

SADDLE RIVER BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Saddle River, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Saddle River Board of Education

Saddle River, New Jersey

For The Fiscal Year Ended June 30, 2011

Prepared by

Business Office

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INTRODUCTORY SECTION

Saddle River Board of Education

Wandell School

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*Dr. David E. Goldblatt
Superintendent/Principal
(201) 327-0727 x207*

*Fred D. Palumbo
Business Administrator/Board Secretary
(201) 327-0727 x202*

November 7, 2011

Honorable President and Members
of the Board of Education
Borough of Saddle River School District
County of Bergen
Saddle River, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Borough of Saddle River School District (District) for the fiscal year ended June 30, 2011, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditors' report, management's discussion and analysis (MD&A) and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual financial statements, notes to the financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 2003 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular OMB 04-04. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) DESCRIPTION OF THE MUNICIPALITY: The Borough of Saddle River is located approximately 20 miles north of the George Washington Bridge in the northwestern section of Bergen County, New Jersey. Incorporated in 1894, the Borough is a small, suburban residential community, with a large number of commuters who take advantage of a reliable commuter transportation system. It is bounded on the north by Upper Saddle River, on the east by Woodcliff Lake and Hillsdale, on the south by Ho-Ho-Kus and Waldwick, and on the west by Allendale. It touches Ramsey at its extreme northwest corner. The Borough of Saddle River encompasses 4.98 square miles with a density factor of approximately 643 persons per square mile, based upon the Borough's 2000 population of 3,201 persons.

The District is served by major transportation routes, including Routes 17, 502 and 507, as well as Interstates 87 and 287, along with a network of other county roads. Metropolitan airports are within fairly easy commuting distance. Nearby rail and bus service for commuting are also available.

2) REPORTING ENTITY AND ITS SERVICES: The Borough of Saddle River School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Borough of Saddle River Board of Education and its school constitute the District's reporting entity.

Wandell, the school district's one school, provides a full range of educational services for its Kindergarten through Grade Five students. A sending/receiving relationship with the Borough of Ramsey School District, located in Ramsey, New Jersey, is utilized for the district's Grades Six through Eight (initiated in September 1998) and Nine through Twelve students. In September 1998, the Saddle River School District also established a sending/receiving relationship with the Northern Highlands Regional High School District, located in Allendale, New Jersey. Under an alternative choice program, Ninth Grade students are allowed to attend either Ramsey or Northern Highlands Regional High School.

The District completed the 2010-2011 fiscal year with an average daily enrollment of 228 students. The following details the changes in the student average daily enrollment of the District over the last five years.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2010-11	228	(3.39%)
2009-10	236	(1.3%)
2008-09	239	4.8%
2007-08	228	(0.87%)
2006-07	230	10.577%

3) MAJOR INITIATIVES:

Wandell Going Green

All students in all grades continued to develop and design an environmentally friendly school to include a school-wide recycling program. Lessons have also been taught on the concept of sustainability.

Academic Support/New Language Arts Program at Wandell

Students in need of additional academic support continued receiving assistance by their classroom teachers in small group or individually during their teachers' weekly preparation periods.

Kindergarten Reading and Language Arts

Rowland Reading's "Superkids" Reading and Language Arts program was introduced in the kindergarten classes to

3) MAJOR INITIATIVES: (Continued)

emphasize language development and handwriting.

Science Curriculum Review

As part of the district's five-year curriculum review, the K-5 science curriculum has been examined in 2010-2011 with the objective of revising and enhancing the current program.

Domestic Drinking Water

Changed the school district's domestic drinking water for students and staff by switching from private wells to the public water system.

Wandell Website

Completely re-designed and re-organized the Wandell School Website at www.wandellschool.org.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2011.

6) ACCOUNTING SYSTEM 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. These funds are explained in "Notes to Financial Statements", Note 1.

7) DEBT ADMINISTRATION: At June 30, 2011, the District had the following debt outstanding: \$450,000 in Bond Principal and \$49,219 in interest, issue date June 15, 2005, for capital project (Wandell Elementary School K-5 Expansion).

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

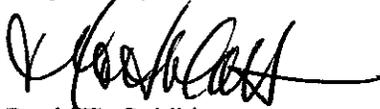
9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Lerch, Vinci & Higgins, L.L.P. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular Letter 04-04. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

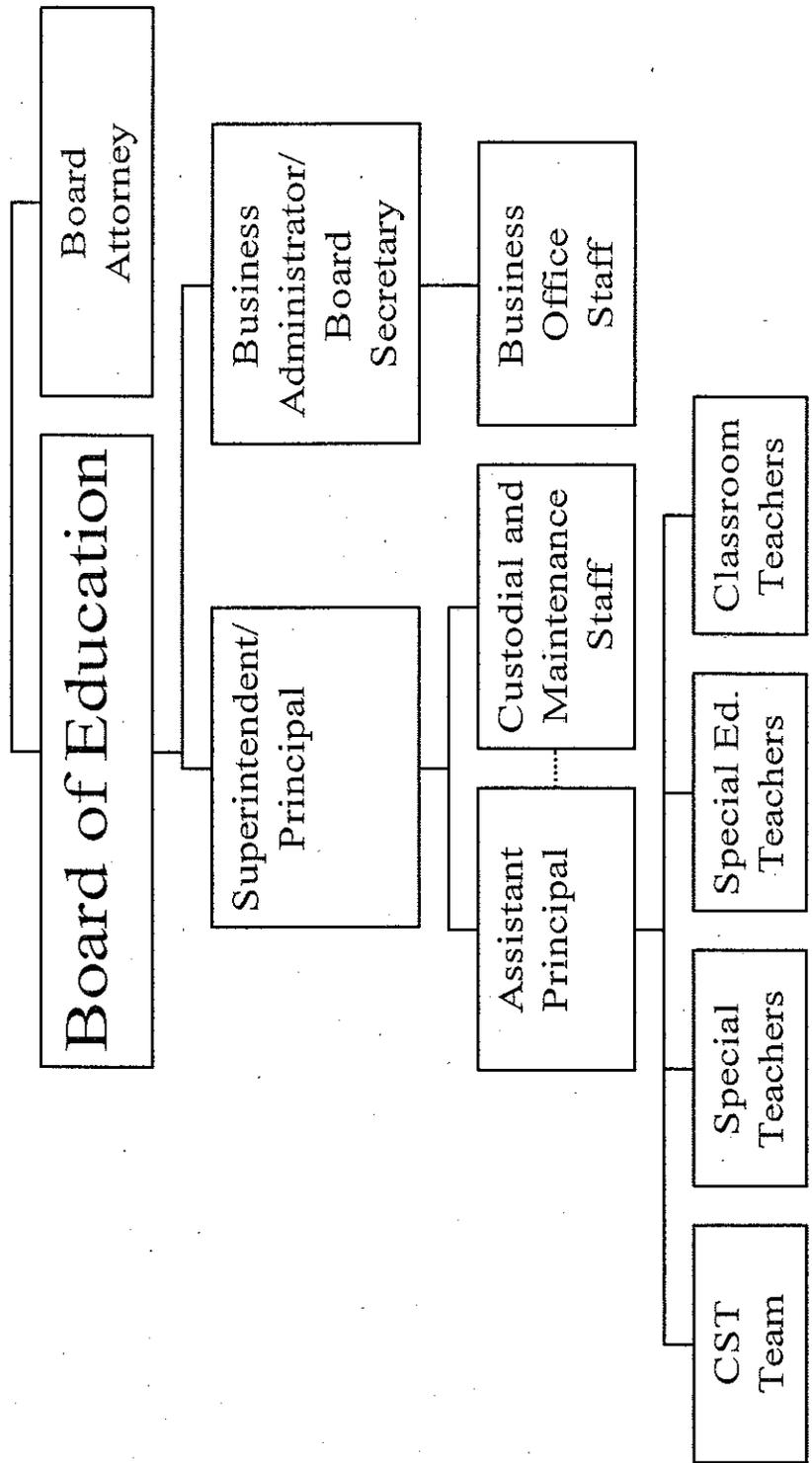


David E. Goldblatt
Superintendent



Fred Palumbo
Business Administrator

*Borough of Saddle River
 Board of Education
 Organization Chart
 (Unit Control)*



SADDLE RIVER BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2011

<u>Members of the Board of Education as of June 30, 2011</u>	<u>Term Expires</u>
Keith Pennell, President	2012
Henry Senger, Vice President	2013
Rosemarie Arnold	2012
Nicholas Barker (7/1/10-7/31/10)	2012
John Lasalandra (8/1/10-6/30/11)	2014
Irene Feldsott	2013

Other Officials

Dr. David Goldblatt, Superintendent/Principal

Fred D. Palumbo, Business Administrator/Board Secretary

Linda Canavan, Treasurer

**SADDLE RIVER BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

Audit Firm

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

Attorney

Wiley Malehorn Sirota and Raynes
250 Madison Avenue
Morristown, NJ 07960

Official Depositories

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Allendale, NJ 07401

State of New Jersey
Cash Management Fund
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FINANCIAL SECTION

LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
RALPH M. PICONE, CPA, RMA, PSA
EDWARD N. KERE, CPA

INDEPENDENT AUDITOR'S REPORT

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

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 Saddle River Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

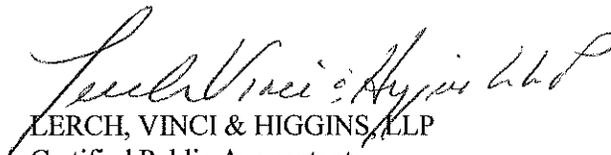
We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Saddle River Board of Education's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 2011 on our consideration of the Saddle River 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saddle River Board of Education's basic financial statements as a whole. The introductory section, combining fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is 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.


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

MANAGEMENT'S DISCUSSION AND ANALYSIS

Saddle River Board of Education

Saddle River, New Jersey

Management's Discussion and Analysis **Year Ended June 30, 2011**

This section of the Saddle River 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, 2011. 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 (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2010-2011 fiscal year are as follows:

- The assets of the governmental activities of the Saddle River Board of Education exceeded its liabilities at the close of the fiscal year by \$4,113,584 (net assets).
- The District's total net assets for governmental activities increased \$23,036.
- Overall governmental activities revenues were \$8,131,293. General revenues accounted for \$7,143,665 or 88% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$987,628 or 12% of total revenues.
- The school district had \$8,108,257 in expenses for governmental activities; only \$987,628 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$7,143,665 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,601,701. Of this amount, \$486,975 is restricted for capital reserve, \$668,798 has been appropriated in the 2011/2012 budget for taxpayer relief, \$231,686 is reserved for taxpayer relief in the 2012/2013 budget and \$167,885 is available for spending at the District's discretion (unassigned fund balance – General Fund).

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 Saddle River Board of Education.

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Saddle River Board of Education's overall financial status.

**Saddle River Board of Education
Saddle River, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2011**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The remaining statements are fund financial statements that focus on individual parts of the Saddle River Board of Education's, reporting the Board's operation in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.

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 Board's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

	Statements	District-Wide Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance, administration and community education	Activities the district operates similar to private businesses:
Required financial Statements	Statements of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Food Service Statement of net assets Statement of revenues, expenses, and changes in fund net assets Statement of cash flows
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
Type of asset/liability information	All assets 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 and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2011

District-Wide Statements

The district-wide statements report information about the Saddle River Board of Education as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the district's assets 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 District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets 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 building 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, administration and community education. 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 Fund 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 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).

**Saddle River Board of Education
Saddle River, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2011**

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 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, as well as 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 assets and a statement of changes in fiduciary net assets. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SADDLE RIVER BOARD OF EDUCATION AS A WHOLE

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

Table A-1 provides a summary of the school district's net assets for 2011 and 2010.

Net assets. The district's combined net assets were \$4,113,584 on June 30, 2011. (See Table A-1).

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2011

Table A-1
Statement of Net Assets
as of June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 1,997,339	\$ 1,909,946	\$ 7,531	\$ 25,628	\$ 2,004,870	\$ 1,935,574
Capital Assets	<u>3,003,180</u>	<u>3,134,661</u>	<u>17,180</u>	<u>20,240</u>	<u>3,020,360</u>	<u>3,154,901</u>
Total Assets	<u>5,000,519</u>	<u>5,044,607</u>	<u>24,711</u>	<u>45,868</u>	<u>5,025,230</u>	<u>5,090,475</u>
Noncurrent Liabilities	521,049	750,160			521,049	750,160
Other Liabilities	<u>384,916</u>	<u>222,929</u>	<u>5,681</u>	<u>4,679</u>	<u>390,597</u>	<u>227,608</u>
Total Liabilities	<u>905,965</u>	<u>973,089</u>	<u>5,681</u>	<u>4,679</u>	<u>911,646</u>	<u>977,768</u>
Net Assets						
Invested in capital assets, net of related debt	2,534,255	2,618,318	17,180	20,240	2,551,435	2,638,558
Restricted	503,975	483,096			503,975	483,096
Unrestricted	<u>1,056,324</u>	<u>970,104</u>	<u>1,850</u>	<u>20,949</u>	<u>1,058,174</u>	<u>991,053</u>
Total Net Assets	<u>\$ 4,094,554</u>	<u>\$ 4,071,518</u>	<u>\$ 19,030</u>	<u>\$ 41,189</u>	<u>\$ 4,113,584</u>	<u>\$ 4,112,707</u>

Table A-2 on the following page shows changes in net assets for fiscal years 2011 and 2010.

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2011

Table A-2
Change in Net Assets
For The Fiscal Years Ended June 30, 2011 and 2010

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues						
Charges for Services	\$ 131,796	\$ 151,411	\$ 82,089	\$ 75,962	\$ 213,885	\$ 227,373
Operating and Capital Grants and Contributions	855,832	1,053,589			855,832	1,053,589
General Revenues						
Property Taxes	7,117,487	6,787,780			7,117,487	6,787,780
Investment Earnings	10,337	10,025	176	238	10,513	10,263
Miscellaneous	15,841	11,865	-	-	15,841	11,865
Total Revenues	8,131,293	8,014,670	82,265	76,200	8,213,558	8,090,870
Expenses						
Instruction						
Regular	4,651,921	4,624,070			4,651,921	4,624,070
Special Education	646,322	604,098			646,322	604,098
Other Instruction		91			-	91
School Sponsored Activities and Athletics	42,226	54,132			42,226	54,132
Support Services						
Student and Instruction Related Services	1,466,465	1,436,834			1,466,465	1,436,834
General Administrative Services	155,121	123,582			155,121	123,582
School Administrative Services	82,222	24,560			82,222	24,560
Plant Operations and Maintenance	378,541	422,800			378,541	422,800
Pupil Transportation	405,483	416,787			405,483	416,787
Business Services	259,941	272,102			259,941	272,102
Interest on Long-Term Debt	20,015	23,949			20,015	23,949
Food Services	-	-	104,424	72,961	104,424	72,961
Total Expenses	8,108,257	8,003,005	104,424	72,961	8,212,681	8,075,966
Change in Net Assets	23,036	11,665	(22,159)	3,239	877	14,904
Net Assets, Beginning of Year	4,071,518	4,059,853	41,189	37,950	4,112,707	4,097,803
Net Assets, End of Year	\$ 4,094,554	\$ 4,071,518	\$ 19,030	\$ 41,189	\$ 4,113,584	\$ 4,112,707

**Saddle River Board of Education
Saddle River, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2011**

Governmental Activities. The District's total revenues were \$8,131,293. The local share of the revenues for property taxes amounted to \$7,117,487 or 87% of total revenues. Funding from program charges and state and federal sources amounted to \$987,628 or 12%. The remaining revenues totaling \$26,178 less than 1% of total revenues includes investment earnings and other miscellaneous revenues. (See Figure A-2).

The District's total expenses of \$8,108,257 are predominantly related to instruction and support services. Instruction totaled \$5,340,469 (66%) and student and instruction related services exclusive of interest on long-term debt totaled \$2,747,773 (34%) of total expenditures. (See Figure A-3)

Figure A-2 Revenues by Sources – Governmental Activities
For Fiscal Year 2011

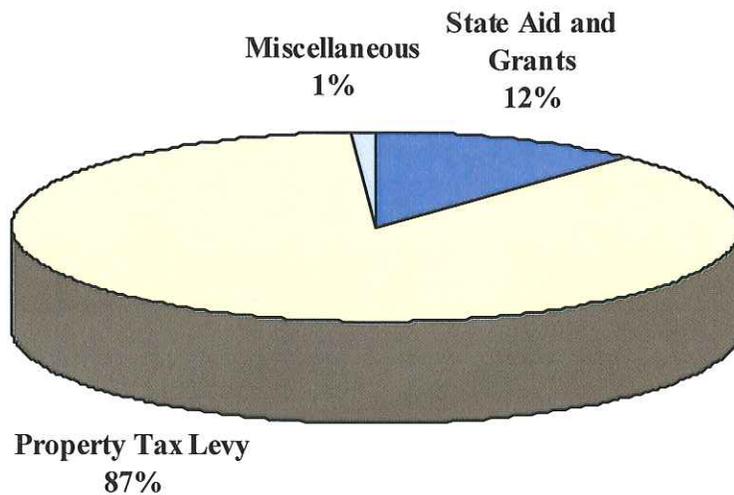
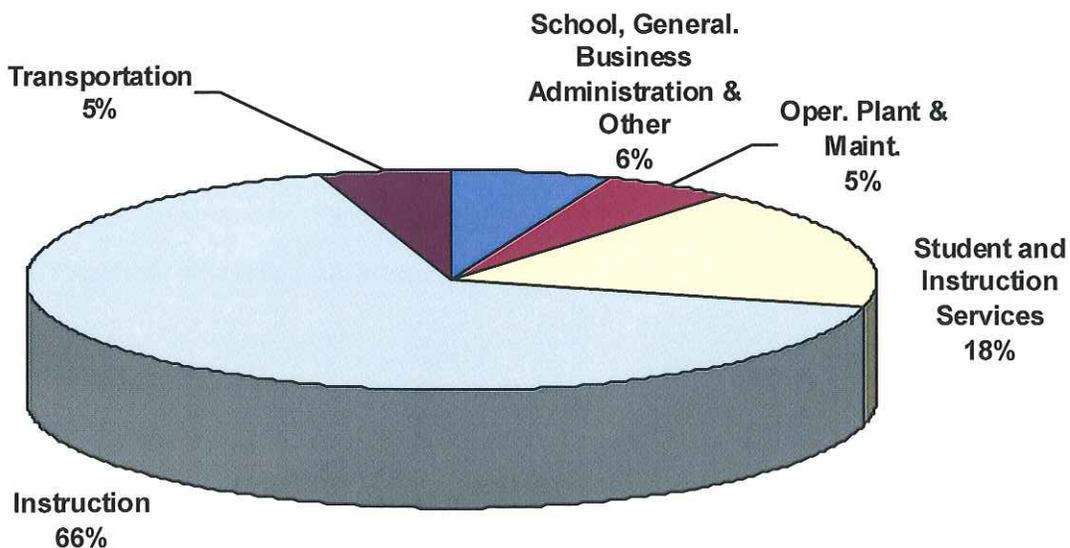


Figure A-3 Expenses by Function – Governmental Activities
For Fiscal Year 2011



**Saddle River Board of Education
Saddle River, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2011**

**Table A-3
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2011 and 2010**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Governmental Activities				
Instruction				
Regular	\$ 4,651,921	\$ 4,624,070	\$ 4,155,077	\$ 4,134,951
Special Education	646,322	604,098	341,998	183,229
Other Instruction		91		91
School Sponsored Activities and Athletics	42,226	54,132	38,175	54,132
Support Services				
Student and Instruction Related Services	1,466,465	1,436,834	1,325,007	1,312,208
General Administrative Services	155,121	123,582	155,121	117,375
School Administrative Services	82,222	24,560	71,803	18,353
Plant Operations and Maintenance	378,541	422,800	375,901	405,991
Pupil Transportation	405,483	416,787	377,591	290,410
Business Services	259,941	272,102	259,941	257,316
Interest	20,015	23,949	20,015	23,949
Total	<u>\$ 8,108,257</u>	<u>\$ 8,003,005</u>	<u>\$ 7,120,629</u>	<u>\$ 6,798,005</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2011 was \$104,424. These costs were funded by charges for services and investment earnings (Detailed on Table A-2).

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

**Saddle River Board of Education
Saddle River, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2011**

Governmental Funds (Continued)

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$1,601,701. At June 30, 2010, the fund balance was \$1,673,204.

Revenues for the District's governmental funds were \$8,131,293 while total expenditures were \$8,202,796.

General Fund - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students for grades K through 5 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues.

General Fund Revenues

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources:				
Property Taxes	\$ 7,005,831	\$ 6,672,220	\$ 333,611	5.0%
Tuition	131,796	151,411	(19,615)	-13.0%
Investment Earnings	10,337	10,025	312	3.1%
Miscellaneous	15,841	11,865	3,976	33.5%
Intergovernmental				
Federal/State Sources	<u>531,461</u>	<u>784,780</u>	<u>(253,319)</u>	-32.3%
 Total Revenues	 <u>\$ 7,695,266</u>	 <u>\$ 7,630,301</u>	 <u>\$ 64,965</u>	 0.9%

**Saddle River Board of Education
Saddle River, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2011**

The following schedule presents a summary of General Fund expenditures.

General Fund Expenditures

	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 5,199,724	\$ 4,953,480	\$ 246,244	4.97%
Student & Instruction Related	1,301,275	1,367,353	(66,078)	-4.83%
School, General & Business Administration	483,918	455,375	28,543	6.27%
Plant Operations & Transportation	768,402	823,965	(55,563)	-6.74%
Capital Outlay	<u>13,450</u>	<u>-</u>	<u>13,450</u>	<u>N/A</u>
 Total Expenditures	 <u>\$ 7,766,769</u>	 <u>\$ 7,600,173</u>	 <u>\$ 166,596</u>	 2.19%

Total General Fund expenditures increased by \$166,596 or 2.19% from the previous year.

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$324,371 for the year ended June 30, 2011. Federal sources accounted for the majority of Special Revenue Fund's revenue and represented 69% of the total revenue for the year.

Total Special Revenue Fund revenues increased \$55,562 or 21% from the previous year. State sources decreased \$8,979 or 15%, Federal sources increased \$101,992 or 84% and local sources decreased \$37,451 or 42%.

Expenditures of the Special Revenue Fund were \$324,371. Instructional expenditures were \$182,913 or 56% of the expenditures. The remaining \$141,458 (44%) was expenditures for student and instruction related services.

Capital Projects – There were no capital projects revenues in the 2010/2011 school year.

Proprietary Funds

The District maintains an Enterprise Fund to account for activities which are supported in part through user fees.

Enterprise Fund - The District uses an Enterprise Fund to report activities related to the Food Service program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

**Saddle River Board of Education
Saddle River, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2011**

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories

- Implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over, and appropriating unanticipated additional state aid.
- Increases in the cost relating to student related services.
- Increased cost in providing instruction.

Capital Assets. At the end of the fiscal year 2011, the school district had invested in land, land improvements, buildings, furniture, machinery and equipment for governmental activities as stated in Table A-4 as follows:

	<u>2011</u>	<u>2010</u>
Land	\$ 3,483	\$ 3,483
Land Improvements	214,190	214,190
Building and Building Improvements	4,103,600	4,103,600
Machinery and Equipment	<u>711,562</u>	<u>698,112</u>
 Total	 5,032,835	 5,019,385
 Less: Accumulated Depreciation	 <u>(2,029,655)</u>	 <u>(1,884,724)</u>
 Total	 <u>\$ 3,003,180</u>	 <u>\$ 3,134,661</u>

Additional information about the district's capital assets can be found in the notes of this report.

Debt Administration. As of June 30, 2011 the school district had outstanding long-term liabilities in the amount of \$521,049.

**Saddle River Board of Education
Saddle River, New Jersey**

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2011**

**Table A-5
Long-Term Debt
Outstanding Long-Term Liabilities**

	<u>2011</u>	<u>2010</u>
Bonds Payable	\$ 450,000	\$ 540,000
Obligations for Student Sending Agreement		139,111
Compensated Absences Payable	<u>71,049</u>	<u>71,049</u>
Total	<u>\$ 521,049</u>	<u>\$ 750,160</u>

Additional information about the district's long-term liabilities can be found in the notes of this report.

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 Fred Palumbo, Business Administrator, Saddle River Board of Education, 97 East Allendale Road, Saddle River, New Jersey 07458.

BASIC FINANCIAL STATEMENTS

SADDLE RIVER BOARD OF EDUCATION
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,854,509	\$ 6,455	\$ 1,860,964
Receivables, net			
Receivables from Other Governments	123,905		123,905
Inventory		1,076	1,076
Deferred Charge	18,925		18,925
Capital Assets, Not Being Depreciated	3,483		3,483
Capital Assets, Net of Depreciation	<u>2,999,697</u>	<u>17,180</u>	<u>3,016,877</u>
 Total Assets	 <u>5,000,519</u>	 <u>24,711</u>	 <u>5,025,230</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	179,328	5,681	185,009
Payable to State Government	9,937		9,937
Payable to Federal Government	2,071		2,071
Unearned Revenue	185,377		185,377
Accrued Interest	8,203		8,203
Noncurrent Liabilities			
Due Within One Year	90,000		90,000
Due Beyond One Year	<u>431,049</u>	<u>-</u>	<u>431,049</u>
 Total Liabilities	 <u>905,965</u>	 <u>5,681</u>	 <u>911,646</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,534,255	17,180	2,551,435
Restricted for			
Capital Projects	486,975		486,975
Other Purpose	17,000		17,000
Unrestricted	<u>1,056,324</u>	<u>1,850</u>	<u>1,058,174</u>
 Total Net Assets	 <u>\$ 4,094,554</u>	 <u>\$ 19,030</u>	 <u>\$ 4,113,584</u>

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

**SADDLE RIVER BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
Governmental Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Instruction							
Regular	\$ 4,651,921	\$ 131,796	\$ 365,048		\$ (4,155,077)		\$ (4,155,077)
Special Education	646,322		304,324		(341,998)		(341,998)
School Sponsored Activities and Athletics	42,226		4,051		(38,175)		(38,175)
Support Services							
Student and Instruction Related Services	1,466,465		141,458		(1,325,007)		(1,325,007)
General Administrative Services	155,121				(155,121)		(155,121)
School Administrative Services	82,222		10,419		(71,803)		(71,803)
Plant Operations and Maintenance	378,541		2,640		(375,901)		(375,901)
Pupil Transportation	405,483		27,892		(377,591)		(377,591)
Business Services	259,941				(259,941)		(259,941)
Interest	20,015				(20,015)		(20,015)
Total Governmental Activities	8,108,257	131,796	855,832	-	(7,120,629)	-	(7,120,629)
Business-Type Activities							
Food Service	104,424	82,089				\$ (22,335)	(22,335)
Total Business-Type Activities	104,424	82,089	-	-	-	(22,335)	(22,335)
Total Primary Government	\$ 8,212,681	\$ 213,885	\$ 855,832	\$ -	(7,120,629)	(22,335)	(7,142,964)
General Revenues							
Property Taxes					7,117,487	176	7,117,487
Investment Earnings					10,337		10,337
Miscellaneous Income					15,841		15,841
Total General Revenues					7,143,665	176	7,143,841
Change in Net Assets					23,036	(22,159)	877
Net Assets, Beginning of Year					4,071,518	41,189	4,112,707
Net Assets, End of Year					\$ 4,094,554	\$ 19,030	\$ 4,113,584

FUND FINANCIAL STATEMENTS

**SADDLE RIVER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,782,955	\$ 71,554		\$ 1,854,509
Receivables				
Intergovernmental	<u>11,118</u>	<u>112,787</u>	<u>-</u>	<u>123,905</u>
Total Assets	<u>\$ 1,794,073</u>	<u>\$ 184,341</u>	<u>\$ -</u>	<u>\$ 1,978,414</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	\$ 177,681	\$ 1,647		\$ 179,328
Payable to Federal Government		2,071		2,071
Payable to State Government		9,937		9,937
Deferred Revenue	<u>14,691</u>	<u>170,686</u>	<u>-</u>	<u>185,377</u>
Total Liabilities	<u>192,372</u>	<u>184,341</u>	<u>-</u>	<u>376,713</u>
Fund Balances				
Restricted Fund Balance				
Reserved Excess Surplus-Designated for Subsequent Year's Expenditures	208,933			208,933
Reserved Excess Surplus	231,686			231,686
Capital Reserve	486,975			486,975
Maintenance Reserve	17,000			17,000
Committed Fund Balance				
Year-End Encumbrances	17,100			17,100
Assigned Fund Balance				
Year-End Encumbrances	12,257			12,257
Designated for Subsequent Year's Expenditures	459,865			459,865
Unassigned Fund Balance	<u>167,885</u>	<u>-</u>	<u>-</u>	<u>167,885</u>
Total Fund Balances	<u>1,601,701</u>	<u>-</u>	<u>-</u>	<u>1,601,701</u>
Total Liabilities and Fund Balances	<u>\$ 1,794,073</u>	<u>\$ 184,341</u>	<u>\$ -</u>	

**Amounts reported for governmental activities in the statement of
net assets (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 \$5,032,835 and the accumulated depreciation is \$2,029,655. 3,003,180

The District has financed capital assets through the issuance of Serial Bonds. The interest accrual at year end is: (8,203)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of the following:

General Obligation Bonds Payable	\$ 450,000	
Deferred Charge for Bond Issuance Costs	(18,925)	
Compensated Absences Payable	<u>71,049</u>	
		<u>(502,124)</u>

Net assets of governmental activities (Exhibit A-1) \$ 4,094,554

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

**SADDLE RIVER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local Sources				
Local Property Tax Levy	\$ 7,005,831		\$ 111,656	\$ 7,117,487
Tuition	131,796			131,796
Interest	10,337			10,337
Miscellaneous	15,841	\$ 50,738	-	66,579
Total - Local Sources	<u>7,163,805</u>	<u>50,738</u>	<u>111,656</u>	<u>7,326,199</u>
State Sources	531,461	50,604		582,065
Federal Sources	-	223,029	-	223,029
Total Revenues	<u>7,695,266</u>	<u>324,371</u>	<u>111,656</u>	<u>8,131,293</u>
EXPENDITURES				
Current				
Regular Instruction	4,645,774	59,556		4,705,330
Special Education Instruction	511,724	123,357		635,081
School-Sponsored Activities and Athletics	42,226			42,226
Support Services and Undistributed Costs				
Student and Instruction Related Services	1,301,275	141,458		1,442,733
General Administrative Services	147,837			147,837
School Administrative Services	80,903			80,903
Plant Operations and Maintenance	370,674			370,674
Pupil Transportation	397,728			397,728
Business Services	255,178			255,178
Debt Service				
Principal			90,000	90,000
Interest			21,656	21,656
Capital Outlay	13,450	-	-	13,450
Total Expenditures	<u>7,766,769</u>	<u>324,371</u>	<u>111,656</u>	<u>8,202,796</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(71,503)</u>	<u>-</u>	<u>-</u>	<u>(71,503)</u>
Net Change in Fund Balances	(71,503)	-	-	(71,503)
Fund Balance, Beginning of Year	<u>1,673,204</u>	<u>-</u>	<u>-</u>	<u>1,673,204</u>
Fund Balance, End of Year	<u>\$ 1,601,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,601,701</u>

**SADDLE RIVER 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, 2011**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ (71,503)**

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 depreciation expense exceeds capital outlay in the current period.

Capital Outlay	\$ 13,450	
Depreciation Expense	<u>(144,931)</u>	
		(131,481)

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal Repayments - General Obligation Bonds	90,000	
Decrease in Obligations for Student Sending Agreement	<u>139,111</u>	
		229,111

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details are as follows:

Decrease in Accrued Interest	1,641	
Amortization of Deferred Charge on Bond Issuance Costs	<u>(4,732)</u>	
		<u>(3,091)</u>

Change in net assets of governmental activities (Exhibit A-2) **\$ 23,036**

**SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET ASSETS
 AS OF JUNE 30, 2011**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash	\$ 6,455
Inventory	<u>1,076</u>
Total Current Assets	<u>7,531</u>
Capital Assets	
Machinery and Equipment	52,002
Less: Accumulated Depreciation	<u>34,822</u>
Total Capital Assets, Net of Depreciation	<u>17,180</u>
Total Assets	<u>24,711</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>5,681</u>
Total Current Liabilities	<u>5,681</u>
NET ASSETS	
Investment in Capital Assets	17,180
Unrestricted	<u>1,850</u>
Total Net Assets	<u><u>\$ 19,030</u></u>

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

**SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET ASSETS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 82,089
	<hr/>
Total Operating Revenues	82,089
	<hr/>
OPERATING EXPENSES	
Salaries and Benefits	52,533
Cost of Sales	37,939
Management Fee	8,000
Miscellaneous Expenses	684
Supplies and Materials	2,208
Depreciation Expense	3,060
	<hr/>
Total Operating Expenses	104,424
	<hr/>
Operating Income	(22,335)
	<hr/>
NONOPERATING REVENUES	
Interest and Investment Revenue	176
	<hr/>
Total Nonoperating Revenues	176
	<hr/>
Change in Net Assets	(22,159)
	<hr/>
Net Assets, Beginning of Year	41,189
	<hr/>
Net Assets, End of Year	\$ 19,030
	<hr/> <hr/>

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

**SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 82,089
Cash Payments to Suppliers for Goods and Services	<u>(100,472)</u>
Net Cash Used by Operating Activities	<u>(18,383)</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>176</u>
Net Cash Provided by Investing Activities	<u>176</u>
Net Decrease in Cash	(18,207)
Cash, Beginning of Year	<u>24,662</u>
Cash, End of Year	<u><u>\$ 6,455</u></u>
Reconciliation of Operating (Loss) to Net Cash Used by Operating Activities	
Operating Income (Loss)	\$ <u>(22,335)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	3,060
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	(110)
Increase/(Decrease) in Accounts Payable	<u>1,002</u>
Total Adjustments	<u>3,952</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (18,383)</u></u>

**SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
AS OF JUNE 30, 2011**

	<u>Unemployment Compensation Trust</u>	<u>Donations Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash	\$ 22,205	\$ 2,534	\$ 30,412
Due from Other Funds	<u>1,501</u>	<u>-</u>	<u>-</u>
Total Assets	<u>23,706</u>	<u>2,534</u>	<u>\$ 30,412</u>
LIABILITIES			
Accounts Payable	28		\$ 295
Due to Other Funds			1,501
Payroll Deductions and Withholdings			18,715
Due to Student Groups	<u>-</u>	<u>-</u>	<u>9,901</u>
Total Liabilities	<u>28</u>	<u>-</u>	<u>\$ 30,412</u>
NET ASSETS			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 23,678</u>	<u>\$ 2,534</u>	

**SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Unemployment Compensation Trust</u>	<u>Donations Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 6,415	
Other		\$ 3,878
Investment Earnings		
Interest	<u>189</u>	<u>23</u>
Total Additions	<u>6,604</u>	<u>3,901</u>
DEDUCTIONS		
Student and Instruction Related Expenses		4,276
Unemployment Claims and Contributions	<u>7,353</u>	<u>-</u>
Total Deductions	<u>7,353</u>	<u>4,276</u>
Change in Net Assets	(749)	(375)
Net Assets, Beginning of Year	<u>24,427</u>	<u>2,909</u>
Net Assets, End of Year	<u>\$ 23,678</u>	<u>\$ 2,534</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Saddle River 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 five 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 Saddle River 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. Basic Financial Statements

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements report information on all of the nonfiduciary activities of the Board of Education. 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 assets, 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.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basic Financial Statements (Continued)

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

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

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 and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. 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.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

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 and state financial programs.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental 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.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

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.

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.

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

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

D. Assets, Liabilities and Net Assets or Equity

1. *Deposits 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.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

2. *Receivables and Payables*

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".

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

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 2009-2010 and 2010-2011 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.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is 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 revenues. 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. *Inventories*

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

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market 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.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

4. *Capital Assets (Continued)*

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.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

5. *Compensated Absences*

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

6. *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 assets. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt using the effective interest method.

7. *Fund Equity*

Beginning with fiscal year 2011, the District implemented GASB Statement 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.

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.

SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets or Equity (Continued)

7. *Fund Equity* (Continued)

Restricted Fund Balance (Continued)

Reserved Excess Surplus – Designated for Subsequent Year’s Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2010 audited excess surplus that was appropriated in the 2011/2012 original budget certified for taxes.

Reserved Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2011 audited excess surplus that is required to be appropriated in the 2012/2013 original budget certified for taxes.

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

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

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

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

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

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

Designated for Subsequent Year’s Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

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

8. *Reclassifications*

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

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. 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 2010/2011. During 2010/2011 the Board increased the original general fund budget by \$41,916. The increase was funded by the reappropriation of prior year general fund encumbrances. The Board increased the 2010/2011 original special revenue fund by \$111,912 which was funded by grant awards.

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 an unfavorable variances.

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Instruction - Regular Programs			
Grades 1-5 Salaries of Teachers	\$ 1,419,229	\$ 1,426,672	\$ (7,443)

The above variance was offset with other available resources.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

A capital reserve account was established by the District on October 12, 2000. 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, 2011 is as follows:

Balance, July 1, 2010	\$ 483,096
Increases	
Interest Earnings	<u>3,879</u>
Balance, June 30, 2011	<u>\$ 486,975</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects is \$1,907,964.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved 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 reserve 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, 2011 is \$440,619. Of this amount, \$208,933 was designated and appropriated in the 2011/2012 original budget certified for taxes and the remaining amount of \$231,686 will be appropriated in the 2012/2013 original budget certified for taxes.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), 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 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$1,916,115 and bank balances of the Board's cash and deposits amounted to \$2,070,293. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 1,894,560
Uninsured and Collateralized	<u>175,733</u>
	<u>\$ 2,070,293</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk.. As of June 30, 2011 the Board's bank balance of \$175,733 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>\$ 175,733</u>
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Investments

As of June 30, 2011, the Board had no outstanding investments.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

B. Receivables

Receivables as of June 30, 2011 for the district's individual major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Intergovernmental	\$ 11,118	\$ 112,787	\$ 123,905
Gross Receivables	11,118	112,787	123,905
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 11,118</u>	<u>\$ 112,787</u>	<u>\$ 123,905</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
General Fund	
Preschool Tuition Charges	\$ 4,000
Unencumbered Restricted Federal Aid	10,691
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>170,686</u>
 Total Deferred Revenue for Governmental Funds	 <u>\$185,377</u>

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance, <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2011</u>
Governmental Activities:				
Land	\$ 3,483	-	-	\$ 3,483
Total assets not being depreciated	<u>3,483</u>	<u>-</u>	<u>-</u>	<u>3,483</u>
Capital assets, not being depreciated:				
Land Improvements	214,190			214,190
Building and Building Improvements	4,103,600			4,103,600
Machinery and Equipment	<u>698,112</u>	<u>\$ 13,450</u>	<u>-</u>	<u>711,562</u>
Total assets being depreciated	<u>5,015,902</u>	<u>13,450</u>	<u>-</u>	<u>5,029,352</u>
Less accumulated depreciation for:				
Land Improvements	(190,781)	(11,983)		(202,764)
Building and Building Improvements	(1,214,463)	(87,044)		(1,301,507)
Machinery and Equipment	<u>(479,480)</u>	<u>(45,904)</u>	<u>-</u>	<u>(525,384)</u>
Total accumulated depreciation	<u>(1,884,724)</u>	<u>(144,931)</u>	<u>-</u>	<u>(2,029,655)</u>
Total assets, being depreciated, net	<u>3,131,178</u>	<u>(131,481)</u>	<u>-</u>	<u>2,999,697</u>
Governmental Activities Capital Assets, Net	<u>\$ 3,134,661</u>	<u>\$ (131,481)</u>	<u>\$ -</u>	<u>\$ 3,003,180</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 52,002	-	-	\$ 52,002
Total capital assets being depreciated	<u>52,002</u>	<u>-</u>	<u>-</u>	<u>52,002</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>(31,762)</u>	<u>\$ (3,060)</u>	<u>-</u>	<u>(34,822)</u>
Total accumulated depreciation	<u>(31,762)</u>	<u>(3,060)</u>	<u>-</u>	<u>(34,822)</u>
Total capital assets, being depreciated, net	<u>20,240</u>	<u>(3,060)</u>	<u>-</u>	<u>17,180</u>
Business-Type Activities Capital Assets, Net	<u>\$ 20,240</u>	<u>\$ (3,060)</u>	<u>\$ -</u>	<u>\$ 17,180</u>

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 85,702
Special Education	11,241
Total Instruction	<u>96,943</u>

Support Services

Student and Instruction Related Services	23,732
General Administration	2,552
School Administration	1,319
Operations and Maintenance of Plant	7,867
Transportation	7,755
Business Services	4,763
Total Support Services	<u>47,988</u>

Total Depreciation Expense - Governmental Activities	<u>\$ 144,931</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 3,060</u>
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D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>\$ 1,501</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund.

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

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2011 are comprised of the following issues:

\$900,000, 2005 Bonds, due in annual installments of \$90,000 through August 1, 2015, interest at 4.375%	<u>\$450,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

<u>Year Ending</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 90,000	\$ 17,719	\$ 107,719
2013	90,000	13,781	103,781
2014	90,000	9,844	99,844
2015	90,000	5,906	95,906
2016	90,000	1,969	91,969
	<u>\$ 450,000</u>	<u>\$ 49,219</u>	<u>\$ 499,219</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

2.5% of Equalized Valuation Basis (Municipal)	\$ 66,937,450
Less: Net Debt	<u>450,000</u>
Remaining Borrowing Power	<u>\$ 66,487,450</u>

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Balance,</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2011</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Obligation for Modification of Student Sending Agreement	\$ 139,111		\$ 139,111		
Bonds Payable	540,000		90,000	\$ 450,000	\$ 90,000
Compensated Absences	<u>71,049</u>	<u>-</u>	<u>-</u>	<u>71,049</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 750,160</u>	<u>\$ -</u>	<u>\$ 229,111</u>	<u>\$ 521,049</u>	<u>\$ 90,000</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

The relationship between the Board and the insurance 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.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

<u>Fiscal Year</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 6,415	\$ 7,353	\$ 23,678
2010	4,526	7,874	24,427
2009	4,335		27,567

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, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District has not estimated its arbitrage earnings due to the IRS, if any.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

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. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

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 and are considered in the annual actuarial calculation of the required State contribution for the system.

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, 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.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

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, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. 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.

Significant Legislation

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

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

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

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2011	\$ 61,539	\$ 7,101	\$ 2,283
2010	48,401	7,632	
2009	35,432	6,977	

During the last three fiscal years, the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$7,101, \$7,632 and \$6,977 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$171,334 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program 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. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

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

Actuarial Methods and Assumptions

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$150,817, \$143,349 and \$133,103, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 7,005,831		\$ 7,005,831	\$ 7,005,831	
Preschool Tuition	120,000		120,000	131,796	\$ 11,796
Interest	6,000		6,000	6,458	458
Interest on Capital Reserve	6,000		6,000	3,879	(2,121)
Miscellaneous	5,000	-	5,000	15,841	10,841
Total Local Sources	<u>7,142,831</u>	<u>-</u>	<u>7,142,831</u>	<u>7,163,805</u>	<u>20,974</u>
State Sources					
Additional Nonpublic Transportation Aid				10,992	10,992
Extraordinary Aid	93,107		93,107	187,721	94,614
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				7,101	7,101
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				150,817	150,817
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	171,334	171,334
Total State Sources	<u>93,107</u>	<u>-</u>	<u>93,107</u>	<u>527,965</u>	<u>434,858</u>
Total Revenues	<u>7,235,938</u>	<u>-</u>	<u>7,235,938</u>	<u>7,691,770</u>	<u>455,832</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	143,773	\$ (2,295)	141,478	139,192	2,286
Kindergarten	163,702	13,779	177,481	177,166	315
Grades 1-5 - Salaries of Teachers	1,420,375	(1,146)	1,419,229	1,426,672	(7,443)
Regular Programs - Undistributed Instruction					
Purchased Professional/Educational Services	15,000	9,138	24,138	24,125	13
Purchased Technical Services	5,000	(430)	4,570	4,570	
Other Purchased Services	25,900	(2,760)	23,140	22,938	202
General Supplies	91,445	(6,286)	85,159	81,970	3,189
Textbooks	10,000	(10,000)			
Other Objects	1,000	-	1,000	25	975
Total Regular Programs	<u>1,876,195</u>	<u>-</u>	<u>1,876,195</u>	<u>1,876,658</u>	<u>(463)</u>

Continued

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 176,166	\$ 2,189	\$ 178,355	\$ 178,355	-
Total Resource Room/Resource Center	176,166	2,189	178,355	178,355	-
Total Special Education	176,166	2,189	178,355	178,355	-
Basic Skills/Remedial					
General Supplies					
	1,100	(1,100)	-	-	-
Total Basic Skills/Remedial	1,100	(1,100)	-	-	-
School Sponsored Co/Extracurricular Activities-Instruction					
Salaries	5,000	(4,960)	40		\$ 40
Purchased Services	2,500	(2,500)			
Supplies and Materials	2,000	(1,838)	162	162	
Other Objects	1,000	(720)	280	280	-
Total Co/Extracurricular Activities-Instruction	10,500	(10,018)	482	442	40
School Sponsored Athletics-Instruction					
Salaries	7,500	13,150	20,650	20,650	
Purchased Services	5,000	(770)	4,230	4,210	20
Supplies and Materials	3,000	374	3,374	2,884	490
Other Objects	4,000	1,160	5,160	5,160	-
Total School Sponsored Athletics-Instruction	19,500	13,914	33,414	32,904	510
Total Instruction	2,083,461	4,985	2,088,446	2,088,359	87
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	2,159,121		2,159,121	2,041,503	117,618
Tuition to Other LEAs Within the State - Special	136,630	(4,856)	131,774	31,845	99,929
Tuition to Co. Voc. School Dist. - Regular	63,600	18,390	81,990	81,990	
Tuition to CSSD & Reg. Day Schools	165,800	42,654	208,454	187,315	21,139
Tuition to Priv. School for the Disabled W/I State	194,759	(164,924)	29,835	22,410	7,425
Tuition - Other	25,000	-	25,000	15,103	9,897
Total Undistributed Expenditures - Instruction	2,744,910	(108,736)	2,636,174	2,380,166	256,008

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Health Services					
Salaries	\$ 66,498	\$ 2,450	\$ 68,948	\$ 68,948	
Purchased Professional and Technical Services	3,000	(375)	2,625	2,496	\$ 129
Other Purchased Services	150		150	110	40
Supplies and Materials	750	(500)	250	238	12
Other Objects	100	-	100	75	25
Total Health Services	<u>70,498</u>	<u>1,575</u>	<u>72,073</u>	<u>71,867</u>	<u>206</u>
Speech, OT, PT and Related Services					
Salaries	46,114	(6,222)	39,892	39,892	
Purchased Professional-Educational Services	125,000	(22,100)	102,900	66,909	35,991
Supplies and Materials	750		750	203	547
Other Objects	600	-	600	-	600
Total Speech, OT, PT and Related Services	<u>172,464</u>	<u>(28,322)</u>	<u>144,142</u>	<u>107,004</u>	<u>37,138</u>
Other Support Serv. Students - Extra. Svcs.					
Salaries	164,128	95,073	259,201	238,791	20,410
Purchased Professional-Educational Services	130,000	(13,480)	116,520	65,839	50,681
Total Other Support Serv. Students - Related Serv.	<u>294,128</u>	<u>81,593</u>	<u>375,721</u>	<u>304,630</u>	<u>71,091</u>
Guidance					
Salaries of Other Professional Staff	7,500	(2,472)	5,028	-	5,028
Supplies and Materials	2,500	911	3,411	3,410	1
Total Guidance	<u>10,000</u>	<u>(1,561)</u>	<u>8,439</u>	<u>3,410</u>	<u>5,029</u>
Child Study Teams					
Salaries of Other Professional Staff	104,074	656	104,730	104,729	1
Salaries of Secretarial and Clerical Assistants	58,400	714	59,114	59,113	1
Purchased Professional/Educational Services	3,000	3,449	6,449	6,449	
Other Purchased Professional and Tech. Services	15,500	(3,884)	11,616	11,117	499
Miscellaneous Purchased Services	500	(500)			
Supplies and Materials	1,500	(356)	1,144	1,143	1
Other Objects	1,000	-	1,000	540	460
Total Child Study Teams	<u>183,974</u>	<u>79</u>	<u>184,053</u>	<u>183,091</u>	<u>962</u>
Improvement of Instructional Services					
Salaries of Other Professional Staff	144,208	630	144,838	144,838	
Salaries of Secr and Clerical Assist	47,390	1,621	49,011	49,011	
Purchased Professional/Educational Services	4,000	(3,804)	196		196
Supplies and Materials	10,000	(1,419)	8,581	1,600	6,981
Other Objects	2,000	-	2,000	-	2,000
Total Improvement of Instructional Services	<u>207,598</u>	<u>(2,972)</u>	<u>204,626</u>	<u>195,449</u>	<u>9,177</u>

Continued

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 100,825	\$ 1,800	\$ 102,625	\$ 102,625	
Purchased Professional and Technical Services	65,000		65,000	58,850	\$ 6,150
Other Purchased Services	800	352	1,152	1,152	
Supplies and Materials	7,000	1,553	8,553	5,186	3,367
Other Objects	500	-	500	-	500
	<u>174,125</u>	<u>3,705</u>	<u>177,830</u>	<u>167,813</u>	<u>10,017</u>
Total Educational Media Serv./School Library					
Instructional Staff Training Services					
Other Purchased Services	9,750	69	9,819	2,723	7,096
	<u>9,750</u>	<u>69</u>	<u>9,819</u>	<u>2,723</u>	<u>7,096</u>
Total Instructional Staff Training Services					
Support Services General Administration					
Salaries	58,596		58,596	58,596	
Legal Services	5,000	31,773	36,773	21,329	15,444
Audit Fees	17,000	17,450	34,450	17,350	17,100
Other Purchased Professional Services	5,000	8,999	13,999	13,998	1
Communications/Telephone	4,000	(491)	3,509	3,503	6
BOE Other Purchased Services	500		500	23	477
Miscellaneous Purchased Services	5,600	127	5,727	3,043	2,684
General Supplies	100	10	110	110	-
Miscellaneous Expenditures	10,400	(1,400)	9,000	7,311	1,689
	<u>106,196</u>	<u>56,468</u>	<u>162,664</u>	<u>125,263</u>	<u>37,401</u>
Total Support Services General Administration					
Support Services School Administration					
Salaries of Principals/Assistant Principals / Program Dir	53,125	1	53,126	53,125	1
Other Purchased Services	2,500	(43)	2,457	988	1,469
Supplies and Materials	500	42	542	542	
Other Objects	500	2,903	3,403	3,403	-
	<u>56,625</u>	<u>2,903</u>	<u>59,528</u>	<u>58,058</u>	<u>1,470</u>
Total Support Services School Administration					
Central Services					
Salaries	183,552		183,552	183,552	
Purchased Professional Services	2,100	378	2,478	2,477	1
Misc. Purchased Services	1,150	725	1,875	1,874	1
Supplies and Materials	950	(378)	572	217	355
	<u>187,752</u>	<u>725</u>	<u>188,477</u>	<u>188,120</u>	<u>357</u>
Total Central Services					

Continued

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance	\$ 45,440		\$ 45,440	\$ 23,221	\$ 22,219
General Supplies	15,000	\$ 3,790	18,790	17,234	1,556
Total Required Maintenance for School Fac.	60,440	3,790	64,230	40,455	23,775
Custodial Services					
Salaries	71,793	57,004	128,797	128,795	2
Salaries of Non-Instructional Aides	43,410	(1,466)	41,944	2,481	39,463
Purchased Professional and Technical Services	-	1,135	1,135	1,134	1
Cleaning, Repair, and Maintenance Svc.	70,000	(60,501)	9,499	108	9,391
Insurance	55,000	(2,500)	52,500	48,423	4,077
Miscellaneous Purchased Services	500	-	500	200	300
General Supplies	12,000	8,135	20,135	19,524	611
Energy (Electricity)	60,000	(7,000)	53,000	32,391	20,609
Energy (Natural Gas)	50,000	7,000	57,000	50,604	6,396
Total Custodial Services	362,703	1,807	364,510	283,660	80,850
Student Transportation Services					
Salaries for Pupil Transportation (Between Home & School) - Regular					
	12,000	(207)	11,793	11,793	
Contracted Services					
(Between Home and School) - Joint Agreements					
	275,000	(2,495)	272,505	272,505	
Contracted Serv.-Aid in Lieu of Payments-Non Public Schools	27,500	15,964	43,464	43,463	1
Contracted Services (Spl. Ed. Students) -Joint Agree.	65,000	(25)	64,975	64,975	
Other Objects	2,000	(880)	1,120	1,120	-
Total Student Transportation Services	381,500	12,357	393,857	393,856	1
Unallocated Benefits - Employee Benefits					
Group Insurance		2,781	2,781	2,781	
Social Security Contributions	85,000		85,000	66,143	18,857
Other Retirement Contributions - PERS	52,000	11,823	63,823	63,822	1
Unemployment Compensation	10,000		10,000		10,000
Workmen's Compensation	29,684		29,684	27,541	2,143
Health Benefits	709,041	9,873	718,914	663,523	55,391
Tuition Reimbursement	12,000		12,000	5,193	6,807
Other Employee Benefits	29,700	(24,476)	5,224	1,140	4,084
Total Unallocated Benefits - Employee Benefits	927,425	1	927,426	830,143	97,283

Continued

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				\$ 7,101	\$ (7,101)
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				150,817	(150,817)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	171,334	(171,334)
Total On-Behalf Contributions/Reimbursements	-	-	-	329,252	(329,252)
Total Undistributed Expenditures	\$ 5,950,088	\$ 23,481	\$ 5,973,569	5,664,960	308,609
Total Expenditures - Current Expenditures	8,033,549	28,466	8,062,015	7,753,319	308,696
CAPITAL OUTLAY					
Increase in Capital Reserve	6,000		6,000		6,000
Expenditures Undistributed:					
Operation and Maintenance of Plant Services	-	13,450	13,450	13,450	-
Total Capital Outlay	6,000	13,450	19,450	13,450	6,000
Total Expenditures	8,039,549	41,916	8,081,465	7,766,769	314,696
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(803,611)	(41,916)	(845,527)	(74,999)	770,528
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources	(803,611)	(41,916)	(845,527)	(74,999)	770,528
Fund Balance, Beginning of Year	1,864,421	-	1,864,421	1,864,421	-
Fund Balance, End of Year	\$ 1,060,810	\$ (41,916)	\$ 1,018,894	\$ 1,789,422	\$ 770,528
Recapitulation of Fund Balance					
Restricted Fund Balance					
Reserved Excess Surplus-Designated for Subsequent Year's Expenditures				\$ 208,933	
Reserved Excess Surplus				231,686	
Capital Reserve				486,975	
Maintenance Reserve				17,000	
Committed Fund Balance					
Year-End Encumbrances				17,100	
Assigned Fund Balance					
Year-End Encumbrances				12,257	
Designated for Subsequent Year's Expenditures				459,865	
Unassigned Fund Balance				355,606	
Reconciliation to Governmental Funds Statements (GAAP):				1,789,422	
Less: Extraordinary Aid Not Recognized on GAAP Basis			\$ (187,721)		(187,721)
Fund Balance Per Governmental Funds (GAAP)				\$ 1,601,701	

**SADDLE RIVER BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Modified Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 64,345	\$ (3,804)	\$ 60,541	\$ 50,604	\$ (9,937)
Federal	117,393	105,636	223,029	223,029	
Local Sources					
Miscellaneous	206,684	10,080	216,764	46,078	(170,686)
Total Revenues	<u>388,422</u>	<u>111,912</u>	<u>500,334</u>	<u>319,711</u>	<u>(180,623)</u>
EXPENDITURES					
Instruction					
Salaries		5,600	5,600	5,600	
Purchased Professional/Technical Services	48,916	(18,057)	30,859	25,689	5,170
Other Purchased Services	34,082	(13,117)	20,965	20,965	
Tuition	108,006	(31,303)	76,703	76,703	
Miscellaneous Purchased Services		37,876	37,876	20,220	17,656
General Supplies	181,989	(8,701)	173,288	20,258	153,030
Textbooks	15,429	(1,844)	13,585	8,818	4,767
Total Instruction	<u>388,422</u>	<u>(29,546)</u>	<u>358,876</u>	<u>178,253</u>	<u>180,623</u>
Support Services					
Salaries		22,485	22,485	22,485	
Personnel Services - Employee Benefits		4,497	4,497	4,497	
Purchased Professional and Technical Services		88,255	88,255	88,255	
Other Purchased Professional and Technical Services		16,097	16,097	16,097	
Other Purchased Services		2,156	2,156	2,156	
Supplies and Materials	-	7,968	7,968	7,968	-
Total Support Services	<u>-</u>	<u>141,458</u>	<u>141,458</u>	<u>141,458</u>	<u>-</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	-	-	-	-
Total Facilities Acq. and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>388,422</u>	<u>111,912</u>	<u>500,334</u>	<u>319,711</u>	<u>180,623</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SADDLE RIVER 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, 2011**

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

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

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

		General Fund		Special Revenue Fund
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 7,691,770	(C-2)	\$ 319,711
Difference - Budget to GAAP: Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized - Encumbrances June 30, 2010				4,660
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2009/2010 State Aid)		191,217		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2010/2011 State Aid)		<u>(187,721)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.		<u>\$ 7,695,266</u>		<u>\$ 324,371</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 7,766,769	(C-2)	\$ 319,711
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes - Encumbrances June 30, 2010		<u>-</u>		<u>4,660</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds		<u>\$ 7,766,769</u>		<u>\$ 324,371</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

SADDLE RIVER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	IDEA Part B Basic	ARRA	IDEA Part B Basic	NCLB Title II-A	Nonpublic Textbooks	Nonpublic Nursing	Local Donations	Corrective Speech	Nonpublic Handicapped Services Exam. & Supplementary Instruction	Total
REVENUES										
Intergovernmental										
State	\$ 109,927	\$ 106,202	\$ 8,818	\$ 6,900	\$ 16,097			\$ 11,657	\$ 12,434	\$ 50,604
Federal							\$ 46,078			223,029
Local										46,078
Total Revenues	\$ 109,927	\$ 106,202	\$ 8,818	\$ 6,900	\$ 16,097	\$ 46,078	\$ 11,657	\$ 12,434	\$ 1,598	\$ 319,711

	IDEA Part B Basic	ARRA	IDEA Part B Basic	NCLB Title II-A	Nonpublic Textbooks	Nonpublic Nursing	Local Donations	Corrective Speech	Nonpublic Handicapped Services Exam. & Supplementary Instruction	Total
EXPENDITURES										
Instruction										
Salaries							\$ 5,600			\$ 5,600
Purchased Professional and Technical Services								\$ 11,657	\$ 12,434	\$ 23,689
Other Purchased Services	\$ 76,703	\$ 20,965								20,965
Tuition							20,220			76,703
Miscellaneous Purchased Services							20,258			20,220
General Supplies										20,258
Textbooks			\$ 8,818							8,818
Total Instruction	\$ 76,703	\$ 20,965	\$ 8,818				\$ 46,078	\$ 11,657	\$ 12,434	\$ 178,253

Support Services										
Salaries		22,485								22,485
Employee Benefits		4,497								4,497
Purchased Professional and Technical Services	31,068	50,287		6,900						88,255
Other Purchased Professional and Technical Services					\$ 16,097					16,097
Other Purchased Services	2,156									2,156
Supplies and Materials		7,968								7,968
Total Support Services	\$ 33,224	\$ 85,237		\$ 6,900	\$ 16,097					\$ 141,458

Total Expenditures	\$ 109,927	\$ 106,202	\$ 8,818	\$ 6,900	\$ 16,097	\$ 46,078	\$ 11,657	\$ 12,434	\$ 1,598	\$ 319,711
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**SADDLE RIVER BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

ENTERPRISE FUND

EXHIBIT G-1

**SADDLE RIVER BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 10,196	\$ 20,216	\$ 30,412
Total Assets	<u>\$ 10,196</u>	<u>\$ 20,216</u>	<u>\$ 30,412</u>
LIABILITIES			
Accounts Payable	\$ 295		\$ 295
Due to Unemployment Trust Fund		\$ 1,501	1,501
Payroll Deductions and Withholdings		18,715	18,715
Due to Student Groups	<u>9,901</u>	<u>-</u>	<u>9,901</u>
Total Liabilities	<u>\$ 10,196</u>	<u>\$ 20,216</u>	<u>\$ 30,412</u>

**SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Balance, July 1, 2010</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2011</u>
Elementary School Wandell School	\$ 13,305	\$ 23,642	\$ 26,751	\$ 10,196
 Total All Schools	 \$ 13,305	 \$ 23,642	 \$ 26,751	 \$ 10,196

SADDLE RIVER BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance,</u> <u>July 1,</u> <u>2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30,</u> <u>2011</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 19,434	\$ 1,402,288	\$ 1,403,007	\$ 18,715
Accrued Salaries and Wages		2,147,280	2,147,280	
Due to Other Funds	<u>-</u>	<u>6,415</u>	<u>4,914</u>	<u>1,501</u>
Total	<u>\$ 19,434</u>	<u>\$ 3,555,983</u>	<u>\$ 3,555,201</u>	<u>\$ 20,216</u>

LONG-TERM DEBT

SADDLE RIVER BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Annual Maturities Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Matured</u>	<u>Balance, June 30, 2011</u>
General Improvements - 2005	6/15/2005	\$ 900,000	8/1/2011	\$ 90,000	4.375 %			
			8/1/2012	90,000				
			8/1/2013	90,000				
			8/1/2014	90,000				
			8/1/2015	90,000				
						\$ 540,000	\$ 90,000	\$ 450,000
						\$ 540,000	\$ 90,000	\$ 450,000

**SADDLE RIVER BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

**SADDLE RIVER BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 111,656	-	\$ 111,656	\$ 111,656	-
Total Revenues	111,656	-	111,656	111,656	-
EXPENDITURES					
Regular Debt Service					
Principal	90,000		90,000	90,000	
Interest	21,656		21,656	21,656	
Total Expenditures	111,656	-	111,656	111,656	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Finance Sources Transfers In	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

STATISTICAL SECTION

This part of the Saddle River 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.

SADDLE RIVER BOARD OF EDUCATION
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities								
Invested in Capital Assets, Net of Related Debt	\$ 1,273,849	\$ 1,302,053	\$ 2,371,828	\$ 2,597,549	\$ 2,581,652	\$ 2,615,927	\$ 2,618,318	\$ 2,534,255
Restricted	1,285,307	1,248,224	347,770	364,960	427,334	479,450	483,096	503,975
Unrestricted	791,667	1,205,439	1,167,420	1,214,306	1,223,230	911,815	970,104	1,056,324
Total Governmental Activities Net Assets	\$ 3,350,823	\$ 3,755,716	\$ 3,887,018	\$ 4,176,815	\$ 4,232,216	\$ 4,007,192	\$ 4,071,518	\$ 4,094,554
Business-Type Activities								
Invested in Capital Assets, Net of Related Debt				\$ 6,875	\$ 5,893	\$ 4,911	\$ 20,240	\$ 17,180
Restricted								
Unrestricted	\$ 781	\$ 470	\$ 201	1,551	163	14,650	20,949	1,850
Total Business-Type Activities Net Assets	\$ 781	\$ 470	\$ 201	\$ 8,426	\$ 6,056	\$ 19,561	\$ 41,189	\$ 19,030
District-Wide								
Invested in Capital Assets, Net of Related Debt	\$ 1,273,849	\$ 1,302,053	\$ 2,371,828	\$ 2,604,424	\$ 2,587,545	\$ 2,620,838	\$ 2,638,558	\$ 2,551,435
Restricted	1,285,307	1,248,224	347,770	364,960	427,334	479,450	483,096	503,975
Unrestricted	792,448	1,205,909	1,167,621	1,215,857	1,223,393	926,465	991,053	1,058,174
Total District Net Assets	\$ 3,351,604	\$ 3,756,186	\$ 3,887,219	\$ 4,185,241	\$ 4,238,272	\$ 4,026,753	\$ 4,112,707	\$ 4,113,584

Note:
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

SADDLE RIVER BOARD OF EDUCATION
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

Fiscal Year Ended June 30,

	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
Governmental Activities								
Instruction								
Regular	\$ 3,751,514	\$ 3,897,254	\$ 3,695,080	\$ 4,281,031	\$ 4,122,057	\$ 4,133,231	\$ 4,624,070	\$ 4,651,921
Special Education	380,561	477,562	722,576	609,348	780,672	784,403	604,098	646,322
Other Instruction	63,646	27,156	59,039	32,652		87,053	91	
School Sponsored Activities And Athletics	20,256	25,583	25,729	27,666	32,740	40,634	54,132	42,226
Support Services:								
Student & Instruction Related Services	600,862	540,676	958,491	1,080,343	1,255,713	1,277,174	1,436,834	1,466,465
School Administrative Services	293,822	305,544	60,217	152,734	67,803	67,074	24,560	82,222
General Administration	247,402	284,279	143,537	113,257	164,932	165,648	123,582	155,121
Plant Operations And Maintenance	433,398	397,931	411,385	605,268	514,037	484,405	422,800	378,541
Pupil Transportation	408,303	409,212	476,353	411,173	464,698	512,740	416,787	405,483
Other Support Services	214,789	262,951	192,434	215,014	229,775	233,384	272,102	259,941
Interest On Long-Term Debt	-	-	40,843	35,557	31,687	27,817	23,949	20,015
Total Governmental Activities Expenses	6,414,553	6,628,148	6,785,684	7,564,043	7,664,114	7,813,563	8,003,005	8,108,257
Business-Type Activities:								
Food Service	1,639	2,866	3,606	13,671	64,415	69,054	72,961	104,424
Total Business-Type Activities Expense	1,639	2,866	3,606	13,671	64,415	69,054	72,961	104,424
Total District Expenses	\$ 6,416,192	\$ 6,631,014	\$ 6,789,290	\$ 7,577,714	\$ 7,728,529	\$ 7,882,617	\$ 8,075,966	\$ 8,212,681
Program Revenues								
Governmental Activities:								
Charges For Services:								
Instruction (Tuition)	\$ 29,775	\$ 19,676	\$ 16,706	\$ 75,188	\$ 104,940	\$ 91,560	\$ 151,411	\$ 131,796
Operating Grants And Contributions	754,166	778,071	764,845	952,934	1,029,313	938,002	1,053,589	855,832
Capital Grants And Contributions	42,749	51,291	23,609	200,201	11,440	-	-	-
Total Governmental Activities Program Revenues	826,690	849,038	805,160	1,228,323	1,145,693	1,029,562	1,205,000	987,628
Business-Type Activities:								
Charges For Services:								
Food Service	\$ 1,107	\$ 1,234	\$ 1,530	\$ 19,698	\$ 61,650	\$ 82,338	\$ 75,962	\$ 82,089
Operating Grants And Contributions	911	1,302	1,778	2,083	-	-	-	-
Capital Grants And Contributions	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	2,018	2,536	3,308	21,781	61,650	82,338	75,962	82,089
Total District Program Revenues	\$ 828,708	\$ 851,574	\$ 808,468	\$ 1,250,104	\$ 1,207,343	\$ 1,111,900	\$ 1,280,962	\$ 1,069,717
Net (Expense)/Revenue								
Governmental Activities	\$ (5,587,863)	\$ (5,779,110)	\$ (5,980,524)	\$ (6,335,720)	\$ (6,518,421)	\$ (6,784,001)	\$ (6,798,005)	\$ (7,120,629)
Business-Type Activities	379	(330)	(298)	8,110	(2,765)	13,284	3,001	(22,335)
Total District-Wide Net Expense	\$ (5,587,484)	\$ (5,779,440)	\$ (5,980,822)	\$ (6,327,610)	\$ (6,521,186)	\$ (6,770,717)	\$ (6,795,004)	\$ (7,142,964)
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Property Taxes Levied For General Purposes, Net	\$ 5,932,451	\$ 6,070,618	\$ 5,879,275	\$ 6,416,970	\$ 6,413,100	\$ 6,532,092	\$ 6,787,780	\$ 7,117,487
Unrestricted State Aid	16,473	41,943	27,477	26,927	37,645	1,262		
Investment Earnings	11,778	56,598	153,628	136,212	82,179	21,367	10,025	10,337
Miscellaneous Income	4,054	14,844	51,446	45,408	40,898	4,256	11,865	15,841
Transfers	-	-	-	-	-	-	-	-
Total Governmental Activities	5,964,756	6,184,003	6,111,826	6,625,517	6,573,822	6,558,977	6,809,670	7,143,665
Business-Type Activities:								
Investment Earnings	3	19	29	115	395	221	238	176
Transfers	-	-	-	-	-	-	-	-
Total Business-Type Activities	3	19	29	115	395	221	238	176
Total District-Wide	\$ 5,964,759	\$ 6,184,022	\$ 6,111,855	\$ 6,625,632	\$ 6,574,217	\$ 6,559,198	\$ 6,809,908	\$ 7,143,841
Change in Net Assets								
Governmental Activities	\$ 376,893	\$ 404,893	\$ 131,302	\$ 289,797	\$ 55,401	\$ (225,024)	\$ 11,665	\$ 23,036
Business-Type Activities	382	(311)	(269)	8,225	(2,370)	13,505	3,239	(22,159)
Total District	\$ 377,275	\$ 404,582	\$ 131,033	\$ 298,022	\$ 53,031	\$ (211,519)	\$ 14,904	\$ 877

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

SADDLE RIVER BOARD OF EDUCATION
 FUND BALANCES - GOVERNMENTAL FUNDS
 LAST EIGHT FISCAL YEARS
 (Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
General Fund								
Reserved	\$ 1,981,180	\$ 575,613	\$ 1,072,145	\$ 1,274,036	\$ 1,118,602	\$ 918,083	\$ 844,697	
Unreserved	362,661	949,225	654,876	604,699	782,452	724,993	828,507	\$ 944,594
Restricted	-	-	-	-	-	-	-	17,100
Committed	-	-	-	-	-	-	-	472,122
Assigned	-	-	-	-	-	-	-	167,885
Unassigned	-	-	-	-	-	-	-	-
Total General Fund	\$ 2,343,841	\$ 1,524,838	\$ 1,727,021	\$ 1,878,735	\$ 1,901,054	\$ 1,643,076	\$ 1,673,204	\$ 1,601,701
All Other Governmental Funds								
Reserved			\$ 848,893					
Unreserved	\$ 25	\$ 1,169,881	128,122	\$ 170,536	2,934			
Restricted	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 25	\$ 1,169,881	\$ 977,015	\$ 170,536	\$ 2,934	\$ -	\$ -	\$ -

Note:
 GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

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.

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

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Revenues								
Tax Levy	\$ 5,932,451	\$ 6,070,618	\$ 5,879,275	\$ 6,416,970	\$ 6,413,100	\$ 6,532,092	\$ 6,787,780	\$ 7,117,487
Tuition Charges	29,775	19,676	16,706	75,188	104,940	91,560	151,411	131,796
Interest Earnings	11,778	56,598	153,628	136,212	82,179	21,367	10,025	10,337
Miscellaneous	32,037	74,500	51,446	45,408	70,184	96,192	100,054	66,579
State Sources	708,386	729,868	725,454	1,059,135	927,384	729,970	844,363	582,065
Federal Sources	77,019	81,781	90,477	120,927	121,728	117,358	121,037	223,029
Total Revenue	6,791,446	7,033,041	6,916,986	7,853,840	7,719,515	7,588,539	8,014,670	8,131,293
Expenditures								
Instruction								
Regular Instruction	3,722,329	3,866,976	3,623,465	4,148,004	4,119,895	4,083,703	4,520,067	4,705,330
Special Education Instruction	387,035	477,562	722,576	609,348	780,672	784,403	592,857	635,081
Other Instruction	63,646	27,156	59,039	32,652	87,053	87,053	91	-
School Sponsored Activities and Athletics	20,256	25,583	25,730	27,666	32,740	40,634	54,132	42,226
Support Services:								
Student and Inst. Related Services	589,146	540,676	958,491	1,080,343	1,255,713	1,277,174	1,413,102	1,442,733
General Administration	247,402	278,935	140,171	146,834	158,915	159,631	134,599	147,837
School Administrative Services	286,125	300,200	57,986	67,437	67,803	67,074	69,584	80,903
Plant Operations And Maintenance	391,962	385,681	407,466	604,054	513,857	484,225	414,933	370,674
Pupil Transportation	408,303	409,212	476,353	411,173	464,698	512,740	409,032	397,728
Other Support Services	214,789	262,951	192,434	215,014	229,775	233,384	251,192	255,178
Capital Outlay	247,324	107,256	1,072,092	1,038,910	117,430	-	9,393	13,450
Debt Service:								
Principal	-	-	-	90,000	90,000	90,000	90,000	90,000
Interest and Other Charges	-	-	24,549	37,170	33,300	29,430	25,560	21,656
Total Expenditures	6,578,317	6,682,188	7,760,352	8,508,605	7,864,798	7,849,451	7,984,542	8,202,796
Excess (Deficiency) of Revenues Over (Under) Expenditures	213,129	350,853	(843,366)	(654,765)	(145,283)	(260,912)	30,128	(71,503)
Other Financing Sources (Uses)								
Proceeds From Bond Sale	-	-	900,000	-	-	-	-	-
Cost of Issuance	-	-	(47,317)	-	-	-	-	-
Cancellation of State Source Appropriations	-	-	-	-	-	-	-	-
Transfers In	\$ 122	\$ 1,225,821	27,483	\$ 16,460	177,712	-	-	-
Transfers Out	(122)	(1,225,821)	(27,483)	(16,460)	(177,712)	-	-	-
Total Other Financing Sources (Uses)	-	-	852,683	-	-	-	-	-
Net Change in Fund Balances	\$ 213,129	\$ 350,853	\$ 9,317	\$ (654,765)	\$ (145,283)	\$ (260,912)	\$ 30,128	\$ (71,503)
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.37%	1.70%	1.59%	1.52%	1.45%	1.36%

* Noncapital expenditures are total expenditures less capital outlay.

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2004 only eight years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

SADDLE RIVER BOARD OF EDUCATION
 MISCELLANEOUS REVENUE BY SOURCE
 LAST TEN FISCAL YEARS
 (Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Interest on Investments	\$ 26,437	\$ 21,324	\$ 11,778	\$ 56,598	\$ 153,628	\$ 119,752	\$ 82,179	\$ 21,367	\$ 10,025	\$ 10,337
Prior Years' Refunds	7,786	5,651	713	9,142			272	1	3,900	7,581
Rentals				4,020			120	450	2,475	950
Activity Income Fee		1,000	100							4,400
Donations		9,748	3,119	1,682	8,887	6,391	40,506	3,805	5,490	2,910
Miscellaneous	9,177									
Total Miscellaneous	43,400	37,723	15,710	71,442	162,515	126,143	123,077	25,623	21,890	26,178
Tuition	36,088	9,000	29,775	19,676	16,706	75,188	104,940	91,560	151,411	131,796
Total General Fund	\$ 79,488	\$ 46,723	\$ 45,485	\$ 91,118	\$ 179,221	\$ 201,331	\$ 228,017	\$ 117,183	\$ 173,301	\$ 157,974

Source: District records.

SADDLE RIVER 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
2002	\$ 77,215,800	\$ 1,705,388,900	\$ 11,918,700	\$ 170,500	\$ 25,268,700	-	-	\$ 1,819,962,600	\$ 1,319,800	\$ 1,821,282,400	\$ 1,605,927,520	\$ 0.310
2003	66,657,200	1,764,888,100	13,207,600	170,500	38,119,900	-	-	1,883,043,300	957,716	1,884,001,016	1,817,481,204	0.310
2004	68,959,900	1,820,366,800	8,762,800	102,400	48,435,400	-	-	1,946,627,300	977,524	1,947,604,824	1,994,066,575	0.310
2005	69,898,700	1,887,185,900	8,762,800	102,400	37,594,800	-	-	2,003,544,600	977,524	2,004,522,124	2,185,003,405	0.301
2006	69,878,400	1,950,735,000	8,747,800	102,400	36,671,300	-	-	2,066,134,900	977,524	2,067,112,424	2,367,589,331	0.301
2007	64,193,600	2,002,841,900	9,025,500	102,400	54,552,400	-	-	2,130,715,800	903,046	2,131,618,846	2,564,507,755	0.301
2008	66,353,600	2,009,672,700	9,025,500	102,400	57,162,400	-	-	2,142,316,600	893,153	2,143,209,753	2,578,946,855	0.301
2009	64,251,400	2,056,028,600	9,025,500	102,400	57,162,400	-	-	2,186,570,300	893,153	2,187,463,453	2,737,859,470	0.304
2010	69,334,700	2,048,153,200	9,025,500	102,400	57,162,400	-	-	2,183,778,200	1,199,512	2,184,977,712	2,738,099,205	0.318
2011	71,285,700	2,046,843,200	9,025,500	102,400	57,162,400	-	-	2,184,421,200	1,256,624	2,184,977,712	2,738,099,205	0.330

Source: County Abstract of Rates

^a Tax rates are per \$100

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

<u>Assessment Year</u>	<u>Saddle River School District</u>	<u>Borough Saddle River</u>	<u>Bergen County</u>	<u>Total</u>
2002	\$0.31	\$0.23	\$0.18	\$0.72
2003	0.31	0.22	0.19	0.72
2004	0.31	0.24	0.20	0.75
2005	0.30	0.27	0.20	0.77
2006	0.30	0.29	0.20	0.79
2007	0.30	0.32	0.21	0.83
2008	0.30	0.36	0.22	0.88
2009	0.30	0.97	0.24	0.91
2010	0.32	0.38	0.25	0.94
2011	0.33	0.38	0.25	0.95

Source: Abstract of Ratables, County Board of Taxation

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

Taxpayer	2011		2002	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Individual	\$ 17,836,000	0.83%		
Innkeepers Inn/Marriott	17,400,000	0.81%		
Individual	13,347,700	0.62%		N/A
Individual	11,891,600	0.56%		
Individual	10,632,400	0.50%		
Prudence Group, LLC	9,984,500	0.47%		
Marriott/Brighton Gardens	8,372,500	0.39%		
Tice Assoc. & Mahoney Assoc.	6,900,000	0.32%		
Individual	6,512,500	0.30%		
Individual	4,960,000	0.23%		
	<u>\$ 107,837,200</u>	<u>5.03%</u>		

Source: Tax Assessor

**SADDLE RIVER 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	
2002	\$ 5,671,064	\$ 5,671,064	100.00%	
2003	5,756,107	5,756,107	100.00%	
2004	5,932,451	5,932,451	100.00%	
2005	6,070,618	6,070,618	100.00%	
2006	5,879,275	5,879,275	100.00%	
2007	6,416,970	6,416,970	100.00%	
2008	6,413,100	6,413,100	100.00%	
2009	6,532,092	6,532,092	100.00%	
2010	6,787,780	6,231,762	91.81%	\$ 556,018
2011	7,117,487	7,117,487	100.00%	

Source: District financial records.

**SADDLE RIVER BOARD OF EDUCATION
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST SIX FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases		
2006	\$ 900,000					3,741	\$ 241
2007	810,000					3,784	214
2008	720,000					3,793	190
2009	630,000					3,793	166
2010	540,000					3,800	142
2011	450,000					3,800	118
				Total District			
				\$ 900,000			
				810,000			
				720,000			
				630,000			
				540,000			
				450,000			

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only six years of information is applicable as the District had no outstanding debt as of June 30, 2005. Each year thereafter, an additional year's data will be included until ten years of data is present.

SADDLE RIVER BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST SIX 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
2006	\$ 900,000	-	\$ 900,000	0.04%	\$ 241
2007	810,000		810,000	0.04%	214
2008	720,000		720,000	0.03%	190
2009	630,000		630,000	0.03%	166
2010	540,000		540,000	0.02%	142
2011	450,000		450,000	0.02%	118

Source: District records

Notes:

- a See Exhibit J-6 for property tax data.
- b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only six years of information is applicable as the District had no outstanding debt as of June 30, 2005. Each year thereafter, an additional year's data will be included until ten years of data is present.

**SADDLE RIVER BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2010
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of Saddle River School District	\$ 450,000	\$ 450,000	
Borough of Saddle River	<u>15,170,123</u>	<u>510,000</u>	\$ 14,660,123
	<u>\$ 15,620,123</u>	<u>\$ 960,000</u>	14,660,123
Overlapping Debt Apportioned to the Municipalities: (2)			
County of Bergen			<u>10,066,144</u>
Total Overlapping Debt			<u>24,726,267</u>
Total Direct and Overlapping Debt			<u>\$ 24,726,267</u>

Source:

(1) Borough of Saddle River's Annual Debt Statement - December 31, 2010

(2) Bergen County Annual Debt Statement - December 31, 2010

SADDLE RIVER BOARD OF EDUCATION
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2010

Equalized valuation basis	
2010	\$ 2,677,497,981
2009	2,739,719,710
2008	2,680,911,776
	<u>\$ 2,693,376,489</u>

Average equalized valuation of taxable property

Debt limit (3 % of average equalization value)	67,484,412 ^a
Total Net Debt Applicable to Limit	450,000
Legal debt margin	<u>\$ 67,034,412</u>

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 45,455,294	\$ 37,069,988	\$ 56,107,893	\$ 63,657,245	\$ 65,518,136	\$ 65,437,102	\$ 71,140,658	\$ 76,110,397	\$ 66,533,773	\$ 67,484,412
Total Net Debt Applicable to Limit	-	-	-	-	900,000	810,000	720,000	630,000	540,000	450,000
Legal Debt Margin	<u>\$ 45,455,294</u>	<u>\$ 37,069,988</u>	<u>\$ 56,107,893</u>	<u>\$ 63,657,245</u>	<u>\$ 64,618,136</u>	<u>\$ 64,627,102</u>	<u>\$ 70,420,658</u>	<u>\$ 75,480,397</u>	<u>\$ 65,993,773</u>	<u>\$ 67,034,412</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	1.37%	1.24%	1.01%	0.83%	0.81%	0.67%

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

^a Limit set by NISA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**SADDLE RIVER 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>
2001	1.80%	\$ 52,053	3,524
2002	2.50%	51,083	3,596
2003	2.50%	51,758	3,671
2004	2.00%	53,131	3,710
2005	2.80%	56,725	3,730
2006	3.00%	61,264	3,741
2007	2.70%	67,125	3,784
2008	3.50%	67,696	3,793
2009	6.40%	64,388	3,771
2010	6.50%	N/A	3,800

- (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.

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

<u>Employer</u>	<u>2011</u>		<u>2002</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Instruction										
Regular										
Special Education										
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services										
General Administration										
School Administrative Services										
Other Administrative Services										
Central Services										
Administrative Information Technology										
Plant Operations And Maintenance										
Pupil Transportation										
Other Support Services										
Special Schools										
Food Service										
Child Care										
Total										

INFORMATION NOT AVAILABLE

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2002	161.0	\$ 5,670,212	\$ 35,219	17.30%	26	1:10		161.0	154	-5.18%	95.40%	
2003	180.0	5,805,362	32,252	-8.42%	25	1:10		180.0	174	11.80%	96.50%	
2004	196.6	6,344,633	32,272	0.06%	27	1:10		196.6	187	9.22%	95.27%	
2005	203.7	6,617,682	32,487	0.67%	27	1:11		203.7	194	3.61%	95.34%	
2006	209.0	6,661,904	31,875	-1.88%	27	1:11		209.0	209	2.60%	100.00%	
2007	225.0	7,374,755	32,777	2.83%	27	1:11		225.0	225	7.66%	100.00%	
2008	230.0	7,624,068	33,148	1.13%	25	1:11		227.9	215	1.29%	94.52%	
2009	228.0	7,730,021	33,904	2.28%	27	1:12		228.0	227	0.04%	99.56%	
2010	234.0	7,859,589	33,588	-0.93%	27	1:09		234.0	223	2.63%	95.17%	
2011	228.0	7,753,319	34,006	1.24%	25	1:09		228.0	223	-2.56%	97.81%	

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.

SADDLE RIVER BOARD OF EDUCATION
 SCHOOL BUILDING INFORMATION
 LAST TEN FISCAL YEARS
 (Unaudited)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
District Building										
<u>Elementary</u>										
Square Feet	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526
Enrollment	161.0	180.0	196.6	203.7	209.0	225.0	230.0	228.0	234.0	229.0

Number of Schools at June 30, 2011
 Elementary = 1
 Middle School = 0
 Senior High School = 0
 Other = 0

Source: District Records

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES										
School Facilities										
Wandell Elementary School	\$ 56,579	\$ 35,581	\$ 67,142	\$ 59,499	\$ 43,536	\$ 244,350	\$ 105,928	\$ 82,701	\$ 70,430	\$ 40,455
Grand Total	<u>\$ 56,579</u>	<u>\$ 35,581</u>	<u>\$ 67,142</u>	<u>\$ 59,499</u>	<u>\$ 43,536</u>	<u>\$ 244,350</u>	<u>\$ 105,928</u>	<u>\$ 82,701</u>	<u>\$ 70,430</u>	<u>\$ 40,455</u>

Source: School District's Financial Statements

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2011
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Selective Way Insurance		
Property - Blanket Building & Contents	\$ 12,728,377	\$ 5,000
Commercial General Liability - Each Occurrence	1,000,000	
Commercial General Liability - General Aggregate	2,000,000	
Comprehensive Automobile Liability	1,000,000	1,000
Employer's Liability	1,000,000	1,000
Commercial Umbrella Policy-American Alternative Insurance Co.	9,000,000	10,000
Employee Theft	100,000/400,000	5,000/1,000
Workers Compensation - Star Insurance Company Insurance Corporation	1,000,000	
Officials' Bonds -		
Treasurer of School Moneys - The Hanover Surety Company	175,000	
School Business Administrator - Western Surety Company	100,000	

Source: District records.

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

SINGLE AUDIT SECTION

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education as of and for the fiscal year ended June 30, 2011, which collectively comprise the Saddle River Board of Education's basic financial statements and have issued our report thereon dated November 7, 2011. 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 Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the Saddle River Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Saddle River Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Saddle River Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Saddle River Board of Education's internal control over financial reporting.

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 Saddle River Board of Education's financial statements will not be prevented, or detected and corrected on a timely basis.

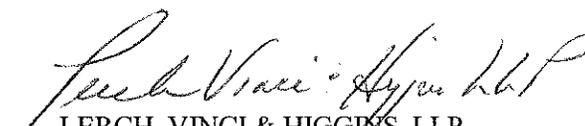
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

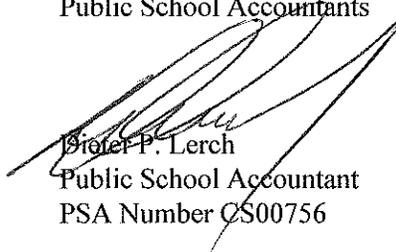
As part of obtaining reasonable assurance about whether the Saddle River Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have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

We noted certain matters that we have reported to management of the Saddle River Board of Education in a separate report entitled, "Auditors' Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 7, 2011.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



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



Robert P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 7, 2011

LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04**

NOT APPLICABLE

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal CFDA Number	State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment Carryover Receivables	Repayment of Prior Years Balances	Balance, June 30, 2011		Memo GAAP Receivable	
											(Accounts Receivable)	Deferred Revenue		
	U.S. Department of Education Passed-through State Department of Education													
	Special Revenue Funds:													
84.367	NCLB Title II-A	NCLB 4620-11	9/1/10-8/31/11	\$ 8,239	\$ (1,000)	\$ 9,082	\$ 900	\$ 6,900	\$ (5,582)		\$ 10,421	\$ (12,921)	\$ (2,500)	
84.367	NCLB Title II-A	NCLB 4620-10	9/1/09-8/31/10	9,082	1,437	(9,082)	4,500		5,582					
84.184	NCLB Title IV, CO	NCLB 4620-08	9/1/07-8/31/08	8,737		305			(305)		305	(305)	1,437	
84.184	NCLB Title IV, CO	NCLB 4620-10	9/1/09-8/31/11	593		(305)			305					
84.184	NCLB Title IV, CO	NCLB 4620-08	9/1/07-8/31/08	397									397	
84.186	NCLB Title V, CO	NCLB 4620-08	9/1/07-8/31/08	237									237	
84.027	L.D.E.I.A., Part B, Basic	IDEA-4620-11	9/1/10-8/31/11	107,823		2,104	107,823	109,927	(2,104)			(2,104)	(2,104)	
84.392	L.D.E.I.A., Part B, Basic	IDEA-4620-10	9/1/09-8/31/10	104,510	(5,820)	(2,104)	5,820		2,104			(4,638)	4,638	
84.391	ARRA L.D.E.I.A., Part B, Preschool	IDEA-4620-09	9/1/09-8/31/11	4,638								(114,523)	10,055	
84.173	L.D.E.I.A., Part B, Preschool	IDEA-4620-10	9/1/09-8/31/11	116,257		2,312	1,734	106,202	(2,312)			(6,029)	6,029	
84.173	L.D.E.I.A., Part B, Preschool	IDEA-4620-10	9/1/10-8/31/11	3,717		(2,312)			2,312			(1,184)	1,184	
84.173	L.D.E.I.A., Part B, Preschool	IDEA-4620-09	9/1/08-8/31/09	3,496	(2,368)	-	1,387	-	-	-	-	(981)	(981)	
	Total Special Revenue Fund			(7,117)		-	122,164	223,029	-	-	32,632	(142,685)	2,071	(110,053)
84.410A	General Fund Education Jobs Fund		7/1/10-6/30/11	10,691	-	-	10,691	-	-	-	10,691	-	-	
	Total General Fund			-	-	-	10,691	-	-	-	10,691	-	-	
	Total Federal Financial Assistance			\$ (7,117)	\$ -	\$ 132,855	\$ 223,029	\$ -	\$ -	\$ -	\$ 43,323	\$ (142,685)	\$ 2,071	\$ (110,053)

Note: The District is not subject to a Federal Single Audit.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010		Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance, June 30, 2011		MEMO	
				(Accounts Receivable)	Deferred Revenue				(Accounts Receivable)	Deferred Revenue	GAAP Receivable	Combined Total Expenditures
State Department of Education												
General Fund:												
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 191,547	\$ (16,900)		\$ 16,900	\$ 10,992		\$ (10,992)	\$ (10,992)	\$ 10,992	
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	101,131	(12,010)		12,010						
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	29,921	(2,640)		2,640						
Additional Nonpublic Transportation Aid	N/A	7/1/10-6/30/11	10,992			9,756						
Additional Nonpublic Transportation Aid	N/A	7/1/09-6/30/10	9,756	(9,756)								
Extraordinary Special Education Costs Aid	11-100-034-5120-473	7/1/10-6/30/11	187,721			159,667			(187,721)		187,721	
Extraordinary Special Education Costs Aid	10-100-034-5120-473	7/1/09-6/30/10	159,667	(159,667)								
On-Behalf TPAF Pension Contribution	11-495-034-5095-007	7/1/10-6/30/11	7,101			7,101					7,101	
On-Behalf TPAF Post-Retirement Medical	11-495-034-5095-001	7/1/10-6/30/11	150,817			150,817					150,817	
Reimbursed TPAF Social Security Contribution	11-495-034-5095-002	7/1/10-6/30/11	171,334			171,334					171,334	
Total General Fund				(200,953)		550,205	527,965		(198,713)		(10,992)	527,965
Social Revenue Fund:												
N.J. Nonpublic Aid												
Handicapped Services												
Examination & Classification	11-100-034-5120-066	7/1/10-6/30/11	12,434			12,434						12,434
Supplemental Instruction	11-100-034-5120-066	7/1/09-6/30/10	13,706			3,283						1,598
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	2,779	2,743		2,743				\$ 1,181		
Supplemental Instruction	10-100-034-5120-066	7/1/09-6/30/10	3,982			15,646					3,989	
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	15,646			2,446						
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	16,768						(2,734)		(2,734)	
Home Instruction	08-100-034-5120-066	7/1/07-6/30/08	2,754			13,585						8,818
Textbook Aid	11-100-034-5120-064	7/1/10-6/30/11	13,585			126						126
Textbook Aid	10-100-034-5120-064	7/1/09-6/30/10	15,429			16,097						16,097
Nursing	11-100-034-5120-070	7/1/10-6/30/11	16,097									
Total Special Revenue Fund				(2,734)		60,541	50,604	8,598	(2,734)		(2,734)	50,604
Economic Development Authority												
Capital Projects Fund												
Educational Facilities Construction and Financing Act of 2000	SP#203051	N/A	13,373			10,118						
	SP#4620-030-05-1000	N/A	224,850	(10,118)								
Total Capital Projects Fund				(10,118)		10,118						
Total State Financial Assistance				\$ (213,805)		\$ 600,864	\$ 578,569	\$ 8,598	\$ (201,447)		\$ (13,726)	\$ 578,569
State Financial Assistance Not Subject to Single Audit Determination												
General Fund												
Less: On-Behalf TPAF Pension Contribution						(7,101)	(7,101)					(7,101)
On-Behalf TPAF Post-Retirement Medical						(150,817)	(150,817)					(150,817)
Total State Financial Assistance Subject to Single Audit				\$ (213,805)		\$ 442,946	\$ 420,651	\$ 8,598	\$ (201,447)		\$ 9,937	\$ (13,726)
												\$ 420,651

Note: The District is not subject to a State Single Audit.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE SCHEDULES OF EXPENDITURES OF
 FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Saddle River Board of Education. The Board of Education is defined in Note 1(A) to the Board's basic 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 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 bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$3,496 for the general fund and an increase of \$4,660 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 531,461	\$ 531,461
Special Revenue Fund	\$ 223,029	50,604	273,633
Total Financial Assistance	<u>\$ 223,029</u>	<u>\$ 582,065</u>	<u>\$ 805,094</u>

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$171,334 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$7,101 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$150,817 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

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

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

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part I – Summary of Auditor’s Results

Financial Statement Section

- | | |
|---|--------------------------------------|
| A) Type of auditor's report issued: | <u>Unqualified</u> |
| B) Internal control over financial reporting: | |
| 1) Material weakness(es) identified? | _____ yes <u> X </u> no |
| 2) Were significant deficiencies identified that were not considered to be material weaknesses? | _____ yes <u> X </u> none reported |
| C) Noncompliance material to basic financial statements noted? | _____ yes <u> X </u> no |

Federal Awards Section

Not Applicable

State Awards Section

Not Applicable

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Part 3 – Schedule of Federal and State Award Findings and Responses

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE

CURRENT YEAR STATE AWARDS

NOT APPLICABLE

**SADDLE RIVER BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2010-1:

Our audit revealed that certain post-travel reports were not included with the travel expense reimbursement packet.

Status

Corrective action has been taken.