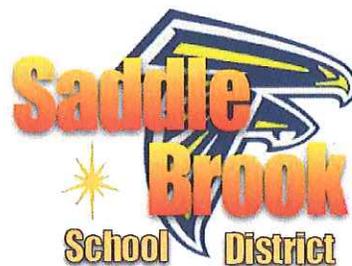


SADDLE BROOK
SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2013



Saddle Brook, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Saddle Brook Board of Education

Saddle Brook, New Jersey

For The Fiscal Year Ended June 30, 2013

Prepared by

Business Office

**SADDLE BROOK BOARD OF EDUCATION
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INTRODUCTORY SECTION



SADDLE BROOK SCHOOL DISTRICT

355 MAYHILL STREET
SADDLE BROOK, NEW JERSEY 07663

Telephone 201-843-1142
Fax 201-843-0216

Honorable President and
Members of the Board of Education
Saddle Brook School District
Saddle Brook, New Jersey 07648

Dear Board Members:

The comprehensive annual financial report of the Saddle Brook School District (District) for the fiscal year ended June 30, 2013 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections; introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provision of the Single Audit Act of 1984, as amended, and the 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 Letter 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES: The Saddle Brook School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA. All funds of the District are included in this report. The Saddle Brook Board of Education and all of its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular and vocational, as well as special education for handicapped youngsters. The District maintains an in-district pre-K special education program as well.

REPORTING ENTITY AND ITS SERVICES (Continued)

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2012-2013	1,748	-.06%
2011-2012	1,759	1.5%
2010-2011	1,785	0%
2009-2010	1,785	1.42%
2008-2009	1,760	-1.89%

ECONOMIC CONDITION AND OUTLOOK: Saddle Brook Township remains a highly developed, economically stable community. The Township stands at about 95% fully developed and the initiation of any major new construction is unlikely. Nevertheless, its location in Bergen County as well as its proximity to major arteries (Route 80 passes through in a north to south direction and The Garden State Parkway passes through in a east to west direction) affords the community easy access to New York City, major airports and harbors. This location also supports economic viability for business as evidenced by an industrial park, a number of corporate centers and three major hotel chains operating within our borders.

Saddle Brook is also an attractive residential community for those who both work locally and commute to more distant sites. Made up largely of single family homes, the residents of Saddle Brook tend to have multi-generational ties to this area with the majority of residents being long time Saddle Brook residents. The community retains a fairly large senior population with only a relatively small turnover in housing annually.

The economic fortunes of the town are tied very closely to those of the entire region, which would indicate a satisfactory economic outlook for the immediate future.

The structure of school funding in New Jersey means that a community such as Saddle Brook is forced to provide over 90% of their school funding through its local property tax base. As a result, the local taxpayer must bear the burden of upgrading programs and facilities that have traditionally scrutinized school budgets very intensely. Nevertheless, the community takes pride in its school and traditionally demonstrates a desire to provide a good education within the economic framework that is available to it.

MAJOR INITIATIVES:

Saddle Brook is a comprehensive K-12 district comprised of three K-6 elementary schools (Franklin, Long and Smith), Washington School, which houses a number of our early intervention special education programs, and Saddle Brook Middle/High School, which houses grades 7-12. Grades 7-8 are located in one wing of the building and operate independently from the high school. Saddle Brook is considered a small suburban school district.

***Saddle Brook Public Schools
Outstanding Accomplishments***

One of the best attributes of Saddle Brook is the fact that students, in all schools, are offered a comprehensive academic program in a small school environment. This creates personalized attention and numerous opportunities; both academic and athletic. Saddle Brook offers each student the opportunity to be an active participant in his/her own education. The following are a few of the many outstanding accomplishments of Saddle Brook students and staff.

Partnership for a Drug-Free New Jersey

The Partnership for a Drug-Free New Jersey held a "Fun Things to Do Instead of Drugs" fourth grade folder art contest. There were over 8,000 entries. Congratulations to Valentina Loiero from Franklin School's grade 4B, was one of the 30 statewide finalists. Valentina and her family attended a recognition ceremony at the Newark Museum.

Let Them Be Little X2

Smith School raised \$1526.80 for "Let Them Be Little X2." Congratulations to Owen Jones in Kindergarten and Mrs. Krantz's class for raising the most as a class.

Classroom Closeup New Jersey

Classroom Closeup NJ featured Mr. Weinberg's Synergistics Class, a program based on the STEM program. Synergistics is a hands-on, real-world curriculum in Science, Technology, Engineering, and Math. By presenting age-appropriate, student-centered learning systems, we are committed to providing students with the most positive and meaningful learning experiences possible. Each system encourages students to take ownership of their learning and empowers teachers to facilitate a classroom unlike any other. Synergistic Modules engage students at the middle-level grades, and Synergistic Suites provide innovative, team-based learning opportunities to high school students.

Northern Regional Service Learning Center

As a regional center, Saddle Brook Public School District holds a variety of workshops as well as regional conferences on service-learning. Saddle Brook is a mentor district, helping new grantees understand how best to manage their funds and their new service learning programs.

Students at Saddle Brook Schools participate in a variety of activities to help them understand their natural environment and spend more time in nature. This includes the cultivation of an existing outdoor classroom with assistance from senior citizens, backyard bird count activities coordinated through the Bergen County Audubon Society, and student-led lessons about recycling, composting and native species.

Teen Arts Festival

"The Bergen County Teen Arts Festival is a celebration of the alliance of the arts and youth. It is founded on the belief that the arts are an essential language that provides an indispensable means of self-expression to our students. Through workshops in all the arts disciplines, the Festival strives to engage each student at a deeper level of artistry and professionalism. Through critiqued performances and exhibits, the Festival showcases the extraordinary talents of our middle and high schools students and their teachers. A prime benefit of the Festival is the opportunity it provides students to validate themselves as artists by spending a day in the company of other artists who participate in a myriad of creative fields on many levels."

(<http://www.co.bergen.nj.us/bcparks/CulturalTeenArts.htm>)

Saddle Brook's, Ms. Pritchard, was selected as a presenter for the Festival. During the two festival days, top artists/teachers from around the state come to critique, as well as to teach workshops and master classes in their individual specialties, including drama, filmmaking, voice, acting, instrumental music and more.

The University of Rochester sponsors four prestigious award programs which recognize high school juniors' outstanding achievements in leadership and academics. Saddle Brook students were honored with the following awards:

• **Bausch and Lomb Honorary Science Award**

To be eligible for this award students must have high achievement and rigor in science classes and high PSAT Math and/or SAT Math scores. Rina Patel achievement in academics qualified him for this award.

• **Frederick Douglass and Susan B. Anthony Award**

Students must have:

- o A demonstrated commitment to understanding and addressing difficult social issues
 - o Leadership and dedication to community action
 - o Strong grades and rigorous courses taken in the humanities and social sciences
- Ghina Krayem was the recipient of this award.

• **George Eastman Young Leaders Award**

- o Strong leadership experience at school and in the community
- o High grades and challenging courses
- o Extensive involvement in extracurricular activities

This award was won by Thomas Van Winkle.

• **Xerox Award for Innovation and Information Technology**

Students must have:

- o A strong interest in innovation and/or information technology and a high level of achievement in this area
- o Exposure to new technologies outside of school, such as pursuing serious work opportunities in local laboratories or industry
- o Leading other students to new approaches to old problems, e.g. business plans for fundraising; innovative community service; after-school activities; and best uses of internal communications tools such as chat and blogs

Daniel Archibold met these qualifications and was honored with this award.

Hugh O'Brien Youth Leadership Program

HOBYP programs provide youth selected by their schools to participate in unique leadership training, service-learning and motivation-building experiences. HOBYP also provides adults with opportunities to make a significant impact on the lives of youth by volunteering. Jessica Pennisi was selected to participate in the nation's foremost youth leadership development organization.

The American Citizenship Award

National Association of Secondary School Principals award honors any student in elementary, middle, or high school who has shown by their words and actions that they possess the qualities and characteristics we hope to instill in all our students. Phillip Gatto was selected for this award.

Sage College- Student of Influence Award

Russell Sage College encourages students to become women of influence in their careers and their communities. Cassandra Winnie and Nate Santacroce III were honored with this award.

Wells College – 21st Century Leadership Award

Angela Calasso received this award for outstanding leadership ability in high school.

Girl's State

The American Legion Auxiliary's Girls State program is held annually, and provides an opportunity for young women who are high school juniors to become active participants in the fundamentals of self-government. The program simulates city, county and state levels of government and is designed to assist participants to understand, comprehend, and appreciate their roles as United States citizens. Specific program goals are to:

- Develop leadership and pride in American citizens
- Educate participants about our system of government
- Instill in participants a greater understanding of American traditions
- Stimulate a desire to maintain our government processes

Victoria Lizotte, Allayna Nofs, and Cassandra Winnie were selected to attend this program.

2012-2013 Saddle Brook Athletics Awards

Fall Sports:

Football Team 1st Place Meadowlands Division NJIC/Group 1-2 Football Team of the Year

Football: 1st team All-League-Kevin Bottine, Jon Gelenius, Alex Fernandez, Chris Jacobson, Paul Gawin, Devin Marchesani, Eriq Pettway

2nd Team All-League-Andrew Dzedzic, Eric Nasello

Honorable mention-Shawn Sturdy, Nick Camilleri

1st Team All-County-Paul Gawin

2nd team All-County-Chris Jacobson

3rd team All-County-Alex Fernandez

Honorable Mention All-County-Jon Gelenius, Devin Marchesani, Eriq Pettway, Kevin Bottine

Girls Cross Country- 1st Team All-League- Ashley McVeigh, Nicole McVeigh

Honorable Mention-Lisa Chiovetta

Boys Cross Country 2nd Team All-League-Connor McGillick, Nitish Mogilisetty, Justin Dritschel

Honorable Mention All-League- Doug Liska

Boys Soccer Coach of the Year-Chris Alfieri

Boys Soccer-1st Team All-League-John Burns, Alejandro Giraldo, Belvir Singh

2nd Team All-League-Michael Latona, Omari Green

Girls Soccer-1st Team-Leandra Ratajczak, Angela Ferrante, Stephanie Gerard, Ashley DeLucia, Kelly Link

2nd Team All-League-Ashley Russo, Gina Gravina, Shannon Duffy

Honorable Mention-Diandra Ocot

Volleyball-Honorable Mention-Cassie Winnie

Girls Tennis-2nd Team All-League-Samantha Presti

Honorable mention-Jennifer Groskopf

Winter Sports:

Wrestling-1st Team All-League-Mike Andreano

2nd Team All-League-Sean Pezzuti

Honorable Mention-Jonathan Rosa

2nd Team All-County-Mike Andreano

Honorable Mention-Sean Pezzuti

Girls Basketball-1st Team All-League-Taylor Harmen

Honorable Mention-Cherie Smedile

Honorable mention All-County-Taylor Harmen

Boys Basketball-2nd Team All-League-Alex Fernandez, Anthony Jones

Honorable Mention-Andrew Dzedzic

Competition Cheerleading-2nd Place Group 1 Nationals

Spring Sports:

Spring Track & Field-1st Team All-League-Tajia Lagomarsino
2nd Team All-League-Ashley McVeigh, Nicole McVeigh, Boys 4x4 relay team
Honorable Mention All-League- Boys 4 x 4 relay team
Baseball 1st Team All-League- John Burns, Kevin Bottine, Ed Baram
Honorable Mention All-League- Max Belcaro
Honorable Mention All-County-John Burns, Kevin Bottine, Ed Baram
Softball-Group 1 Sectional Champion/Group 1 State Finalist
1st Team All-League-Alexia Russo, Kate Garbarino, Lorena Alvarez, Ashley Russo, Gina Gravina
2nd Team All-League-Natalie Alvarez, Danielle Archibold, Taryn DiGiacamo, Darian Krauter, Angela Ferrante
1st Team All-County-Lorena Alvarez
2nd Team All-County-Alexia Russo - Honorable Mention All-County-Danielle Archibold

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, Special Revenue and Debt Service Funds. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2013.

ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect accounting principles generally accepted in the United States of America, 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 the Financial Statements", Note 1.

FINANCIAL INFORMATION AT FISCAL YEAR -END: As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from 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.

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.

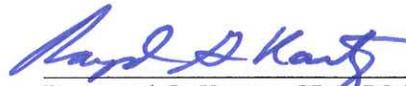
OTHER INFORMATION: Independent Audit – State statutes require on annual audit by independent certified public accountants or registered municipal accountings. The accounting firm of Lerch, Vinci & Higgins, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1984, as amended, and the related OMB Circular A-133 and state Treasury Circular Letters 04-04 OMB. The auditor’s report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor’s reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Saddle Brook 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 the financial and accounting staff.

Respectfully submitted,



Kathryn A. Fedina, Ed.D
Superintendent of Schools



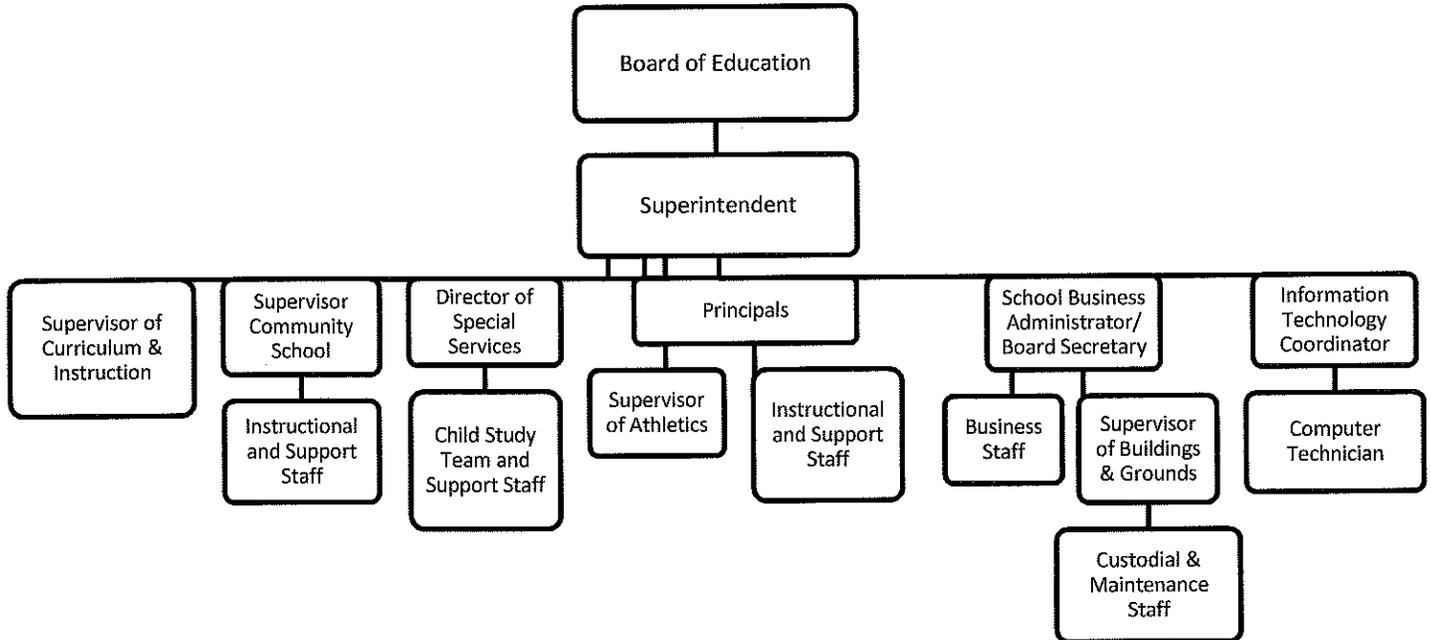
Raymond G. Karaty, CPA, PSA
Business Administrator/Board Secretary

POLICY

SADDLE BROOK BOARD OF EDUCATION

ADMINISTRATION
1110/page 1 of 1
Organizational Chart

1110 ORGANIZATIONAL CHART



**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2013**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Marilyn Nasello, President	2014
Georgette Cupo, Vice President	2013
Regina Barrale	2013
William Havison	2015
Robert Naegely	2013
Stephen Quinn	2015
Gerard Taylor	2013
Joseph Toth	2013
Robert White	2014

Other Officials

Kathryn A. Fedina, Ed.D., Superintendent

Raymond G. Karaty, CPA, PSA, Board Secretary/School Business Administrator

Peter Bellani, CPA, Treasurer

Isabel Machado, Esq., Board Attorney

SADDLE BROOK BOARD OF EDUCATION

Consultants and Advisors

ARCHITECT

Gianforcaro
555 East Main Street
Chester, New Jersey 07930

AUDITOR

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

ATTORNEY

Isabel Machado
Machado Law Group
136 Central Avenue – 2nd Floor
Clark, New Jersey 07066

OFFICIAL DEPOSITORY

Community Bank of Bergen County
210 Rochelle Avenue
Rochelle Park, NJ 07662

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle Brook Board of Education, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to 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 Brook Board of Education as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

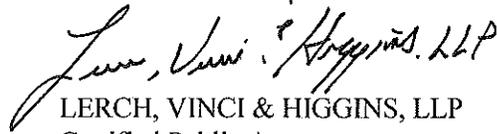
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saddle Brook Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Saddle Brook Board of Education.

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

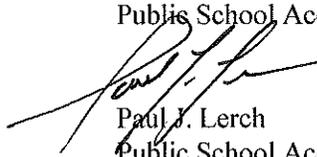
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2013 on our consideration of the Saddle Brook 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Saddle Brook Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 2, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

This discussion and analysis of the Saddle Brook School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2013. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- District-Wide Statements – The School District had \$34,473,177 in revenues, general revenues were \$28,743,648 or 83 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,729,529 or 17 percent of total revenues of \$34,473,177.
- District-Wide Statements - The School District had \$33,823,054 in expenses; only \$5,729,529 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$28,743,648 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Saddle Brook Board of Education's governmental funds reported combined ending fund balances of \$1,313,022, a decrease of \$289,975 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental fund statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary fund statements offer short and long-term financial information about the activities the Saddle Brook Board of Education operates like a business.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

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

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

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

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

District-wide Statements

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

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

District-wide Statements (Continued)

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

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

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

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

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 BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Fund Financial Statements (Continued)

The District has three kinds of funds:

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

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. Budgetary comparison statements have been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

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

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

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

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
DISTRICT-WIDE FINANCIAL ANALYSIS OF THE SADDLE BROOK 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 payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-2 provides a summary of the school district's net position for fiscal years 2013 and 2012 which were \$9,790,189 and \$9,140,066, respectively.

Net position. By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services and the restricted financial resources for the District's capital project school renovations and upgrades.

Table A-2
Statement of Net Position
As of June 30, 2013 and 2012

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Assets						
Current and Other Assets	\$ 1,600,758	\$ 2,097,402	\$ 665,366	\$ 525,375	\$ 2,266,124	\$ 2,622,777
Capital Assets	<u>24,169,165</u>	<u>23,833,943</u>	<u>86,582</u>	<u>70,867</u>	<u>24,255,747</u>	<u>23,904,810</u>
Total Assets	<u>25,769,923</u>	<u>25,931,345</u>	<u>751,948</u>	<u>596,242</u>	<u>26,521,871</u>	<u>26,527,587</u>
Deferred Outflows of Resources						
Deferred amounts on Refunding of Debt	<u>578,861</u>	<u>196,510</u>	<u>-</u>	<u>-</u>	<u>578,861</u>	<u>196,510</u>
Total Deferred Outflows of Resources	<u>578,861</u>	<u>196,510</u>	<u>-</u>	<u>-</u>	<u>578,861</u>	<u>196,510</u>
Total Assets and Deferred Outflows of Resources	<u>26,348,784</u>	<u>26,127,855</u>	<u>751,948</u>	<u>596,242</u>	<u>27,100,732</u>	<u>26,724,097</u>
Liabilities						
Current Liabilities	499,470	755,560	80,777	85,778	580,247	841,338
Noncurrent Liabilities	<u>16,729,818</u>	<u>16,741,965</u>	<u>-</u>	<u>-</u>	<u>16,729,818</u>	<u>16,741,965</u>
Total Liabilities	<u>17,229,288</u>	<u>17,497,525</u>	<u>80,777</u>	<u>85,778</u>	<u>17,310,065</u>	<u>17,583,303</u>
Deferred Inflows of Resources						
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>478</u>	<u>728</u>	<u>478</u>	<u>728</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>478</u>	<u>728</u>	<u>478</u>	<u>728</u>
Total Liabilities and Deferred Inflows of Resources	<u>17,229,288</u>	<u>17,497,525</u>	<u>81,255</u>	<u>86,506</u>	<u>17,310,543</u>	<u>17,584,031</u>
Net Position						
Net Investment in Capital Assets	11,584,587	10,633,082	86,582	70,867	11,671,169	10,703,949
Restricted	582,557	557,869			582,557	557,869
Unrestricted	<u>(3,047,648)</u>	<u>(2,560,621)</u>	<u>584,111</u>	<u>438,869</u>	<u>(2,463,537)</u>	<u>(2,121,752)</u>
Total Net Position	<u>\$ 9,119,496</u>	<u>\$ 8,630,330</u>	<u>\$ 670,693</u>	<u>\$ 509,736</u>	<u>\$ 9,790,189</u>	<u>\$ 9,140,066</u>

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Governmental activities. Governmental activities increased the District's net position by \$489,166 and \$1,054,977 for the fiscal years ended June 30, 2013 and 2012, respectively. Key elements of this increase are as follows:

Table A-3
Changes in Net Position
For the Fiscal Year Ended June 30, 2013 and 2012

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues						
Charges for Services	\$ 166,678	\$ 21,350	\$ 808,832	\$ 822,032	\$ 975,510	\$ 843,382
Operating Grants and Contributions	4,603,526	4,077,462	147,968	177,101	4,751,494	4,254,563
Capital Grants and Contributions	2,525	13,188			2,525	13,188
General Revenues						
Property Taxes	28,568,691	28,044,441			28,568,691	28,044,441
Unrestricted State and Federal Aid	19,845	-			19,845	-
Other	151,408	406,789	3,704	4,456	155,112	411,245
Total Revenues	<u>33,512,673</u>	<u>32,563,230</u>	<u>960,504</u>	<u>1,003,589</u>	<u>34,473,177</u>	<u>33,566,819</u>
Expenses						
Instruction						
Regular	11,962,134	11,351,485			11,962,134	11,351,485
Special	6,837,218	6,786,763			6,837,218	6,786,763
Other Instruction	849,883	787,007			849,883	787,007
School Sponsored Activities and Ath.	576,247	606,482			576,247	606,482
Support Services						
Student and Instruction Related Serv.	4,655,461	4,201,866			4,655,461	4,201,866
Educational Media/School Library	169,616	249,830			169,616	249,830
School Administrative Services	1,602,154	1,617,711			1,602,154	1,617,711
General Administrative Services	730,165	671,312			730,165	671,312
Plant Operations and Maintenance	3,155,476	2,844,156			3,155,476	2,844,156
Pupil Transportation	1,062,029	877,950			1,062,029	877,950
Central Services	670,372	626,992			670,372	626,992
Food Services			400,397	461,322	400,397	461,322
Community School			399,150	364,493	399,150	364,493
Interest on Long-Term Debt	752,752	886,699	-	-	752,752	886,699
Total Expenses	<u>33,023,507</u>	<u>31,508,253</u>	<u>799,547</u>	<u>825,815</u>	<u>33,823,054</u>	<u>32,334,068</u>
Change in Net Position	489,166	1,054,977	160,957	177,774	650,123	1,232,751
Net Position, Beginning of Year	<u>8,630,330</u>	<u>7,575,353</u>	<u>509,736</u>	<u>331,962</u>	<u>9,140,066</u>	<u>7,907,315</u>
Net Position, End of Year	<u>\$ 9,119,496</u>	<u>\$ 8,630,330</u>	<u>\$ 670,693</u>	<u>\$ 509,736</u>	<u>\$ 9,790,189</u>	<u>\$ 9,140,066</u>

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Governmental activities. The District's total governmental revenues were \$33,512,673. The local share of the revenues, that included property taxes, interest and miscellaneous revenue, amounted to \$28,739,944 or 85% of total revenues. Funding from state, federal sources and capital grants and contributions amounted to \$4,606,051 or 14%. Charges for services amounted to \$166,678 or 1%. (See Table A-4)

The District's total governmental expenses were \$33,023,507 and are predominantly related to instruction and support services. Instruction totaled \$20,225,482 (62%), student support services totaled \$12,045,273 (36%) and interest on long-term debt total \$752,752 (2%) of total expenditures. (See Table A-5.)

Table A-4 Revenues by Source – Governmental Activities
For Fiscal Year 2013

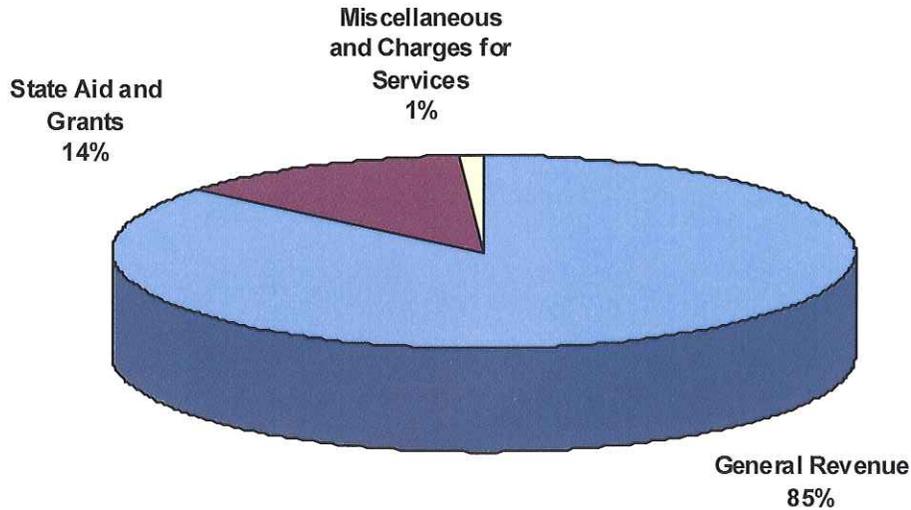
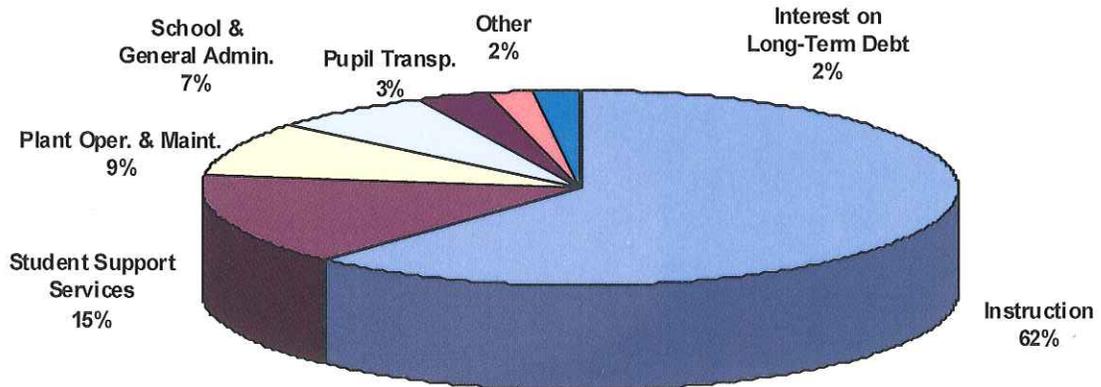


Table A-5 Expenditures by Type- Governmental Activities
For Fiscal Year 2013



**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

**Table A-6
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2013 and 2012**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Governmental Activities				
Instruction				
Regular	\$ 11,962,134	\$ 11,351,485	\$ 10,471,783	\$ 10,164,160
Special Education	6,837,218	6,786,763	4,733,791	4,781,613
Other Instruction	849,883	787,007	646,114	617,495
School Sponsored Activities and Athletics	576,247	606,482	576,247	559,712
Community Services				
Support Services				
Student and Instruction Related Svcs.	4,655,461	4,201,866	4,164,541	3,716,907
Educational Media/School Library	169,616	249,830	153,791	231,425
General Administrative Services	730,165	671,312	697,732	637,223
School Administrative Services	1,602,154	1,617,711	1,462,520	1,468,796
Plant Operations and Maintenance	3,155,476	2,844,156	2,955,325	2,844,156
Pupil Transportation	1,062,029	877,950	990,200	861,075
Central Services	670,372	626,992	645,982	626,992
Interest on Long-Term Debt	752,752	886,699	752,752	886,699
Total Governmental Activities	<u>\$ 33,023,507</u>	<u>\$ 31,508,253</u>	<u>\$ 28,250,778</u>	<u>\$ 27,396,253</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2013 was \$799,547. These costs were funded by operating grants, charges for services and investment earnings. (Detailed on Table A-3). The operations resulted in an increase in net position of \$160,957.

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Business-Type Activities (Continued)

Food Service Program

- Food service revenues exceeded expenses by \$44,190.
- Charges for services represent 66 percent of revenue.
- Revenues include lunches and ala carte meals paid for by the students and partial or total reimbursement provided by the district's participation in the National School Lunch Program.

Community School Program

- Revenues exceeded expenses by \$116,767.
- Charges for services represent 99 percent of revenue.
- Revenues include tuition and interest earned on investments.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$1,313,022. In 2011-2012 the fund balance was \$1,602,997.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$33,512,673 and expenditures were \$34,779,223.

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2013 and 2012.

	<u>Year Ended</u> <u>6/30/2013</u>	<u>Year Ended</u> <u>6/30/2012</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Local Sources	\$ 28,927,532	\$ 28,514,227	\$ 413,305	1%
State Sources	4,048,867	3,407,977	640,890	19%
Federal Sources	536,274	641,026	(104,752)	-16%
Total Revenues	<u>\$ 33,512,673</u>	<u>\$ 32,563,230</u>	<u>\$ 949,443</u>	3%

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal years ended June 30, 2013 and 2012.

	<u>Year Ended</u> <u>6/30/2013</u>	<u>Year Ended</u> <u>6/30/2012</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Current Expenses:				
Instruction	\$ 19,541,801	\$ 18,897,166	\$ 644,635	3%
Undistributed	11,669,175	10,757,586	911,589	8%
Capital Outlay	1,197,480	219,683	977,797	445%
Debt Service				
Principal	1,330,913	1,183,872	147,041	12%
Interest and Other Charges	1,039,854	731,069	308,785	42%
Total Expenditures	<u>\$ 34,779,223</u>	<u>\$ 31,789,376</u>	<u>\$ 2,989,847</u>	9%

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, 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. Revisions were made to prevent over expenditures in specific line item accounts.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

General Fund Budgeting Highlights (Continued)

- Tuition costs for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year. These special education costs were higher than anticipated for 2012-13.
- The number of teacher assistants required for special education students was less than anticipated.
- As the buildings and building systems get old additional funds were needed to make the required repairs.
- Unanticipated legal expenses were incurred due to the District's defense in several lawsuits and personnel matters. Additional expenses were also incurred for contract negotiations.
- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

Capital Assets

At the end of fiscal year 2013, the District had total assets of \$24,255,747 net of depreciation invested in land, land improvements, buildings, furniture, equipment and vehicles. Table 4 shows fiscal year 2013 balances compared to 2012.

**Table A-4
Capital Assets (Net Depreciation) as of June 30, 2013 and 2012**

	Governmental Activities		Business-Type Activities		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 31,974	\$ 31,974			\$ 31,974	\$ 31,974
Construction in Progress	-	22,687			-	22,687
Land Improvements	485,028	485,028			485,028	485,028
Buildings and Building Improvements	31,579,633	31,078,254			31,579,633	31,078,254
Machinery, Equipment and Vehicles	<u>3,196,278</u>	<u>2,477,490</u>	<u>\$ 172,225</u>	<u>\$ 151,947</u>	<u>3,368,503</u>	<u>2,629,437</u>
Total	35,292,913	34,095,433	172,225	151,947	35,465,138	34,247,380
Less: Accumulated Depreciation	<u>11,123,748</u>	<u>10,064,980</u>	<u>85,643</u>	<u>81,080</u>	<u>11,209,391</u>	<u>10,146,060</u>
Total	<u>\$ 24,169,165</u>	<u>\$ 24,030,453</u>	<u>\$ 86,582</u>	<u>\$ 70,867</u>	<u>\$ 24,255,747</u>	<u>\$ 24,101,320</u>

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Overall capital assets decreased by \$154,427 from fiscal year 2012 to fiscal year 2013.

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

Debt Administration

At June 30, 2013, the District had \$16,193,688 of outstanding long-term liabilities. These liabilities include serial bonds and loans for school construction and refunding bonds for the Early Retirement Incentive Program, capital leases and compensated absences.

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

	<u>2013</u>	<u>2012</u>
General Obligation Bonds	\$ 14,990,000	\$ 16,125,000
Loans Payable	9,200	18,403
Capital Leases	571,079	180,314
Compensated Absences Payable	<u>623,409</u>	<u>622,398</u>
 Total	 <u>\$ 16,193,688</u>	 <u>\$ 16,946,115</u>

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

For the Future

Currently, the District is in good financial condition. Everyone associated with the Saddle Brook School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. The uncertainty of state aid and a capped tax levy place a great burden on the district to fund new instructional programs as other fixed costs continue to rise.

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

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013**

Contacting the District's Financial Management

If you have questions about this report or need additional information, contact the School Business Administrator at the Saddle Brook Board of Education, 355 Mayhill Street, Saddle Brook, NJ 07663.

BASIC FINANCIAL STATEMENTS

SADDLE BROOK BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,090,145	\$ 759,709	\$ 1,849,854
Prepaid Expense	9,896		9,896
Receivables, net	374,718	25,879	400,597
Internal Balances	125,999	(125,999)	-
Inventory		5,777	5,777
Capital Assets			
Not Being Depreciated	31,974		31,974
Being Depreciated, Net	<u>24,137,191</u>	<u>86,582</u>	<u>24,223,773</u>
Total Assets	<u>25,769,923</u>	<u>751,948</u>	<u>26,521,871</u>
Deferred Outflows of Resources			
	<u>578,861</u>	-	<u>578,861</u>
Deferred amounts on Refunding of Debt			
	<u>578,861</u>	-	<u>578,861</u>
Total Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	<u>26,348,784</u>	<u>751,948</u>	<u>27,100,732</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	208,516	30,191	238,707
Payable to Other Governments	32,294		32,294
Accrued Interest Payable	211,734		211,734
Unearned Revenue	46,926	50,586	97,512
Noncurrent Liabilities			
Due Within One Year	1,414,721		1,414,721
Due Beyond One Year	<u>15,315,097</u>	-	<u>15,315,097</u>
Total Liabilities	<u>17,229,288</u>	<u>80,777</u>	<u>17,310,065</u>
Deferred Inflows of Resources			
Deferred Commodities Revenue	-	478	478
Total Deferred Inflows of Resources	-	478	478
Total Liabilities and Deferred Inflows of Resources	<u>17,229,288</u>	<u>81,255</u>	<u>17,310,543</u>
NET POSITION			
Net Investment in Capital Assets	11,584,587	86,582	11,671,169
Restricted for :			
Capital Projects	526,665		526,665
Debt Service	55,892		55,892
Unrestricted	<u>(3,047,648)</u>	<u>584,111</u>	<u>(2,463,537)</u>
Total Net Position	<u>\$ 9,119,496</u>	<u>\$ 670,693</u>	<u>\$ 9,790,189</u>

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

SADDLE BROOK BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 11,962,134		\$ 1,487,826	\$ 2,525	\$ (10,471,783)		\$ (10,471,783)
Special Education	6,837,218		2,103,427		(4,733,791)		(4,733,791)
Other Instruction	849,883		203,769		(646,114)		(646,114)
School Sponsored Activities and Athletics Support Services	576,247				(576,247)		(576,247)
Student and Instruction Related Services	4,655,461		490,920		(4,164,541)		(4,164,541)
Educational Media/School Library	169,616		15,825		(153,791)		(153,791)
General and Business Administrative Services	730,165		32,433		(697,732)		(697,732)
School Administrative Services	1,602,154		139,634		(1,462,520)		(1,462,520)
Plant Operations and Maintenance	3,155,476	\$ 166,678	33,473		(2,955,325)		(2,955,325)
Pupil Transportation	1,062,029		71,829		(990,200)		(990,200)
Central Services	670,372		24,390		(645,982)		(645,982)
Interest and Other Charges on Long-Term Debt	752,752				(752,752)		(752,752)
Total Governmental Activities	33,023,507	166,678	4,603,526	2,525	(28,250,778)		(28,250,778)
Business-Type Activities							
Food Service	400,397	295,518	147,968			\$ 43,089	43,089
Community School	399,150	513,314				114,164	114,164
Total Business-Type Activities	799,547	808,832	147,968			157,253	157,253
Total Primary Government	\$ 33,823,054	\$ 975,510	\$ 4,751,494	\$ 2,525	(28,250,778)	157,253	(28,093,525)
General Revenues and Transfers							
Property Taxes, Levied for General Purposes, Net					26,813,073		26,813,073
Taxes Levied for Debt Service					1,755,618		1,755,618
Unrestrict State Aid					19,845		19,845
Miscellaneous Income					151,408	3,704	155,112
Total General Revenues					28,739,944	3,704	28,743,648
Change in Net Position					489,166	160,957	650,123
Net Position, Beginning of Year (Restated)					8,630,330	509,736	9,140,066
Net Position, End of Year					\$ 9,119,496	\$ 670,693	\$ 9,790,189

FUND FINANCIAL STATEMENTS

**SADDLE BROOK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 992,478		\$ 41,775	\$ 55,892	\$ 1,090,145
Prepaid Expense	9,896				9,896
Receivables, Net					
Receivables from Other Governments	89,757	\$ 229,769	33,760		353,286
Due from Other Funds	283,855				283,855
Other Receivables	11,281	3,896	-	-	15,177
Total Assets	<u>\$ 1,387,267</u>	<u>\$ 233,665</u>	<u>\$ 75,535</u>	<u>\$ 55,892</u>	<u>\$ 1,752,359</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 177,276	\$ 31,240			\$ 208,516
Due to Other Funds		149,498	\$ 2,103		151,601
Payable to State Government		6,001			6,001
Payable to Federal Government	26,293				26,293
Unearned Revenue	-	46,926	-	-	46,926
Total Liabilities	<u>203,569</u>	<u>233,665</u>	<u>2,103</u>	<u>-</u>	<u>439,337</u>
Fund Balances					
Nonspendable Fund Balance:					
Prepays	9,896				9,896
Restricted:					
Excess Surplus- Designated for Subsequent Year's Expenditures	374,463				374,463
Capital Reserve	226,128				226,128
Capital Reserve- Designated for Subsequent Year's Expenditures	300,537				300,537
Capital Projects			73,432		73,432
Debt Service				\$ 55,892	55,892
Assigned:					
Year End Encumbrances	55,821				55,821
Unassigned:					
General Fund	216,853	-	-	-	216,853
Total Fund Balances	<u>1,183,698</u>	<u>-</u>	<u>73,432</u>	<u>55,892</u>	<u>1,313,022</u>
Total Liabilities and Fund Balances	<u>\$ 1,387,267</u>	<u>\$ 233,665</u>	<u>\$ 75,535</u>	<u>\$ 55,892</u>	<u>\$ 1,752,359</u>

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$35,292,913 and the accumulated depreciation is \$11,123,748.

24,169,165

The District has financed capital assets through the issuance of Serial Bonds, Loans and Long-Term Lease Obligations. The interest accrual at year end is:

(211,734)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.

578,861

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, net	\$ (15,526,130)
Loans Payable	(9,200)
Capital Leases	(571,079)
Compensated Absences Payable	(623,409)

(16,729,818)

Net Position of Governmental Activities

\$ 9,119,496

**SADDLE BROOK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 26,813,073			\$ 1,755,618	\$ 28,568,691
Miscellaneous	317,593	\$ 40,755	\$ 493	-	358,841
Total - Local Sources	27,130,666	40,755	493	1,755,618	28,927,532
State Sources	4,022,238	26,629	-		4,048,867
Federal Sources	-	536,274	-	-	536,274
Total Revenues	31,152,904	603,658	493	1,755,618	33,512,673
EXPENDITURES					
Current					
Regular Instruction	11,448,179	37,301			11,485,480
Special Education Instruction	6,291,307	392,725			6,684,032
Other Instruction	714,657	102,213			816,870
School-Sponsored Activities and Athletics	555,419				555,419
Support Services and Undistributed Costs					
Student and Instruction Related Services	4,412,859	68,894			4,481,753
Educational Media/School Library	164,472				164,472
General Administrative Services	711,693				711,693
School Administrative Services	1,539,886				1,539,886
Plant Operations and Maintenance	3,075,452				3,075,452
Pupil Transportation	1,051,699				1,051,699
Central Services	644,220				644,220
Debt Service					
Principal	216,710			1,114,203	1,330,913
Interest and Other Charges	85,229			592,450	677,679
Cost of Issuance				104,064	104,064
Advanced Refunding Escrow				258,111	258,111
Capital Outlay	1,194,955	2,525	-	-	1,197,480
Total Expenditures	32,106,737	603,658	-	2,068,828	34,779,223
Excess (Deficiency) of Revenues Over (Under) Expenditures	(953,833)	-	493	(313,210)	(1,266,550)
OTHER FINANCING SOURCES (USES)					
Capital Leases (Non-budget)	607,475				607,475
Refunding Bond Proceeds				6,485,000	6,485,000
Premium on Refunding Bonds				421,413	421,413
Discount on Refunding Bonds				(22,313)	(22,313)
Payment to Refunded Bond Escrow Agent				(6,515,000)	(6,515,000)
Transfer In	493				493
Transfer Out	-	-	(493)	-	(493)
Total Other Financing Sources and Uses	607,968	-	(493)	369,100	976,575
Net Change in Fund Balances	(345,865)	-	-	55,890	(289,975)
Fund Balance, Beginning of Year	1,529,563	-	73,432	2	1,602,997
Fund Balance, End of Year	\$ 1,183,698	\$ -	\$ 73,432	\$ 55,892	\$ 1,313,022

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

**SADDLE BROOK 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, 2013**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (289,975)

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

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

Capital Outlay	\$ 1,197,480	
Depreciation Expense	<u>(1,058,768)</u>	138,712

In the statement of activities, "the issuance of long-term debt (e.g. bonds, loans and leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Refunding Bond Proceeds	(6,485,000)	
Payments to Escrow Agent for Refunding	6,773,111	
Premium on Refunding Bonds	(421,413)	
Discount on Refunding Bonds	22,313	
Amortization of Discount	(1,313)	
Amortization of Bond Premium	56,967	
Amortization of Deferred Amounts on Refunding	(76,084)	
Capital Lease	(607,475)	
Principal Repayments		
Bond Principal	1,105,000	
Loan Principal	9,203	
Capital Lease Principal	<u>216,710</u>	592,019

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

Increase in Compensated Absences		(1,011)
----------------------------------	--	---------

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

Decrease in Accrued Interest		<u>49,421</u>
------------------------------	--	---------------

Change in net position of governmental activities (Exhibit A-2) \$ 489,166

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

**SADDLE BROOK BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

	<u>Food Service</u>	<u>Community School</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 209,185	\$ 550,524	\$ 759,709
Intergovernmental Receivable			
State	930		930
Federal	24,949		24,949
Inventories	<u>5,777</u>	<u>-</u>	<u>5,777</u>
Total Current Assets	<u>240,841</u>	<u>550,524</u>	<u>791,365</u>
Capital Assets			
Equipment	172,225		172,225
Less: Accumulated Depreciation	<u>(85,643)</u>	<u>-</u>	<u>(85,643)</u>
Total Capital Assets	<u>86,582</u>	<u>-</u>	<u>86,582</u>
Total Assets	<u>327,423</u>	<u>550,524</u>	<u>877,947</u>
LIABILITIES			
Current Liabilities			
Due to Other Funds	44,846	104,164	149,010
Accounts Payable	4,507	2,673	7,180
Unearned Revenue	<u>-</u>	<u>50,586</u>	<u>50,586</u>
Total Current Liabilities	<u>49,353</u>	<u>157,423</u>	<u>206,776</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>478</u>	<u>-</u>	<u>478</u>
Total Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	<u>49,831</u>	<u>157,423</u>	<u>207,254</u>
NET POSITION			
Net Investment in Capital Assets	86,582		86,582
Unrestricted	<u>191,010</u>	<u>393,101</u>	<u>584,111</u>
Total Net Position	<u>\$ 277,592</u>	<u>\$ 393,101</u>	<u>\$ 670,693</u>

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

**SADDLE BROOK BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>	<u>Community School</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales	\$ 294,402		\$ 294,402
Special Functions	1,116		1,116
Community Service Fees	-	\$ 513,314	513,314
Total Operating Revenues	<u>295,518</u>	<u>513,314</u>	<u>808,832</u>
OPERATING EXPENSES			
Cost of Sales	200,013		200,013
Salaries and Employee Benefits	153,308	324,327	477,635
Repair and Maintenance		8,450	8,450
Rentals		27,000	27,000
Other Purchased Services	20,144	9,168	29,312
Telephone		1,245	1,245
Supplies and Materials	16,935	17,120	34,055
Depreciation	9,997		9,997
Miscellaneous	-	11,840	11,840
Total Operating Expenses	<u>400,397</u>	<u>399,150</u>	<u>799,547</u>
Operating Income/(Loss)	<u>(104,879)</u>	<u>114,164</u>	<u>9,285</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	4,803		4,803
Federal Sources			
National School Lunch Program	143,165		143,165
Interest and Investment Revenue	1,101	2,603	3,704
Total Nonoperating Revenues	<u>149,069</u>	<u>2,603</u>	<u>151,672</u>
Change in Net Position	44,190	116,767	160,957
Total Net Position, Beginning of Year (Restated)	<u>233,402</u>	<u>276,334</u>	<u>509,736</u>
Total Net Position, End of Year	<u>\$ 277,592</u>	<u>\$ 393,101</u>	<u>\$ 670,693</u>

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

**SADDLE BROOK BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>	<u>Community School</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 295,518	\$ 507,763	\$ 803,281
Cash Payments for Employees' Salaries and Benefits	(153,308)	(293,683)	(446,991)
Cash Payments to Suppliers for Goods and Services	(202,996)	-	(202,996)
	<u>(60,786)</u>	<u>214,080</u>	<u>153,294</u>
Net Cash Provided/(Used) for Operating Activities			
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	115,852	-	115,852
Cash Received from Other Funds	6,977	-	6,977
	<u>122,829</u>	<u>-</u>	<u>122,829</u>
Net Cash Provided/(Used) by Noncapital Financing Activities			
Cash Flows from Capital and Related Financing Activities			
Acquisition of Fixed Assets	(25,712)	-	(25,712)
	<u>(25,712)</u>	<u>-</u>	<u>(25,712)</u>
Net Cash Used by Capital and Related Financing Activities			
Cash Flows from Investing Activities			
Interest on Investments	1,101	2,603	3,704
	<u>1,101</u>	<u>2,603</u>	<u>3,704</u>
Net Cash Provided by Investing Activities			
Net Increase/(Decrease) in Cash and Cash Equivalents	37,432	216,683	254,115
Cash and Cash Equivalents, Beginning of Year	171,753	333,841	505,594
Cash and Cash Equivalents, End of Year	<u>\$ 209,185</u>	<u>\$ 550,524</u>	<u>\$ 759,709</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities			
Operating Income (Loss)	\$ (104,879)	\$ 114,164	\$ 9,285
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Noncash Federal Assistance - Food Distribution Program	14,725		14,725
Depreciation	9,997		9,997
Change in Assets and Liabilities			
(Increase)/Decrease in Inventory	(1,500)		(1,500)
Increase/(Decrease) in Interfund Payable	21,835	103,952	125,787
Increase/(Decrease) in Accounts Payable	(964)	1,515	551
Increase/(Decrease) in Unearned Revenue	-	(5,551)	(5,551)
	<u>44,093</u>	<u>99,916</u>	<u>144,009</u>
Total Adjustments			
Net Cash Provided by (Used for) Operating Activities	<u>\$ (60,786)</u>	<u>\$ 214,080</u>	<u>\$ 153,294</u>
Non-Cash Financing Activities			
Food Distribution Program Commodities Received	\$ 14,474		\$ 14,474

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

**SADDLE BROOK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 65,392	\$ 2,804	\$ 340,046
Due from Other Funds	<u>23,011</u>	<u>-</u>	<u>-</u>
Total Assets	<u>88,403</u>	<u>2,804</u>	<u>340,046</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 186,668
Accrued Salaries & Wages			35
Flex Spending			5
Due to Other Funds			6,255
Due to Student Groups			147,083
Due to State of New Jersey	<u>\$ 14,496</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>14,496</u>	<u>-</u>	<u>\$ 340,046</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 73,907</u>	<u>\$ 2,804</u>	

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

**SADDLE BROOK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>
ADDITIONS		
Investment Earnings		
Interest	\$ 84	\$ 2
Net Investment Earnings	<u>84</u>	<u>2</u>
Total Additions	<u>84</u>	<u>2</u>
DEDUCTIONS		
Unemployment Claims and Contributions	<u>47,233</u>	<u>-</u>
Total Deductions	<u>47,233</u>	<u>-</u>
Change in Net Position	(47,149)	2
Net Position, Beginning of Year	<u>121,056</u>	<u>2,802</u>
Net Position, End of Year	<u>\$ 73,907</u>	<u>\$ 2,804</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2013, the District adopted the following GASB statements:

- GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously Reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 66, *Technical Corrections – 2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial Reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

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

The *community school fund* accounts for the activities of the District's child care, preschool and summer camp programs.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (continued)

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, 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.

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".

D. Measurement Focus and Basis of Accounting

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

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

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

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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.

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

4. Prepaid Items

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

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$500 if purchased prior to July 1, 2001 or \$2,000 if purchased after July 1, 2001 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.

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	15-20
Buildings	40
Building Improvements	30
Machinery and Equipment	5-20

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. A deferred charge on debt refunding results from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has one item which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, one item, *deferred commodities revenue*, is reported in the Proprietary Fund Food Service for commodity value received prior to June 30 that have not been consumed. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated 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.

8. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net Position/Fund Balance

District-Wide Statements

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

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

SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements

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

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

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

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2012 audited excess surplus that was appropriated in the 2013/2014 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.)

Capital Reserve – Designated for Subsequent Year's Expenditures - This restriction was created by the District in accordance with NJAC 6A:23A-14.1 and represents the June 30, 2013 capital reserve balance that was appropriated in the 2013/14 District budget certified for taxes (See Note 3).

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

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

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.

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

10. Reclassifications

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2011-2012 and 2012-2013 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 6, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2012/2013. During 2012/2013 the Board increased the original budget by \$362,792. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriation resulted in an unfavorable variance.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Child Study Team			
Other Purchased Services	\$ 417	\$ 10,313	\$ 9,896

The above variance was caused by an audit adjustment and was offset with other available resources.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

A capital reserve account was established by the District on October 8, 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, 2013 is as follows:

Balance, July 1, 2012		\$ 457,867
Increased by:		
Interest Earnings	\$ 890	
Deposits approved by Board Resolution	<u>223,908</u>	
Total Increases		<u>224,798</u>
Withdrawals		
Approved in District Budget	<u>156,000</u>	
Balance, June 30, 2013		\$ <u>526,665</u>

The June 30, 2013 LRFP balance of local support costs of uncompleted capital projects is 6,387,498. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

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, 2013 is \$374,463, which represented the excess fund balance at June 30, 2012 and was appropriated in the 2013/2014 original budget certified for taxes.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances for interest bearing accounts are insured up to \$250,000 in the aggregate by the FDIC for each bank. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, temporary unlimited deposit insurance coverage was provided for non-interest bearing accounts from December 31, 2010 through December 31, 2012. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2013, the book value of the Board's deposits were \$2,258,096 and bank and brokerage firm balances of the Board's deposits amounted to \$3,150,235. The Board's deposits which are displayed on the various fund balance sheets and statements of net position as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>3,150,235</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2013 none of the Board's bank balances were exposed to custodial credit risk.

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

B. Receivables

Receivables as of June 30, 2013 for the district's individual major funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 11,281	\$ 3,896			\$ 15,177
Intergovernmental	<u>89,757</u>	<u>229,769</u>	<u>\$ 33,760</u>	<u>\$ 25,879</u>	<u>379,165</u>
Net Total Receivables	<u>\$ 101,038</u>	<u>\$ 233,665</u>	<u>\$ 33,760</u>	<u>\$ 25,879</u>	<u>\$ 394,342</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 33,878
Reserve for Encumbrances	<u>13,048</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 46,926</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	<u>Balance, July 1, 2012</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance, June 30, 2013</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,974			\$ 31,974
Construction in Progress	<u>22,687</u>	-	\$ (22,687)	<u>-</u>
 Total capital assets, not being depreciated	 <u>54,661</u>	 -	 <u>(22,687)</u>	 <u>31,974</u>
 Capital assets, being depreciated:				
Land Improvements	485,028			485,028
Buildings and Building Improvements	31,078,254	\$ 478,692	22,687	31,579,633
Machinery and Equipment	<u>2,477,490</u>	<u>718,788</u>	<u>-</u>	<u>3,196,278</u>
 Total capital assets being depreciated	 <u>34,040,772</u>	 <u>1,197,480</u>	 <u>22,687</u>	 <u>35,260,939</u>
 Less accumulated depreciation for:				
Buildings and Building Improvements	(6,586,748)	(877,422)	(1,595,498)	(9,059,668)
Land Improvements	(1,775,826)	(840)	1,595,498	(181,168)
Machinery and Equipment	<u>(1,702,406)</u>	<u>(180,506)</u>	<u>-</u>	<u>(1,882,912)</u>
 Total accumulated depreciation	 <u>(10,064,980)</u>	 <u>(1,058,768)</u>	 <u>-</u>	 <u>(11,123,748)</u>
 Total capital assets, being depreciated, net	 <u>23,975,792</u>	 <u>138,712</u>	 <u>22,687</u>	 <u>24,137,191</u>
 Governmental activities capital assets, net	 <u>\$ 24,030,453</u>	 <u>\$ 138,712</u>	 <u>\$ -</u>	 <u>\$ 24,169,165</u>

SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2012 (Restated)	Increases	Decreases	Balance, June 30, 2013
Business-Type activities:				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 151,947	\$ 25,712	\$ (5,434)	\$ 172,225
Total capital assets being depreciated	<u>151,947</u>	<u>25,712</u>	<u>(5,434)</u>	<u>172,225</u>
Less accumulated depreciation for:				
Machinery and Equipment	<u>(81,080)</u>	<u>(9,997)</u>	<u>5,434</u>	<u>(85,643)</u>
Total accumulated depreciation	<u>(81,080)</u>	<u>(9,997)</u>	<u>5,434</u>	<u>(85,643)</u>
Total capital assets, being depreciated, net	<u>70,867</u>	<u>15,715</u>	<u>-</u>	<u>86,582</u>
Business-type activities capital assets, net	<u>\$ 70,867</u>	<u>\$ 15,715</u>	<u>\$ -</u>	<u>\$ 86,582</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental activities:

Instruction	
Regular	\$ 475,642
Special	153,186
Other Instruction	33,013
School-Sponsored Activities and Athletics	<u>20,828</u>
Total Instruction	<u>682,669</u>
Support Services	
Support Services - Students	173,709
Educational Media	5,144
General Administration	18,472
School Administration	62,268
Operations and Maintenance of Plant	80,024
Student Transportation	10,330
Central Services	<u>26,152</u>
Total Support Services	<u>376,099</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,058,768</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 9,997</u>

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 149,498
General Fund	Capital Projects Fund	2,103
General Fund	Food Service	21,835
General Fund	Community School	104,164
General Fund	Student Activities	6,255
Unemployment	Food Service	<u>23,011</u>
		<u>\$ 306,866</u>

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

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

Interfund transfers

	<u>Transfer In:</u>
	<u>General Fund</u>
Transfer Out:	
Capital Projects Fund	\$ <u>493</u>
Total transfers out	\$ <u>493</u>

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

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing technology equipment, phone and wiring upgrade and interactive projectors totaling \$953,548 under capital leases. The leases are for terms of 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013 were as follows:

<u>Fiscal</u> <u>Year Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2014	\$ 199,415
2015	170,929
2016	133,235
2017	<u>98,618</u>
Total minimum lease payments	602,197
Less: amount representing interest	<u>31,118</u>
Present value of minimum lease payments	<u>\$ 571,079</u>

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2013 are comprised of the following issues:

\$5,900,000, 2004 School Improvement Bonds, due in annual installments of \$270,000 to \$420,000 through February 14, 2014, interest at 4.20% - 4.375%	\$ 290,000
\$9,030,000, 2009 Refunding Bonds, due in annual installments of \$740,000 to \$860,000 through August 15, 2022, interest at 3% - 4%	8,215,000

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

\$2,955,000, 2012 Pension Refunding Bonds, due in annual installments of \$155,000 to \$240,000 through July 15, 2029, interest at 5.00% - 5.75% 2,955,000

\$3,530,000, 2012 Refunding Bonds, due in annual installments of \$300,000 to \$400,000 through February 15, 2024, interest at 4.25% - 4.375% 3,530,000

\$ 14,990,000

Intergovernmental Loan Payable

The Board has entered into loan agreements with the New Jersey Economic Development Agency to provide funds for the acquisition and construction of major capital facilities and other capital assets.

Loans payable at June 30, 2013 is comprised of the following:

\$174,848, 2003 Loan due in semi-annual installments through July, 2013 interest at 1.50% \$ 9,200

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

Governmental Activities:

Year Ending June 30,	<u>Serial Bonds</u>		<u>Intergovernmental Loan</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 1,185,000	\$ 516,566	\$ 9,200	\$ 69	\$ 1,710,835
2015	1,225,000	480,235			1,705,235
2016	1,260,000	445,945			1,705,945
2017	1,300,000	407,080			1,707,080
2018	1,345,000	361,980			1,706,980
2019-2023	6,985,000	1,038,311			8,023,311
2024-2028	1,450,000	180,850			1,630,850
2029-2033	<u>240,000</u>	<u>5,040</u>	<u>-</u>	<u>-</u>	<u>245,040</u>
	<u>\$ 14,990,000</u>	<u>\$ 3,436,007</u>	<u>\$ 9,200</u>	<u>\$ 69</u>	<u>\$ 18,435,276</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2013 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 95,888,201
Less: Net Debt	<u>14,999,682</u>
Remaining Borrowing Power	<u>\$ 80,888,519</u>

Advance Refundings of Debt

On August 23, 2012, the District issued \$3,530,000 in Refunding Bonds, Series 2012 having interest rates of 3.00% to 4.00%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the 2004 School Improvement Bonds. The total bond principal defeased was \$3,665,000 and the total interest payments defeased was \$1,155,466. The net proceeds of \$3,891,424 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$226,423. This amount has been reported as a Deferred Outflow of Resources on the financial statements and amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the current and next 12 years by \$271,637 and resulted in an economic gain of \$239,359.

On August 23, 2012, the District issued \$2,955,000 in Pension Refunding Bonds, Series 2012 having interest rates of 0.75% to 4.20%. These bonds were issued in order to advance refund certain principal maturities and certain interest payments of the Early Retirement Incentive Bonds (Pension). The total bond principal defeased was \$2,850,000 and the total interest payments defeased was \$1,562,951. The net proceeds of \$2,881,687 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments. As a result, the advance refunding met the requirements of an in-substance debt defeasance and the refunded bond liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$31,688. This amount has been reported as a Deferred Outflow of Resources on the financial statements and amortized over the remaining life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the current and next 16 years by \$478,581 and resulted in an economic gain of \$411,714.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	Balance, July 1, 2012	Additions	Reductions	Balance, June 30, 2013	Due Within One Year
Governmental activities:					
Bonds Payable	\$ 16,125,000	\$ 6,485,000	\$ 7,620,000	\$ 14,990,000	\$ 1,185,000
Deferred Amounts					
Add: Premium	192,684	421,413	56,967	557,130	
Less: Discount	-	(22,313)	1,313	(21,000)	-
Total Bonds Payable	16,317,684	6,884,100	7,678,280	15,526,130	1,185,000
Loans Payable	18,403		9,203	9,200	9,200
Capital Leases	180,314	607,475	216,710	571,079	184,333
Compensated Absences	622,398	83,775	82,764	623,409	36,188
Governmental Activity					
Long-Term Liabilities	<u>\$ 17,138,799</u>	<u>\$ 7,575,350</u>	<u>\$ 7,986,957</u>	<u>\$ 16,729,818</u>	<u>\$ 1,414,721</u>

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 BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 insurance fund are on file with the School's Business Administrator.

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

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

<u>Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Food Service Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2013				\$ 47,233	\$ 73,907
2012	\$ 45,000		\$ 23,011	100,794	121,056
2011	170,000	\$ 31,106	53,798	158,992	153,794

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.

C. 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, 2013, 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.

D. 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, 2013, the District had no estimated arbitrage earnings due to the IRS.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. 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 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 BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans

Significant Legislation

P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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.

Funding Status and Funding Progress

As of July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 77.5 percent and \$11.6 billion.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans

Funding Status and Funding Progress (Continued)

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 July 1, 2011 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) a revised investment rate of return for all retirement systems from 8.25 percent to 7.95 percent and (b) revised projected salary increases of 4.52 percent for the PERS and 3.90 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 6.5% for PERS, 6.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2013 for TPAF, which is a cost sharing plan with special funding situations, the 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, 2013, 2012 and 2011 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2013	\$ 269,748	\$ 780,809	\$ 5,147
2012	423,005	397,737	6,057
2011	304,221	36,300	1,261

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

E. Employee Retirement Systems and Pension Plans

Annual Pension Costs (APC) (Continued)

The State contributed \$780,809 and \$397,737 during 2012/2013 and 2011/2012, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2010/2011, the State did not contribute to the TPAF for normal cost and accrued liability; however, the State contributed \$36,300 for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$908,105 during the year ended June 30, 2013 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.

F. 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 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

F. Post-Retirement Medical Benefits (Continued)

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. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

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 July 1, 2011, the most recent actuarial valuation date, the State had a \$48.9 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$18.0 billion for state active and retired members and \$30.9 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB 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 July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 4 OTHER INFORMATION (Continued)

F. Post-Retirement Medical Benefits (Continued)

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, 2012, there were 97,661, retirees receiving post-retirement medical benefits and the State contributed \$958.9 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

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, 2013, 2012 and 2011 were \$882,897, \$799,555 and \$771,006, 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.

NOTE 5 RESTATEMENT

On July 1, 2012, the Saddle Brook Board of Education implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities". The Saddle Brook Board of Education has determined that the effect of implementing these accounting changes on the financial statements previously reported as of and for the year ended June 30, 2012 was to eliminate in the District-wide statement of net position the deferred charge related to debt issuance costs in the amount of \$196,510 with a corresponding reduction in the net investment in capital assets component of net position. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2012 from \$8,826,840 as originally reported to \$8,630,330 as adjusted for the effects of the change in accounting principle.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 5 RESTATEMENT

The Food Service Enterprise Fund capital assets have been restated to reflect certain unrecorded additions and deletions and the resulting effects on accumulated depreciation.

	Beginning Balance Prior to Restatement <u>July 1, 2012</u>	<u>Restatement</u>	Beginning Balance Restated <u>July 1, 2012</u>
Business-type activities:			
ASSETS			
Capital Assets, Being Depreciated:			
Machinery and Equipment	\$ 150,846	\$ 1,101	\$ 151,947
Total Capital Assets Being Depreciated	<u>150,846</u>	<u>1,101</u>	<u>151,947</u>
Less Accumulated Depreciation for:			
Machinery and Equipment	<u>(79,194)</u>	<u>(1,886)</u>	<u>(81,080)</u>
Total Accumulated Depreciation	<u>(79,194)</u>	<u>(1,886)</u>	<u>(81,080)</u>
Total Capital Assets, Being Depreciated, Net	<u>\$ 71,652</u>	<u>\$ (785)</u>	<u>\$ 70,867</u>
Total Assets	<u>\$ 263,398</u>	<u>\$ (785)</u>	<u>\$ 262,613</u>
Net Position			
Net Investment in Capital Assets	\$ 71,652	\$ (785)	\$ 70,867
Unrestricted	<u>162,535</u>	<u>-</u>	<u>162,535</u>
Total Net Position	<u>\$ 234,187</u>	<u>\$ (785)</u>	<u>\$ 233,402</u>

BUDGETARY COMPARISON SCHEDULES

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
REVENUES					
Local Sources					
Local Tax Levy	\$ 26,813,073		\$ 26,813,073	\$ 26,813,073	
Miscellaneous	205,000	-	205,000	317,593	\$ 112,593
Sub-Total Local Sources	27,018,073	-	27,018,073	27,130,666	112,593
State Sources					
Categorical Special Education Aid	967,657		967,657	967,657	-
Equalization Aid	20,727		20,727	20,727	
Security Aid	34,796		34,796	34,796	
Transportation Aid	49,976		49,976	49,976	
Extraordinary Aid	350,000		350,000	331,761	(18,239)
Nonpublic Transportation Aid				24,058	24,058
On Behalf TPAF Pension Contribution- (Non-Budgeted)					
Normal				741,781	741,781
NCGJ Premium				39,028	39,028
Post Retirement Medical Contributions				882,897	882,897
Reimbursed TPAF Social Security Contributions (Non Budgeted)	-	-	-	908,105	908,105
Sub-Total State Sources	1,423,156	-	1,423,156	4,000,786	2,577,630
Total Revenues	28,441,229	-	28,441,229	31,131,452	2,690,223
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	171,791	\$ 30,132	201,923	201,923	
Grades 1-5	2,906,019	137,379	3,043,398	3,042,123	1,275
Grades 6-8	1,293,514	(112,372)	1,181,142	1,180,462	680
Grades 9-12	2,624,775	106,130	2,730,905	2,729,604	1,301
Regular Programs- Home Instructions					
Salaries of Teachers	36,000	7,780	43,780	43,780	
Purchased Professional-Educational Services		21,045	21,045	21,045	
Regular Programs- Undistributed Instruction					
Other Salaries for Instruction	40,388	(21,751)	18,637	18,637	
Other Purchased Services	208,554	93,863	302,417	302,417	
General Supplies	161,920	(33,006)	128,914	128,914	
Textbooks	220,306	(75,817)	144,489	144,489	
Other Objects	6,750	7,450	14,200	14,200	-
Total Regular Programs	7,670,017	160,833	7,830,850	7,827,594	3,256
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	554,017	(3,249)	550,768	550,768	
Other Salaries for Instruction	133,638	(38,953)	94,685	94,685	
Other Purchased Services	7,000	(2,680)	4,320	4,320	
General Supplies	3,950	(1,424)	2,526	2,526	
Textbooks	1,500	202	1,702	1,702	-
Total Learning and/or Language Disabilities	700,105	(46,104)	654,001	654,001	-
Behavioral Disabilities					
Salaries of Teachers	64,325	(14,625)	49,700	49,700	
Other Salaries for Instruction	17,398	1,096	18,494	18,494	
General Supplies	200	(200)	-	-	-
Total Behavioral Disabilities	81,923	(13,729)	68,194	68,194	-

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room					
Salaries of Teachers	\$ 1,113,621	\$ 1,413	\$ 1,115,034	\$ 1,115,034	
Other Salaries for Instruction	143,157	(37,421)	105,736	105,736	
General Supplies	5,300	(2,042)	3,258	3,258	
Textbooks	6,000	(2,131)	3,869	3,869	-
Total Resource Room	1,268,078	(40,181)	1,227,897	1,227,897	-
Preschool Disabilities - Part - Time					
Salaries of Teachers	59,900	-	59,900	59,900	
Other Salaries for Instruction	60,567	18,268	78,835	78,835	
General Supplies	400	(10)	390	390	-
Total Preschool Handicapped - Part - Time	120,867	18,258	139,125	139,125	-
Preschool Disabilities - Full - Time					
Salaries of Teachers	51,125	74,390	125,515	125,515	
Other Salaries for Instruction	51,899	73,604	125,503	125,503	
General Supplies	200	6,253	6,453	5,327	\$ 1,126
Total Preschool Handicapped - Full - Time	103,224	154,247	257,471	256,345	1,126
Home Instruction					
Purchased Professional Educational Services	19,875	(9,740)	10,135	10,134	1
Total Home Instruction	19,875	(9,740)	10,135	10,134	1
Total Special Education	2,294,072	62,751	2,356,823	2,355,696	1,127
Basic Skills/Remedial					
Salaries of Teachers	435,846	3,489	439,335	439,335	
Supplies	-	44	44	44	-
Total Basic Skills/Remedial	435,846	3,533	439,379	439,379	-
Bilingual Education					
Salaries of Teachers	61,400	147	61,547	61,547	
General Supplies	1,650	(628)	1,022	1,022	-
Total Bilingual Education	63,050	(481)	62,569	62,569	-
School Sponsored Co/Extra Curricular Activities					
Salaries	76,913	(2,610)	74,303	74,303	
Purchased Services		500	500	500	
Other Objects	10,360	1,756	12,116	12,116	-
Total School Sponsored Co/Extra Curricular Activities	87,273	(354)	86,919	86,919	-
School Sponsored Athletics					
Salaries	281,007	(39,299)	241,708	241,708	
Purchased Services	47,268	(5,402)	41,866	41,866	
Supplies and Materials	43,500	(517)	42,983	42,983	
Other Objects	16,900	(298)	16,602	15,050	1,552
Total School Sponsored Athletics	388,675	(45,516)	343,159	341,607	1,552
Total - Instruction	10,938,933	180,766	11,119,699	11,113,764	5,935

SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

EXPENDITURES (Continued)	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Special	\$ 458,034	\$ 28,240	\$ 486,274	\$ 486,274	
Tuition to County Vocational School Dist.-Regular	403,270	11,187	414,457	414,457	
Tuition to County Vocational School Dist.-Special	235,950	(16,704)	219,246	219,246	
Tuition to CSSD & Regional Day Schools	713,560	18,378	731,938	731,938	
Tuition to Private Schools for the Handicapped - Within State	1,302,320	213,723	1,516,043	1,516,043	-
Total Tuition	3,113,134	254,824	3,367,958	3,367,958	-
Attendance and Social Work Services					
Salaries	10,521	3,195	13,716	13,716	
Other Purchased Services	350	(350)	-	-	-
Total Attendance and Social Work Services	10,871	2,845	13,716	13,716	-
Health Services					
Salaries	315,739	6,168	321,907	321,907	
Purchased Prof. and Tech services	16,250	630	16,880	16,880	
Other Purchased Services	1,500	(1,442)	58	58	
Supplies and Materials	5,340	645	5,985	5,985	
Other Objects	1,500	182	1,682	1,682	-
Total Health Services	340,329	6,183	346,512	346,512	-
Speech, OT/PT and Related Services					
Salaries	595,864	(3,157)	592,707	592,707	
Purchased Prof. Ed. Services	259,906	9,190	269,096	269,096	
Supplies and Materials	1,400	(450)	950	950	-
Total Speech, OT/PT and Related Services	857,170	5,583	862,753	862,753	-
Other Support Services - Students - Extra. Serv.					
Salaries	337,668	37,875	375,543	375,543	
Purchased Professional-Educational Services	364,070	(93,055)	271,015	271,015	-
Total Other Support Services - Students - Extra Serv.	701,738	(55,180)	646,558	646,558	-
Guidance					
Salaries of Other Professional Staff	388,050	1,598	389,648	389,648	
Salaries of Secretarial and Clerical Assistants	129,228	(12,956)	116,272	116,272	
Other Purchased Prof. Ed. Services		1,200	1,200	1,200	
Other Purchased Services	10,000	2,166	12,166	12,166	
Supplies and Materials	12,636	(1,943)	10,693	10,693	
Other Objects	50	15	65	65	-
Total Guidance	539,964	(9,920)	530,044	530,044	-

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance Final Budget with Actual</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Child Study Team					
Salaries of Other Professional Staff	\$ 565,890	\$ 86,352	\$ 652,242	\$ 652,242	
Salaries of Secretarial and Clerical Assistants	63,437	(18,570)	44,867	44,867	
Purchased Prof. - Ed. Services	9,750	19,058	28,808	28,808	
Other Purchased Services	3,700	(3,283)	417	10,313	\$ (9,896)
Supplies and Materials	10,325	(766)	9,559	9,559	
Other Objects	500	100	600	600	-
Total Child Study Team	653,602	82,891	736,493	746,389	(9,896)
Improvement of Instructional Svcs/ Other Support					
Svcs - Instructional Staff					
Salaries of Supervisor of Instruction	125,210	(250)	124,960	124,960	
Other Salaries		3,675	3,675	3,675	
Supplies and Materials	30,000	(7,314)	22,686	22,686	
Other Objects	3,000	2,705	5,705	5,705	-
Total Improvement of Instructional Svcs	158,210	(1,184)	157,026	157,026	-
Educational Media Services/School Library					
Salaries	130,560	(52,514)	78,046	78,046	
Other Purchased Services	1,998	-	1,998	1,998	
Supplies and Materials	35,700	3,945	39,645	38,894	751
Other Objects	13,936	(1,547)	12,389	12,389	-
Total Educational Media Services/School Library	182,194	(50,116)	132,078	131,327	751
Instructional Staff Training Services					
Purchased Prof.-Ed. Services	11,000	(5,334)	5,666	2,075	3,591
Other Purchased Services	6,000	(6,000)	-	-	-
Total Instructional Staff Training Services	17,000	(11,334)	5,666	2,075	3,591
Support Services General Administration					
Salaries	224,302	55,952	280,254	280,254	
Legal Services	70,000	15,808	85,808	85,808	
Audit Fees	29,000	26,400	55,400	29,794	25,606
Other Purchased Professional Services	2,750	7,145	9,895	9,895	
Communications/Telephone	124,543	(19,816)	104,727	104,727	
Other Purchased Services	55,400	(12,432)	42,968	42,968	
General Supplies	12,300	(3,278)	9,022	6,787	2,235
BOE In-House Training/Meeting Supplies	900	(11)	889	889	
Judgments Agst. School District		6,500	6,500	6,500	
Miscellaneous Expenditures	3,000	12,011	15,011	15,010	1
BOE Membership Dues and Fees	15,250	(2,423)	12,827	12,827	-
Total Support Services General Administration	537,445	85,856	623,301	595,459	27,842
Support Services School Administration					
Salaries of Principals/Asst. Principals	708,654	(19,970)	688,684	688,684	
Salaries of Secretarial and Clerical Assistants	253,905	2,155	256,060	256,060	
Purchased Professional & Technical Services	101,000	(7,240)	93,760	93,760	
Other Purchased Services	28,992	(4,034)	24,958	24,958	
Supplies and Materials	43,207	(2,023)	41,184	41,184	
Other Objects	9,145	(2,187)	6,958	6,958	-
Total Support Services School Administration	1,144,903	(33,299)	1,111,604	1,111,604	-

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Central Services					
Salaries	\$ 292,918	\$ 3,023	\$ 295,941	\$ 295,941	
Purchased Professional Services	15,340	(705)	14,635	14,635	
Purchased Technical Services	1,650	6,106	7,756	7,006	\$ 750
Miscellaneous Purchased Services	14,350	41,721	56,071	56,071	
Supplies and Materials	10,000	7,623	17,623	16,357	1,266
Other Objects	1,300	(85)	1,215	1,215	-
Total Central Services	335,558	57,683	393,241	391,225	2,016
Admin. Info. Tech.					
Salaries	101,251	(414)	100,837	100,837	
Other Purchased Services	1,000	(297)	703	703	
Other Objects	43,230	(11,900)	31,330	31,202	-
Total Admin. Info. Tech.	145,501	(12,699)	132,802	132,802	-
Interest Earned on Maintenance Reserve	500	-	500	-	500
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	452,923	47,884	500,807	498,958	1,849
General Supplies	25,000	14,619	39,619	36,280	3,339
Other Objects	3,000	400	3,400	3,400	-
Total Required Maintenance for School Facilities	482,923	62,933	545,856	540,668	5,188
Custodial Services					
Salaries	1,033,218	54,129	1,087,347	1,087,347	
Salaries of Non-Instructional Aides	121,526	(25,697)	95,829	95,829	
Purchased Professional & Technical Services	16,500	(8,380)	8,120	8,120	
Cleaning, Repair and Maint. Services	84,200	(7,870)	76,330	76,280	50
Insurance	164,000	(2,045)	161,955	161,955	
Miscellaneous Purchased Services	1,500	-	1,500	534	966
General Supplies	72,000	(5,374)	66,626	66,626	
Energy - Natural Gas	295,000	(165,021)	129,979	129,979	
Energy - Electricity	349,000	(68,482)	280,518	280,518	
Other Objects	4,300	(3,885)	415	415	-
Total Custodial Services	2,141,244	(232,625)	1,908,619	1,907,603	1,016
Care and Upkeep of Grounds					
Salaries	30,679	289	30,968	30,968	
Cleaning, Repair and Maint. Svc	137,500	(36,457)	101,043	95,688	5,355
General Supplies	12,000	(6,489)	5,511	5,511	-
Total Care and Upkeep of Grounds	180,179	(42,657)	137,522	132,167	5,355
Student Transportation Services					
Salaries for Pupil Transportation (Other Than Between Home and School)	142,758	13,971	156,729	156,729	
Cleaning, Repair and Maintenance Services	17,000	9,768	26,768	26,768	
Contracted Services (Other Than Between Home and School) - Vendors	7,000	(7,000)			
Contracted Services (Between Home and School) - Vendors	224,000	(84,848)	139,152	139,152	
Contracted Services (Special Ed Students) - Vendors		6,049	6,049	6,049	
Contracted Services (Special Ed Students) - Joint Agreements	495,000	9,786	504,786	504,786	
Contracted Services - Aid in Lieu of Payments	80,000	50,071	130,071	130,071	
Misc. Purchased Services - Transportation	750	(750)			
Transportation Supplies	20,000	3,587	23,587	23,587	
Other Objects	1,200	423	1,623	1,623	-
Total Student Transportation Services	987,708	1,057	988,765	988,765	-

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Unallocated Benefits					
Social Security	\$ 310,000	\$ 22,171	\$ 332,171	\$ 332,171	
Other Retirement Contributions	340,000	(65,105)	274,895	274,895	
Unemployment Compensation	75,000	(75,000)			
Workmen's Compensation	194,000	(1,471)	192,529	192,529	
Health Benefits	3,583,162	(210,512)	3,372,650	3,372,259	\$ 391
Tuition Reimbursement	55,000	-	55,000	55,000	
Other Employee Benefits	26,000	78,701	104,701	104,701	-
Total Unallocated Benefits	4,583,162	(251,216)	4,331,946	4,331,555	391
On Behalf TPAF Pension Contributions- (Non-Budgeted)					
Normal				741,781	(741,781)
NCGI Premium				39,028	(39,028)
Post Retirement Medical Contribution				882,897	(882,897)
On Behalf TPAF Social Security Contribution (Non Budgeted)	-	-	-	908,105	(908,105)
Total On-Behalf Contributions	-	-	-	2,571,811	(2,571,811)
Total Undistributed Expenditures	17,113,335	(140,375)	16,972,960	19,508,017	(2,535,057)
Total Current Expenditures	28,052,268	40,391	28,092,659	30,621,781	(2,529,122)
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	500	-	500	-	500
Equipment					
Regular Programs					
Grades 1-5	40,000	(40,000)			
Grades 6-8		3,042	3,042	3,042	
Grades 9-12	40,000	(31,664)	8,336		8,336
Special Education Programs					
Learning and/or Language Disabilities		2,113	2,113		2,113
Undistributed Expenditures					
School Admin.	2,933	20,250	23,183	22,374	809
Admin. Info. Technology	30,000	(23,864)	6,136	6,136	
Required Maintenance for School Facilities	20,000	37,009	57,009	57,009	
Custodial Services		10,417	10,417	2,135	8,282
Care and Upkeep of Grounds	4,500	13,592	18,092	18,092	-
Total Undistributed Expenditures	137,433	(9,105)	128,328	108,788	19,540
Facilities Acquisition and Construction Services					
Architect/Engineering Services	25,400	-	25,400	25,354	46
Construction Services	314,500	153,700	468,200	453,338	14,862
Assessment for Debt Service on SDA Funding	50,618	-	50,618	50,618	-
Total Facilities Acquisition and Construction Services.	390,518	153,700	544,218	529,310	14,908
Capital Assets Acquired under Capital Lease (Non-Budget)					
Phone and Wiring Upgrade				209,825	(209,825)
Interactive Projectors				134,253	(134,253)
Computer Upgrade	-	-	-	263,397	(263,397)
Total Capital Assets Acquired under Capital Lease (Non-Budget)	-	-	-	607,475	(607,475)
Total Capital Outlay	528,451	144,595	673,046	1,245,573	(572,527)

SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
Transfers to Charter School	\$ 209,638	\$ 29,745	\$ 239,383	\$ 239,383	-
Total Expenditures	<u>28,790,357</u>	<u>214,731</u>	<u>29,005,088</u>	<u>32,106,737</u>	<u>\$ (3,101,649)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(349,128)</u>	<u>(214,731)</u>	<u>(563,859)</u>	<u>(975,285)</u>	<u>(411,426)</u>
Other Financing Sources(Uses)					
Capital Leases (Non-Budget)				607,475	607,475
Transfer In	-	-	-	493	493
Total Other Financing Sources(Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>607,968</u>	<u>607,968</u>
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Sources (Uses)	<u>(349,128)</u>	<u>(214,731)</u>	<u>(563,859)</u>	<u>(367,317)</u>	<u>196,542</u>
Fund Balances, Beginning of Year	<u>1,926,873</u>	<u>-</u>	<u>1,926,873</u>	<u>1,926,873</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,577,745</u>	<u>\$ (214,731)</u>	<u>\$ 1,363,014</u>	<u>\$ 1,559,556</u>	<u>\$ 196,542</u>
Recapitulation					
Restricted Fund Balance:					
Reserve for Excess Surplus -Designated for Subsequent Year's Expenditures				\$ 374,463	
Capital Reserve				226,128	
Capital Reserve- Designated for Subsequent Year's Expenditures				300,537	
Assigned Fund Balance:					
Year-end Encumbrances				55,821	
Unassigned Fund Balance				<u>602,607</u>	
				1,559,556	
Reconciliation to Governmental Fund Statements (GAAP)					
Last two State Aid Payments				(44,097)	
Extraordinary Aid Payment				<u>(331,761)</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 1,183,698</u>	

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Final Budget with Actual</u>
			<u>Adjustments</u>		
REVENUES					
Intergovernmental					
Local		\$ 73,968	\$ 73,968	\$ 53,803	\$ (20,165)
State	\$ 10,500	6,212	16,712	26,629	9,917
Federal	480,000	67,881	547,881	536,274	(11,607)
Total Revenues	\$ 490,500	\$ 148,061	\$ 638,561	\$ 616,706	\$ (21,855)
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 70,000	\$ 22,901	\$ 92,901	\$ 92,901	
Purchased Prof. and Technical Services	500	425	925	725	\$ 200
Tuition	380,000	12,725	392,725	392,725	-
General Supplies		44,478	44,478	44,478	-
Textbooks	2,500	(597)	1,903	1,903	-
Other Objects	-	605	605	555	50
Total Instruction	453,000	80,537	533,537	533,287	250
Support Services					
Other Salaries	2,500	10,790	13,290	13,290	-
Personal Services-Employee Benefits	15,000	3,559	18,559	18,559	-
Purchased Professional/Technical Services	-	5,572	5,572	2,007	3,565
Other Purchased Services	5,000	777	5,777	3,355	2,422
Travel	15,000	16,028	31,028	19,421	11,607
Supplies and Materials	-	28,269	28,269	24,262	4,007
Total Support Services	37,500	64,995	102,495	80,894	21,601
Facilities Acquisition and Construction					
Instructional Equipment	-	2,529	2,529	2,525	4
Total Facilities Acquisition and Construction	-	2,529	2,529	2,525	4
Total Expenditures	490,500	148,061	638,561	616,706	21,855
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**SADDLE BROOK BOARD OF EDUCATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 31,131,452	\$ 616,706
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized, June 30, 2013		(13,048)
Difference- Budget to GAAP		
State Aid payment and Extraordinary Aid (2011/2012) recognized for GAAP purposes, not recognized for budgetary statements.	397,310	
Difference - Budget to GAAP:		
State Aid payment and Extraordinary Aid (2012/2013) recognized for budgetary purposes not recognized for GAAP statements	<u>(375,858)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 31,152,904</u>	<u>\$ 603,658</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 32,106,737	\$ 616,706
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and/or services are received for financial reporting purposes. June 30, 2013	<u>-</u>	<u>(13,048)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 32,106,737</u>	<u>\$ 603,658</u>

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Title I</u>	<u>Title II A</u>	<u>IDEIA Basic Reg. Prog.</u>	<u>IDEA Preschool</u>	<u>NJ Learn & Serve Carrover</u>	<u>Local Programs</u>	<u>Totals Exhibit E-1A</u>	<u>Total</u>
REVENUES								
Intergovernmental								
Local						\$ 53,803	\$ 53,803	\$ 53,803
State	\$ 118,978	\$ 24,571	\$ 377,056	\$ 15,669	\$ 16,343	-	\$ 10,286	\$ 26,629
Federal								\$ 536,274
Total Revenues	\$ 118,978	\$ 24,571	\$ 377,056	\$ 15,669	\$ 16,343	\$ 53,803	\$ 10,286	\$ 616,706
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 90,401					\$ 2,500		\$ 92,901
Purchased Prof. and Technical Services								725
Tuition			\$ 377,056	\$ 15,669	\$ 725			392,725
General Supplies	8,018					35,849	\$ 611	44,478
Textbooks							1,903	1,903
Other Objects								555
Total Instruction	98,419	-	377,056	15,669	1,280	38,349	2,514	533,287
Support Services								
Other Salaries		\$ 7,150			3,500		2,640	13,290
Personal Services Employee-Benefits	18,559							18,559
Purchased Prof. and Technical Services							2,007	2,007
Other Purchased Services					230		3,125	3,355
Travel	2,000	17,421						19,421
Supplies and Materials					11,333	12,929		24,262
Total Support Services	20,559	24,571	-	-	15,063	12,929	7,772	80,894
Facilities Acquisition and Construction								
Instructional Equipment						2,525		2,525
Total Facilities Acquisition and Constructi	-	-	-	-	-	2,525	-	2,525
Total Expenditures	\$ 118,978	\$ 24,571	\$ 377,056	\$ 15,669	\$ 16,343	\$ 53,803	\$ 10,286	\$ 616,706

SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Ch 192/193	Comp Ed	Corrective Speech	Non-Public Nursing	Non-Public Textbooks	Non-Public Technology	Total Exhibit E-1A
REVENUES							
Intergovernmental							
Local							
State		2,007	3,125	2,640	1,903	611	\$ 10,286
Federal							
Total Revenues		2,007	3,125	2,640	1,903	611	\$ 10,286
EXPENDITURES							
Instruction							
Salaries of Teachers							
Purchased Prof. and Technical Services							
Other Purchased Services							
General Supplies					1,903	611	\$ 611
Textbooks							1,903
Other Objects							
Total Instruction					1,903	611	2,514
Support Services							
Other Salaries				2,640			2,640
Purchased Prof. and Technical Services		2,007	3,125				2,007
Other Purchased Services							3,125
Travel							
Supplies and Materials							
Total Support Services		2,007	3,125	2,640			7,772
Facilities Acquisition and Construction							
Instructional Equipment							
Total Facilities Acquisition and Construction							
Total Expenditures		2,007	3,125	2,640	1,903	611	\$ 10,286

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Revenues and Other Financing
Sources**

Interest Earned on Investments	<u>\$ 493</u>
Total Revenues	<u>493</u>

**Expenditures and Other
Financing Uses**

Purchased Professional and Technical Services	
Transfer to General Fund	<u>493</u>
Total Expenditures	<u>493</u>

Excess (deficiency) or Revenues over (under) Expenditures	<u>-</u>
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Fund Balance- Beginning of Year	<u>73,432</u>
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Fund Balance- Ending of Year	<u><u>\$ 73,432</u></u>
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**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-
BUDGETARY BASIS
RENOVATION AND UPGRADE OF THE HIGH SCHOOL, FRANKLIN ELEMENTARY SCHOOL, HELEN I
SMITH SCHOOL AND LONG MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grants	\$ 5,264,548		\$ 5,264,548	\$ 5,264,548
Bond Proceeds	19,178,000		19,178,000	19,178,482
Total Revenues	24,442,548	-	24,442,548	24,443,030
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	3,010,840		3,010,840	3,010,840
Construction Services	21,062,191		21,062,191	21,136,105
Equipment/Supply Purchases	296,085	-	296,085	296,085
Total Expenditures	24,369,116	-	24,369,116	24,443,030
Excess (deficiency) or revenues over (under) expenditures	\$ 73,432	\$ -	\$ 73,432	\$ -

Additional project information:

Project Number	4610-050-02-0362	4610-080-02-0363	4610-085-02-0364
	4610-090-02-0365	4610-050-02-0282	
Grant Date	5/12/03		
Bond Authorization Date	4/02 and 1/27/04		
Bonds Authorized	19,178,482		
Bonds Issued	19,178,000		
Original Authorized Cost	18,543,030		
Additional Authorized Cost	5,900,000		
Revised Authorized Cost	24,443,030		
Percentage Increase over Original Authorized Cost	32%		
Percentage completion	100%		
Original target completion date	12/1/05		
Revised target completion date	12/1/06		

PROPRIETARY FUNDS

**SADDLE BROOK BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

SCHEDULE G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

SCHEDULE G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

EXHIBIT G-4

**SADDLE BROOK BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-5

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**SADDLE BROOK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2013**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 153,338	\$ 186,708	\$ 340,046
Total Assets	<u>\$ 153,338</u>	<u>\$ 186,708</u>	<u>\$ 340,046</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 186,668	\$ 186,668
Accrued Salaries & Wages		35	35
Flex Spending		5	5
Due to Other Funds	\$ 6,255		6,255
Due to Student Groups	<u>147,083</u>	<u>-</u>	<u>147,083</u>
Total Liabilities	<u>\$ 153,338</u>	<u>\$ 186,708</u>	<u>\$ 340,046</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**SADDLE BROOK BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Balance July 1, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2013</u>
ELEMENTARY SCHOOLS				
Franklin School	\$ 1,158	\$ 5,730	\$ 6,248	\$ 640
Long Memorial School	25,337	21,519	41,611	5,245
Helen I. Smith School	<u>2,069</u>	<u>9,257</u>	<u>5,459</u>	<u>5,867</u>
Total Elementary Schools	<u>28,564</u>	<u>36,506</u>	<u>53,318</u>	<u>11,752</u>
High School/Middle School	117,167	178,128	158,864	136,431
Athletic Account	<u>4,395</u>	<u>43,006</u>	<u>42,246</u>	<u>5,155</u>
Total All Schools	<u>\$ 150,126</u>	<u>\$ 257,640</u>	<u>\$ 254,428</u>	<u>\$ 153,338</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Balance, July 1, <u>2012</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2013</u>
Payroll Deductions and Withholdings	\$ 260,815	\$ 7,951,099	\$ 8,025,246	\$ 186,668
Accrued Salaries and Wages	(107)	10,323,987	10,323,845	35
Flex Spending	<u>-</u>	<u>3,625</u>	<u>3,620</u>	<u>5</u>
Total	<u>\$ 260,708</u>	<u>\$ 18,278,711</u>	<u>\$ 18,352,711</u>	<u>\$ 186,708</u>

LONG-TERM DEBT

SADDLE BROOK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue</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, 2012</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2013</u>
ERIP Refunding Bonds	3/6/2003	\$ 3,610,000				\$ 2,960,000	\$ 2,960,000		
School Improvements	5/15/2004	5,900,000				4,235,000	3,945,000		\$ 290,000
Refunding Bonds	12/29/2009	\$ 9,030,000	8/15/2013	\$ 740,000	3.00-4.00%				
			8/15/2014	770,000					
			8/15/2015	795,000					
			8/15/2016	820,000					
			8/15/2017	850,000					
			8/15/2018-19	860,000					
			8/15/2020	855,000					
			8/15/2021	840,000					
			8/15/2022	825,000		8,930,000	715,000		8,215,000
Pension Refunding Bonds	8/23/2012	2,955,000	7/15/2014-15	155,000	5.00-5.75%				
			7/15/2016-18	160,000					
			7/15/2019	165,000					
			7/15/2020	170,000					
			7/15/2021	175,000					
			7/15/2022	180,000					
			7/15/2023	185,000					
			7/15/2024	190,000					
			7/15/2025	200,000					
			7/15/2026	210,000					
			7/15/2027	220,000					
			7/15/2028	230,000					
			7/15/2029	240,000					
							2,955,000		2,955,000

**SADDLE BROOK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

<u>Issue</u>	Amount of Original <u>Issue</u>	Interest <u>Rate</u>	Balance, <u>July 1, 2012</u>	<u>Issued</u>	<u>Retired</u>	Balance, <u>June 30, 2013</u>
2010 Technology Equipment	\$ 100,551	2.75%	\$ 25,469		\$ 25,469	
2011 Technology Equipment	105,833	5.04%	52,850		25,761	\$ 27,089
2012 Technology Equipment	139,689	4.06%	101,995		32,245	69,750
Phone and Computer Wiring Upgrade	209,825	2.10%		\$ 209,825	43,727	166,098
Computer/Technology Upgrade	134,253	2.10%		134,253	34,617	99,636
Interactive Projectors	263,397	2.10%	-	263,397	54,891	208,506
			<u>\$ 180,314</u>	<u>\$ 607,475</u>	<u>\$ 216,710</u>	<u>\$ 571,079</u>

**SADDLE BROOK BOARD OF EDUCATION
LONG TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget with Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,755,618	-	\$ 1,755,618	\$ 1,755,618	-
Total Revenues	<u>1,755,618</u>	<u>-</u>	<u>1,755,618</u>	<u>1,755,618</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Interest	641,415		641,415	592,450	\$ 48,965
Principal	1,114,203	-	1,114,203	1,114,203	-
Cost of Issuance				104,064	(104,064)
Advanced Refunding Escrow	-	-	-	258,111	(258,111)
Total Expenditures	<u>1,755,618</u>	<u>-</u>	<u>1,755,618</u>	<u>2,068,828</u>	<u>(313,210)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(313,210)</u>	<u>(313,210)</u>
Refunding Bond Proceeds				6,485,000	6,485,000
Premium on Refunding Bonds				421,413	421,413
Discount on Refunding Bonds				(22,313)	(22,313)
Payment to Refunded Bond Escrow Agent	-	-	-	(6,515,000)	(6,515,000)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,100</u>	<u>369,100</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources/ (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,890</u>	<u>55,890</u>
Fund Balances, Beginning of Year	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 55,892</u>	<u>\$ 55,890</u>

EXHIBIT I-4

SADDLE BROOK BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF LOANS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2012</u>	<u>Retired</u>	<u>Balance, June 30, 2013</u>
Site Improvements/Asbestos Removal	8/18/1993	\$ 56,848	1.50%	\$ 5,980	\$ 2,992	\$ 2,988
Elevator Construction	8/18/1993	118,000	1.50%	12,423	6,211	6,212
				<u>\$ 18,403</u>	<u>\$ 9,203</u>	<u>\$ 9,200</u>

STATISTICAL SECTION

This part of the Saddle Brook 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 BROOK BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Net Investment in Capital Assets	\$ 3,717,730	\$ 6,687,205	\$ 8,646,554	\$ 9,850,201	\$ 10,867,093	\$ 10,815,202	\$ 10,907,588	\$ 10,571,247	\$ 10,633,082	\$ 11,584,587
Restricted	451,183					150,001	151,066	151,066	557,869	582,557
Unrestricted	(5,211,917)	(3,881,982)	(3,608,854)	(3,617,015)	(4,151,597)	(4,275,663)	(4,411,210)	(3,146,960)	(2,560,621)	(3,047,648)
Total Governmental Activities Net Position	\$ (1,043,004)	\$ 2,805,223	\$ 5,037,700	\$ 6,233,186	\$ 6,715,496	\$ 6,689,540	\$ 6,647,444	\$ 7,575,353	\$ 8,630,330	\$ 9,119,496
Business-Type Activities										
Net Investment in Capital Assets	\$ 10,716	\$ 7,587	\$ 4,458	\$ 1,329				\$ 44,126	\$ 70,867	\$ 86,582
Unrestricted	90,188	113,527	199,932	195,320	189,902	134,601	160,068	288,621	438,869	584,111
Total Business-Type Activities Net Position	\$ 100,904	\$ 121,114	\$ 204,390	\$ 196,649	\$ 189,902	\$ 134,601	\$ 160,068	\$ 332,747	\$ 509,736	\$ 670,693
District-Wide										
Net Investment in Capital Assets	\$ 3,728,446	\$ 6,694,792	\$ 8,651,012	\$ 9,851,530	\$ 10,867,093	\$ 10,815,202	\$ 10,907,588	\$ 10,615,373	\$ 10,703,949	\$ 11,671,169
Restricted	451,183					150,001	151,066	151,066	557,869	582,557
Unrestricted	(5,121,729)	(3,768,455)	(3,408,922)	(3,421,695)	(3,961,695)	(4,141,062)	(4,251,142)	(2,858,339)	(2,121,752)	(2,463,537)
Total District Net Position	\$ (942,100)	\$ 2,926,337	\$ 5,242,090	\$ 6,429,835	\$ 6,905,398	\$ 6,824,141	\$ 6,807,512	\$ 7,908,100	\$ 9,140,066	\$ 9,790,189

Source: District Financial Records

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

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

	Fiscal Year Ended June 30.									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 8,630,319	\$ 9,117,568	\$ 9,412,968	\$ 9,723,082	\$ 10,566,470	\$ 10,329,339	\$ 10,801,662	\$ 10,872,972	\$ 11,351,485	\$ 11,962,134
Special Education	3,793,072	4,074,540	4,137,546	5,175,528	5,192,124	5,261,798	5,836,857	5,534,331	6,786,763	6,837,218
Community Services	39,075	33,044	4,089	5,290	1,663	-	-	-	-	-
Other Instruction	720,866	716,366	861,490	873,852	741,049	776,824	783,583	1,110,155	787,007	849,883
School Sponsored Activities And Athletics	450,607	486,341	520,104	607,520	554,531	589,333	571,318	573,864	606,482	576,247
Support Services:										
Student & Instruction Related Services	2,649,434	2,922,129	2,799,886	3,219,712	3,557,278	3,528,991	3,834,248	3,969,839	4,201,866	4,655,461
Educational Media/School Library	231,183	224,445	237,493	258,245	271,835	256,357	210,472	240,492	249,830	169,616
General Administration	369,629	387,675	442,724	509,972	589,554	626,648	755,767	676,167	671,312	750,165
School Administrative Services	1,295,995	1,266,503	1,279,291	1,354,223	1,479,917	1,570,586	1,677,275	1,758,338	1,617,711	1,602,154
Central Services	458,377	574,253	596,391	583,812	589,244	599,651	627,871	641,502	626,992	670,372
Plant Operations And Maintenance	1,814,018	1,923,873	2,518,404	2,663,820	2,855,477	3,023,296	3,193,573	2,934,321	2,844,156	3,155,476
Administrative Information Technology										
Pupil Transportation	1,015,504	834,515	796,912	917,267	931,405	1,058,101	1,083,966	956,650	877,950	1,062,029
Interest On Long-Term Debt	1,102,457	1,084,693	1,130,835	892,565	931,016	889,949	851,707	689,810	886,699	752,752
Total Governmental Activities Expenses	22,570,536	23,645,945	24,738,133	26,784,888	28,261,563	28,510,873	30,228,299	29,958,441	31,508,253	33,023,507
Business-Type Activities:										
Food Service	471,430	496,357	429,298	556,797	509,221	509,710	491,412	504,570	461,322	400,397
Community School	494,777	515,867	540,150	608,143	612,880	629,930	557,852	353,825	364,493	399,150
Total Business-Type Activities Expense	966,207	1,012,224	969,448	1,164,940	1,122,101	1,139,640	1,049,264	858,345	825,815	799,547
Total District Expenses	\$ 23,536,743	\$ 24,658,169	\$ 25,707,581	\$ 27,949,828	\$ 29,383,664	\$ 29,650,513	\$ 31,277,563	\$ 30,816,786	\$ 32,334,068	\$ 33,823,054

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Program Revenues										
Governmental Activities:										
Charges For Services:										
Special Education	\$ 197,456	\$ 318,062	\$ 475,023	\$ 428,179	\$ 201,625	\$ 97,847	\$ 63,220	\$ 9,600	\$ 21,350	\$ 166,678
Operating Grants And Contributions	3,449,541	3,687,098	3,867,197	4,603,901	4,754,530	3,641,531	4,323,592	3,168,718	4,077,462	4,603,526
Capital Grants And Contributions	576,205	3,649,942	954,027	133,556	-	-	33,760	105,708	13,188	2,525
Total Governmental Activities Program Revenues	4,223,202	7,655,102	5,296,247	5,165,636	4,956,155	3,739,378	4,420,572	3,284,026	4,112,000	4,772,729
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 325,839	\$ 333,461	\$ 349,698	\$ 372,518	\$ 379,924	\$ 368,691	\$ 380,686	\$ 404,759	\$ 342,896	\$ 295,518
Community School	539,830	552,548	590,868	579,011	556,629	534,372	539,128	479,036	479,136	513,314
Operating Grants And Contributions	75,417	73,539	80,218	90,015	82,144	96,236	105,619	144,366	177,101	147,968
Total Business Type Activities Program Revenues	941,086	959,548	1,020,784	1,041,544	1,018,697	999,299	1,025,433	1,028,161	999,133	956,800
Total District Program Revenues	\$ 5,164,288	\$ 8,614,650	\$ 6,317,031	\$ 6,207,180	\$ 5,974,852	\$ 4,738,677	\$ 5,446,005	\$ 4,312,187	\$ 5,111,133	\$ 5,729,529
Net (Expense)/Revenue										
Governmental Activities	\$ (18,347,334)	\$ (15,990,843)	\$ (19,441,886)	\$ (21,619,252)	\$ (23,305,408)	\$ (24,771,495)	\$ (25,807,727)	\$ (26,674,415)	\$ (27,396,253)	\$ (28,250,778)
Business-Type Activities	(25,121)	(52,676)	51,536	(123,396)	(103,404)	(140,341)	(23,831)	169,816	173,318	157,253
Total District-Wide Net Expense	\$ (18,372,455)	\$ (16,043,519)	\$ (19,390,550)	\$ (21,742,648)	\$ (23,408,812)	\$ (24,911,836)	\$ (25,831,558)	\$ (26,504,599)	\$ (27,222,935)	\$ (28,093,525)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 17,316,432	\$ 18,140,118	\$ 19,534,042	\$ 20,753,135	\$ 21,644,182	\$ 22,537,840	\$ 23,530,455	\$ 25,823,849	\$ 26,287,326	\$ 26,813,073
Taxes Levied For Debt Service	1,179,860	1,386,724	1,765,719	1,766,865	1,767,822	1,765,134	1,768,038	1,749,760	1,757,115	1,755,618
Unrestricted Grants And Contributions	186,291	235,524	239,294	240,224	289,692	281,472	239,550	19,151	19,845	19,845
Miscellaneous Income	159,987	148,004	157,124	154,541	170,166	239,561	272,945	206,074	406,789	151,408
Transfers	(82,977)	(71,300)	(21,816)	(100,027)	(84,144)	(78,468)	(45,357)	-	-	-
Total Governmental Activities	18,759,593	19,839,070	21,674,363	22,814,738	23,787,718	24,745,539	25,765,631	27,798,854	28,451,230	28,739,944
Business-Type Activities:										
Investment Earnings	646	1,586	10,124	15,628	12,513	6,572	3,941	2,863	4,456	3,704
Transfers	82,977	71,300	21,816	100,027	84,144	78,468	45,357	-	-	-
Total Business-Type Activities	83,623	72,886	31,940	115,655	96,657	85,040	49,298	2,863	4,456	3,704
Total District-Wide	\$ 18,843,216	\$ 19,911,956	\$ 21,706,303	\$ 22,930,393	\$ 23,884,375	\$ 24,830,579	\$ 25,814,929	\$ 27,801,697	\$ 28,455,686	\$ 28,743,648
Change in Net Position										
Governmental Activities	\$ 412,259	\$ 3,848,227	\$ 2,232,477	\$ 1,195,486	\$ 482,310	\$ (25,956)	\$ (42,096)	\$ 1,124,419	\$ 1,054,977	\$ 489,166
Business-Type Activities	58,502	20,210	83,276	(7,741)	(6,747)	(55,301)	25,467	172,679	177,774	160,957
Total District	\$ 470,761	\$ 3,868,437	\$ 2,315,753	\$ 1,187,745	\$ 475,563	\$ (81,257)	\$ (16,629)	\$ 1,297,098	\$ 1,232,751	\$ 650,123

Source: District Financial Records

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

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

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 267,694	\$ 104,872	\$ 203,138	\$ 151,339	\$ 86,369	\$ 402,125	\$ 176,317	\$ 19,792	\$ 1,045,250	\$ 9,896
Unreserved	141,620	94,710	409,430	233,972	258,888	(102,824)	(28,964)	224,401	214,731	901,128
Nonspendable								89,365	269,582	55,821
Restricted								282,463		216,853
Assigned										
Unassigned										
Total General Fund	\$ 409,314	\$ 199,582	\$ 612,568	\$ 385,311	\$ 345,257	\$ 299,301	\$ 147,353	\$ 616,021	\$ 1,529,563	\$ 1,183,698
All Other Governmental Funds										
Reserved	\$19,964,381	\$ 4,230,954	\$ 158,623	\$ 155,551		\$ 108,246				
Unreserved	(2,570,789)	(74,287)	508,342	283,781	\$ 266,356	95,597	\$ 75,624			
Restricted								\$ 73,433	\$ 73,434	\$ 129,324
Total All Other Governmental Funds	\$17,393,592	\$ 4,156,667	\$ 666,965	\$ 439,332	\$ 266,356	\$ 203,843	\$ 75,624	\$ 73,433	\$ 73,434	\$ 129,324

Source: District Financial Records

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 BROOK BOARD OF EDUCATION
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Tax Levy	\$ 18,496,292	\$ 19,526,842	\$ 21,299,761	\$ 22,520,000	\$ 23,412,004	\$ 24,302,974	\$ 25,298,493	\$ 27,573,609	\$ 28,044,441	\$ 28,568,691
Tuition Charges	197,456	318,062	475,023	428,179	201,625	97,847	63,220	9,600	21,350	-
Miscellaneous	156,494	148,004	157,124	155,603	176,463	255,701	295,485	219,827	448,436	358,841
State Sources	3,771,053	7,077,106	4,540,629	4,470,220	4,541,803	3,354,755	3,745,993	2,528,249	3,407,977	4,048,867
Federal Sources	440,984	495,458	519,889	506,399	496,122	552,108	828,369	748,019	641,026	536,274
Total Revenue	23,062,279	27,565,472	26,992,426	28,080,401	28,828,017	28,563,385	30,231,560	31,079,304	32,563,230	33,512,673
Expenditures										
Instruction										
Regular Instruction	8,517,295	8,953,804	9,401,398	9,638,038	10,162,942	9,842,219	10,323,586	10,560,045	10,908,573	11,485,480
Special Education Instruction	3,765,235	4,043,967	4,134,316	5,147,854	5,080,249	5,125,589	5,700,235	5,434,659	6,643,431	6,684,032
Community Services	39,075	32,989	4,089	5,235	1,641	-	-	-	757,796	816,870
Other Instruction	710,774	706,420	861,090	866,313	713,205	741,771	750,680	1,088,189	587,366	555,419
School Sponsored Activities and Athletics	445,991	481,214	519,561	603,067	533,989	565,622	549,648	559,853		
Support Services:										
Student and Inst. Related Services	2,623,219	2,865,620	2,797,541	3,200,748	3,441,001	3,390,457	3,688,219	3,868,730	4,049,884	4,481,753
Educational Media/School Library	228,704	221,980	237,232	256,145	262,359	245,629	202,158	234,447	242,307	164,472
General Administration	365,925	383,794	442,319	506,799	574,921	609,873	733,860	666,904	657,379	711,693
School Administrative Services	1,278,047	1,249,148	1,277,603	1,341,111	1,419,317	1,494,158	1,602,312	1,707,219	1,556,846	1,539,886
Central Services	453,726	567,752	595,724	578,613	567,447	575,221	603,462	624,888	603,337	644,220
Plant Operations And Maintenance	1,795,067	1,905,264	2,516,170	2,646,379	2,776,061	2,929,439	3,109,954	2,886,986	2,775,183	3,075,452
Pupil Transportation	1,014,714	833,785	796,249	916,616	930,401	1,053,332	1,078,947	953,176	872,650	1,051,699
Capital Outlay	1,438,263	16,893,758	4,360,397	552,728	400,817	213,954	397,611	242,581	219,683	1,197,480
Debt Service:										
Bond Issuance Costs	50,049							113,473		104,064
Principal	773,154	764,157	1,106,636	1,166,091	1,230,908	908,948	966,002	1,059,056	1,183,872	1,350,913
Advanced Refunding Escrow								531,694		258,111
Interest and Other Charges	821,890	1,037,177	1,061,476	1,009,527	950,964	897,174	860,247	831,927	731,069	677,679
Total Expenditures	24,321,128	40,940,829	30,111,801	28,435,264	29,046,222	28,593,386	30,566,921	31,363,827	31,789,376	34,779,223
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,258,849)	(13,375,357)	(3,119,375)	(354,863)	(218,205)	(30,001)	(335,361)	(284,523)	773,854	(1,266,550)

SADDLE BROOK BOARD OF EDUCATION
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS

(Unaudited)
 (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing Sources (Uses)										
Discount on Refunding Bonds										\$ (22,313)
Premium on Refunding Bonds								\$ 258,167		421,413
Proceeds From Borrowing	\$ 5,900,000							9,030,000		6,485,000
Transfer to Escrow Agent for Payment of Debt								(8,643,000)		(6,515,000)
Accrued Interest on Bonds	3,493									
Lease Purchase Agreement			\$ 64,475		\$ 89,319		\$ 100,551	105,833	\$ 139,689	607,475
Transfers In	276,932	\$ 446,950	220,212		14,801	\$ 5,049	55,094	881	652	493
Transfers Out	(359,909)	(518,250)	(242,028)	\$ (100,027)	(98,945)	(83,517)	(100,451)	(881)	(652)	(493)
Total Other Financing Sources (Uses)	<u>5,820,516</u>	<u>(71,300)</u>	<u>42,659</u>	<u>(100,027)</u>	<u>5,175</u>	<u>(78,468)</u>	<u>55,194</u>	<u>751,000</u>	<u>139,689</u>	<u>976,575</u>
Net Change in Fund Balances	<u>\$ 4,561,667</u>	<u>\$ (13,446,657)</u>	<u>\$ (3,076,716)</u>	<u>\$ (454,890)</u>	<u>\$ (213,030)</u>	<u>\$ (108,469)</u>	<u>\$ (280,167)</u>	<u>\$ 466,477</u>	<u>\$ 913,543</u>	<u>\$ (289,975)</u>
Debt Service as a Percentage of Noncapital Expenditures	6.97%	7.49%	8.42%	7.80%	7.62%	6.36%	6.05%	8.15%	6.07%	7.06%

* Noncapital expenditures are total expenditures less capital outlay.
 Source: District Financial Records

EXHIBIT J-5

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

Fiscal Year Ended June 30,	Tuition	Interest on Investments	Rent	Insurance/ Other Refunds	E-Rate	Gate Receipts	Miscellaneous	Total
2004	\$ 197,456	\$ 11,235					\$ 24,669	\$ 233,360
2005	318,062	19,970						338,032
2006	475,023	93,417					3,804	572,244
2007	428,179	84,623					29,800	542,602
2008	201,625	38,865					116,500	356,990
2009	97,847	24,492	\$ 63,255	\$ 37,146	\$ 40,407		69,212	332,359
2010	63,220	17,816	70,890	52,264	26,658	\$ 7,540	95,426	333,814
2011	9,600	13,694	92,880	41,281	7,540	5,002	44,796	214,793
2012	21,350	17,082	44,058	137,593	10,733	5,774	190,897	427,487
2013	10,000	14,530	156,678	79,261		4,567	52,557	317,593

Source: District financial records

SADDLE BROOK 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
2004	\$ 12,168,900	\$ 743,568,100			\$ 205,109,500	\$ 163,009,554	\$ 28,948,500	\$ 1,152,804,554	\$ 1,185,680	\$ 1,153,990,034	\$1,626,155,583	\$ 1.641
2005	11,094,900	753,011,600			207,253,500	161,373,454	29,578,300	1,162,311,754	1,046,641	1,163,358,395	1,756,053,849	1.742
2006	12,170,800	754,697,700			209,372,500	161,423,454	29,578,300	1,167,242,754	1,451,852	1,168,694,606	2,286,626,112	1.875
2007	9,961,800	775,970,000			207,257,500	161,843,754	29,578,300	1,184,611,354	1,451,822	1,186,063,206	2,340,103,352	1.934
2008	9,870,800	779,770,600			207,328,400	161,843,754	28,978,300	1,187,791,854	768,949	1,188,560,803	2,472,350,162	2.007
2009 (1)	25,575,000	1,480,640,200			407,172,400	310,075,600	63,652,700	2,287,115,900	2,301,600	2,289,417,500	2,469,388,148	1.083
2010	18,124,000	1,482,058,700			397,401,100	309,480,900	81,712,700	2,288,777,400	2,351,315	2,291,128,715	2,411,560,208	1.154
2011	17,964,700	1,487,689,200			389,686,700	307,091,800	81,712,700	2,284,145,100	2,351,315	2,286,496,415	2,503,847,569	1.216
2012	18,354,500	1,485,483,200			378,682,945	303,470,900	81,712,700	2,267,704,245	1,889,310	2,269,593,555	2,410,380,131	1.247
2013 (1)	14,930,800	1,219,248,600			347,277,600	269,651,600	75,505,900	1,926,614,500		1,926,614,500	2,467,388,148	1.085

Source: County Abstract of Ratables

^a Tax rates are per \$100

(1) Town Revaluation

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County (1)</u>
2004	\$ 2.740	\$ 1.641	.818	.281
2005	2.930	1.742	.902	.286
2006	3.110	1.875	.915	.320
2007	3.298	1.934	1.016	.348
2008	3.525	2.007	1.133	0.385
2009 (2)	1.885	1.083	0.595	0.207
2010	2.022	1.154	0.662	0.206
2011	2.142	1.216	0.699	0.227
2012	2.185	1.247	0.705	0.233
2013 (2)	1.890	1.085	0.596	0.209

(1) County tax rate includes open space tax.

(2) Town revaluation

Source: Tax Duplicate, Township of Saddle Brook

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

Taxpayer	2013		2004	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
L&L Park 80 LLC	\$ 91,400,000	4.74%		
Midland Holding CO.	33,256,400	1.73%		
Tri State Realty	26,000,000	1.35%		
CP Saddle Brook, LLC	24,000,000	1.25%		
Arrow Fastener	23,739,800	1.23%		
A.O. Associates	20,141,300	1.05%		
Saddle Brook Mayhill	17,875,000	0.93%		
A.O. Associates	13,858,700	0.72%		
Kessler Institute	15,202,300	0.79%		
Brook Assoc. C/O Roseheart	12,546,000	0.65%		
Transwestern Park 80 West, LLC				
Commercial Realty Co.			\$ 61,700,000	5.34
Midland Holding co.			17,725,000	1.53
Arrow Fastener			15,300,000	1.32
Grandview Hotel			15,000,000	1.30
AO Associates			15,000,000	1.30
Mayhill St. Associates			11,021,000	0.95
A.O. Associates			8,500,000	0.73
Condor Contracting			7,578,200	0.66
Brook Associates			7,500,000	0.65
			<u>7,200,000</u>	<u>0.62</u>
	<u>\$ 278,019,500</u>	<u>14.43%</u>	<u>\$ 159,324,200</u>	<u>13.78</u>

Source: Municipal Tax Assessor

**SADDLE BROOK 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	
2004	\$ 18,496,292	\$ 18,496,292	100.00%	
2005	19,526,842	19,526,842	100.00%	
2006	21,299,761	21,299,761	100.00%	
2007	22,520,000	22,520,000	100.00%	
2008	23,412,004	22,943,399	98.00%	\$ 468,605
2009	24,302,974	24,302,974	100.00%	
2010	25,298,493	25,298,493	100.00%	
2011	27,573,609	26,636,052	96.60%	937,557
2012	28,044,441	28,044,441	100.00%	-
2013	28,568,691	28,568,691	100.00%	-

Source: District's records

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities			Population	Per Capita
	General Obligation Bonds	Loans	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District			
2005	\$ 21,918,000	\$ 82,823	\$1,057,540			\$ 23,058,363	13,126	\$ 1,757	
2006	21,158,000	73,621	784,581			22,016,202	13,332	1,651	
2007	20,368,000	64,418	417,693			20,850,111	13,440	1,551	
2008	19,538,000	55,215	115,307			19,708,522	13,845	1,424	
2009	18,678,000	46,012	75,620			18,799,632	14,173	1,326	
2010	17,778,000	36,809	119,314			17,934,123	13,675	1,311	
2011	17,190,000	27,606	150,294			17,367,900	13,748	1,263	
2012	16,125,000	18,403	180,314			16,323,717	14,021	1,164	
2013	14,990,000	9,200	571,079			15,570,279	14,021	1,110	

Source: District financial records and NJ Dept. of Education

Note:

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

SADDLE BROOK BOARD OF EDUCATION
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST NINE FISCAL YEARS
(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2005	\$ 21,918,000		\$ 21,918,000	1.25%	\$ 1,670
2006	21,158,000		21,158,000	1.81%	1,587
2007	20,368,000		20,368,000	1.71%	1,515
2008	19,538,000		19,538,000	0.85%	1,411
2009	18,678,000		18,678,000	0.82%	1,318
2010	17,778,000		17,778,000	0.78%	1,300
2011	17,190,000		17,190,000	0.75%	1,250
2012	16,125,000		16,125,000	0.71%	1,151
2013	14,990,000		14,990,000	0.78%	1,069

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 nine years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**SADDLE BROOK BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING DEBT
FOR YEAR ENDED DECEMBER 31, 2012
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Township of Saddle Brook School District	\$ 15,279,482
Township of Saddle Brook	<u>27,559,029</u>
	<u>\$ 42,838,511</u>
Overlapping debt Apportioned to the Municipality:	
Bergen County (3);(A):	
County of Bergen (A)	<u>11,238,459</u>
Total Direct and Overlapping Debt	<u>\$ 54,076,970</u>

(A) The debt for this entity was apportioned to the Township of Saddle Brook by dividing the Municipality's 2012 equalized value by the total 2012 equalized value for Bergen County.

Sources:

- (1) Township of Saddle Brook Annual Debt Statement
- (3) Bergen County Debt Statement 12/31/2012

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

Legal Debt Margin Calculation for Calendar Year 2012

Equalized valuation basis	
2012	\$2,296,409,362
2011	2,407,404,195
2010	2,487,801,522
	<u>\$7,191,615,079</u>
Average equalized valuation of taxable property	
	\$2,397,205,026
Debt limit (4 % of average equalization value)	
	95,888,201 ^a
Total Net Debt Applicable to Limit	
	<u>15,279,482</u>
Legal debt margin	
	<u>\$ 80,608,719</u>

	Calendar Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$ 53,572,292	\$ 58,472,655	\$ 63,710,017	\$ 72,148,963	\$ 81,243,985	\$ 90,858,681	\$ 95,483,873	\$ 95,858,570	\$ 97,094,580	\$ 95,888,201
Total Net Debt Applicable to Limit	16,989,229	22,455,508	22,001,305	21,232,103	20,432,900	19,593,697	18,724,494	14,153,088	13,453,885	15,279,482
Legal Debt Margin	<u>\$ 36,583,063</u>	<u>\$ 36,017,147</u>	<u>\$ 41,708,712</u>	<u>\$ 50,916,860</u>	<u>\$ 60,811,085</u>	<u>\$ 71,264,984</u>	<u>\$ 76,759,379</u>	<u>\$ 81,705,482</u>	<u>\$ 83,640,695</u>	<u>\$ 80,608,719</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	31.71%	38.40%	34.53%	29.43%	25.15%	21.57%	19.61%	14.76%	13.86%	15.93%

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 NUSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**SADDLE BROOK 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</u>
2003	6.2%	\$ 51,132	13,034
2004	5.1%	54,462	13,053
2005	4.9%	56,706	13,126
2006	5.3%	62,714	13,332
2007	4.7%	67,394	13,440
2008	6.1%	68,727	13,845
2009	10.8%	63,198	14,173
2010	11.1%	65,486	13,675
2011	10.9%	66,096	13,748
2012	11.1%	N/A	14,021

Source: United States Bureau of Census
School District Records

N/A - Not Available

(1) Represents the County of Bergen's per Capita Income

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

INFORMATION NOT AVAILABLE

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction										
Regular	92	95	97	98	99	102	105	102	99	102
Special Education	15	16	17	22	24	25	25	25	40	44
Other Special Education	4	4	5	5	5	5	5	5	6	6
Support Services:										
General Administration	2	2	2	2	2	2	3	2	2	2
School Administrative Services	11	11	11	11	11	11	11	11	11	11
Central Services	6	6	6	6	6	6	6	6	6	6
Plant Operations And Maintenance	18	19	20	20	20	20	20	20	24	24
Pupil Transportation	3	3	3	3	3	3	3	3	3	3
Other Support Services	22	22	22	22	24	24	34	34	37	39
Total	173	178	183	189	194	198	212	208	228	237

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2004	1,674	\$ 21,292,293	\$ 12,719	5.39%	147	1:19	1:20	1:18	1,674	1,581	1.27%	94.44%
2005	1,717	22,311,784	12,995	2.16%	147	1:19	1:20	1:18	1,717	1,621	2.57%	94.41%
2006	1,695	23,985,685	14,151	8.90%	136	1:19	1:17	1:18	1,695	1,610	-1.28%	94.95%
2007	1,736	25,706,918	14,808	4.64%	148	1:19	1:18	1:18	1,736	1,646	2.42%	94.80%
2008	1,792	26,463,533	14,768	-0.27%	150	1:19	1:18	1:18	1,792	1,696	3.22%	94.65%
2009	1,760	26,573,310	15,098	2.24%	151	1:19	1:18	1:19	1,760	1,668	-1.81%	94.77%
2010	1,785	28,343,061	15,878	5.17%	158	1:19	1:19	1:19	1,785	1,695	1.42%	94.97%
2011	1,785	28,585,096	16,014	0.85%	154	1:20	1:20	1:19	1,734	1,641	-1.59%	94.64%
2012	1,759	29,654,752	16,859	5.28%	153	1:20	1:20	1:19	1,700	1,612	-1.30%	94.82%
2013	1,748	31,210,976	17,855	5.91%	153	1:20	1:20	1:19	1,675	1,590	-1.47%	94.92%

Sources: District records

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>District Building</u>										
<u>Elementary</u>										
<u>Helen I Smith</u>										
Square Feet	37,048	48,345	48,345	48,345	48,345	48,345	48,345	48,345	48,345	48,345
Capacity (students)	286	316	316	316	316	316	316	316	316	316
Enrollment				361	358	328	339	337	311	291
<u>Franklin</u>										
Square Feet	32,113	41,855	41,855	41,855	41,855	41,855	41,855	41,855	41,855	41,855
Capacity (students)	196	293	293	293	293	293	293	293	293	293
Enrollment				287	265	253	240	257	258	276
<u>Long Memorial</u>										
Square Feet	28,113	32,247	32,247	32,247	32,247	32,247	32,247	32,247	32,247	32,247
Capacity (students)	275	278	278	278	278	278	278	278	278	278
Enrollment				288	311	320	322	333	309	333
<u>Middle School/High School</u>										
Square Feet	113,098	140,351	140,351	140,351	140,351	140,351	140,351	140,351	140,351	140,351
Capacity (students)	587	865	865	865	865	865	865	865	865	865
Enrollment				761	800	784	785	786	800	759
<u>Other</u>										
<u>Washington</u>										
Square Feet	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333
Enrollment				39	31	32	27	25	25	36

Number of Schools at June 30, 2013
 Elementary = 3
 Jr/Senior High School = 1
 Other = 1

Source: District Records

SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS ENDED JUNE 30,
(Unaudited)

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
School Facilities										
Washington School	\$ 96,594	\$ 81,038	\$ 119,833	\$ 10,943	\$ 5,250	\$ 35,496	\$ 53,226	\$ 30,962	\$ 48,966	\$ 65,795
Franklin School	98,816	104,197	115,743	21,887	10,501	22,340	28,646	27,502	53,969	93,575
Long Memorial School	106,226	108,038	122,394	19,698	9,451	24,320	26,573	28,864	29,944	82,607
Helen I. Smith School	112,955	109,757	121,064	24,075	11,551	31,853	36,212	29,854	67,449	93,110
High School/Middle School	684,459	754,713	851,440	142,262	68,255	90,339	94,413	100,216	110,505	205,581
Grand Total	<u>\$ 1,099,050</u>	<u>\$ 1,157,743</u>	<u>\$ 1,330,474</u>	<u>\$ 218,865</u>	<u>\$ 105,008</u>	<u>\$ 204,348</u>	<u>\$ 239,070</u>	<u>\$ 217,398</u>	<u>\$ 310,833</u>	<u>\$ 540,668</u>

Source: School District's Financial Statements

**SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2013
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-Selective Insurance Company		
Property -Blanket Building and Contents	\$ 64,144,900 (1) \$	5,000
Electronic Data Processing equipment	2,500,000	5,000
Valuable Papers	5,000,000	1,000
General Liability - Selective Insurance Co.		
Aggregate/Each Occurrence	2,000,000/1,000,000	
Educator's Legal Liability-Darwin Advantage	1,000,000	
Educators Legal		20,000
Employment Practices		25,000
Commercial Automobile Liability - Selective Insurance Co.		
Combined Single Limit	1,000,000	
Comprehensive		1,000
Collision		1,000
Commercial Umbrella-America Alternatives Insurance Company	9,000,000	10,000
Excess Liability-Fireman's Fund	50,000,000	-
Public Employees' Blanket Bond (Crime) - Selective Way Ins. Co.		
Primary (Per Employee)	100,000	5,000
Blanket Employee Dishonesty - Excess	400,000	-
Forgery and Alterations	50,000	1,000
Public Official Bond-Treasurer - Selective Insurance Company	250,000	-
Public Official Bond-Business Administrator - Selective Insurance Co.	250,000	-
Workmen's Compensation - Reinsurance - Safety National Ins. Co.	1,000,000	-
Boiler & Machinery - Selective Way Insurance Co.	64,144,900	5,000
Athletic Accident - Monumental Life Ins. Co.	5,000,000	-
Accident Policy for Volunteers (Guarantee Trust)	500,000	-
Flood- Selective Insurance Company		
High School/Administration- Building and Contents	500,000	5,000

Source: School District's records

(1) Pool limit

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle Brook Board of Education as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Saddle Brook Board of Education's basic financial statements and have issued our report thereon dated December 2, 2013.

Internal Control Over Financial Reporting

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

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

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

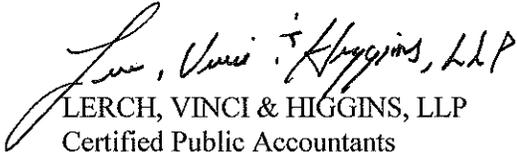
Compliance and Other Matters

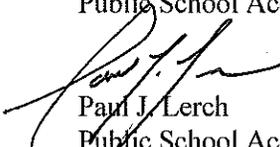
As part of obtaining reasonable assurance about whether the Saddle Brook Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

We noted certain matters that we reported to management of the Saddle Brook Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 2, 2013.

Purpose of this Report

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


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


Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 2, 2013



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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CINDY JANACEK, CPA, RMA
EDWARD N. KERE, CPA
LORI T. MANUKIAN, CPA, PSA
MARK SACO, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Saddle Brook Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Saddle Brook Board of Education's major federal and state programs for the fiscal year ended June 30, 2013. The Saddle Brook Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Saddle Brook Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Saddle Brook Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Saddle Brook Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Saddle Brook Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Saddle Brook Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Saddle Brook Board of Education's internal control over compliance.

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

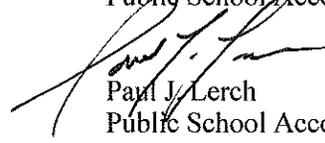
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 04-04

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 Brook Board of Education, as of and for the fiscal year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 2, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 04-04 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 2, 2013

SADDLE BROOK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Federal CFDA Program Title	Grant Period	Award Amount	Balance July 1, 2012	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	(1)	Balance, June 30, 2013 Unearned Revenue	Due to Grantor	GAAP Receivable
U.S. Department of Education General Fund ARRA- Ed Jobs	7/1/11-6/30/12	\$ 56,571	\$ (6,795)	-	\$ 6,795	-	-	-	-	-	-	-
Total General Fund			(6,795)	-	6,795	-	-	-	-	-	-	-
U.S. Department of Agriculture Passed-through State Department of Education												
National School Lunch Program												
Non Cash Assistance	9/1/12-6/30/13	14,474			14,474	13,996				\$ 478		
Non Cash Assistance	9/1/11-6/30/12	28,296	729		30,840	729						
Cash Assistance	9/1/12-6/30/13	128,190			103,241	128,190						
Cash Assistance	9/1/11-6/30/12	142,378	(8,425)		8,425	-				\$ (24,949)		\$ (24,949)
Total U.S. Department of Agriculture			(7,696)	-	126,140	142,915	-	-	-	(24,949)	478	(24,949)
U.S. Department of Education Passed-through State Department of Education												
NCLB Title I												
NCLB Title I, Carryover	9/1/12-8/31/13	115,860		\$ 2,728	72,259	118,978	\$ 390			(43,601)		(43,601)
NCLB Title II	9/1/11-8/31/12	108,828	(28,112)	(2,728)	30,840							
NCLB Title II A	9/1/12-8/31/13	36,178			8,092	24,571				(28,086)	11,607	(28,086)
NCLB Title II A	9/1/11-8/31/12	40,695	(8,951)		8,951							
NCLB Title III ESL, Carryover	9/1/06-8/31/07	7,570	1,828		218,974	377,056				(158,082)	1,828	(158,082)
ID.E.A. Part B, Basic Regular	9/1/12-8/31/13	377,056			52,155							
ID.E.A. Part B, Basic Regular, Carryover	9/1/11-8/31/12	378,869	(52,155)		15,669							
ID.E.A. Part B, Preschool	9/1/12-8/31/13	15,669			15,669							
ID.E.A. Part B, Preschool	9/1/11-8/31/12	15,699	(15,699)		15,699							
Total U.S. Department of Education			(105,089)	-	422,639	536,274	390	-	-	(229,769)	13,435	(229,769)
Total			(117,580)	-	555,574	679,189	390	\$ -	\$ -	(254,718)	\$ 13,913	\$ (254,718)

(1) Cancelled Payable

SADDLE BROOK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2012		Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2013		MEMO GAAP Receivable	MEMO Cumulative Total Expenditures
				(Accounts Receivable)	Unearned Revenue					(Accounts Receivable)	Unearned Revenue		
State Department of Education General Fund													
Special Education Aid	13-495-034-5120-089	7/1/11-6/30/12	\$ 967,657			\$	\$ 927,970	\$ 967,657		\$ (39,687)		\$	\$ 967,657
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	886,281	\$ (12,712)		12,712				(882)			20,727
Equitization Aid	13-495-034-5120-078	7/1/12-6/30/13	20,727			19,845	20,727			(1,323)			34,796
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	34,796			33,473	34,796			(2,205)			49,976
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	49,976			47,771	49,976			(331,761)			331,761
Extraordinary Aid	13-100-034-5120-473	7/1/12-6/30/13	331,761				331,761						
Extraordinary Aid	12-100-034-5120-473	7/1/11-6/30/12	246,897	(384,598)		384,598				(24,058)		\$ (24,058)	24,058
Nonpublic Transportation Aid	N/A	7/1/12-6/30/13	24,058			16,875							
Nonpublic Transportation Aid	N/A	7/1/11-6/30/12	25,651	(16,875)									
On-Behalf Payments													
TPAF Pension and Annuity Aid													
Normal	13-495-034-5095-006	7/1/12-6/30/13	741,781			741,781	741,781						741,781
NCGI Premium	13-495-034-5095-007	7/1/12-6/30/13	39,028			39,028	39,028						39,028
Post Retirement Medical Contribution	13-495-034-5095-001	7/1/12-6/30/13	882,897			882,897	882,897						882,897
TPAF Social Security	13-495-034-5095-002	7/1/12-6/30/13	908,105			863,751	908,105			(44,354)		(44,354)	908,105
TPAF Social Security	12-495-034-5095-002	7/1/11-6/30/12	934,481	(132,759)		132,739							
				(546,924)		4,103,440	4,000,786			(444,270)		(68,412)	4,000,786
Special Revenue Fund													
NJ Learn & Serve	94,004	7/1/10-6/30/11	66,000	(16,500)	19,608	16,500	16,343			\$ 3,265			16,343
Nonpublic Aid													
Textbook Aid	12-100-034-5120-064	7/1/11-6/30/12	1,320		\$ 587			\$ 587					
Textbook Aid	13-100-034-5120-064	7/1/12-6/30/13	1,903			1,903	1,903						1,903
Technology	13-100-034-5120-373	7/1/12-6/30/13	703			703	611			\$ 92			611
Auxiliary Services													
Compensatory Education	13-100-034-5120-067	7/1/12-6/30/13	3,344			3,344	2,007						2,007
English as a Second Language	12-100-034-5120-067	7/1/11-6/30/12	2,328					949					
Handicapped Services													
Corrective Speech	12-100-034-5120-066	7/1/11-6/30/12	7,109		4,739			4,739					
Corrective Speech	13-100-034-5120-066	7/1/12-6/30/13	5,468			5,468	3,125						3,125
Initial Examination and Classification	12-100-034-5120-066	7/1/11-6/30/12	1,126		1,126			1,126					
Initial Examination and Classification	13-100-034-5120-066	7/1/12-6/30/13	2,229			2,229	2,229						
Nursing Services	12-100-034-5120-070	7/1/11-6/30/12	1,885		1,885			1,885					
Nursing Services	13-100-034-5120-070	7/1/12-6/30/13	2,640			2,640	2,640						2,640
				(16,500)	19,608	32,787	26,629	9,286			3,265		26,629
School Development Authority													
Capital Projects Fund													
High School Bathrooms	4610-050-09-1001	N/A	33,760	(33,760)						(33,760)		(33,760)	
State Department of Agriculture													
Enterprise Fund													
National School Lunch Program	13-100-010-3350-023	9/1/12-6/30/13	4,803			3,873	4,803			(930)		(930)	4,803
State Share	12-100-010-3350-023	9/1/11-6/30/12	5,911	(313)		313							
State Share				(313)		4,186	4,803			(930)		(930)	4,803
Total				(597,497)	19,608	9,286	4,140,413	4,032,218	9,286	(478,960)	3,265	(103,102)	4,032,218
TPAF Pension and Annuity Aid													
Normal	13-495-034-5095-006	7/1/12-6/30/13	741,781			741,781	741,781						741,781
NCGI Premium	13-495-034-5095-007	7/1/12-6/30/13	39,028			39,028	39,028						39,028
Post Retirement Medical Contribution	13-495-034-5095-001	7/1/12-6/30/13	882,897			882,897	882,897						882,897
Total for State Financial Assistance Determination				(597,497)	19,608	9,286	2,476,707	2,368,512	9,286	(478,960)	3,265	(103,102)	2,368,512

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Saddle Brook 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 prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the 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 \$21,452 for the general fund and a decrease of \$13,048 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		\$ 4,022,238	\$ 4,022,238
Special Revenue Fund	\$ 536,274	26,629	562,903
Food Service Fund	<u>143,165</u>	<u>4,803</u>	<u>147,968</u>
Total Financial Assistance	<u>\$ 679,439</u>	<u>\$ 4,053,670</u>	<u>\$ 4,733,109</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 STATE LOANS OUTSTANDING

The District's state loans outstanding at June 30, 2013, which are not required to be reported on the schedule of state financial assistance, are as follows:

<u>Loan Program</u>	<u>State Account Number</u>	<u>Total</u>
N.J. Economic Development Agency	N/A	\$ <u>9,200</u>

NOTE 6 OTHER INFORMATION

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$908,105 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2013. The amount reported as TPAF Pension System Contributions in the amount of \$780,809 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$882,897 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2013.

NOTE 7 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 BROOK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**SADDLE BROOK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

There were none.