Total Special Schools	<u>30,324</u>	<u>(21,344)</u>	<u>8,980</u>	<u>8,980</u>	<u>-</u>
TRANSFER OF FUNDS TO CHARTER SCHOOLS					
	<u>23,090</u>	<u>1,782</u>	<u>24,872</u>	<u>24,872</u>	<u>-</u>
Total Expenditures	<u>22,343,132</u>	<u>1,873,774</u>	<u>24,216,906</u>	<u>26,418,305</u>	<u>(2,201,399)</u>
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(552,686)	(20,450)	(573,136)	(153,608)	419,528
Fund Balance, Beginning of Year					
	<u>1,411,061</u>	<u>-</u>	<u>1,411,061</u>	<u>1,411,061</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 858,375</u>	<u>\$ (20,450)</u>	<u>\$ 837,925</u>	<u>\$ 1,257,453</u>	<u>\$ 419,528</u>

LITTLE FERRY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance					
Excess Surplus-Designated for Subsequent Year's Expenditures (2019/20 Budget)				\$ 182,448	
Capital Reserve				254,357	
Assigned Fund Balance					
Year-End Encumbrances				68,092	
Designated for Subsequent Year's Expenditures (2019/2020 Budget)				52,651	
Unassigned Fund Balance				<u>699,905</u>	
				1,257,453	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: Extraordinary Aid Not Recognized on GAAP Basis			\$ (310,748)		
State Aid Not Recognized on GAAP Basis			<u>(409,363)</u>		
				<u>(720,111)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 537,342</u>	

**LITTLE FERRY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 92,400		\$ 92,400	\$ 92,400	
Federal	484,800	\$ 95,877	580,677	580,677	
Local	-	3,200	3,200	-	\$ (3,200)
	<u>577,200</u>	<u>99,077</u>	<u>676,277</u>	<u>673,077</u>	<u>(3,200)</u>
Total Revenues					
EXPENDITURES					
Instruction					
Salaries of Teachers	153,997	(11,222)	142,775	142,775	-
Purchased Professional/Technical Services		26,891	26,891	26,891	-
Tuition	191,000	46,205	237,205	237,205	-
Other Purchased Services	20,000		20,000	20,000	
General Supplies	6,644	15,124	21,768	18,568	3,200
	<u>371,641</u>	<u>76,998</u>	<u>448,639</u>	<u>445,439</u>	<u>3,200</u>
Total Instruction					
Support Services					
Salaries	21,131	6,970	28,101	28,101	-
Purchased Professional Educational Services	184,428	15,109	199,537	199,537	-
	<u>205,559</u>	<u>22,079</u>	<u>227,638</u>	<u>227,638</u>	<u>-</u>
Total Support Services					
Total Expenditures	<u>577,200</u>	<u>99,077</u>	<u>676,277</u>	<u>673,077</u>	<u>3,200</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to Governmental Fund Statements (GAAP)					
Less: State Aid Payments not Recognized on a GAAP Basis				\$ (9,240)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ (9,240)</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**LITTLE FERRY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 26,264,697	(C-2)	\$ 673,077
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized :				
State Aid and Extraordinary Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2017/2018 State Aid)		358,625		9,240
State Aid and Extraordinary Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2018/2019 State Aid)		<u>(720,111)</u>		<u>(9,240)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. (Exhibit B-2)		<u>\$ 25,903,211</u>		<u>\$ 673,077</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	<u>\$ 26,418,305</u>	(C-2)	<u>\$ 673,077</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds (Exhibit B-2)		<u>\$ 26,418,305</u>		<u>\$ 673,077</u>

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

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

Public Employees Retirement System

Last Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.01556%	0.01523%	0.01614%	0.01528%	0.01472%	0.01472%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 3,063,811</u>	<u>\$ 3,545,861</u>	<u>\$ 4,780,690</u>	<u>\$ 3,429,453</u>	<u>\$ 2,755,929</u>	<u>\$ 2,813,153</u>
District's Covered Payroll	<u>\$ 1,168,850</u>	<u>\$ 1,078,599</u>	<u>\$ 1,085,927</u>	<u>\$ 1,042,740</u>	<u>\$ 990,542</u>	<u>\$ 966,095</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	262.12%	328.75%	440.24%	328.89%	278.22%	291.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

**LITTLE FERRY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 154,778	\$ 141,112	\$ 143,400	\$ 131,344	\$ 121,317	\$ 110,907
Contributions in Relation to the Contractually Required Contribution	<u>154,778</u>	<u>141,112</u>	<u>143,400</u>	<u>131,344</u>	<u>121,317</u>	<u>110,907</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 1,197,903</u>	<u>\$ 1,168,850</u>	<u>\$ 1,078,599</u>	<u>\$ 1,085,927</u>	<u>\$ 1,042,740</u>	<u>\$ 990,542</u>
Contributions as a Percentage of Covered Payroll	12.92%	12.07%	13.30%	12.10%	11.63%	11.20%

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

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

Teachers Pension and Annuity Fund

Last Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	0	0	0	0	0	0
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$40,974,986</u>	<u>\$41,962,753</u>	<u>\$45,986,987</u>	<u>\$35,614,119</u>	<u>\$32,883,837</u>	<u>\$31,559,825</u>
Total	<u>\$40,974,986</u>	<u>\$41,962,753</u>	<u>\$45,986,987</u>	<u>\$35,614,119</u>	<u>\$32,883,837</u>	<u>\$31,559,825</u>
District's Covered Payroll	<u>\$ 6,689,360</u>	<u>\$ 6,850,460</u>	<u>\$ 6,734,609</u>	<u>\$ 6,234,203</u>	<u>\$ 5,717,899</u>	<u>\$ 5,830,911</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**LITTLE FERRY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4D.

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

Postemployment Health Benefit Plan

Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 1,128,972	\$ 1,380,001
Interest on Total OPEB Liability	1,081,086	927,588
Differences Between Expected and Actual Experiences	(2,423,013)	
Changes of Assumptions	(2,936,194)	(3,883,678)
Gross Benefit Payments	(684,177)	(616,001)
Contribution from the Member	<u>23,646</u>	<u>22,683</u>
Net Change in Total OPEB Liability	(3,809,680)	(2,169,407)
Total OPEB Liability - Beginning	<u>29,396,310</u>	<u>31,565,717</u>
Total OPEB Liability - Ending	<u>\$ 25,586,630</u>	<u>\$ 29,396,310</u>
District's Proportionate Share of OPEB Liability	\$ -	\$ -
State's Proportionate Share of OPEB Liability	<u>25,586,630</u>	<u>29,396,310</u>
Total OPEB Liability - Ending	<u>\$ 25,586,630</u>	<u>\$ 29,396,310</u>
District's Covered Payroll	<u>\$ 7,858,210</u>	<u>\$ 7,929,059</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%

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

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

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

**LITTLE FERRY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**LITTLE FERRY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Preschool Education Aid</u>	<u>ESEA Title I</u>	<u>ESEA Title III</u>	<u>ESEA Title IV</u>	<u>ESEA Title IIA</u>	<u>IDEA Part B Preschool</u>	<u>IDEA Part B Basic</u>	<u>Total</u>
REVENUES								
Intergovernmental								
State	\$ 92,400							\$ 92,400
Federal	-	\$ 268,269	\$ 13,203	\$ 15,109	\$ 26,891	\$ 10,441	\$ 246,764	\$ 580,677
Total Revenues	<u>\$ 92,400</u>	<u>\$ 268,269</u>	<u>\$ 13,203</u>	<u>\$ 15,109</u>	<u>\$ 26,891</u>	<u>\$ 10,441</u>	<u>\$ 246,764</u>	<u>\$ 673,077</u>
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 92,400	\$ 43,345	\$ 7,030					\$ 142,775
Purchased Professional and Technical Services					\$ 26,891			26,891
Tuition						\$ 10,441	\$ 226,764	237,205
Other Purchased Services							20,000	20,000
General Supplies	-	18,568	-	-	-	-	-	18,568
Total Instruction	<u>92,400</u>	<u>61,913</u>	<u>7,030</u>	<u>-</u>	<u>26,891</u>	<u>10,441</u>	<u>246,764</u>	<u>445,439</u>
Support Services								
Salaries		23,131	4,970					28,101
Purchased Professional Educational Services	-	183,225	1,203	\$ 15,109	-	-	-	199,537
Total Support Services	<u>-</u>	<u>206,356</u>	<u>6,173</u>	<u>15,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,638</u>
Total Expenditures	<u>\$ 92,400</u>	<u>\$ 268,269</u>	<u>\$ 13,203</u>	<u>\$ 15,109</u>	<u>\$ 26,891</u>	<u>\$ 10,441</u>	<u>\$ 246,764</u>	<u>\$ 673,077</u>

**LITTLE FERRY BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID - SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

EXPENDITURES	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Instruction					
Salaries of Teachers	\$ 92,400	\$ -	\$ 92,400	\$ 92,400	\$ -
Total Instruction	<u>92,400</u>	<u>-</u>	<u>92,400</u>	<u>92,400</u>	<u>-</u>
Total Expenditures	<u>\$ 92,400</u>	<u>\$ -</u>	<u>\$ 92,400</u>	<u>\$ 92,400</u>	<u>\$ -</u>

Calculation of Budget and Carryover

Total Revised 2018-2019 Preschool Education Aid Allocation	\$ 92,400
Add:	
Actual Preschool Education Carryover (June 30, 2018)	
Budgeted Transfer from the General Fund 2018-2019	<u>-</u>
Total Preschool Education Aid Funds Available for 2018-2019 Budget	92,400
Less: 2018-2019 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>92,400</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019	-
Add: June 30, 2019 Unexpended Preschool Education Aid	<u>-</u>
2018-2019 Carryover - Preschool Education Aid /Preschool Programs	<u>\$ -</u>
2018-2019 Preschool Education Aid Carryover Budgeted in 2019-2020	<u>\$ -</u>

CAPITAL PROJECTS FUND

LITTLE FERRY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<u>Issue/Project Title</u>	<u>Budgetary Appropriations</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Balance, June 30, 2019</u>
Lease Purchase- 16 Modular Classrooms and Associated Leasehold Improvements	\$ 3,500,000	\$ 418,010	\$ 2,033,971	\$ 1,048,019
	<u>\$ 3,500,000</u>	<u>\$ 418,010</u>	<u>\$ 2,033,971</u>	<u>\$ 1,048,019</u>
Project Balance				\$ 1,048,019
Reserved for Debt Service				<u>30,074</u>
Fund Balance- GAAP Basis				<u>\$ 1,078,093</u>
<u>Recapitulation of Fund Balance</u>				
Restricted				
Debt Service				\$ 30,074
Committed				
Year-End Encumbrances				<u>1,048,019</u>
				<u>\$ 1,078,093</u>

**LITTLE FERRY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Revenues and Other Financing Sources**Revenues**

Interest on Lease Purchase Proceeds	\$ <u>28,478</u>
-------------------------------------	------------------

Total Revenues and Other Financing Sources	<u>28,478</u>
--	---------------

Expenditures and Other Financing Uses

Expenditures

Construction Services	1,857,971
-----------------------	-----------

Rentals	<u>176,000</u>
---------	----------------

Total Expenditures and Other Financing Uses	<u>2,033,971</u>
---	------------------

Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	(2,005,493)
---	-------------

Fund Balance - Beginning of Year	<u>3,083,586</u>
----------------------------------	------------------

Fund Balance - End of Year	<u>\$ 1,078,093</u>
----------------------------	---------------------

Analysis of Fund Balance

Restricted for Debt Service	\$ 30,074
-----------------------------	-----------

Committed- Year-End Encumbrances	<u>1,048,019</u>
----------------------------------	------------------

	<u>\$ 1,078,093</u>
--	---------------------

**LITTLE FERRY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
LEASE PURCHASE - 16 MODULAR CLASSROOMS AND ASSOCIATED LEASEHOLD IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Year</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Other Financing Sources				
Lease Purchase Proceeds	\$ 3,500,000	-	\$3,500,000	\$ 3,500,000
Total Revenues and Other Financing Sources	<u>3,500,000</u>	<u>-</u>	<u>3,500,000</u>	<u>3,500,000</u>
EXPENDITURES AND OTHER FINANCING USES				
Construction Services	394,385	\$ 1,857,971	2,252,356	3,212,375
Purchased Professional and Technical Services	9,875		9,875	9,875
Other Objects	13,750	-	13,750	13,750
Rentals	-	176,000	176,000	264,000
Total Expenditures and Other Financing Uses	<u>418,010</u>	<u>2,033,971</u>	<u>2,451,981</u>	<u>3,500,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 3,081,990</u>	<u>\$ (2,033,971)</u>	<u>\$1,048,019</u>	<u>\$ -</u>

Additional Project Information:

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

Percentage Completion	70%
Original Target Completion Date	2018/19
Revised Target Completion Date	2019/20

ENTERPRISE FUND

EXHIBIT G-1

**LITTLE FERRY BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**LITTLE FERRY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2019**

	<u>Student Activity</u>	<u>Net</u>	<u>Payroll Flexible Spending</u>	<u>Total Agency Funds</u>
ASSETS				
Cash	\$ 35,064	\$ 364	\$ 7,947	\$ 43,375
Total Assets	<u>\$ 35,064</u>	<u>\$ 364</u>	<u>\$ 7,947</u>	<u>\$ 43,375</u>
LIABILITIES				
Accrued Salaries & Wages		\$ 364		364
Reserve for Flexible Spending			7,947	7,947
Due to Student Groups	\$ 35,064	-	-	<u>35,064</u>
Total Liabilities	<u>\$ 35,064</u>	<u>\$ 364</u>	<u>\$ 7,947</u>	<u>\$ 43,375</u>

**LITTLE FERRY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance, July 1, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2019</u>
Memorial Middle School	\$ 39,369	\$ 34,859	\$ 39,164	\$ 35,064
Total	<u>\$ 39,369</u>	<u>\$ 34,859</u>	<u>\$ 39,164</u>	<u>\$ 35,064</u>

**LITTLE FERRY BOARD OF EDUCATION
PAYROLL AGENCY FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Balance, July 1, 2018	Receipts	Disbursements	Balance, June 30, 2019
ASSETS				
Cash	\$ (4,025)	\$ 10,038,608	\$ 10,026,272	\$ 8,311
Total Assets	<u>\$ (4,025)</u>	<u>\$ 10,038,608</u>	<u>\$ 10,026,272</u>	<u>\$ 8,311</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ (8,418)	\$ 4,672,967	\$ 4,664,549	
Accrued Salaries and Wages	1	5,348,976	5,348,613	\$ 364
Reserve for Flexible Spending	<u>4,392</u>	<u>16,665</u>	<u>13,110</u>	<u>7,947</u>
Total	<u>\$ (4,025)</u>	<u>\$ 10,038,608</u>	<u>\$ 10,026,272</u>	<u>\$ 8,311</u>

LONG-TERM DEBT

**LITTLE FERRY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF INTERGOVERNMENTAL LOANS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

**LITTLE FERRY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2018</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
Modular Classrooms & Associated					
Leasehold Improvements	3.1378%	3,500,000	\$ 3,500,000	\$ 671,742	\$ 2,828,258
Total			<u>\$ 3,500,000</u>	<u>\$ 671,742</u>	<u>\$ 2,828,258</u>
				<u>\$ 671,742</u>	
		Paid Budget Appropriation			

**LITTLE FERRY BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016 (Restated)	2017 (Restated)	2018	2019
Governmental Activities										
Net Investment in Capital Assets, Net of Related Debt	\$ 4,928,569	\$ 5,309,520	\$ 5,628,178	\$ 5,934,922	\$ 6,915,646	\$ 6,010,002	\$ 5,692,794	\$ 5,586,151	\$ 5,739,062	\$ 6,914,528
Restricted	781,657	535,327	411,692	723,937	1,478,860	321,741	322,833	819,289	3,583,912	1,332,450
Unrestricted	<u>210,523</u>	<u>(116,164)</u>	<u>293,714</u>	<u>354,730</u>	<u>(3,417,490)</u>	<u>(1,683,240)</u>	<u>(1,135,858)</u>	<u>(2,158,179)</u>	<u>(6,050,035)</u>	<u>(4,342,324)</u>
Total Governmental Activities Net Position	<u>\$ 5,920,749</u>	<u>\$ 5,728,683</u>	<u>\$ 6,333,584</u>	<u>\$ 7,013,589</u>	<u>\$ 4,977,016</u>	<u>\$ 4,648,503</u>	<u>\$ 4,879,769</u>	<u>\$ 4,247,261</u>	<u>\$ 3,272,939</u>	<u>\$ 3,904,654</u>
Business-Type Activities										
Net Investment in Capital Assets, Net of Related Debt	\$ 32,991	\$ 32,659			\$ 18,703	\$ 16,681	\$ 14,656	\$ 48,427	\$ 43,176	\$ 40,245
Restricted										
Unrestricted	<u>(26,286)</u>	<u>37,230</u>	<u>\$ 137,139</u>	<u>\$ 213,357</u>	<u>308,480</u>	<u>189,917</u>	<u>258,977</u>	<u>(5,654)</u>	<u>14,001</u>	<u>48,789</u>
Total Business-Type Activities Net Position	<u>\$ 6,705</u>	<u>\$ 69,889</u>	<u>\$ 137,139</u>	<u>\$ 213,357</u>	<u>\$ 327,183</u>	<u>\$ 206,598</u>	<u>\$ 273,633</u>	<u>\$ 42,773</u>	<u>\$ 57,177</u>	<u>\$ 89,034</u>
District-Wide										
Net Investment in Capital Assets, Net of Related Debt	\$ 4,961,560	\$ 5,342,179	\$ 5,628,178	\$ 5,934,922	\$ 6,934,349	\$ 6,026,683	\$ 5,707,450	\$ 5,634,578	\$ 5,782,238	\$ 6,954,773
Restricted	781,657	535,327	411,692	723,937	1,478,860	321,741	322,833	819,289	3,583,912	1,332,450
Unrestricted	<u>184,237</u>	<u>(78,934)</u>	<u>430,853</u>	<u>568,087</u>	<u>(3,109,010)</u>	<u>(1,493,323)</u>	<u>(876,881)</u>	<u>(2,163,833)</u>	<u>(6,036,034)</u>	<u>(4,293,535)</u>
Total District Net Position	<u>\$ 5,927,454</u>	<u>\$ 5,798,572</u>	<u>\$ 6,470,723</u>	<u>\$ 7,226,946</u>	<u>\$ 5,304,199</u>	<u>\$ 4,855,101</u>	<u>\$ 5,153,402</u>	<u>\$ 4,290,034</u>	<u>\$ 3,330,116</u>	<u>\$ 3,993,688</u>

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

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

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 5,176,153	\$ 6,215,948	\$ 6,636,823	\$ 7,134,809	\$ 6,764,560	\$ 13,626,681	\$ 14,037,964	\$ 14,793,027	\$ 15,399,923	\$ 14,887,061
Special Education	856,565	1,090,533	1,022,601	1,195,449	1,242,187	3,856,442	3,740,868	3,748,428	4,792,726	4,526,929
Other Special Education		364,523	298,811	218,791	200,590					
Other Instruction	270,227	46,389	36,064	44,079	47,807	291,972	287,547	671,170	804,781	762,980
School Sponsored Activities And Athletics						77,923	83,429	70,947	67,266	58,038
Support Services:										
Tuition	6,403,381	6,525,640	6,781,408	6,664,699	6,783,940					
Student & Instruction Related Services	1,267,343	1,466,877	1,405,875	1,489,559	1,462,795	1,576,620	1,615,581	2,528,800	2,762,952	2,281,443
General Administrative Services		734,516	705,203	701,099	637,455	521,753	551,987	430,449	511,107	543,820
School Administrative Services	1,223,819	516,693	424,520	418,918	334,940	413,786	835,264	989,030	807,894	931,232
Central Services						285,170	371,240	585,377	470,179	531,442
Plant Operations And Maintenance	1,165,299	1,155,018	1,116,424	1,012,875	1,256,027	1,531,927	2,143,885	2,067,782	1,932,464	2,291,137
Pupil Transportation	744,926	624,349	628,474	665,391	635,419	709,038	605,985	678,183	733,594	839,614
Capital Outlay		9,000			499,464					
Special Schools	96,041			24,727	24,009					
Interest On Long-Term Debt	36,332	47,071	35,855	19,006			938	2,440	20,600	101,586
Unallocated Depreciation	314,872	314,872	307,610	277,907	261,373	-	-	-	-	-
Total Governmental Activities Expenses	17,554,958	19,111,429	19,399,668	19,867,309	20,150,566	22,891,312	24,274,688	26,565,633	28,303,486	27,755,282
Business-Type Activities:										
EDCP						102,721	162,502	1,124		
Food Service	274,754	280,654	326,987	236,460	263,301	459,398	376,466	359,516	337,643	382,491
Total Business-Type Activities Expense	274,754	280,654	326,987	236,460	263,301	562,119	538,968	360,640	337,643	382,491
Total District Expenses	\$ 17,829,712	\$ 19,392,083	\$ 19,726,655	\$ 20,103,769	\$ 20,413,867	\$ 23,453,431	\$ 24,813,656	\$ 26,926,273	\$ 28,641,129	\$ 28,137,773
Program Revenues										
Governmental Activities:										
Charges For Services:		54,165	27,718	31,018	72,810	28,266	101,297	145,495	77,140	113,757
Operating Grants And Contributions	1,661,697	783,870	723,693	833,832	865,744	4,264,415	5,011,210	6,303,186	7,063,981	6,548,168
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Program Revenues	1,661,697	838,035	751,411	864,850	938,554	4,292,681	5,112,507	6,448,681	7,141,121	6,661,925
Business-Type Activities:										
Charges For Services	205,120	241,098	251,633	193,669	230,691	284,097	326,297	159,035	145,260	143,975
Operating Grants And Contributions	73,809	102,621	142,430	119,009	125,743	157,437	177,423	217,526	206,787	270,373
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	278,929	343,719	394,063	312,678	356,434	441,534	503,720	376,561	352,047	414,348
Total District Program Revenues	\$ 1,940,626	\$ 1,181,754	\$ 1,145,474	\$ 1,177,528	\$ 1,294,988	\$ 4,734,215	\$ 5,616,227	\$ 6,825,242	\$ 7,493,168	\$ 7,076,273
Net (Expense)/Revenue										
Governmental Activities	\$ (15,893,261)	\$ (18,273,394)	\$ (18,648,257)	\$ (19,002,459)	\$ (19,212,012)	\$ (18,598,631)	\$ (19,162,181)	\$ (20,116,952)	\$ (21,162,365)	\$ (21,093,357)
Business-Type Activities	4,175	63,065	67,076	76,218	93,133	(120,585)	(35,248)	15,921	14,404	31,857
Total District-Wide Net Expense	\$ (15,889,086)	\$ (18,210,329)	\$ (18,581,181)	\$ (18,926,241)	\$ (19,118,879)	\$ (18,719,216)	\$ (19,197,429)	\$ (20,101,031)	\$ (21,147,961)	\$ (21,061,500)

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for:										
General Purposes	\$ 15,298,236	\$ 15,866,315	\$ 16,183,644	\$ 16,570,173	\$ 16,901,868	\$ 17,732,078	\$ 18,224,634	\$ 18,589,126	\$ 18,960,908	\$ 19,150,517
Debt Service	274,661	429,720	364,560	341,110	40,560					
Federal and State Aid Not Restricted	2,302,519	2,150,288	2,685,580	2,755,171	2,402,070	1,134,780	547,801	526,951	1,126,100	2,483,789
Investment Earnings		3,630	826	17	255	102	3,867	8,502	11,489	31,267
Miscellaneous Income	200,236	30,493	18,548	15,993	377,047	56,791	105,541	177,578	89,546	59,499
Transfers	-	-	-	-	-	-	(102,283)	272,697	-	-
Total Governmental Activities	18,075,652	18,480,446	19,253,158	19,682,464	19,721,800	18,923,751	18,779,560	19,574,854	20,188,043	21,725,072
Business-Type Activities:										
Investment Earnings	99	119	23		1,824					
Miscellaneous Income			151		166					
Transfers	(2,822)	-	-	-	-	-	102,283	(272,697)	-	-
Total Business-Type Activities	(2,723)	119	174	-	1,990	-	102,283	(272,697)	-	-
Total District-Wide	\$ 18,072,929	\$ 18,480,565	\$ 19,253,332	\$ 19,682,464	\$ 19,723,790	\$ 18,923,751	\$ 18,881,843	\$ 19,302,157	\$ 20,188,043	\$ 21,725,072
Change in Net Position										
Governmental Activities	\$ 2,182,391	\$ 207,052	\$ 604,901	\$ 680,005	\$ 509,788	\$ 325,120	\$ (382,621)	\$ (542,098)	\$ (974,322)	\$ 631,715
Business-Type Activities	1,452	63,184	67,250	76,218	95,123	(120,585)	67,035	(256,776)	14,404	31,857
Total District	\$ 2,183,843	\$ 270,236	\$ 672,151	\$ 756,223	\$ 604,911	\$ 204,535	\$ (315,586)	\$ (798,874)	\$ (959,918)	\$ 663,572

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved										
Unreserved										
Restricted										
Committed						\$ 2,477,070	\$ 2,667,876	\$ 1,916,852	\$ 758,950	\$ 436,805
Assigned	\$ 673,710	\$ 436,967	\$ 338,586	\$ 723,935	\$ 1,976,466	363,777	206,125	210,106	108,960	120,743
Unassigned	221,824	(112,412)	296,078	355,557	337,955	232,799	244,918	255,661	184,526	(20,206)
Total General Fund	\$ 895,534	\$ 324,555	\$ 634,664	\$ 1,079,492	\$ 2,314,421	\$ 3,073,646	\$ 3,153,294	\$ 2,382,619	\$ 1,052,436	\$ 537,342
All Other Governmental Funds										
Reserved										
Unreserved, Reported in:										
Capital Projects Fund	\$ 82,693	\$ 83,043			\$ (498,653)					
Debt Service Fund	25,254	15,317	\$ 73,106	\$ 2	1,047					
Restricted										
Capital Projects						\$ (557,051)	\$ (557,051)		\$ 3,081,990	\$ 1,048,019
Debt Service						1,047			1,596	30,074
Unassigned										
Special Revenue Fund	-	-	-	-	-	(9,240)	(9,240)	\$ (9,240)	(9,240)	(9,240)
Total All Other Governmental Funds	\$ 107,947	\$ 98,360	\$ 73,106	\$ 2	\$ (497,606)	\$ (565,244)	\$ (566,291)	\$ (9,240)	\$ 3,074,346	\$ 1,068,853

Source: District financial statements

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

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Local Tax Levy	\$ 15,572,897	\$ 16,296,035	\$ 16,548,204	\$ 16,911,283	\$ 16,942,428	\$ 17,732,078	\$ 18,224,634	\$ 18,589,126	\$ 18,960,908	\$ 19,150,517
Tuition Charges	85,486	54,165	27,718	31,018	72,810	28,266	59,677	93,042	33,840	27,217
Interest Earnings	3,659	3,630	826	17	255	102	3,867	8,502	11,489	31,267
Miscellaneous	100,520	30,493	18,548	15,993	65,047	56,791	147,161	230,031	133,833	146,039
State Sources	3,201,091	2,269,899	2,712,310	3,095,641	2,751,869	2,813,996	3,196,140	3,531,345	4,394,568	6,669,049
Federal Sources	773,696	664,259	696,963	493,162	515,945	1,120,376	656,347	543,560	586,068	580,677
Total Revenue	19,737,349	19,318,481	20,004,569	20,547,114	20,348,354	21,751,609	22,287,826	22,995,606	24,120,706	26,604,766
Expenditures										
Instruction										
Regular Instruction	5,841,756	5,332,644	5,635,246	5,636,563	5,851,828	12,372,142	12,619,199	12,730,964	13,178,549	13,590,684
Special Education Instruction	917,432	930,308	847,206	946,364	1,093,133	3,707,709	3,555,855	3,426,194	4,496,042	4,371,255
Other Special Instruction	202,479	296,849	239,143	160,423	165,134					
Other Instruction	24,178	41,363	29,740	36,625	42,282	257,125	248,219	522,703	624,462	662,808
School-Sponsored Activities and Athletics						68,254	71,862	58,300	52,492	50,434
Support Services:										
Tuition	6,140,821	6,525,640	6,781,408	6,664,699	6,783,940					
Student and Inst. Related Services	1,473,869	1,257,919	1,193,748	1,152,780	1,258,848	1,532,195	1,527,749	2,285,474	2,447,334	2,153,852
General Administrative Services	817,082	763,222	673,523	576,243	565,431	501,461	546,781	410,908	481,387	530,335
School Administrative Services	471,492	425,411	344,295	312,352	277,768	365,350	750,347	782,749	653,570	834,806
Plant Operations And Maintenance	1,202,347	1,031,641	979,976	847,054	1,126,449	1,286,442	1,862,823	1,729,457	1,558,931	1,951,310
Pupil Transportation	749,082	615,148	618,478	648,193	625,658	703,863	601,414	666,698	721,517	832,233
Employee Benefits	1,526,809	1,655,520	1,787,373	2,567,478	1,573,823					
Central Services						285,170	358,165	532,459	415,485	500,516
Capital Outlay	129,318	9,000	15,484		499,464			300,975	884,492	2,889,230
Special Schools	26,648			18,122	19,760					
Debt Service:										
Interest and Other Charges	71,313	54,620	37,243	20,543			938	2,440	17,549	86,148
Principal	584,496	560,644	536,851	588,151	39,515	10,554	34,108	32,606	335,493	671,742
Total Expenditures	20,179,122	19,499,929	19,719,714	20,175,590	19,923,033	21,090,265	22,177,460	23,481,927	25,867,303	29,125,353
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(441,773)	(181,448)	284,855	371,524	425,321	661,344	110,366	(486,321)	(1,746,597)	(2,520,587)
Other Financing Sources (Uses)										
Transfers In			83,043				1,047	843,710	328,549	
Transfers Out			(83,043)				(103,330)	(571,013)	(328,549)	
Lease Purchase Proceeds						30,243	70,518		3,500,000	
Community Disaster Loan	-	-	-	-	312,000	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	312,000	30,243	(31,765)	272,697	3,500,000	-
Net Change in Fund Balances	\$ (441,773)	\$ (181,448)	\$ 284,855	\$ 371,524	\$ 737,321	\$ 691,587	\$ 78,601	\$ (213,624)	\$ 1,753,403	\$ (2,520,587)
Debt Service as a Percentage of										
Noncapital Expenditures	3.27%	3.16%	2.91%	3.02%	0.20%	0.05%	0.16%	0.15%	1.41%	2.89%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

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

	<u>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>2019</u>
General Fund										
Rentals							\$ 41,620	\$ 52,453	\$ 43,300	\$ 86,540
Miscellaneous	\$ 100,520	\$ 30,493	\$ 18,548	\$ 15,993	\$ 65,047	\$ 56,791	105,541	177,578	89,546	59,499
Total General Fund	\$ 100,520	\$ 30,493	\$ 18,548	\$ 15,993	\$ 65,047	\$ 56,791	\$ 147,161	\$ 230,031	\$ 132,846	\$ 146,039

Source: District records.

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

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2010	\$ 10,269,400	\$ 800,971,000			\$ 151,860,400	\$ 140,268,000	\$ 110,009,100	\$ 1,213,377,900	\$ 7,429,353	\$ 1,220,807,253	\$ 1,336,284,791	\$ 1.329
2011	10,479,000	799,879,000			150,137,400	136,241,200	110,009,100	1,206,745,700	6,588,272	1,213,333,972	1,333,009,341	1.357
2012	10,163,500	794,550,000			149,139,400	135,133,600	110,099,100	1,199,085,600		1,199,085,600	1,385,924,252	1.396
2013	10,145,900	788,362,500			147,317,800	134,739,800	104,384,300	1,184,950,300	90,870	1,185,041,170	1,308,473,093	1.424
2014	10,022,600	779,523,100			146,546,700	134,305,800	109,150,400	1,179,548,600	98,530	1,179,647,130	1,201,961,451	1.497
2015 (1)	6,947,500	593,560,000			135,543,200	122,920,900	105,237,700	964,209,300	98,530	964,307,830	968,535,287	1.882
2016	7,156,000	603,758,700			133,863,900	126,419,500	115,442,700	986,640,800	98,530	986,739,330	1,009,849,035	1.876
2017	6,830,500	614,777,600			135,188,700	130,160,300	120,879,600	1,007,836,700	98,530	1,007,935,230	1,017,766,396	1.874
2018	6,849,400	624,584,600			137,556,200	137,169,400	119,871,000	1,026,030,600	98,530	1,026,129,130	1,020,949,461	1.859
2019	9,486,400	639,326,700			139,619,200	146,175,700	121,639,300	1,056,247,300	100,000	1,056,347,300	1,080,651,310	1.834

Source: County Abstract of Ratables

a Tax rates are per \$100

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

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

Assessment Year	Little Ferry School District	Borough of Little Ferry	Bergen County	Total
2010	\$ 1.329	\$ 0.810	\$ 0.201	\$ 2.340
2011	1.357	0.831	0.227	2.415
2012	1.396	0.823	0.218	2.437
2013	1.424	0.884	0.253	2.561
2014	1.497	0.904	0.234	2.635
2015	(1) 1.882	1.213	0.254	3.349
2016	1.876	1.225	0.251	3.352
2017	1.874	1.213	0.254	3.341
2018	1.859	1.201	0.241	3.301
2019	1.834	1.176	0.250	3.260

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

Source: Abstract of Ratables, County Board of Taxation

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

Taxpayer	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Dassault Falcon Jet Corp	\$ 39,867,900	3.77%		
Airport Prop. Assoc. LLC% Mack-Calie			\$ 32,791,200	2.70%
Waterside Plaza Apts. Associates	31,041,300	2.94%	27,270,000	2.25%
Liberty Bell Village LLC	18,000,000	1.70%	20,880,000	1.72%
Litter Ferry Assocs., L.L.C.			16,912,100	1.39%
North Village II LLC NJ	16,680,600	1.58%		
Gates Realty Corp.	16,406,700	1.55%	16,761,800	1.38%
250 Little Ferry TL LLC	12,500,000	1.18%		
Gates Brothers c/o Gates Realty Corp.	11,850,100	1.12%		
100 Industrial Ave LLC	11,280,600	1.07%		
North Village I LLC NJ	11,132,900	1.05%	14,476,000	1.19%
Gates Brothers c/o Gates Realty Corp.	10,948,100	1.04%	13,981,400	1.15%
Gates Brothers c/o Gates Realty Corp.			10,700,000	0.88%
Little Ferry Associates				
Bell Atlantic Property Tax Department			9,743,787	0.80%
North Village LLC	-	-	9,492,200	0.78%
	<u>\$ 179,708,200</u>	<u>17.01%</u>	<u>\$ 173,008,487</u>	<u>14.26%</u>

Source: Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 15,572,897	\$ 15,572,897	100.00%	
2011	16,296,034	16,296,034	100.00%	
2012	16,835,015	16,835,015	100.00%	
2013	17,177,731	17,177,731	100.00%	
2014	17,656,650	17,656,650	100.00%	
2015	17,732,078	17,732,078	100.00%	
2016	18,224,634	18,224,634	100.00%	
2017	18,589,126	18,589,126	100.00%	
2018	18,960,908	18,960,908	100.00%	
2019	19,150,517	19,150,517	100.00%	

Source: District financial records.

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total District	Population	Per Capita
	General Obligation Bonds	Loans	Lease Purchase Agreements			
2010	\$ 1,575,000	\$ 150,159		\$ 1,725,159	10,651	\$ 162
2011	1,050,000	114,515		1,164,515	10,720	109
2012	550,000	77,664		627,664	10,757	58
2013		39,513		39,513	10,789	4
2014				-	10,800	-
2015			\$ 19,689	19,689	10,832	2
2016			56,099	56,099	10,811	5
2017			23,493	23,493	10,832	2
2018			3,500,000	3,500,000	10,822	323
2019			2,828,258	2,828,258	10,822	261

Source: District records

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2010	\$ 1,575,000		\$ 1,575,000	0.13%	\$ 148
2011	1,050,000		1,050,000	0.09%	98
2012	550,000		550,000	0.05%	51
2013			-	0.00%	-
2014			-	0.00%	-
2015			-	0.00%	-
2016			-	0.00%	-
2017			-	0.00%	-
2018			-	0.00%	-
2019			-	0.00%	-

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**LITTLE FERRY BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2018
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of Little Ferry	<u>\$ 16,526,733</u>
Overlapping Debt Apportioned to the Municipalities:	
County of Bergen (2)	8,261,925
Bergen County Utilities Authority - Waste Water (3)	<u>3,206,371</u>
Total Overlapping Debt	<u>11,468,296</u>
Total Direct and Overlapping Debt	<u>\$ 27,995,029</u>

Source:

- (1) Borough of Little Ferry's Annual Debt Statement - December 31, 2018
- (2) Bergen County Annual Debt Statement - December 31, 2018 - Based on Equalized Value of Municipality to County Total
- (2) BCUA 2018 Audit - Based on Usage

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

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized valuation basis	
	2017	\$ 1,098,651,462
	2016	1,009,654,077
	2015	<u>1,019,362,331</u>
Average equalized valuation of taxable property		\$ <u>1,042,555,956.67</u>
Debt Limit (3% of average equalization value)	\$	31,276,679
Total Net Debt Applicable to Limit		<u>-</u>
Legal Debt Margin	\$	<u>31,276,679</u>

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$ 38,989,560	\$ 37,884,642	\$ 33,750,890	\$ 33,621,212	\$ 48,220,252	\$ 30,076,942	\$ 33,139,996	\$ 31,307,330	\$ 30,532,455	\$ 31,276,679
Total Net Debt Applicable to Limit	<u>1,575,000</u>	<u>1,050,000</u>	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal Debt Margin	<u>\$ 37,414,560</u>	<u>\$ 36,834,642</u>	<u>\$ 33,200,890</u>	<u>\$ 33,621,212</u>	<u>\$ 48,220,252</u>	<u>\$ 30,076,942</u>	<u>\$ 33,139,996</u>	<u>\$ 31,307,330</u>	<u>\$ 30,532,455</u>	<u>\$ 31,276,679</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.04%	2.77%	1.63%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population(2)</u>
2009	9.40%	\$ 67,308	10,651
2010	9.60%	64,280	10,720
2011	9.50%	65,992	10,757
2012	9.70%	68,865	10,789
2013	4.90%	71,789	10,800
2014	6.10%	71,100	10,832
2015	4.90%	73,637	10,811
2016	4.40%	76,821	10,832
2017	4.10%	77,901	10,822
2018	3.60%	81,203	10,822

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

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

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

<u>Employer</u>	<u>2019</u>		<u>2010</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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>2019</u>
Instruction										
Regular	69.0	65.0	50.2	47.6	53.2	66.0	62.0	62.0	63.0	71.2
Special Education	16.0	18.0	13.0	14.0	13.0	18.5	7.0	10.0	12.0	12.0
Other Special Education								10.0	10.0	9.8
Vocational										
Other Instruction	3.0	5.0	17.4	17.0	14.0	18.0	16.0	6.0	6.0	
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	13.0	3.0	15.7	13.2	14.0	6.7	8.0	6.6	6.6	5.0
General Administration	2.0	2.1	1.6	2.1	2.0	2.0	3.0	3.0	3.0	3.0
School Administrative Services	5.0	5.0	2.0	1.5	2.5	3.0	2.0	2.0	2.0	2.0
Other Administrative Services	0.1	2.0	1.1	2.0	2.1	3.1	4.5	4.0	4.0	4.0
Central Services	3.0	2.2	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Administrative Information Technology	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations And Maintenance	12.0	30.5	19.1	19.1	10.6	9.1	8.0	9.0	9.0	9.0
Pupil Transportation	1.5	0.8	3.4	1.5	1.7	1.5	1.5	1.0	1.0	1.8
Other Support Services					1.0		1.5	5.0	5.0	5.0
Security						2.0	2.0	1.5	1.5	1.6
Food Service	-	-	-	-	4.3	0.9	2.7	3.0	3.0	3.0
Total	<u>127.1</u>	<u>135.6</u>	<u>127.5</u>	<u>122.0</u>	<u>122.4</u>	<u>134.8</u>	<u>123.2</u>	<u>128.1</u>	<u>131.1</u>	<u>132.4</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^{b,d}	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2010	990.0	\$ 15,788,200	\$ 15,948	3.71%	88	1:11	1:11	960.0	925.0	-0.41%	96.35%
2011	967.0	15,269,870	15,791	-0.98%	83	1:65	1:65	967.0	929.0	0.73%	96.07%
2012	989.0	15,374,263	15,545	-1.56%	64	1:20	1:21	989.0	925.2	2.28%	93.55%
2013	987.0	15,552,086	15,757	1.36%	52	1:18	1:19	991.0	943.0	0.20%	95.16%
2014	989.0	15,330,599	15,501	-1.62%	53	1:19	1:20	994.7	952.2	0.37%	95.73%
2015	1,197.0	17,195,166	14,365	-7.33%	56	1:17	1:23	991.5	943.9	-0.32%	95.20%
2016	972.0	17,957,030	18,474	28.60%	56	1:17	1:23	978.0	916.1	-1.36%	93.67%
2017	945.0	18,551,173	19,631	6.26%	78	1:11	1:18	942.6	895.9	-3.62%	95.05%
2018	895.0	20,167,683	22,534	14.79%	81	1:11	1:18	904.4	860.3	-4.05%	95.12%
2019	867.0	21,340,670	24,614	9.23%	82	1:11	1:10	863.2	841.5	-4.56%	97.49%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
 - b Operating expenditures equal total expenditures for the general fund less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.
 - d Expenditures exclude tuition paid to Ridgefield Park Board of Education for regular instruction.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>District Building</u>										
<u>Elementary</u>										
Washington School										
Square Feet	30,764	30,764	30,764	30,764	30,764	30,764	30,764	30,764	30,764	40,750
Capacity (students)	180	180	180	180	180	180	180	180	180	326
Enrollment	242	204	210	210	210	200	200	257	276	466
<u>Middle School</u>										
Memorial School										
Square Feet	99,461	99,461	99,461	99,461	99,461	99,461	99,467	99,467	99,467	68,000
Capacity (students)	705	705	705	705	705	705	705	705	705	507
Enrollment	748	763	779	779	779	997	772	688	619	401

Number of Schools at June 30, 2019
 Elementary = 1
 Middle School = 1
 Senior High School = 0
 Other = 0

Source: District Records

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

	<u>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>2019</u>
School Facilities										
Memorial School	\$ 79,727	\$ 19,276	\$ 23,607	\$ 25,514	\$ 26,035	\$ 26,429	\$ 150,349	\$ 70,106	\$ 184,899	\$ 232,125
Washington School	<u>57,688</u>	<u>12,850</u>	<u>7,455</u>	<u>8,056</u>	<u>8,221</u>	<u>85,445</u>	<u>47,478</u>	<u>22,140</u>	<u>62,350</u>	<u>139,275</u>
Grand Total	<u>\$ 137,415</u>	<u>\$ 32,126</u>	<u>\$ 31,062</u>	<u>\$ 33,570</u>	<u>\$ 34,256</u>	<u>\$ 111,874</u>	<u>\$ 197,827</u>	<u>\$ 92,246</u>	<u>\$ 247,249</u>	<u>\$ 371,400</u>

Source: School District's Financial Statements

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2019
(Unaudited)**

NESBIG	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance Co.		
Building and Contents (All Locations)	\$ 26,118,502	\$ 5,000
Boiler and Machinery - included in property		
Earthquake/Flood (Outside Zones A & V)	\$ 5,000,000	\$ 50,000
Flood Zones (Outside Zones A & V)	\$ 2,000,000	\$ 500,000
Comprehensive General Liability	1,000,000	
General Automobile Liability	1,000,000	1,000
School Board Legal Liability	1,000,000	5,000
Employment Practices - XL		35,000
Employer's Liability	1,000,000	
Worker's Compensation	1,000,000	
Umbrella Liability	9,000,000	10,000
Excess Umbrella (Shared) Fireman's Fund - 1/2 Group	50,000,000	
Excess Umbrella (Unshared)- Starstone/Markel	30,000,000	
Crime (Non-statutory Bonds)	100,000	5,000
Selective Insurance	400,000	per loss
Cyber Liability - XL	1,000,000	1st Party
	2,000,000	3rd Party
	6,000,000	Aggregate
Student Accident Insurance - Polaris	1,000,000	
Non - NESBIG		
Surety Bonds - Selective Insurance Co.		
Treasurer	300,000	
Board Secretary/Business Administrator	100,000	
Flood Insurance - Selective		
Building Coverage	500,000	2000
Contents Coverage	500,000	2000
Volunteer Workers Accident Policy	250,000	

Source: District records.

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Little Ferry Board of Education as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Little Ferry Board of Education's basic financial statements and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

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

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

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


Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Little Ferry Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 Little Ferry Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated November 12, 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 Little Ferry Board of Education’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Little Ferry Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 12, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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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
Little Ferry Board of Education
Little Ferry, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Little Ferry Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Little Ferry Board of Education's major federal and state programs for the fiscal year ended June 30, 2019. The Little Ferry Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Little Ferry Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the New Jersey OMB Circular 15-08 which are described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal and state program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

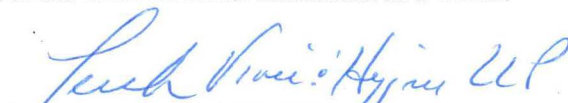
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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


Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

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 Little Ferry Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated November 12, 2019, which contained unmodified opinions. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 12, 2019

LITTLE FERRY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Project Period	Award Amount	Balance, June 30, 2019			Budgetary Expenditures	Adjustment	Balance, June 30, 2019			Memo GAAP Receivable
						Balance, Julv 1, 2018	Carryover Amount	Cash Received			(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
Passed -through State Department of Education														
<u>Special Revenue Fund:</u>														
ESEA Title I	84.010A	S010A180030	ESEA2710-19	7/1/18-6/30/19	\$ 268,269			\$ 268,269	\$ 268,269					
ESEA Title I	84.010A	S010A170030	ESEA2710-18	7/1/17-6/30/18	305,572	\$ (2,457)		2,457						
ESEA Title II-A	84.367	S367B180027	ESEA2710-19	7/1/18-6/30/19	26,891			26,891	26,891					
ESEA Title III	84.365A	S365A180030	ESEA2710-19	7/1/18-6/30/19	13,203			13,203	13,203					
ESEA Title IV	84.424	S424A180031	ESEA2710-19	7/1/18-6/30/19	15,109			15,109	15,109					
IDEA Part B, Basic	84.027	H027A180100	IDEA 2710-19	7/1/18-9/30/19	246,764			246,764	246,764					
IDEA Part B, Preschool	84.173	H173A180114	IDEA 2710-19	7/1/18-9/30/19	10,441			10,441	10,441					
Total Special Education Cluster - IDEA								257,205	257,205					
Total U.S. Department of Education/ Special Revenue Fund						(2,457)		583,134	580,677					
U.S. Department of Education														
Passed -through State Department of Agriculture														
<u>Enterprise Fund</u>														
School Breakfast Program	10.553	191NJ304N1099	N/A	7/1/18-6/30/19	92,255			85,297	92,255		\$ (6,958)			\$ (6,958)
School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	4,961	(312)		312						
National School Lunch Program - Cash Assistance	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	146,879			139,112	146,879		(7,767)			(7,767)
National School Lunch Program - Cash Assistance	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	165,614	(9,229)		9,229						
National School Lunch Food Distribution Program - Non Cash Assistance					10.555	191NJ304N1099	N/A	7/1/18-6/30/19	27,768	26,735		\$ 1,033		
Non Cash Assistance					10.555	181NJ304N1099	N/A	7/1/17-6/30/18	32,559	536				
Total Child Nutrition Cluster/Enterprise Fund						(9,005)		261,718	266,405		(14,725)	1,033		(14,725)
Total Federal Awards					\$	(11,462)	\$ -	\$ 844,852	\$ 847,082	\$ -	\$ (14,725)	\$ 1,033	\$ -	\$ (14,725)

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

LITTLE FERRY BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018			Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance, June 30, 2019			MEMO	
				(Accounts Receivable)	Uncearned Revenue	Due to Grantor				(Accounts Receivable)	Uncearned Revenue	Due to Grantor	GAAP Receivable	Total Expenditures
State Department of Education														
<i>General Fund:</i>														
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	\$ 2,630,888				\$ 2,379,852	\$ 2,630,888		\$ (251,036)				\$ 2,630,888
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	1,169,828	\$ (102,761)			102,761							
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	1,040,076				940,833	1,040,076		(99,243)			1,040,076	
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	795,218	(69,854)			69,854							
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	319,475				288,991	319,475		(30,484)			319,475	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	51,579	(4,531)			4,531							
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	13,390	(1,176)			1,176							
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	13,390	(1,176)			1,176							
Prof Learning Comm Aid	18-495-034-5120-101	7/1/17-6/30/18	13,430	(1,180)			1,180							
Host District Support Aid	18-495-034-5120-102	7/1/17-6/30/18	1,459	(128)			128							
Total State Aid Public Cluster				(180,806)	-	-	3,790,482	3,990,439	-	(380,763)	-	-	-	3,990,439
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	299,736				271,136	299,736		(28,600)			299,736	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	81,936	(7,198)			7,198							
Additional NonPublic Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	1,289	(1,289)			1,289							
Total Transportation Aid Cluster				(8,487)	-	-	279,623	299,736	-	(28,600)	-	-	-	299,736
Extraordinary Aid	19-100-034-5120-044	7/1/18-6/30/19	310,748					310,748		(310,748)			310,748	
Extraordinary Aid	18-100-034-5120-044	7/1/17-6/30/18	170,621	(170,621)			170,621							
On-Behalf TPAF Pension Contribution	19-495-034-5094-002	7/1/18-6/30/19	1,260,780				1,260,780	1,260,780					1,260,780	
On-Behalf TPAF NCGI Premium	19-495-034-5094-004	7/1/18-6/30/19	26,391				26,391	26,391					26,391	
On-Behalf TPAF Long Term Disability	19-495-034-5094-004	7/1/18-6/30/19	1,007				1,007	1,007					1,007	
On-Behalf TPAF Post Retirement Medical	19-495-034-5094-001	7/1/18-6/30/19	583,859				583,859	583,859					583,859	
Total On-Behalf TPAF Cluster				-	-	-	1,872,037	1,872,037	-	-	-	-	-	1,872,037
Reimbursed TPAF Social Security Contribution	19-495-034-5094-003	7/1/17-6/30/18	465,175				442,423	465,175		(22,752)			\$ (22,752)	465,175
Reimbursed TPAF Social Security Contribution	18-495-034-5094-003	7/1/17-6/30/18	469,293	(23,562)			23,562							
Total Reimbursed Social Security Contribution Cluster				(23,562)	-	-	465,985	465,175	-	(22,752)	-	-	(22,752)	465,175
Total Department of Education/General Fund				(383,476)	-	-	6,578,748	6,938,135	-	(742,863)	-	-	(22,752)	6,938,135
<i>Special Revenue Fund:</i>														
Preschool Education Aid	19-495-034-5120-086	7/1/18-6/30/19	92,400				83,160	92,400		(9,240)			92,400	
Preschool Education Aid	18-495-034-5120-086	7/1/17-6/30/18	92,400	(9,240)			9,240							
Total Special Revenue Fund				(9,240)	-	-	92,400	92,400	-	(9,240)	-	-	-	92,400
<i>Enterprise Fund</i>														
National School Lunch Program (State Share)	19-100-010-3350-023	7/1/18-6/30/19	3,968				3,755	3,968		(213)			(213)	3,968
National School Lunch Program (State Share)	18-100-010-3350-023	7/1/17-6/30/18	4,289	(246)			246							
Total Enterprise Fund				(246)	-	-	4,001	3,968	-	(213)	-	-	(213)	3,968
Total State Financial Assistance Subject to Single Audit Determination				\$ (392,962)	\$ -	\$ -	\$ 6,675,149	\$ 7,034,503	\$ -	\$ (752,316)	\$ -	\$ -	\$ (22,965)	\$ 7,034,503
State Financial Assistance Not Subject to Major Program Determination														
<i>General Fund</i>														
Less: On-Behalf TPAF Pension Contribution							\$ (1,260,780)	\$ (1,260,780)						\$ (1,260,780)
On-Behalf TPAF NCGI Premium							(26,391)	(26,391)						(26,391)
On-Behalf TPAF Long Term Disability Insurance							(1,007)	(1,007)						(1,007)
On-Behalf TPAF Post-Retirement Medical							(583,859)	(583,859)						(583,859)
Total State Financial Assistance Subject to Major Program Determination				\$ (392,962)	\$ -	\$ -	\$ 4,803,112	\$ 5,162,466	\$ -	\$ (752,316)	\$ -	\$ -	\$ (22,965)	\$ 5,162,466

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an a decrease of \$361,486 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 6,576,649	\$ 6,576,649
Special Revenue Fund	\$ 580,677	92,400	673,077
Food Service Fund	<u>266,405</u>	<u>3,968</u>	<u>270,373</u>
Total Awards Financial Assistance	<u>\$ 847,082</u>	<u>\$ 6,673,017</u>	<u>\$ 7,520,099</u>

**LITTLE FERRY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 6 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 \$465,175 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$1,287,171, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$583,859 and TPAF Long-Term Disability Insurance in the amount of \$1,007 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

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

NOTE 8 DE MINIMIS INDIRECT COST RATE

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

LITTLE FERRY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

Internal Control over compliance:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.555</u>	<u>191NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>191NJ304N1099</u>	<u>School Breakfast Program</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

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

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

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

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid

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

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

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

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

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

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

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Education Aid
495-034-5120-084	Security Aid

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

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

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

**LITTLE FERRY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 2019-001

During our test of transactions, it was noted that a principal's entire salary was charged to Improvement of Instructional Services. In addition, the Interim Director of Special Services entire salary was charged to Child Study Team. According to State Department of Education guidelines, principals' and department chairs' full salary must be charged to School Administration unless proper documentation is provided to justify allocation to a specific support function.

State program information:

Equalization Aid	495-034-5120-078
Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Aid – Public Grant Compliance Supplement (Special Tests and Provisions)

Condition:

The entire salary of a principal was allocated to Improvement of Instructional Services. In addition, the Interim Director of Special Services entire salary was charged to Child Study Team. However, regulations require any allocation of administrative salaries to other functions be properly supported.

Questioned Costs:

Unknown.

Context:

Administrative salaries totaling \$246,320 were not budgeted and charged to the proper budget line. The financial statements have been adjusted to report these salaries budgeted (modified budget) and charged to the proper administration budget lines.

Effect:

The District's budget reports may not accurately reflect expenditure classifications in accordance with the Uniform Minimum Chart of Accounts.

Cause:

Certain salary expenditures were not properly budgeted and charged to the proper budget line item accounts in accordance with The Uniform Minimum Chart of Accounts for New Jersey Public Schools.

LITTLE FERRY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (Section .315(a)(b)) and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2018-001:

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

Current Status

Corrective action has been taken.

Finding 2018-002:

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

Current Status

Corrective action has been taken.