

SADDLE RIVER BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Saddle River, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Saddle River Board of Education

Saddle River, New Jersey

For The Fiscal Year Ended June 30, 2015

Prepared by

Business Office

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INTRODUCTORY SECTION

Saddle River Board of Education
Wandell School

97 East Allendale Road, Saddle River, New Jersey 07458
Tel (201) 327-0727 Fax (201) 327-0704

William Ronzitti, Ph.D.
Interim Superintendent / Principal

Donna M. Logan
Business Administrator /
Board Secretary

December 2, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Borough of Saddle River School District (District) for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

statistical section includes selected financial and demographic information generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 2003 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", and the State Treasury Circular OMB 15-08. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

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

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

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

The District completed the 2014-2015 fiscal year with an average daily enrollment of 188 students. The following details the changes in the student average daily enrollment of the District over the last five years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2014-15	188	(6.47%)
2013-14	201	(2.90%)
2012-13	207	(9.61%)
2011-12	229	.44%
2010-11	228	(3.39%)

3) MAJOR INITIATIVES: Through the hard work and dedication of teachers and staff during the previous school year, the instructional program was reinforced and revised at different grade levels and content areas. For the 2014-2015 school year:

- The Preschool Emergent Literacy Program continued at the Pre-K 4 and Pre-K 3 levels.
- Our Balanced Literacy Program continued at grades 3, 4, and 5.
- Pearson's "Envision Math" program rolled out across grade levels (after a previous pilot).
- The "Rosetta Stone" world language supplement increased the use of technology for K-5 students.
- Math and English Language Arts curricula revisions began.
- In Technology, the district embraced Google Apps for education which included Google Docs, Google Sheets and Google Slides. This allowed us to connect home to school.
- The district has begun training teachers on dyslexia and reading disabilities in general.
- The district formally moved to a full standards-based report card system at all grade levels.

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

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

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

that the District has complied with applicable laws and regulations.

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2015.

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

7) DEBT ADMINISTRATION: At June 30, 2015, the District had the following debt outstanding: \$90,000 in Bond Principal and \$1,968.75 in interest, issue date June 15, 2005, for capital project (Wandell Elementary School K-5 Expansion).

8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to Financial Statements", Notes 1 and 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Lerch, Vinci & Higgins, L.L.P. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular Letter 15-08. The auditors' report on the basic financial statements and combining and individual fund statements

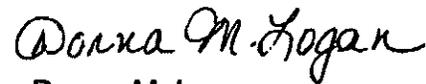
and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

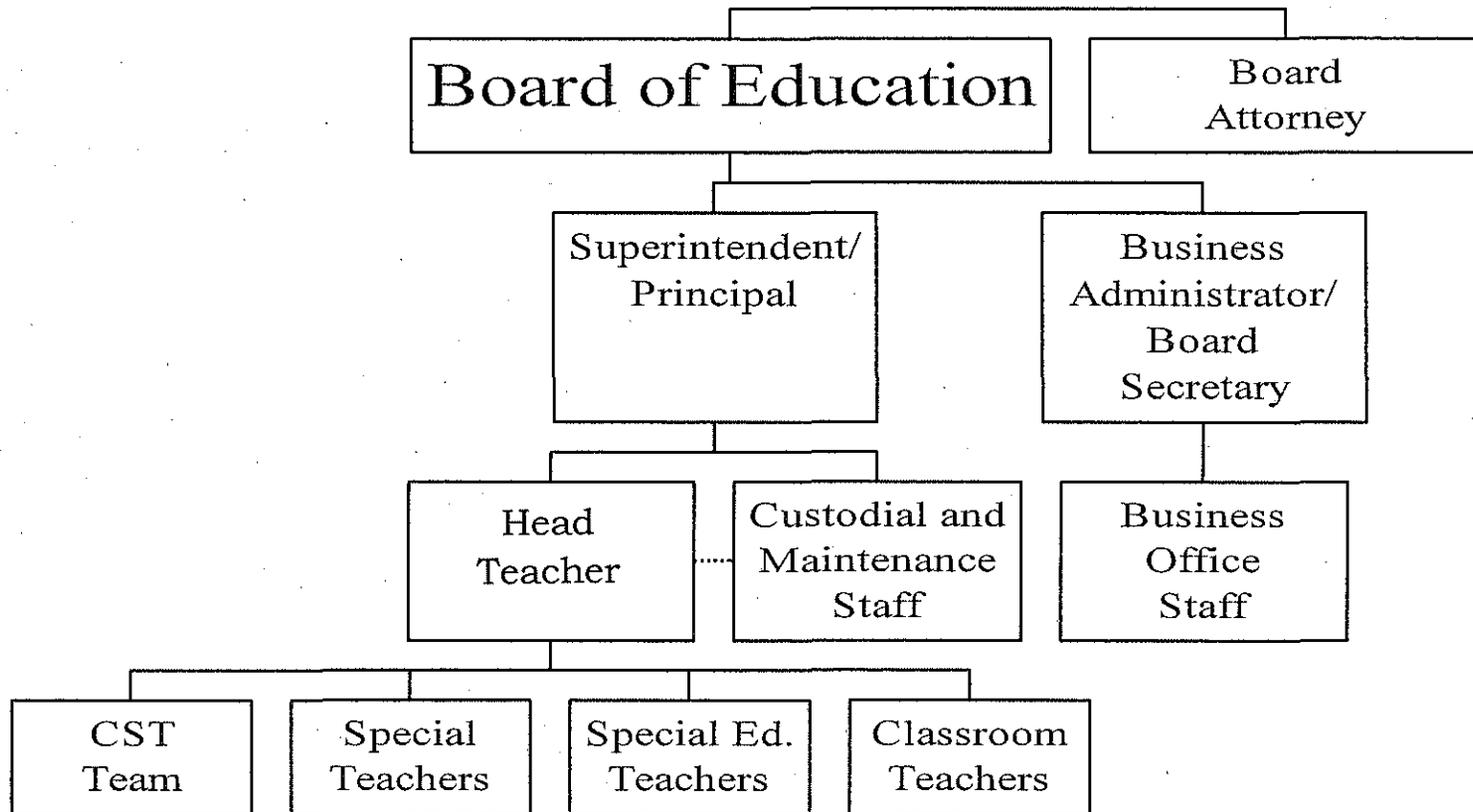


William Ronzitti
Interim Superintendent



Donna M. Logan
Business Administrator

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



SADDLE RIVER BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2015

	Term
<u>Members of the Board of Education as of June 30, 2015</u>	
<u>Expires</u>	
Henry Senger, President	2016
John Lasalandra, Vice President	2017
Irene Feldsott	2016
Jennifer Connolly	2015
Tom Weng	2015

Other Officials

William Ronzitti, Interim Superintendent/Principal

Donna M. Logan, Business Administrator/Board Secretary

Linda Canavan, Treasurer

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

Audit Firm

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

Attorney

Cleary Giacobbe Alfieri Jacobs LLC
169 Ramapo Valley Road
Upper Level 105
Oakland, NJ 07436

Official Depositories

Capital One Bank
Melville, NY 11747

State of New Jersey
Cash Management Fund
CN 290
Trenton, NJ 08625

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Saddle River Board of Education
Saddle River, 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 River Board of Education, as of and for the fiscal year ended June 30, 2015 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 above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Saddle River Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension 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 River Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Saddle River Board of Education.

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

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

Other Reporting Required by *Government Auditing Standards*

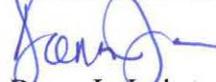
In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2015 on our consideration of the Saddle River Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 River Board of Education's internal control over financial reporting and compliance.

Lerch, Vinci & Higgins, LLP

LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Donna L. Japhet

Public School Accountant

PSA Number CS002314

Fair Lawn, New Jersey
November 19, 2015

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

Saddle River Board of Education

Saddle River, New Jersey

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2015

This section of the Saddle River Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-2015 fiscal year are as follows:

- The assets and deferred outflows of resources of the governmental activities of the Saddle River Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,765,505 (net position).
- The District's total net position for governmental activities decreased by \$405,454.
- Overall governmental activities revenues were \$9,514,103. General revenues accounted for \$7,788,516 or 82% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,725,587 or 18% of total revenues.
- The school district had \$9,919,557 in expenses for governmental activities; only \$1,725,587 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$7,788,516 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,027,612. Of this amount, \$485,426 is restricted for capital reserve, \$379,949 has been appropriated in the 2015/2016 budget for taxpayer relief, \$285,637 is restricted for taxpayer relief in the 2016/2017 budget and \$201,708 is available for spending at the District's discretion (unassigned fund balance – General Fund).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2015**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

Major Features of the District-Wide and Fund Financial Statements

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2015**

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2015**

The district has three kinds of funds:

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

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

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

The following provides a summary of the school district's net position for 2015 and 2014.

Net Position. The district's combined net position were \$1,775,477 and \$2,183,196 on June 30, 2015 and 2014, respectively.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2015**

**Statement of Net Position
as of June 30, 2015 and 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u> (Restated)
Current Assets	\$ 1,343,476	\$ 1,711,178	\$ 5,916	\$ 1,392	\$ 1,349,392	\$ 1,712,570
Capital Assets	<u>2,812,286</u>	<u>2,822,341</u>	<u>9,148</u>	<u>10,845</u>	<u>2,821,434</u>	<u>2,833,186</u>
Total Assets	<u>4,155,762</u>	<u>4,533,519</u>	<u>15,064</u>	<u>12,237</u>	<u>4,170,826</u>	<u>4,545,756</u>
Deferred Amount on Net Pension Liability						
Total Deferred Outflows of Resources	<u>62,885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,885</u>	<u>-</u>
Noncurrent Liabilities	2,026,315	2,135,494	-		2,026,315	2,135,494
Other Liabilities	<u>317,505</u>	<u>227,066</u>	<u>5,092</u>	<u>-</u>	<u>322,597</u>	<u>227,066</u>
Total Liabilities	<u>2,343,820</u>	<u>2,362,560</u>	<u>5,092</u>	<u>-</u>	<u>2,348,912</u>	<u>2,362,560</u>
Deferred Amount on Net Pension Liability						
Total Deferred Inflows of Resources	<u>109,322</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,322</u>	<u>-</u>
Net Investment in Capital Assets	2,722,286	2,642,341	9,148	10,845	2,731,434	2,653,186
Restricted	155,424	613,875			155,424	613,875
Unrestricted	<u>(1,112,205)</u>	<u>(1,085,257)</u>	<u>824</u>	<u>1,392</u>	<u>(1,111,381)</u>	<u>(1,083,865)</u>
Total Net Position	<u>\$ 1,765,505</u>	<u>\$ 2,170,959</u>	<u>\$ 9,972</u>	<u>\$ 12,237</u>	<u>\$ 1,775,477</u>	<u>\$ 2,183,196</u>

The following page shows changes in net position for fiscal years 2015 and 2014.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2015**

**Change in Net Position
For The Fiscal Years Ended June 30, 2015 and 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues						
Charges for Services	\$ 124,525	\$ 106,292	\$ 71,011	\$ 77,087	\$ 195,536	\$ 183,379
Operating and Capital Grants and Contributions	1,601,062	1,259,394			1,601,062	1,259,394
General Revenues						
Property Taxes	7,754,933	7,608,694			7,754,933	7,608,694
Investment Earnings	2,454	4,010	45	81	2,499	4,091
Miscellaneous	31,129	13,566	-	-	31,129	13,566
Total Revenues	<u>9,514,103</u>	<u>8,991,956</u>	<u>71,056</u>	<u>77,168</u>	<u>9,585,159</u>	<u>9,069,124</u>
Expenses						
Instruction						
Regular	5,837,936	5,200,646			5,837,936	5,200,646
Special Education	751,348	827,952			751,348	827,952
School Sponsored Activities and Athletics	29,032	22,193			29,032	22,193
Support Services						
Student and Instruction Related Services	1,625,308	1,441,689			1,625,308	1,441,689
General Administrative Services	113,806	165,918			113,806	165,918
School Administrative Services	10,364	55,111			10,364	55,111
Plant Operations and Maintenance	774,808	438,831			774,808	438,831
Pupil Transportation	497,004	455,916			497,004	455,916
Business Services	275,685	283,168			275,685	283,168
Interest on Long-Term Debt	4,266	8,203			4,266	8,203
Food Services	-	-	73,321	78,315	73,321	78,315
Total Expenses	<u>9,919,557</u>	<u>8,899,627</u>	<u>73,321</u>	<u>78,315</u>	<u>9,992,878</u>	<u>8,977,942</u>
Change in Net Position	(405,454)	92,329	(2,265)	(1,147)	(407,719)	91,182
Transfers		(616)		616	-	-
Net Position, Beginning of Year (Restated)	2,170,959	3,775,214	12,237	13,892	2,183,196	3,789,106
Prior Period Adjustment-Pension Liability		(1,866,405)	-	-	-	(1,866,405)
Prior Period Adjustment-Capital Assets, Net	-	170,437	-	(1,124)	-	169,313
Net Position, End of Year	<u>\$ 1,765,505</u>	<u>\$ 2,170,959</u>	<u>\$ 9,972</u>	<u>\$ 12,237</u>	<u>\$ 1,775,477</u>	<u>\$ 2,183,196</u>

Saddle River Board of Education Saddle River, New Jersey

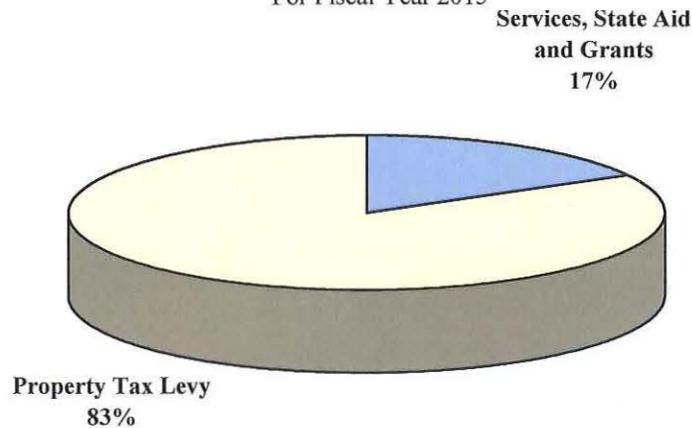
Management's Discussion and Analysis (continued) Fiscal Year Ended June 30, 2015

Governmental Activities. The District's total revenues were \$9,514,103. The local share of the revenues for property taxes amounted to \$7,754,933 or 82% of total revenues. Funding from program charges and state, federal and local sources amounted to \$1,601,062 or 17%. Revenues from charges for services amounted to \$124,525 or 1% of total revenues. The remaining revenues totaling \$33,583 less than 1% of total revenues includes investment earnings and other miscellaneous revenues.

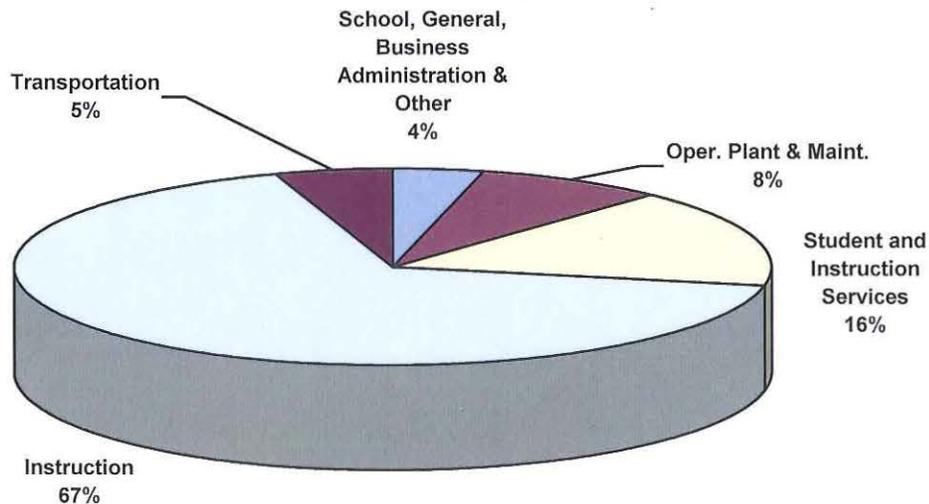
The District's total expenses of \$9,919,557 are predominantly related to instruction and support services. Instruction totaled \$6,618,316 (67%) and other support services exclusive of interest on long-term debt totaled \$3,296,975 (33%) of total expenditures.

Total governmental activities expenses surpassed revenues, decreasing net position by \$405,454 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2015



Expenses by Function – Governmental Activities
For Fiscal Year 2015



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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2015**

Total and Net Cost of Governmental Activities – The District's total cost of services was \$9,919,557 after applying program revenues, derived from: charges for services of \$124,525 and operating grants and contributions of \$1,601,062 the net cost of services of the District is \$8,193,970.

**Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2015 and 2014**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Governmental Activities				
Instruction				
Regular	\$ 5,837,936	\$ 5,200,646	\$ 4,772,200	\$ 4,474,482
Special Education	751,348	827,952	401,140	409,290
School Sponsored Activities and Athletics	29,032	22,193	21,979	19,050
Support Services				
Student and Instruction Related Services	1,625,308	1,441,689	1,439,960	1,338,894
General Administrative Services	113,806	165,918	113,806	165,918
School Administrative Services	10,364	55,111	8,525	45,785
Plant Operations and Maintenance	774,808	438,831	742,486	410,789
Pupil Transportation	497,004	455,916	413,923	378,362
Business Services	275,685	283,168	275,685	283,168
Interest	4,266	8,203	4,266	8,203
Total	<u>\$ 9,919,557</u>	<u>\$ 8,899,627</u>	<u>\$ 8,193,970</u>	<u>\$ 7,533,941</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2015 was \$73,321. These costs were funded by charges for services (\$71,011) and investment earnings (\$45). The net cost of services for business-type activities was \$2,310.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2015**

Governmental Funds (Continued)

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$1,027,612. At June 30, 2014, the fund balance was \$1,487,393. The decrease is predominantly attributable to expenditures in capital projects relating to the referendum project approved during 2014/2015 but not funded by the sale of bonds until the 2015/2016 school year.

Revenues for the District's governmental funds were \$8,883,687 while total expenditures were \$9,343,468 thereby decreasing fund balance by \$459,781.

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

The following schedule presents a summary of General Fund revenues.

General Fund Revenues

	Fiscal Year Ended <u>June 30, 2015</u>	Fiscal Year Ended <u>June 30, 2014</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Local Sources:				
Property Taxes	\$ 7,659,027	\$ 7,508,850	\$ 150,177	2.0%
Tuition	124,525	106,292	18,233	17.2%
Investment Earnings	2,454	4,010	(1,556)	-38.8%
Miscellaneous	31,129	13,566	17,563	129.5%
Intergovernmental				
Federal/State Sources	<u>758,165</u>	<u>795,470</u>	<u>(37,305)</u>	-4.7%
 Total Revenues	 <u>\$ 8,575,300</u>	 <u>\$ 8,428,188</u>	 <u>\$ 147,112</u>	 1.7%

Total General Fund revenues increased by \$147,112 or 1.7% over the previous year.

Local property taxes increased by 2% over the previous year.

There was a decrease of 5% (\$37,305) from the prior year in Federal/State sources revenues. This decrease was primarily due to the decrease in the District's Extraordinary Aid award.

The increase in tuition revenues of \$18,233 or 17% is due to an increase in preschool enrollment and individual students from other communities.

The increase in miscellaneous revenues of \$17,563 is largely attributable to the receipt of refunds of prior year expenditures.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2015**

The following schedule presents a summary of General Fund expenditures.

General Fund Expenditures

	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Amount of Increase (Decrease)	Percent Increase (Decrease)
Instruction	\$ 5,822,494	\$ 5,593,987	\$ 228,507	4.1%
Student & Instruction Related	1,449,939	1,318,377	131,562	10.0%
School, General & Business Administration	388,894	479,406	(90,512)	-18.9%
Plant Operations & Transportation	<u>1,043,752</u>	<u>881,923</u>	<u>161,829</u>	18.3%
 Total Expenditures	 <u>\$ 8,705,079</u>	 <u>\$ 8,273,693</u>	 <u>\$ 431,386</u>	 5.2%

Total General Fund expenditures increased by \$431,386 or 5.2% from the previous year. The District experienced significant increases in areas of regular and special education instruction, student and instruction related expenditures, plant operations and transportation.

In 2014/2015, General Fund expenses exceeded revenues by \$129,779. As a result, total fund balance decreased to \$1,357,614 at June 30, 2015. After deducting statutory restrictions and designations, the unassigned fund balance increased from \$156,885 at June 30, 2014 to \$201,708 at June 30, 2015.

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

Revenues of the Special Revenue Fund were \$212,481 for the year ended June 30, 2015. Local sources represented 21% of the total revenue for the year, state sources accounts for 34% and federal sources accounted for 45%.

Total Special Revenue Fund revenues decreased \$251,443 or 54% from the previous year. State sources increased \$1,097 or 2%, Federal sources decreased \$39,629 or 29% and local sources decreased \$212,911 or 83%.

Expenditures of the Special Revenue Fund were \$212,481. Instructional expenditures were \$129,928 or 61% of the expenditures. The remaining \$82,553 (39%) was expenditures for student and instruction related services.

Capital Projects Fund – The capital project expenditures exceeded revenues by \$330,002, resulting in a deficit fund balance of \$330,002. The deficit is due to the expenditures incurred in conjunction with the taxpayer approved referendum project approved in 2014/2015. This deficit will be eliminated in the 2015/2016 year when the school bonds to fund this project are issued.

Proprietary Funds

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2015**

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

Over the course of the year, the District revised the annual operating budget several times. These budget amendments occur from implementing budgets for specially funded projects, which include both federal and state grants and reinstating prior year purchase orders being carried over.

Capital Assets. At the end of the fiscal year 2015, the school district's investment in land, land improvements, buildings, furniture, machinery and equipment for governmental activities amounts to \$2,812,286 (net of accumulated depreciation).

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 3,483	\$ 3,483		
Construction in Progress	114,386			
Land Improvements	415,559	415,559		
Building and Building Improvements	4,163,555	4,163,555		
Machinery and Equipment	<u>336,872</u>	<u>336,872</u>	\$ 44,373	44,373
 Total	 5,033,855	 4,919,469	 44,373	 44,373
 Less: Accumulated Depreciation	 <u>(2,221,569)</u>	 <u>(2,097,128)</u>	 <u>(35,225)</u>	 <u>(33,528)</u>
 Total Capital Assets, Net	 <u>\$ 2,812,286</u>	 <u>\$ 2,822,341</u>	 <u>\$ 9,148</u>	 <u>\$ 10,845</u>

Additional information about the district's capital assets can be found in the "Notes to the Financial Statements" of this report.

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

**Management’s Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2015**

Debt Administration. As of June 30, 2015 the school district had outstanding long-term liabilities in the amount of \$2,026,315.

**Long-Term Debt
Outstanding Long-Term Liabilities**

	<u>2015</u>	<u>2014</u> <u>(Restated)</u>
Bonds Payable	\$ 90,000	\$ 180,000
Compensated Absences Payable	101,891	89,089
Net Pension Liability	<u>1,834,424</u>	<u>1,866,405</u>
 Total	 <u>\$ 2,026,315</u>	 <u>\$ 2,135,494</u>

Additional information about the district’s long-term liabilities can be found in the “Notes to the Financial Statements” of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Currently, the District is in good financial condition. Everyone associated with Saddle River School District is grateful for the community support.

Many factors were considered by the District’s administration during the process of developing the fiscal year 2014-2015 budget. The primary factors were the District’s projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were also considered when adopting the budget for fiscal year 2015-2016. Budgeted expenditures in the General Fund increased less than 2 percent to \$8,644,749 in fiscal year 2015-2016. Increases in contractual payroll and employee benefits costs are the primary reasons for the increase.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Donna Logan, Business Administrator, Saddle River Board of Education, 97 East Allendale Road, Saddle River, New Jersey 07458.

BASIC FINANCIAL STATEMENTS

**SADDLE RIVER BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,236,185	\$ 8,201	\$ 1,244,386
Receivables, net			
Receivables from Other Governments	50,759		50,759
Other	53,532		53,532
Internal Balance	3,000	(3,000)	
Inventories		715	715
Capital Assets, Not Being Depreciated	117,869		117,869
Capital Assets, Net of Depreciation	<u>2,694,417</u>	<u>9,148</u>	<u>2,703,565</u>
Total Assets	<u>4,155,762</u>	<u>15,064</u>	<u>4,170,826</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>62,885</u>	-	<u>62,885</u>
Total Deferred Outflows of Resources	<u>62,885</u>	-	<u>62,885</u>
Total Deferred Outflows of Resources and Assets	<u>4,218,647</u>	-	<u>4,218,647</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	199,246	5,092	204,338
Payable to State Government	16,294		16,294
Unearned Revenue	100,324		100,324
Accrued Interest Payable	1,641		1,641
Noncurrent Liabilities			
Due Within One Year	170,000		170,000
Due Beyond One Year	<u>1,856,315</u>	-	<u>1,856,315</u>
Total Liabilities	<u>2,343,820</u>	<u>5,092</u>	<u>2,348,912</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>109,322</u>	-	<u>109,322</u>
Total Deferred Inflows of Resources	<u>109,322</u>	-	<u>109,322</u>
Total Deferred Inflows of Resources and Liabilities	<u>2,453,142</u>	<u>5,092</u>	<u>2,458,234</u>
NET POSITION			
Net Investment in Capital Assets	2,722,286	9,148	2,731,434
Restricted for			
Capital Projects	155,424		155,424
Unrestricted	<u>(1,112,205)</u>	<u>824</u>	<u>(1,111,381)</u>
Total Net Position	<u>\$ 1,765,505</u>	<u>\$ 9,972</u>	<u>\$ 1,775,477</u>

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

**SADDLE RIVER BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 5,837,936	\$ 124,525	\$ 941,211		\$ (4,772,200)		\$ (4,772,200)
Special Education	751,348		350,208		(401,140)		(401,140)
School Sponsored Activities and Athletics	29,032		7,053		(21,979)		(21,979)
Support Services							
Student and Instruction Related Services	1,625,308		185,348		(1,439,960)		(1,439,960)
General Administrative Services	113,806				(113,806)		(113,806)
School Administrative Services	10,364		1,839		(8,525)		(8,525)
Plant Operations and Maintenance	774,808		32,322		(742,486)		(742,486)
Pupil Transportation	497,004		83,081		(413,923)		(413,923)
Business Services	275,685				(275,685)		(275,685)
Interest	4,266	-	-	-	(4,266)	-	(4,266)
Total Governmental Activities	<u>9,919,557</u>	<u>124,525</u>	<u>1,601,062</u>	<u>-</u>	<u>(8,193,970)</u>	<u>-</u>	<u>(8,193,970)</u>
Business-Type Activities							
Food Service	73,321	71,011	-	-	-	\$ (2,310)	(2,310)
Total Business-Type Activities	<u>73,321</u>	<u>71,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,310)</u>	<u>(2,310)</u>
Total Primary Government	<u>\$ 9,992,878</u>	<u>\$ 195,536</u>	<u>\$ 1,601,062</u>	<u>\$ -</u>	<u>(8,193,970)</u>	<u>(2,310)</u>	<u>(8,196,280)</u>
General Revenues							
Property Taxes Levied for General Purpose					7,659,027		7,659,027
Property Taxes Levied for Debt Service					95,906		95,906
Investment Earnings					2,454	45	2,499
Miscellaneous Income					31,129	-	31,129
Total General Revenues					<u>7,788,516</u>	<u>45</u>	<u>7,788,561</u>
Change in Net Position					(405,454)	(2,265)	(407,719)
Net Position, Beginning of Year (Restated)					<u>2,170,959</u>	<u>12,237</u>	<u>2,183,196</u>
Net Position, End of Year					<u>\$ 1,765,505</u>	<u>\$ 9,972</u>	<u>\$ 1,775,477</u>

FUND FINANCIAL STATEMENTS

**SADDLE RIVER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	<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	\$ 1,213,637	\$ 22,548			\$ 1,236,185
Due from Other Funds	261,937				261,937
Receivables					
Intergovernmental	16,420	34,339	-		50,759
Other	3,695	49,837	-	-	53,532
	<u>1,495,689</u>	<u>106,724</u>	<u>-</u>	<u>-</u>	<u>1,602,413</u>
Total Assets					
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 131,575	\$ 8,709	\$ 9,125		\$ 149,409
Due to Other Funds			258,937		258,937
Other Liabilities		49,837			49,837
Payable to State Government		16,294			16,294
Unearned Revenue	6,500	31,884	61,940	-	100,324
	<u>138,075</u>	<u>106,724</u>	<u>330,002</u>	<u>-</u>	<u>574,801</u>
Total Liabilities					
Fund Balances					
Restricted Fund Balance					
Excess Surplus-Designated for					
Subsequent Year's Expenditures	222,892				222,892
Excess Surplus	285,637				285,637
Capital Reserve	485,426				485,426
Capital Projects			(330,002)		(330,002)
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures	157,057				157,057
Year-End Encumbrances	4,894				4,894
Unassigned Fund Balance	201,708	-	-	-	201,708
	<u>1,357,614</u>	<u>-</u>	<u>(330,002)</u>	<u>-</u>	<u>1,027,612</u>
Total Fund Balances					
Total Liabilities and Fund Balances	<u>\$ 1,495,689</u>	<u>\$ 106,724</u>	<u>\$ -</u>	<u>\$ -</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 \$5,033,855 and the accumulated depreciation is \$2,221,569. 2,812,286

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

Deferred Outflows of Resources	\$ 62,885	
Deferred Inflows of Resources	<u>(109,322)</u>	(46,437)

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (1,641)

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	\$ 90,000	
Compensated Absences Payable	101,891	
Net Pension Liability	<u>1,834,424</u>	<u>(2,026,315)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ 1,765,505

**SADDLE RIVER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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					
Local Property Tax Levy	\$ 7,659,027			\$ 95,906	\$ 7,754,933
Tuition	124,525				124,525
Interest	2,454				2,454
Miscellaneous	31,129	\$ 44,956	-	-	76,085
Total - Local Sources	<u>7,817,135</u>	<u>44,956</u>	<u>-</u>	<u>95,906</u>	<u>7,957,997</u>
State Sources	758,165	72,628			830,793
Federal Sources	-	94,897	-	-	94,897
Total Revenues	<u>8,575,300</u>	<u>212,481</u>	<u>-</u>	<u>95,906</u>	<u>8,883,687</u>
EXPENDITURES					
Current					
Regular Instruction	5,176,676	55,790			5,232,466
Special Education Instruction	620,939	74,138			695,077
School-Sponsored Activities and Athletics	24,879				24,879
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,449,939	82,553			1,532,492
General Administrative Services	95,617				95,617
School Administrative Services	8,037				8,037
Plant Operations and Maintenance	552,970		\$ 215,616		768,586
Pupil Transportation	490,782				490,782
Business Services	285,240				285,240
Capital Outlay			114,386		114,386
Debt Service					
Principal				90,000	90,000
Interest	-	-	-	5,906	5,906
Total Expenditures	<u>8,705,079</u>	<u>212,481</u>	<u>330,002</u>	<u>95,906</u>	<u>9,343,468</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(129,779)</u>	<u>-</u>	<u>(330,002)</u>	<u>-</u>	<u>(459,781)</u>
Net Change in Fund Balances	(129,779)	-	(330,002)	-	(459,781)
Fund Balance, Beginning of Year	<u>1,487,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,487,393</u>
Fund Balance (Deficit), End of Year	<u>\$ 1,357,614</u>	<u>\$ -</u>	<u>\$ (330,002)</u>	<u>\$ -</u>	<u>\$ 1,027,612</u>

**SADDLE RIVER BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (459,781)

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

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

Capital Outlays	\$ 114,386	
Depreciation Expense	<u>(124,441)</u>	(10,055)

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

Principal Repayments - General Obligation Bonds		90,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The details are as follows:

Decrease in Accrued Interest	\$ 1,640	
Net Increase in Compensated Absences Payable	(12,802)	
Net Increase in Pension Expense	<u>(14,456)</u>	<u>(25,618)</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ (405,454)

**SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash	\$ 8,201
Inventories	<u>715</u>
Total Current Assets	<u>8,916</u>
Capital Assets	
Machinery and Equipment	44,373
Less: Accumulated Depreciation	<u>35,225</u>
Total Capital Assets, Net of Depreciation	<u>9,148</u>
Total Assets	<u>18,064</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	5,092
Due to Other Funds	<u>3,000</u>
Total Current Liabilities	<u>8,092</u>
NET POSITION	
Investment in Capital Assets	9,148
Unrestricted	<u>824</u>
Total Net Position	<u>\$ 9,972</u>

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

**SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 71,011
	<hr/>
Total Operating Revenues	71,011
	<hr/>
OPERATING EXPENSES	
Salaries and Benefits	25,899
Cost of Sales	34,364
Management Fee	8,000
Miscellaneous Expenses	3,283
Supplies and Materials	78
Depreciation Expense	1,697
	<hr/>
Total Operating Expenses	73,321
	<hr/>
Operating Loss	(2,310)
	<hr/>
NONOPERATING REVENUES	
Interest and Investment Revenue	45
	<hr/>
Total Nonoperating Revenues	45
	<hr/>
Change in Net Position	(2,265)
	<hr/>
Net Position, Beginning of Year	12,237
	<hr/>
Net Position, End of Year	\$ 9,972
	<hr/> <hr/>

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

**SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 71,011
Cash Payments to Suppliers for Goods and Services	<u>(63,219)</u>
Net Cash Provided by Operating Activities	<u>7,792</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>45</u>
Net Cash Provided by Investing Activities	<u>45</u>
Net Increase in Cash	7,837
Cash, Beginning of Year	<u>364</u>
Cash, End of Year	<u><u>\$ 8,201</u></u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	\$ <u>(2,310)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	1,697
Change in Assets and Liabilities	
(Increase)/Decrease in Inventories	313
Increase/(Decrease) in Accounts Payable	5,092
Increase/(Decrease) in Due to Other Funds	<u>3,000</u>
Total Adjustments	<u>10,102</u>
Net Cash Provided by Operating Activities	<u><u>\$ 7,792</u></u>

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

**SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	<u>Unemployment Compensation Trust Fund</u>	<u>Education Foundation Donations Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash	\$ 21,222	\$ 1,490	\$ 11,295
Due from Other Funds	<u>1,411</u>	<u>-</u>	<u>-</u>
Total Assets	<u>22,633</u>	<u>1,490</u>	<u>\$ 11,295</u>
LIABILITIES			
Due to Other Funds			\$ 1,411
Intergovernmental Payable - State	\$ 299		
Payroll Deductions and Withholdings Reserved for Flexible Spending			1,028 1,507
Due to Student Groups	<u>-</u>	<u>-</u>	<u>7,349</u>
Total Liabilities	<u>299</u>	<u>-</u>	<u>\$ 11,295</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 22,334</u>	<u>\$ 1,490</u>	

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

**SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Unemployment Compensation Trust Fund</u>	<u>Education Foundation Donations Fund</u>
ADDITIONS		
Contributions		
Board	\$ 20,000	
Employees	4,767	
Other		\$ 173,031
Investment Earnings		
Interest	56	46
	<hr/>	<hr/>
Total Additions	24,823	173,077
	<hr/>	<hr/>
DEDUCTIONS		
Student and Instruction Related Expenses		173,864
Unemployment Claims and Contributions	7,822	-
	<hr/>	<hr/>
Total Deductions	7,822	173,864
	<hr/>	<hr/>
Change in Net Position	17,001	(787)
Net Position, Beginning of Year	5,333	2,277
	<hr/>	<hr/>
Net Position, End of Year	\$ 22,334	\$ 1,490
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2015, the District adopted the following GASB statements.

- GASB 68, *Accounting and financial Reporting for Pensions*. 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.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

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

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations from the Wandell School Education Foundation, 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”.

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

When both restricted and unrestricted resources are available for use, it is the 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.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *Inventories*

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

Food Service Fund inventories 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.

4. *Capital Assets*

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

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

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

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

5. *Deferred Outflows/Inflows of Resources*

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

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

6. *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. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. *Pensions*

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

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

8. *Long-Term Obligations*

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

SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2014 audited excess surplus that was appropriated in the 2015/2016 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 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 Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 District budget certified for taxes.

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.

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, investment earnings and miscellaneous revenues.

2. Property Taxes

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

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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 2013-2014 and 2014-2015 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, 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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 24, 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.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2014/2015. Also, during 2014/2015 the Board increased the original General Fund budget by \$158,116. The original Special Revenue Fund budget was decreased by \$65,161. The increase in the General Fund budget was funded by appropriation of capital reserve funds and the reappropriation of prior year general fund encumbrances. The decrease in Special Revenue Fund budget was based on actual grant entitlements.

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

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

B. Deficit Fund Equity

The District has an accumulated deficit in fund balance of \$330,002 in the Capital Projects Fund as of June 30, 2015. This deficit is the result of the Board incurring expenditures for the 2015 HVAC system upgrade bond referendum, which was prior to the sale of school bonds or receipt of state aid. As the Board permanently finances these appropriations, the District will realize as revenues the proceeds of the financing or state aid. This deficit does not indicate that the District is facing financial difficulties and is permitted practice under accounting principles generally accepted in the United States of America.

C. Capital Reserve

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

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

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2015 is as follows:

Balance, July 1, 2014	\$ 613,875
Increased by	
Interest Earnings	<u>1,901</u>
	615,776
Withdrawals	
Approved by Board Resolution	<u>(130,350)</u>
Balance, June 30, 2015	<u>\$ 485,426</u>

The withdrawals from the Capital Reserve were for use in a department approved facilities project, consistent with the District's Long Range Facilities Plan.

D. Transfers to Capital Outlay

During the 2014/2015 school year, the district transferred \$130,350 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to support emergent circumstances regarding the roof replacement and HVAC replacement at the Wandell School.

E. 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, 2015 is \$508,529. Of this amount, \$222,892 was designated and appropriated in the 2015/2016 original budget certified for taxes and the remaining amount of \$285,637 will be appropriated in the 2016/2017 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), 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.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$1,278,393 and bank and brokerage firm balances of the Board's deposits amounted to \$1,491,429. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 1,315,295
Uninsured and Collateralized	<u>176,134</u>
	<u>\$ 1,491,429</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 the Board's bank balance of \$176,134 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department not in the Board's name (New Jersey Cash Management Fund)	<u>\$ 176,134</u>
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Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2015, the Board had no outstanding investments.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2015 for the district’s individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Special Revenue Fund	Total
Receivables:			
Intergovernmental			
Federal		\$ 34,339	\$ 34,339
State	\$ 16,420		16,420
Other	3,695	49,837	53,532
Gross Receivables	20,115	84,176	104,291
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 20,115</u>	<u>\$ 84,176</u>	<u>\$ 104,291</u>

C. Unearned Revenue

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

General School	
Preschool Program Fees	\$ 6,500
Special Revenue Fund	
Unencumbered Grant Draw Downs	30,085
Grant Draw Downs Reserved for Encumbrances	1,799
Capital Projects Fund	
Bond Proceed Advance Deposit	<u>61,940</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 100,324</u>

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	Balance, <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2015</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 3,483	-	-	\$ 3,483
Construction in Progress	<u>-</u>	<u>\$ 114,386</u>	<u>-</u>	<u>114,386</u>
Total Capital Assets, Not Being Depreciated	<u>3,483</u>	<u>114,386</u>	<u>-</u>	<u>117,869</u>
Capital Assets, Not Being Depreciated:				
Land Improvements	415,559			415,559
Building and Building Improvements	4,163,555			4,163,555
Machinery and Equipment	<u>336,872</u>	<u>-</u>	<u>-</u>	<u>336,872</u>
Total Assets Being Depreciated	<u>4,915,986</u>	<u>-</u>	<u>-</u>	<u>4,915,986</u>
Less Accumulated Depreciation for:				
Land Improvements	(274,916)	(21,926)		(296,842)
Building and Building Improvements	(1,570,748)	(90,041)		(1,660,789)
Machinery and Equipment	<u>(251,464)</u>	<u>(12,474)</u>	<u>-</u>	<u>(263,938)</u>
Total Accumulated Depreciation	<u>(2,097,128)</u>	<u>(124,441)</u>	<u>-</u>	<u>(2,221,569)</u>
Total Assets, Being Depreciated, Net	<u>2,818,858</u>	<u>(124,441)</u>	<u>-</u>	<u>2,694,417</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,822,341</u>	<u>\$ (10,055)</u>	<u>\$ -</u>	<u>\$ 2,812,286</u>

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2014	Increases	Decreases	Balance, June 30, 2015
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 44,373	-	-	\$ 44,373
Total Capital Assets Being Depreciated	<u>44,373</u>	<u>-</u>	<u>-</u>	<u>44,373</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(33,528)	\$ (1,697)	-	(35,225)
Total Accumulated Depreciation	<u>(33,528)</u>	<u>(1,697)</u>	<u>-</u>	<u>(35,225)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,845</u>	<u>(1,697)</u>	<u>-</u>	<u>9,148</u>
Business-Type Activities Capital Assets, Net	<u>\$ 10,845</u>	<u>\$ (1,697)</u>	<u>\$ -</u>	<u>\$ 9,148</u>

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

Governmental Activities:

Instruction

Regular	\$ 73,420
Special Education	8,711
Total Instruction	<u>82,131</u>

Support Services

Student and Instruction Related Services	19,911
General Administrative Services	3,733
School Administrative Services	1,244
Operations and Maintenance of Plant	6,222
Pupil Transportation	6,222
Business Services	4,978
Total Support Services	<u>42,310</u>

Total Depreciation Expense - Governmental Activities \$ 124,441

Business-Type Activities:

Food Service Fund	<u>\$ 1,697</u>
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**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2015:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
HVAC Upgrades	\$ 114,386	<u>\$ 2,185,689</u>
Total		<u>\$ 2,185,689</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 258,937
General Fund	Food Service Fund	3,000
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>1,411</u>
	Total	<u>\$ 263,348</u>

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

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

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Operating Leases

The District leases laptops under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2015 were \$55,545. The lease payments are being funded by donations from the Wandill School Education Foundation. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2016	\$ <u>55,545</u>
Total	\$ <u>55,545</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, 2015 are comprised of the following issue:

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ <u>90,000</u>	\$ <u>1,969</u>	\$ <u>91,969</u>
Total	\$ <u>90,000</u>	\$ <u>1,969</u>	\$ <u>91,969</u>

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015 was as follows:

2.5% of Equalized Valuation Basis (Municipal)		\$ 60,966,306
Less: Net Debt		
Issued	\$ 90,000	
Authorized But Not Issued	<u>3,097,091</u>	
		<u>3,187,091</u>
Remaining Borrowing Power		<u>\$ 57,779,215</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance, July 1, 2014 (Restated)	<u>Additions</u>	<u>Reductions</u>	Balance, June 30, 2015	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 180,000		\$ 90,000	\$ 90,000	\$ 90,000
Compensated Absences	89,089	\$ 28,052	15,250	101,891	-
Net Pension Liability	<u>1,866,405</u>	<u>-</u>	<u>31,981</u>	<u>1,834,424</u>	<u>80,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 2,135,494</u>	<u>\$ 28,052</u>	<u>\$ 137,231</u>	<u>\$ 2,026,315</u>	<u>\$ 170,000</u>

For the governmental activities, the liabilities for compensated absences and net pension liability are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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 and various other types of insurance coverage.

The relationship between the Board and the insurance funds 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 funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

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

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Board</u> <u>Contribution</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2015	\$ 20,000	\$ 4,767	\$ 7,822	\$ 22,334
2014	13,500	4,657	23,121	5,333
2013	35,500	4,570	58,791	10,234

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, 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.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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. TPAF is a cost sharing plan with special funding situations.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds (Continued)

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.

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. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

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

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 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 6.9% for PERS, 6.9% 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 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 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 fiscal years ended June 30, 2015, 2014 and 2013 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:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2015	\$ 80,772	\$ 113,637	
2014	73,921	109,448	\$ 339
2013	72,810	160,297	41

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

For fiscal years 2014/2015 and 2012/2013, the state contributed \$113,637 and \$160,297, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$109,448 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$146,243 during the fiscal year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$1,834,424 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District's proportionate share was .00979 percent, which was an increase of .00003 percent from its proportionate share measured as of June 30, 2013.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$95,228 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 62,885	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>-</u>	<u>\$ 109,322</u>
Total	<u>\$ 62,885</u>	<u>\$ 109,322</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (15,771)
2017	(15,771)
2018	(15,771)
2019	(15,771)
2020	11,560
Thereafter	<u>5,087</u>
	<u>\$ (46,437)</u>

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

PERS

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2033

Municipal Bond Rate * From July 1, 2033
and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39 percent) or 1-percentage-point higher (6.39 percent) than the current rate:

	1% Decrease <u>(4.39%)</u>	Current Discount Rate <u>(5.39%)</u>	1% Increase <u>(6.39%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 2,307,760</u>	<u>\$ 1,834,424</u>	<u>\$ 1,436,941</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2014. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$744,053 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$13,827,576. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 - June 30, 2012
Study Upon Which Actuarial Assumptions were Based	

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
TPAF	4.68%

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

<u>TPAF</u>	
Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2027
Municipal Bond Rate *	From July 1, 2027 and Thereafter

* The municipal bond return rate used is 4.29%. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.68%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.68 percent) or 1-percentage-point higher (5.68 percent) than the current rate:

	1% Decrease <u>(3.68%)</u>	Current Discount Rate <u>(4.68%)</u>	1% Increase <u>(5.68%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 16,630,979</u>	<u>\$ 13,827,576</u>	<u>\$ 11,495,970</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

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, 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-Local 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 590 state and local participating employers and contributing entities for Fiscal Year 2014.

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 paid 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 paid 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 state 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.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

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

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

Actuarial Methods and Assumptions

In the July 1, 2013, OPEB 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 RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. 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, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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 fiscal years ended June 30, 2015, 2014 and 2013 were \$180,399, \$179,453 and \$181,256, 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.

F. Subsequent Events

On February 10, 2015, the legally qualified voters of the Saddle River Board of Education approved a \$3,097,071 referendum for HVAC upgrades at Wandell School. The District issued \$3,097,000 of Series 2015 School Bonds on July 15, 2015 in conjunction with this project.

NOTE 5 RESTATEMENT

On July 1, 2014, the Saddle River Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Saddle River Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$1,866,405. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$4,037,364 as originally reported to \$2,170,959 as adjusted for the effects of the change in accounting principle.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 7,659,027		\$ 7,659,027	\$ 7,659,027	
Preschool Tuition	86,000		86,000	112,625	\$ 26,625
Tuition-Individuals				11,900	11,900
Interest	2,400		2,400	553	(1,847)
Interest on Capital Reserve	1,500		1,500	1,901	401
Miscellaneous	10,000	-	10,000	31,129	21,129
Total Local Sources	<u>7,758,927</u>	<u>-</u>	<u>7,758,927</u>	<u>7,817,135</u>	<u>58,208</u>
State Sources					
Special Education Aid	104,971		104,971	104,971	-
Transportation Aid	66,671		66,671	66,671	-
Security Aid	30,383		30,383	30,383	-
PARCC Readiness Aid	3,990		3,990	3,990	-
Per Pupil Growth Aid	3,990		3,990	3,990	-
Additional Adjustment Aid	1		1	1	-
Additional Nonpublic Transportation Aid				16,420	16,420
Extraordinary Aid	45,000		45,000	57,527	12,527
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				7,627	7,627
On-behalf TPAF Pension System Payments - Normal Cost (Non-Budget)				106,010	106,010
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				180,399	180,399
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	146,243	146,243
Total State Sources	<u>255,006</u>	<u>-</u>	<u>255,006</u>	<u>724,232</u>	<u>469,226</u>
Total Revenues	<u>8,013,933</u>	<u>-</u>	<u>8,013,933</u>	<u>8,541,367</u>	<u>527,434</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	119,800	\$ (337)	119,463	119,463	-
Kindergarten	169,539	11,471	181,010	181,010	-
Grades 1-5	1,288,540	(12,082)	1,276,458	1,158,446	118,012
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	40,320	6,917	47,237	47,237	-
Purchased Professional/Educational Services	22,500	1,644	24,144	24,144	-
Purchased Technical Services	3,800	926	4,726	4,726	-
Cleaning, Repair and Maintenance Services	-	200	200	-	200
Other Purchased Services	32,200	(1,395)	30,805	26,352	4,453
General Supplies	58,560	7,055	65,615	59,207	6,408
Total Regular Programs	<u>1,735,259</u>	<u>14,399</u>	<u>1,749,658</u>	<u>1,620,585</u>	<u>129,073</u>

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 126,988	\$ 555	\$ 127,543	\$ 127,542	\$ 1
Total Resource Room/Resource Center	126,988	555	127,543	127,542	1
Total Special Education	126,988	555	127,543	127,542	1
School Sponsored Co/Extracurricular Activities-Instruction					
Salaries	-	6,700	6,700	6,700	-
Total Co/Extracurricular Activities-Instruction	-	6,700	6,700	6,700	-
School Sponsored Athletics-Instruction					
Salaries	-	4,437	4,437	4,437	-
Purchased Services	-	3,966	3,966	3,966	-
Supplies and Materials	-	748	748	748	-
Other Objects	-	2,669	2,669	2,669	-
Total School Sponsored Athletics-Instruction	-	11,820	11,820	11,820	-
Total Instruction	1,862,247	33,474	1,895,721	1,766,647	129,074
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	2,767,940	(27,711)	2,740,229	2,727,415	12,814
Tuition to Other LEAs Within the State - Special	145,129	(19,714)	125,415	118,194	7,221
Tuition to CSSD & Reg. Day Schools	69,300	-	69,300	69,300	-
Tuition to Priv. School for the Disabled W/I State	154,306	42,997	197,303	193,703	3,600
Tuition-Special-Out of State	66,300	(31,384)	34,916	34,671	245
Tuition - Other	15,000	(10,300)	4,700	4,700	-
Total Undistributed Expenditures - Instruction	3,217,975	(46,112)	3,171,863	3,147,983	23,880

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 57,990	\$ 7,280	\$ 65,270	\$ 65,270	-
Purchased Professional and Technical Services	2,500	907	3,407	3,407	-
Other Purchased Services	300	(190)	110	110	-
Supplies and Materials	1,000	1,489	2,489	2,488	\$ 1
Other Objects	100	(100)	-	-	-
Total Health Services	<u>61,890</u>	<u>9,386</u>	<u>71,276</u>	<u>71,275</u>	<u>1</u>
Speech, OT, PT and Related Services					
Salaries	62,535	1,229	63,764	63,763	1
Purchased Professional-Educational Services	110,000	(36,159)	73,841	52,616	21,225
Supplies and Materials	500	(355)	145	145	-
Total Speech, OT, PT and Related Services	<u>173,035</u>	<u>(35,285)</u>	<u>137,750</u>	<u>116,524</u>	<u>21,226</u>
Other Support Serv. Students - Extra. Svcs.					
Salaries	209,323	4,669	213,992	213,991	1
Purchased Professional-Educational Services	115,000	(5,159)	109,841	95,246	14,595
Total Other Support Serv. Students - Extra. Svcs.	<u>324,323</u>	<u>(490)</u>	<u>323,833</u>	<u>309,237</u>	<u>14,596</u>
Guidance					
Salaries		13,206	13,206	13,206	
Supplies and Materials	2,500	-	2,500	2,128	372
Total Guidance	<u>2,500</u>	<u>13,206</u>	<u>15,706</u>	<u>15,334</u>	<u>372</u>
Child Study Teams					
Salaries of Other Professional Staff	114,229	-	114,229	114,229	
Salaries of Secretarial and Clerical Assistants	68,914	1,103	70,017	70,017	-
Purchased Professional/Educational Services	5,000	(2,363)	2,637	2,317	320
Other Purchased Professional and Tech. Services	5,000	(4,967)	33	33	33
Supplies and Materials	5,000	(1,138)	3,862	3,603	259
Other Objects	1,000	10	1,010	1,010	-
Total Child Study Teams	<u>199,143</u>	<u>(7,355)</u>	<u>191,788</u>	<u>191,176</u>	<u>612</u>
Improvement of Instructional Services					
Sal of Supervisor of Instruction		166,606	166,606	162,309	4,297
Salaries of Other Professional Staff	140,401	(134,191)	6,210	6,210	-
Salaries of Secr and Clerical Assist	84,553	2,346	86,899	86,898	1
Purchased Professional/Educational Services	5,000	(5,000)	-	-	-
Other Objects	500	(465)	35	-	35
Total Improvement of Instructional Services	<u>230,454</u>	<u>29,296</u>	<u>259,750</u>	<u>255,417</u>	<u>4,333</u>

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 68,359	\$ 495	\$ 68,854	\$ 68,854	-
Purchased Professional and Technical Services	125,000	(45,045)	79,955	9,845	\$ 70,110
Other Purchased Services	1,200	219	1,419	829	590
Supplies and Materials	3,500	(1,596)	1,904	1,775	129
Total Educational Media Serv./School Library	<u>198,059</u>	<u>(45,927)</u>	<u>152,132</u>	<u>81,303</u>	<u>70,829</u>
Instructional Staff Training Services					
Other Purchased Services	7,000	3,003	10,003	6,521	3,482
Total Instructional Staff Training Services	<u>7,000</u>	<u>3,003</u>	<u>10,003</u>	<u>6,521</u>	<u>3,482</u>
Support Services General Administration					
Salaries	5,775	-	5,775	5,775	-
Legal Services	5,000	35,384	40,384	40,383	1
Audit Fees	19,000	(670)	18,330	18,330	-
Other Purchased Professional Services	500	7,500	8,000	8,000	-
Communications/Telephone	7,300	(3,065)	4,235	4,235	-
BOE Other Purchased Services	500	(500)	-	-	-
Miscellaneous Purchased Services	4,100	(905)	3,195	3,195	-
General Supplies	-	94	94	94	-
BOE In-House Training/Meeting Supplies	250	132	382	382	-
Miscellaneous Expenditures	10,500	(1,551)	8,949	8,879	70
Total Support Services General Administration	<u>52,925</u>	<u>36,419</u>	<u>89,344</u>	<u>89,273</u>	<u>71</u>
Support Services School Administration					
Salaries of Principals/Assistant Principals	2,599	413	3,012	2,904	108
Supplies and Materials	500	306	806	804	2
Other Objects	2,800	(129)	2,671	2,671	-
Total Support Services School Administration	<u>5,899</u>	<u>590</u>	<u>6,489</u>	<u>6,379</u>	<u>110</u>
Central Services					
Salaries	184,307	2,617	186,924	183,582	3,342
Purchased Professional Services	4,000	1,710	5,710	5,709	1
Misc. Purchased Services	500	766	1,266	1,266	-
Supplies and Materials	400	(200)	200	183	17
Total Central Services	<u>189,207</u>	<u>4,893</u>	<u>194,100</u>	<u>190,740</u>	<u>3,360</u>
Admin. Info. Tech.					
Salaries	-	7,923	7,923	7,923	-
Total Admin. Info. Tech.	<u>-</u>	<u>7,923</u>	<u>7,923</u>	<u>7,923</u>	<u>-</u>

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance	\$ 60,000	\$ (2,346)	\$ 57,654	\$ 39,012	\$ 18,642
General Supplies	10,000	(5,406)	4,594	4,593	1
Total Required Maintenance for School Fac.	<u>70,000</u>	<u>(7,752)</u>	<u>62,248</u>	<u>43,605</u>	<u>18,643</u>
Custodial Services					
Salaries	136,923	26,355	163,278	157,159	6,119
Salaries of Non-Instructional Aides	26,712	-	26,712	26,645	67
Cleaning, Repair, and Maintenance Svc.		1,300	1,300	1,300	-
Insurance	50,000	(106)	49,894	49,894	-
General Supplies	10,000	6,662	16,662	16,662	-
Energy (Electricity)	10,000	(325)	9,675	7,935	1,740
Energy (Natural Gas)	55,000	(629)	54,371	43,672	10,699
Total Custodial Services	<u>288,635</u>	<u>33,257</u>	<u>321,892</u>	<u>303,267</u>	<u>18,625</u>
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & Sch) Regular	21,597	833	22,430	21,706	724
Contracted Services					
(Between Home and School) - Joint Agreements	349,000	(43,810)	305,190	303,475	1,715
Contracted Serv.-Aid in Lieu of Payments-Non Public Schools	55,000	2,616	57,616	51,179	6,437
Contracted Services (Spl. Ed. Students) -Joint Agree.	55,000	49,776	104,776	104,775	1
Other Objects	1,000	(1)	999	280	719
Total Student Transportation Services	<u>481,597</u>	<u>9,414</u>	<u>491,011</u>	<u>481,415</u>	<u>9,596</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	70,000	-	70,000	69,986	14
Other Retirement Contributions - PERS	83,000	(2,228)	80,772	80,772	-
Unemployment Compensation	20,000	-	20,000	20,000	-
Workmen's Compensation	35,000	(6,305)	28,695	27,827	868
Health Benefits	864,667	11,846	876,513	836,058	40,455
Tuition Reimbursement	12,000	(8,000)	4,000	3,666	334
Other Employee Benefits	25,000	(5,487)	19,513	15,250	4,263
Total Unallocated Benefits - Employee Benefits	<u>1,109,667</u>	<u>(10,174)</u>	<u>1,099,493</u>	<u>1,053,559</u>	<u>45,934</u>
On-behalf TPAF Pension System Payments -					
Non-Contributory Insurance (Non-Budget)				7,627	(7,627)
On-behalf TPAF Pension System Payments -					
Normal Cost (Non-Budget)				106,010	(106,010)
On-behalf TPAF Pension System Payments -					
Post-Retirement Medical Contribution				180,399	(180,399)
Reimbursed TPAF Social Security Payments					
(Non-Budget)	-	-	-	146,243	(146,243)
Total On-Behalf Contributions/Reimbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>440,279</u>	<u>(440,279)</u>
Total Undistributed Expenditures	<u>6,612,309</u>	<u>(5,708)</u>	<u>6,606,601</u>	<u>6,811,210</u>	<u>(204,609)</u>
Total Expenditures - Current Expenditures	<u>8,474,556</u>	<u>27,766</u>	<u>8,502,322</u>	<u>8,577,857</u>	<u>(75,535)</u>

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
CAPITAL OUTLAY					
Increase in Capital Reserve	\$ 1,500		\$ 1,500		\$ 1,500
Facilities Acquisition and Construction Serv.					
Other Purchased Prof. and Tech. Services		22,631	22,631	\$ 22,630	1
Construction Services		107,219	107,219	100,240	6,979
Other Objects		500	500	500	
Assessment for Debt Service on SDA Funding	3,852	-	3,852	3,852	-
Total Capital Outlay	<u>5,352</u>	<u>130,350</u>	<u>135,702</u>	<u>127,222</u>	<u>8,480</u>
Total Expenditures	<u>8,479,908</u>	<u>\$ 158,116</u>	<u>8,638,024</u>	<u>8,705,079</u>	<u>(67,055)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(465,975)	(158,116)	(624,091)	(163,712)	460,379
Fund Balance, Beginning of Year	<u>1,598,565</u>	<u>-</u>	<u>1,598,565</u>	<u>1,598,565</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,132,590</u>	<u>\$ (158,116)</u>	<u>\$ 974,474</u>	<u>\$ 1,434,853</u>	<u>\$ 460,379</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance					
Excess Surplus-Designated for Subsequent Year's Expenditures-2015/16 Budget				\$ 222,892	
Excess Surplus-2016/17 Budget				285,637	
Capital Reserve				485,426	
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures- 2015/16 Budget				157,057	
Year-End Encumbrances				4,894	
Unassigned Fund Balance				<u>278,947</u>	
Reconciliation to Governmental Funds Statements (GAAP):				1,434,853	
Less: Extraordinary Aid Not Recognized on GAAP Basis			\$ (57,527)		
State Aid Not Recognized on GAAP Basis			<u>(19,712)</u>		
				<u>(77,239)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,357,614</u>	

**SADDLE RIVER BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 90,386	\$ (1,464)	\$ 88,922	\$ 72,628	\$ (16,294)
Federal	153,634	(58,737)	94,897	94,897	-
Local Sources					
Miscellaneous	80,000	(4,960)	75,040	46,755	(28,285)
Total Revenues	<u>324,020</u>	<u>(65,161)</u>	<u>258,859</u>	<u>214,280</u>	<u>(44,579)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers		9,260	9,260	9,260	-
Purchased Professional/Technical Services	59,353	(18,125)	41,228	26,850	14,378
Tuition	86,455	(31,673)	54,782	54,782	-
Other Purchased Services	20,000	20,682	40,682	17,378	23,304
General Supplies	38,013	(24,282)	13,731	8,750	4,981
Textbooks	15,029	1,594	16,623	14,707	1,916
Total Instruction	<u>218,850</u>	<u>(42,544)</u>	<u>176,306</u>	<u>131,727</u>	<u>44,579</u>
Support Services					
Personal Services- Employee Benefits		161	161	161	-
Purchased Professional and Technical Services		2,525	2,525	2,525	-
Other Purchased Professional and Technical Services	24,704	6,027	30,731	30,731	-
Purchased Property Services	35,000	(31,210)	3,790	3,790	-
Other Purchased Services	45,280	(9,100)	36,180	36,180	-
Supplies and Materials	186	8,980	9,166	9,166	-
Total Support Services	<u>105,170</u>	<u>(22,617)</u>	<u>82,553</u>	<u>82,553</u>	<u>-</u>
Total Expenditures	<u>324,020</u>	<u>(65,161)</u>	<u>258,859</u>	<u>214,280</u>	<u>44,579</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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	(C-1)	\$ 8,541,367	(C-2)	\$ 214,280
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized :				
Encumbrance, June 30, 2015				(1,799)
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2013/2014 State Aid)		111,172		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2014/2015 State Aid)		<u>(77,239)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. (Exhibit B-2)		<u>\$ 8,575,300</u>		<u>\$ 212,481</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 8,705,079	(C-2)	\$ 214,280
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes -				
Encumbrance, June 30, 2015		<u>-</u>		<u>(1,799)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds (Exhibit B-2)		<u>\$ 8,705,079</u>		<u>\$ 212,481</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

**Last Two Fiscal Years*
(Dollar amounts in thousands)**

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00979%	0.00976%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 1,834,424	\$ 1,866,405
District's Covered-Employee Payroll	\$ 612,691	\$ 649,412
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	299%	287%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

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

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

SADDLE RIVER BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Two Fiscal Years
 (Dollar amounts in thousands)

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 80,772	\$ 73,921
Contributions in Relation to the Contractually Required Contribution	<u>80,772</u>	<u>73,921</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 612,691	\$ 649,412
Contributions as a Percentage of Covered-Employee Payroll	13%	11%

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

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

Teachers Pension and Annuity Fund

**Last Two Fiscal Years*
(Dollar amounts in thousands)**

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>13,827,576</u>	<u>12,537,719</u>
Total	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,962,745	\$ 2,121,244
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	705%	591%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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

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

**SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

SADDLE RIVER BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	IDEA Part B Basic	IDEA Part B Preschool	Nonpublic Technology	NCLB Title II-A	Nonpublic Textbooks	Nonpublic Nursing	Local Donations	Anti-Bullying	Nonpublic Handicapped Services		Total
									Supplemental Instruction	Exam. & Classification	
REVENUES											
Intergovernmental											
State			\$ 8,904		\$ 14,707	\$ 30,731		\$ 340	\$ 13,253	\$ 4,693	\$ 72,628
Federal	\$ 92,240	\$ 132		\$ 2,525							\$ 94,897
Local	-	-	-	-	-	-	\$ 46,755	-	-	-	46,755
Total Revenues	\$ 92,240	\$ 132	\$ 8,904	\$ 2,525	\$ 14,707	\$ 30,731	\$ 46,755	\$ 340	\$ 13,253	\$ 4,693	\$ 214,280
EXPENDITURES											
Instruction											
Salaries of Teachers							\$ 9,260				\$ 9,260
Purchased Professional and Technical Services			\$ 8,904						\$ 13,253	\$ 4,693	26,850
Rentals											-
Tuition	\$ 54,782										54,782
Other Purchased Services							17,378				17,378
General Supplies	1,278	\$ 132					7,000	\$ 340			8,750
Textbooks	-	-	-	-	\$ 14,707	-	-	-	-	-	14,707
Total Instruction	56,060	132	8,904	-	14,707	-	33,638	340	13,253	4,693	131,727
Support Services											
Salaries											-
Personal Services- Employee Benefits							161				161
Purchased Professional and Technical Services				\$ 2,525							2,525
Other Purchased Professional and Technical Services						\$ 30,731					30,731
Purchased Property Services							3,790				3,790
Other Purchased Services	36,180										36,180
Supplies and Materials	-	-	-	-	-	-	9,166	-	-	-	9,166
Total Support Services	36,180	-	-	2,525	-	30,731	13,117	-	-	-	82,553
Total Expenditures	\$ 92,240	\$ 132	\$ 8,904	\$ 2,525	\$ 14,707	\$ 30,731	\$ 46,755	\$ 340	\$ 13,253	\$ 4,693	\$ 214,280

**SADDLE RIVER BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

CAPITAL PROJECTS FUND

SADDLE RIVER BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SUMMARY SCHEDULE OF PROJECT EXPENDITURES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Current Year</u>	<u>Balance, June 30, 2015</u>
Wandell School-HVAC Project	\$ 3,097,091	\$ 330,002	\$ 2,767,089
	<u>\$ 3,097,091</u>	<u>\$ 330,002</u>	<u>\$ 2,767,089</u>
Project Balance			\$ 2,767,089
Authorized But Not Issued			<u>(3,097,091)</u>
Fund Balance- GAAP Basis			<u>\$ (330,002)</u>

**SADDLE RIVER 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, 2015**

Expenditures and Other Financing Uses

Expenditures	
Purchased Professional and Technical Services	\$ 212,291
Construction Services	114,386
Other Objects	<u>3,325</u>
 Total Expenditures and Other Financing Uses	 <u>330,002</u>
 Excess of Revenues Over Expenditures	 (330,002)
 Fund Balance - Beginning of Year	 <u>-</u>
 Fund Balance - End of Year	 <u>\$ (330,002)</u>

**SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2015 REFERENDUM - HVAC UPGRADES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	-	-	-	\$ 3,097,091
Total Revenues	-	-	-	3,097,091
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		\$ 212,291	\$ 212,291	\$ 316,132
Construction Services		114,386	114,386	2,776,133
Other Objects	-	3,325	3,325	4,826
Total Expenditures	-	330,002	330,002	3,097,091
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ (330,002)	\$ (330,002)	\$ -
Additional Project Information:				
Project Number				
Grant Date		N/A		
Bond Issue Date				
Bonds Authorized	\$ 3,097,091			
Bonds Issues	-			
Original Authorized Cost	3,097,091			
Adjustment				
Revised Authorized Cost				
Percentage Increase Over Original Authorized Cost		-		
Percentage Completion		11%		
Original Target Completion Date	2015/2016			
Revised Target Completion Date	2015/2016			

ENTERPRISE FUND

**SADDLE RIVER BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 7,349	\$ 3,946	\$ 11,295
Total Assets	<u>\$ 7,349</u>	<u>\$ 3,946</u>	<u>\$ 11,295</u>
LIABILITIES			
Due to Other Fund		\$ 1,411	\$ 1,411
Payroll Deductions and Withholdings		1,028	1,028
Reserved for Flexible Spending		1,507	1,507
Due to Student Groups	<u>\$ 7,349</u>	<u>-</u>	<u>7,349</u>
Total Liabilities	<u>\$ 7,349</u>	<u>\$ 3,946</u>	<u>\$ 11,295</u>

**SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance, July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2015</u>
Elementary School Wandell School	\$ 10,193	\$ 16,354	\$ 19,198	\$ 7,349
Total All Schools	<u>\$ 10,193</u>	<u>\$ 16,354</u>	<u>\$ 19,198</u>	<u>\$ 7,349</u>

**SADDLE RIVER BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance, July 1, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2015</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 19,254	\$ 1,458,772	\$ 1,476,998	\$ 1,028
Accrued Salaries and Wages		1,810,869	1,810,869	
Reserve for Flexible Spending	4,706	10,851	14,050	1,507
Due to Other Funds	<u>1,378</u>	<u>1,411</u>	<u>1,378</u>	<u>1,411</u>
 Total	 <u>\$ 25,338</u>	 <u>\$ 3,281,903</u>	 <u>\$ 3,303,295</u>	 <u>\$ 3,946</u>

LONG-TERM DEBT

SADDLE RIVER BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Matured</u>	<u>Balance, June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements - 2005	6/15/2005	\$ 900,000	8/1/2015	\$ 90,000	4.375 %	\$ 180,000	\$ 90,000	\$ 90,000
						\$ 180,000	\$ 90,000	\$ 90,000
					Paid by Budget Appropriation		\$ 90,000	

**SADDLE RIVER BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**SADDLE RIVER BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

REVENUES	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Local Sources					
Local Property Tax Levy	\$ 95,906	-	\$ 95,906	\$ 95,906	-
 Total Revenues	<u>95,906</u>	<u>-</u>	<u>95,906</u>	<u>95,906</u>	<u>-</u>
 EXPENDITURES					
Regular Debt Service					
Principal	90,000		90,000	90,000	
Interest	<u>5,906</u>	<u>-</u>	<u>5,906</u>	<u>5,906</u>	<u>-</u>
 Total Expenditures	<u>95,906</u>	<u>-</u>	<u>95,906</u>	<u>95,906</u>	<u>-</u>
 Net Change in Fund Balance	-	-	-	-	-
 Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014 (Restated)	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 2,371,828	\$ 2,597,549	\$ 2,581,652	\$ 2,615,927	\$ 2,618,318	\$ 2,534,255	\$ 2,528,451	\$ 2,510,135	\$ 2,642,341	\$ 2,722,286
Restricted	347,770	364,960	427,334	479,450	483,096	503,975	505,964	491,412	613,875	155,424
Unrestricted	1,167,420	1,214,306	1,223,230	911,815	970,104	1,056,324	837,998	773,667	(1,085,257)	(1,112,205)
Total Governmental Activities Net Position	\$ 3,887,018	\$ 4,176,815	\$ 4,232,216	\$ 4,007,192	\$ 4,071,518	\$ 4,094,554	\$ 3,872,413	\$ 3,775,214	\$ 2,170,959	\$ 1,765,505
Business-Type Activities										
Investment in Capital Assets		\$ 6,875	\$ 5,893	\$ 4,911	\$ 20,240	\$ 17,180	\$ 15,567	\$ 13,667	\$ 10,845	\$ 9,148
Restricted										
Unrestricted	\$ 201	1,551	163	14,650	20,949	1,850	(3,245)	225	1,392	824
Total Business-Type Activities Net Position	\$ 201	\$ 8,426	\$ 6,056	\$ 19,561	\$ 41,189	\$ 19,030	\$ 12,322	\$ 13,892	\$ 12,237	\$ 9,972
District-Wide										
Net Investment in Capital Assets	\$ 2,371,828	\$ 2,604,424	\$ 2,587,545	\$ 2,620,838	\$ 2,638,558	\$ 2,551,435	\$ 2,544,018	\$ 2,523,802	\$ 2,653,186	\$ 2,731,434
Restricted	347,770	364,960	427,334	479,450	483,096	503,975	505,964	491,412	613,875	155,424
Unrestricted	1,167,621	1,215,857	1,223,393	926,465	991,053	1,058,174	834,753	773,892	(1,083,865)	(1,111,381)
Total District Net Position	\$ 3,887,219	\$ 4,185,241	\$ 4,238,272	\$ 4,026,753	\$ 4,112,707	\$ 4,113,584	\$ 3,884,735	\$ 3,789,106	\$ 2,183,196	\$ 1,775,477

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

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

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 3,695,080	\$ 4,281,031	\$ 4,122,057	\$ 4,133,231	\$ 4,624,070	\$ 4,651,921	\$ 5,054,963	\$ 5,117,931	\$ 5,200,646	\$ 5,837,936
Special Education	722,576	609,348	780,672	784,403	604,098	646,322	679,598	818,572	827,952	751,348
Other Instruction	59,039	32,652		87,053	91		42,853			
School Sponsored Activities And Athletics	25,729	27,666	32,740	40,634	54,132	42,226	63,734	47,481	22,193	29,032
Support Services:										
Student & Instruction Related Services	958,491	1,080,343	1,255,713	1,277,174	1,436,834	1,466,465	1,572,771	1,451,313	1,441,689	1,625,308
School Administrative Services	60,217	152,734	67,803	67,074	24,560	82,222	81,665	53,977	55,111	10,364
General Administration	143,537	113,257	164,932	165,648	123,582	155,121	176,256	133,223	165,918	113,806
Plant Operations And Maintenance	411,385	605,268	514,037	484,405	422,800	378,541	364,742	385,834	438,831	774,808
Pupil Transportation	476,353	411,173	464,698	512,740	416,787	405,483	432,772	478,702	455,916	497,004
Other Support Services	192,434	215,014	229,775	233,384	272,102	259,941	266,366	283,147	283,168	275,685
Interest On Long-Term Debt	40,843	35,557	31,687	27,817	23,949	20,015	16,078	12,141	8,203	4,266
Total Governmental Activities Expenses	6,785,684	7,564,043	7,664,114	7,813,563	8,003,005	8,108,257	8,751,798	8,782,321	8,899,627	9,919,557
Business-Type Activities:										
Food Service	3,606	13,671	64,415	69,054	72,961	104,424	98,810	80,293	78,315	73,321
Total Business-Type Activities Expense	3,606	13,671	64,415	69,054	72,961	104,424	98,810	80,293	78,315	73,321
Total District Expenses	\$ 6,789,290	\$ 7,577,714	\$ 7,728,529	\$ 7,882,617	\$ 8,075,966	\$ 8,212,681	\$ 8,850,608	\$ 8,862,614	\$ 8,977,942	\$ 9,992,878
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 16,706	\$ 75,188	\$ 104,940	\$ 91,560	\$ 151,411	\$ 131,796	\$ 134,306	\$ 114,500	\$ 106,292	\$ 124,525
Operating Grants And Contributions	764,845	952,934	1,029,313	938,002	1,053,589	855,832	1,067,363	1,136,874	1,259,394	1,601,062
Capital Grants And Contributions	23,609	200,201	11,440	-	-	-	-	6,413	-	-
Total Governmental Activities Program Revenues	805,160	1,228,323	1,145,693	1,029,562	1,205,000	987,628	1,201,669	1,257,787	1,365,686	1,725,587
Business-Type Activities:										
Charges For Services										
Food Service	1,530	19,698	61,650	82,338	75,962	82,089	92,076	76,498	77,087	71,011
Operating Grants And Contributions	1,778	2,083								
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	3,308	21,781	61,650	82,338	75,962	82,089	92,076	76,498	77,087	71,011
Total District Program Revenues	\$ 808,468	\$ 1,250,104	\$ 1,207,343	\$ 1,111,900	\$ 1,280,962	\$ 1,069,717	\$ 1,293,745	\$ 1,334,285	\$ 1,442,773	\$ 1,796,598
Net (Expense)/Revenue										
Governmental Activities	\$ (5,980,524)	\$ (6,335,720)	\$ (6,518,421)	\$ (6,784,001)	\$ (6,798,005)	\$ (7,120,629)	\$ (7,550,129)	\$ (7,524,534)	\$ (7,533,941)	\$ (8,193,970)
Business-Type Activities	(298)	8,110	(2,765)	13,284	3,001	(22,335)	(6,734)	(3,795)	(1,228)	(2,310)
Total District-Wide Net Expense	\$ (5,980,822)	\$ (6,327,610)	\$ (6,521,186)	\$ (6,770,717)	\$ (6,795,004)	\$ (7,142,964)	\$ (7,556,863)	\$ (7,528,329)	\$ (7,535,169)	\$ (8,196,280)

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied	\$ 5,879,275	\$ 6,416,970	\$ 6,413,100	\$ 6,532,092	\$ 6,787,780	\$ 7,117,487	\$ 7,253,666	\$ 7,392,647	\$ 7,608,694	\$ 7,754,933
Unrestricted State Aid	27,477	26,927	37,645	1,262	-	-	-	-	-	-
Investment Earnings	153,628	136,212	82,179	21,367	10,025	10,337	5,356	2,448	4,010	2,454
Miscellaneous Income	51,446	45,408	40,898	4,256	11,865	15,841	83,159	37,540	13,566	31,129
Transfers	-	-	-	-	-	-	-	(5,300)	(616)	-
Total Governmental Activities	<u>6,111,826</u>	<u>6,625,517</u>	<u>6,573,822</u>	<u>6,558,977</u>	<u>6,809,670</u>	<u>7,143,665</u>	<u>7,342,181</u>	<u>7,427,335</u>	<u>7,625,654</u>	<u>7,788,516</u>
Business-Type Activities:										
Investment Earnings	29	115	395	221	238	176	26	65	81	45
Transfers	-	-	-	-	-	-	-	5,300	616	-
Total Business-Type Activities	<u>29</u>	<u>115</u>	<u>395</u>	<u>221</u>	<u>238</u>	<u>176</u>	<u>26</u>	<u>5,365</u>	<u>697</u>	<u>45</u>
Total District-Wide	<u>\$ 6,111,855</u>	<u>\$ 6,625,632</u>	<u>\$ 6,574,217</u>	<u>\$ 6,559,198</u>	<u>\$ 6,809,908</u>	<u>\$ 7,143,841</u>	<u>\$ 7,342,207</u>	<u>\$ 7,432,700</u>	<u>\$ 7,626,351</u>	<u>\$ 7,788,561</u>
Change in Net Position										
Governmental Activities	\$ 131,302	\$ 289,797	\$ 55,401	\$ (225,024)	\$ 11,665	\$ 23,036	\$ (207,948)	\$ (97,199)	\$ 91,713	\$ (405,454)
Business-Type Activities	(269)	8,225	(2,370)	13,505	3,239	(22,159)	(6,708)	1,570	(531)	(2,265)
Total District	<u>\$ 131,033</u>	<u>\$ 298,022</u>	<u>\$ 53,031</u>	<u>\$ (211,519)</u>	<u>\$ 14,904</u>	<u>\$ 877</u>	<u>\$ (214,656)</u>	<u>\$ (95,629)</u>	<u>\$ 91,182</u>	<u>\$ (407,719)</u>

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,072,145	\$ 1,274,036	\$ 1,118,602	\$ 918,083	\$ 844,697					
Unreserved	654,876	604,699	782,452	724,993	828,507					
Restricted						\$ 944,594	\$ 965,975	\$ 874,504	\$ 991,534	\$ 993,955
Committed						17,100	17,400	17,750	-	-
Assigned						472,122	307,236	289,405	338,974	161,951
Unassigned	-	-	-	-	-	167,885	155,721	151,855	156,885	201,708
Total General Fund	\$ 1,727,021	\$ 1,878,735	\$ 1,901,054	\$ 1,643,076	\$ 1,673,204	\$ 1,601,701	\$ 1,446,332	\$ 1,333,514	\$ 1,487,393	\$ 1,357,614
All Other Governmental Funds										
Reserved	\$ 848,893									
Unreserved	128,122	\$ 170,536	\$ 2,934							
Restricted	-	-	-	-	-	-	-	-	-	\$ (330,002)
Total All Other Governmental Funds	\$ 977,015	\$ 170,536	\$ 2,934	\$ -	\$ (330,002)					

Source: District financial statements

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

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 5,879,275	\$ 6,416,970	\$ 6,413,100	\$ 6,532,092	\$ 6,787,780	\$ 7,117,487	\$ 7,253,666	\$ 7,392,647	\$ 7,608,694	\$ 7,754,933
Tuition Charges	16,706	75,188	104,940	91,560	151,411	131,796	134,306	114,500	106,292	124,525
Interest Earnings	153,628	136,212	82,179	21,367	10,025	10,337	5,356	2,448	4,010	2,454
Miscellaneous	51,446	45,408	70,184	96,192	100,054	66,579	194,812	157,429	271,433	76,085
State Sources	725,454	1,059,135	927,384	729,970	844,363	582,065	816,039	908,198	867,001	830,793
Federal Sources	90,477	120,927	121,728	117,358	121,037	223,029	139,671	108,787	134,526	94,897
Total Revenue	6,916,986	7,853,840	7,719,515	7,588,539	8,014,670	8,131,293	8,543,850	8,684,009	8,991,956	8,883,687
Expenditures										
Instruction										
Regular Instruction	3,623,465	4,148,004	4,119,895	4,083,703	4,520,067	4,705,330	4,962,513	5,082,535	5,113,947	5,232,466
Special Education Instruction	722,576	609,348	780,672	784,403	592,857	635,081	671,567	810,541	818,976	695,077
Other Instruction	59,039	32,652		87,053	91	-	42,853			
School Sponsored Activities and Athletics	25,730	27,666	32,740	40,634	54,132	42,226	63,734	47,481	22,193	24,879
Support Services:										
Student and Inst. Related Services	958,491	1,080,343	1,255,713	1,277,174	1,413,102	1,442,733	1,554,414	1,432,956	1,421,172	1,532,492
General Administration	140,171	146,834	158,915	159,631	134,599	147,837	168,082	129,781	162,071	95,617
School Administrative Services	57,986	67,437	67,803	67,074	69,584	80,903	80,518	52,830	53,829	8,037
Plant Operations And Maintenance	407,466	604,054	513,857	484,225	414,933	370,674	359,006	380,098	432,419	768,586
Pupil Transportation	476,353	411,173	464,698	512,740	409,032	397,728	427,036	472,966	449,504	490,782
Other Support Services	192,434	215,014	229,775	233,384	251,192	255,178	261,777	278,558	263,506	285,240
Capital Outlay	1,072,092	1,038,910	117,430		9,393	13,450				
Debt Service:										
Principal		90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Interest and Other Charges	24,549	37,170	33,300	29,430	25,560	21,656	17,719	13,781	9,844	5,906
Total Expenditures	7,760,352	8,508,605	7,864,798	7,849,451	7,984,542	8,202,796	8,699,219	8,791,527	8,837,461	9,343,468
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(843,366)	(654,765)	(145,283)	(260,912)	30,128	(71,503)	(155,369)	(107,518)	154,495	(459,781)
Other Financing Sources (Uses)										
Proceeds From Bond Sale	900,000									
Cost of Issuance	(47,317)									
Transfers In	27,483	16,460	177,712				63,931			
Transfers Out	(27,483)	(16,460)	(177,712)	-	-	-	(63,931)	(5,300)	(616)	-
Total Other Financing Sources (Uses)	852,683	-	-	-	-	-	-	(5,300)	(616)	-
Net Change in Fund Balances	\$ 9,317	\$ (654,765)	\$ (145,283)	\$ (260,912)	\$ 30,128	\$ (71,503)	\$ (155,369)	\$ (112,818)	\$ 153,879	\$ (459,781)
Debt Service as a Percentage of Noncapital Expenditures	0.37%	1.70%	1.59%	1.52%	1.45%	1.36%	1.24%	1.18%	1.13%	1.03%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Interest on Investments	\$ 153,628	\$ 119,752	\$ 82,179	\$ 21,367	\$ 10,025	\$ 10,337	\$ 5,356	\$ 2,448	\$ 4,010	\$ 2,454
Prior Years' Refunds			272	1	3,900	7,581	4,961	10,883	9,053	17,865
Rentals			120	450	2,475	950	1,460	2,650	1,087	800
Activity Income Fee						4,400	3,950	5,850	-	
Miscellaneous	<u>8,887</u>	<u>6,391</u>	<u>40,506</u>	<u>3,805</u>	<u>5,490</u>	<u>2,910</u>	<u>8,857</u>	<u>18,157</u>	<u>3,426</u>	<u>12,464</u>
Total Miscellaneous	162,515	126,143	123,077	25,623	21,890	26,178	24,584	39,988	17,576	33,583
Tuition	<u>16,706</u>	<u>75,188</u>	<u>104,940</u>	<u>91,560</u>	<u>151,411</u>	<u>131,796</u>	<u>134,306</u>	<u>114,500</u>	<u>106,292</u>	<u>124,525</u>
Total General Fund	<u>\$ 179,221</u>	<u>\$ 201,331</u>	<u>\$ 228,017</u>	<u>\$ 117,183</u>	<u>\$ 173,301</u>	<u>\$ 157,974</u>	<u>\$ 158,890</u>	<u>\$ 154,488</u>	<u>\$ 123,868</u>	<u>\$ 158,108</u>

Source: District records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2006	\$ 69,878,400	\$ 1,950,735,000	\$ 8,747,800	\$ 102,400	\$ 36,671,300	-	-	\$ 2,066,134,900	-	\$ 2,066,134,900	\$ 2,367,589,331	\$ 0.301
2007	64,193,600	2,002,841,900	9,025,500	102,400	54,552,400	-	-	2,130,715,800	\$ 903,046	2,131,618,846	2,564,507,755	0.301
2008	66,353,600	2,009,672,700	9,025,500	102,400	57,162,400	-	-	2,142,316,600	893,153	2,143,209,753	2,578,946,855	0.301
2009	64,251,400	2,056,028,600	9,025,500	102,400	57,162,400	-	-	2,186,570,300	893,153	2,187,463,453	2,737,859,470	0.304
2010	69,334,700	2,048,153,200	9,025,500	102,400	57,162,400	-	-	2,183,778,200	1,199,512	2,184,977,712	2,738,099,205	0.318
2011	71,285,700	2,046,845,200	9,025,500	102,400	57,162,400	-	-	2,184,421,200	1,256,624	2,185,677,824	2,738,099,205	0.330
2012	69,845,300	2,052,794,400	9,025,500	133,600	57,119,200	-	-	2,188,918,000	1,330,844	2,190,248,844	2,614,548,606	0.330
2013	65,627,000	2,092,610,000	8,044,900	133,600	57,119,200	-	-	2,223,534,700	-	2,223,534,700	2,442,947,439	0.338
2014	63,539,000	2,132,744,100	8,044,900	133,600	57,119,200	-	-	2,261,580,800	-	2,261,580,800	2,450,250,054	0.340
2015	66,610,400	2,149,488,000	9,145,600	135,400	57,119,200	-	-	2,282,498,600	-	2,282,498,600	2,526,275,490	0.339

Source: County Abstract of Ratables

a Tax rates are per \$100

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

<u>Assessment Year</u>	<u>Saddle River School District</u>	<u>Borough Saddle River</u>	<u>Bergen County</u>	<u>Total</u>
2006	\$0.30	\$0.29	\$0.20	\$0.79
2007	0.30	0.32	0.21	0.83
2008	0.30	0.36	0.22	0.88
2009	0.30	0.37	0.24	0.91
2010	0.32	0.38	0.25	0.94
2011	0.33	0.38	0.25	0.95
2012	0.33	0.39	0.24	0.96
2013	0.34	0.39	0.25	0.98
2014	0.340	0.384	0.253	0.977
2015	0.339	0.383	0.265	0.987

Source: Abstract of Ratables, County Board of Taxation

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

Taxpayer	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
MIREF S.R.	\$ 17,836,000	0.82%		
Grand Prix Saddle River, LLC	17,400,000	0.80%		
Individual	11,891,600	0.54%		
Individual	10,632,400	0.49%		Not Available
Fox Hedge Manor, LLC	10,000,000	0.46%		
Prudence Group, LLC	9,984,500	0.46%		
Marriott/Brighton Gardens	8,372,500	0.38%		
Individual	7,375,000	0.34%		
Individual	7,256,700	0.33%		
Individual	6,357,000	0.29%		
	<u>\$ 107,105,700</u>	<u>4.90%</u>		

Source: Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 5,879,275	\$ 5,879,275	100.00%	
2007	6,416,970	6,416,970	100.00%	
2008	6,413,100	6,413,100	100.00%	
2009	6,532,092	6,532,092	100.00%	
2010	6,787,780	6,231,762	91.81%	\$ 556,018
2011	7,117,487	7,117,487	100.00%	
2012	7,253,666	7,253,666	100.00%	
2013	7,392,647	7,392,647	100.00%	
2014	7,608,694	7,608,694	100.00%	
2015	7,754,933	7,754,933	100.00%	

Source: District financial records.

**SADDLE RIVER 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	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2007	\$ 810,000					\$ 810,000	3,704	\$ 219
2008	720,000					720,000	3,740	193
2009	630,000					630,000	3,771	167
2010	540,000					540,000	3,800	142
2011	450,000					450,000	3,150	143
2012	360,000					360,000	3,174	113
2013	270,000					270,000	3,184	85
2014	180,000					180,000	3,204	56
2015	90,000					90,000	3,210	28

Source: District records

Note:

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

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

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2007	\$ 810,000		\$ 810,000	0.04%	\$ 214
2008	720,000		720,000	0.03%	190
2009	630,000		630,000	0.03%	198
2010	540,000		540,000	0.02%	142
2011	450,000		450,000	0.02%	118
2012	360,000		360,000	0.02%	113
2013	270,000		270,000	0.01%	85
2014	180,000		180,000	0.01%	56
2015	90,000		90,000	0.004%	28

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 applicable as the District had no outstanding debt as of June 30, 2005. Each year thereafter, an additional year's data will be included until ten years of data is present.

**SADDLE RIVER BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
AS OF DECEMBER 31, 2014
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of Saddle River School District	90,000
Borough of Saddle River	<u>\$ 12,556,025</u>
Total Direct Debt	<u>12,646,025</u>
Overlapping Debt Apportioned to the Municipalities: (2)	
County of Bergen	<u>14,095,021</u>
Total Overlapping Debt	<u>14,095,021</u>
Total Direct and Overlapping Debt	<u><u>\$ 26,741,046</u></u>

Source:

- (1) Borough of Saddle River's Annual Debt Statement - December 31, 2014
- (2) Bergen County Annual Debt Statement - December 31, 2014

Note: In February 2015, the legal voters approved the authority for the School District to issue \$3,097,000 of School Bonds to be used to finance various capital improvements in and for the school district.

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

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized valuation basis	
2014	\$ 2,502,579,175
2013	2,409,030,011
2012	2,404,347,540
	<u>\$ 2,438,652,242.00</u>

60,966,306 a

\$ 60,966,306

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 65,518,136	\$ 65,437,102	\$ 71,140,658	\$ 76,110,397	\$ 66,533,773	\$ 67,484,412	\$ 65,153,842	\$ 62,359,074	\$ 60,668,803	\$ 60,966,306
Total Net Debt Applicable to Limit	<u>900,000</u>	<u>810,000</u>	<u>720,000</u>	<u>630,000</u>	<u>540,000</u>	<u>450,000</u>	<u>360,000</u>	<u>270,000</u>	<u>180,000</u>	<u>3,187,091</u>
Legal Debt Margin	<u>\$ 64,618,136</u>	<u>\$ 64,627,102</u>	<u>\$ 70,420,658</u>	<u>\$ 75,480,397</u>	<u>\$ 65,993,773</u>	<u>\$ 67,034,412</u>	<u>\$ 64,793,842</u>	<u>\$ 62,089,074</u>	<u>\$ 60,488,803</u>	<u>\$ 57,779,215</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.37%	1.24%	1.01%	0.83%	0.81%	0.67%	0.55%	0.43%	0.30%	5.23%

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population(2)</u>
2005	2.80%	\$ 57,674	3,702
2006	3.00%	63,103	3,704
2007	2.70%	67,544	3,740
2008	3.50%	67,331	3,771
2009	6.40%	63,874	3,800
2010	6.50%	63,885	3,152
2011	6.40%	67,248	3,174
2012	6.50%	69,281	3,184
2013	7.00%	69,495	3,204
2014	3.00%	N/A	3,210

(1) Represents county information vs. municipality

(2) Represents estimates as of July 1

N/A Information not available

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

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

<u>Employer</u>	<u>2015</u>		<u>2006</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular										
Special Education										
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services										
General Administration										
School Administrative Services										
Other Administrative Services										
Central Services										
Administrative Information Technology										
Plant Operations And Maintenance										
Pupil Transportation										
Other Support Services										
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

INFORMATION NOT AVAILABLE

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2006	209.0	\$ 6,661,904	\$ 31,875	-1.88%	27	1:11			209.0	209	2.60%	100.00%
2007	225.0	7,374,755	32,777	2.83%	27	1:11			225.0	225	7.66%	100.00%
2008	230.0	7,624,068	33,148	1.13%	25	1:11			227.9	215	1.29%	94.52%
2009	228.0	7,730,021	33,904	2.28%	27	1:12			228.0	227	0.04%	99.56%
2010	234.0	7,859,589	33,588	-0.93%	27	1:09			234.0	223	2.63%	95.17%
2011	228.0	7,753,319	34,006	1.24%	25	1:09			228.0	223	-2.56%	97.81%
2012	229.0	8,297,984	36,236	6.56%	24	1:10			229.0	219	0.44%	95.63%
2013	207.1	8,410,058	40,609	12.07%	22	1:11			207.1	197	-9.56%	95.12%
2014	201.0	8,737,617	43,471	7.05%	22	1:09			198.0	189	-4.39%	95.45%
2015	187.0	9,133,176	48,841	12.35%	24	1:08			187.6	177	-5.25%	94.61%

Sources: District records

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
District Building										
<u>Elementary</u>										
Square Feet	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526
Enrollment	209.0	225.0	230.0	228.0	234.0	228.0	229.0	207.1	201.0	187.0

Number of Schools at June 30, 2015
 Elementary = 1
 Middle School = 0
 Senior High School = 0
 Other = 0

Source: District Records

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
School Facilities										
Wandell Elementary School	\$ 43,536	\$ 244,350	\$ 105,928	\$ 82,701	\$ 70,430	\$ 40,455	\$ 47,746	\$ 45,439	\$ 89,062	\$ 43,605
Grand Total	\$ 43,536	\$ 244,350	\$ 105,928	\$ 82,701	\$ 70,430	\$ 40,455	\$ 47,746	\$ 45,439	\$ 89,062	\$ 43,605

Source: School District's Financial Statements

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2015
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Selective Way Insurance		
Property - Blanket Building & Contents	\$ 12,995,673	\$ 5,000
Commercial General Liability - Each Occurrence	1,000,000	
Commercial General Liability - General Aggregate	2,000,000	
Comprehensive Automobile Liability	1,000,000	1,000
Employer's Liability	1,000,000	1,000
Special Multi Peril with Auto - Great American Insurance Company	9,000,000	10,000
Employee Theft	100,000/400,000	5,000/1,000
Workers Compensation - Star Insurance Company Insurance Corporation	1,000,000	
Officials' Bonds -		
Treasurer of School Moneys - The Hanover Surety Company	175,000	
School Business Administrator - Western Surety Company	100,000	

Source: District records.

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

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-1

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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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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

**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 River Board of Education
Saddle River, 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 River Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Saddle River Board of Education's basic financial statements and have issued our report thereon dated November 19, 2015.

Internal Control Over Financial Reporting

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Saddle River Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 19, 2015

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 River 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 River Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lerch, Vinci & Higgins, LLP

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

Donna L. Japhet

Donna L. Japhet
Public School Accountant
PSA Number CS002314

Fair Lawn, New Jersey
November 19, 2015



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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RALPH M. PICONE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Saddle River Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Saddle River Board of Education's major state programs for the fiscal year ended June 30, 2015. The Saddle River Board of Education's major 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 River Board of Education's major 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; and New Jersey OMB Circular 15-08, 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 state program occurred. An audit includes examining, on a test basis, evidence about the Saddle River 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 state program. However, our audit does not provide a legal determination of the Saddle River Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the Saddle River 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 state programs for the fiscal year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with New Jersey OMB Circular 15-08 which are described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002. Our opinion on each major state program is not modified with respect to these matters.

The Saddle River Board of Education's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Saddle River Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Saddle River 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 River Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Saddle River 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 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 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 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 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education, as of and for the fiscal year ended June 30, 2015 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 November 19, 2015, 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 state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purposes of additional analysis and is 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 state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Leach, Vinci & Higgins, LLP

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

Donna

Donna L. Japhet
Public School Accountant
PSA Number CS002314

Fair Lawn, New Jersey
November 19, 2015

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	Project Period	Award Amount	Balance, Jul. 1, 2014	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment Carryover Receivables	Funds Released		Balance, June 30, 2015			Memo GAAP Receivable
										Deferred Revenue	Receivable	(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education Passed-through State Department of Education															
Special Revenue Fund:															
NCLB Title II-A	84.367	NCLB 4620-15	7/1/14-6/30/15	\$ 7,052			\$ 2,525	\$ 2,525				\$ (4,527)	\$ 4,527		
IDEA Part B. Basic	84.027	IDEA-4620-15	7/1/14-6/30/15	95,273		\$ 21,819	57,901	92,240	\$ (21,819)			(59,191)	24,852		\$ (34,339)
IDEA Part B. Basic	84.027	IDEA-4620-14	7/1/13-6/30/14	114,719	\$ (9,670)	(21,819)	9,670		21,819						
IDEA Part B. Preschool	84.173	IDEA-4620-15	7/1/14-6/30/15	3,670		988	132	132	(988)	\$ (856)	\$ 856	(5,670)	3,670		
IDEA Part B. Preschool	84.173	IDEA-4620-14	7/1/13-6/30/14	3,953	(1,778)	(988)	1,778	-	988			-	-		-
Total Special Revenue Fund					(11,448)	-	72,006	94,897	-	(856)	856	(67,388)	33,049	-	(34,339)
Total Federal Financial Assistance					\$ (11,448)	\$ -	\$ 72,006	\$ 94,897	\$ -	\$ (856)	\$ 856	\$ (67,388)	\$ 33,049	\$ -	\$ (34,339)

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

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2014			Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance June 30, 2015			MEMO	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Combined Total Expenditures
State Department of Education														
<u>General Fund:</u>														
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	\$ 66,671				\$ 60,004	\$ 66,671		\$ (6,667)			\$	66,671
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	66,671	\$ (6,657)			6,657							-
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	104,971				95,756	104,971		(9,215)				104,971
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	30,383				27,345	30,383		(3,038)				30,383
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	30,384	(4,977)			4,977							-
Additional Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	1				1	1						1
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	3,990				3,594	3,990		(396)				3,990
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	3,990				3,594	3,990		(396)				3,990
Additional Nonpublic Transportation Aid	N/A	7/1/14-6/30/15	16,420					16,420		(16,420)		\$ (16,420)		16,420
Additional Nonpublic Transportation Aid	N/A	7/1/13-6/30/14	11,626	(11,626)			11,626							-
Extraordinary Special Education Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	57,527					57,527		(57,527)				57,527
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/13-6/30/14	98,510	(99,538)			99,538							-
On-Behalf TPAF Pension Contribution - Non Contrib. Ins.	15-495-034-5094-007	7/1/14-6/30/15	7,627				7,627	7,627						7,627
On-Behalf TPAF Pension Contribution	15-495-034-5094-006	7/1/14-6/30/15	106,010				106,010	106,010						106,010
On-Behalf TPAF Post Retirement Medical	15-495-034-5094-001	7/1/14-6/30/15	180,399				180,399	180,399						180,399
Reimbursed TPAF Social Security Contribution	15-495-034-5094-003	7/1/14-6/30/15	146,243				146,243	146,243						146,243
Total General Fund				(122,798)	-	-	753,371	724,232	-	(93,659)	-	-	(16,420)	724,232
<u>Special Revenue Fund:</u>														
N.J. Nonpublic Aid														
Handicapped Services														
Examination & Classification	15-100-034-5120-066	7/1/14-6/30/15	13,512				13,512	4,693			\$ 8,819			4,693
Examination & Classification	14-100-034-5120-066	7/1/13-6/30/14	25,472		\$ 9,870				\$ 9,870					-
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	2,354				2,354				2,354			-
Supplemental Instruction	14-100-034-5120-066	7/1/13-6/30/14	1,388		1,388				1,388					-
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	16,434				16,434	13,253			3,181			13,253
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	13,592		1,561				1,561					-
Auxiliary Services														
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	1,712			1,712			1,712					-
ESL	14-100-034-5120-067	7/1/13-6/30/14	5,237			5,237			5,237					-
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	16,623			16,623	14,707				1,916			14,707
Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	15,029		3,265				3,265					-
Technology	15-100-034-5120-373	7/1/14-6/30/15	8,928			8,928	8,904				24			8,904
Nursing	15-100-034-5120-070	7/1/14-6/30/15	30,731			30,731	30,731							30,731
Home Instruction	14-100-034-5120-067	7/1/13-6/30/14	1,950	(1,950)		1,950								-
Anti-Bullying	N/A	7/1/14-6/30/15			\$ 340			340						340
Total Special Revenue Fund				(1,950)	340	23,033	90,532	72,628	23,033	-	-	16,294	-	72,628
Total State Financial Assistance				\$ (124,748)	\$ 340	\$ 23,033	\$ 843,903	\$ 796,860	\$ 23,033	\$ (93,659)	\$ -	\$ 16,294	\$ (16,420)	\$ 796,860
State Financial Assistance Not Subject to Single Audit Determination														
<u>General Fund</u>														
Less: On-Behalf TPAF Pension Contribution							\$ (113,637)	\$ (113,637)						(113,637)
On-Behalf TPAF Post-Retirement Medical							(180,399)	(180,399)						(180,399)
Total State Financial Assistance Subject to Single Audit				\$ (124,748)	\$ 340	\$ 23,033	\$ 549,867	\$ 502,824	\$ 23,033	\$ (93,659)	\$ -	\$ 16,294	\$ (16,420)	\$ 502,824

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**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The 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 \$33,933 for the general fund and a decrease of \$1,799 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 758,165	\$ 758,165
Special Revenue Fund	\$ 94,897	72,628	167,525
Total Financial Assistance	<u>\$ 94,897</u>	<u>\$ 830,793</u>	<u>\$ 925,690</u>

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the 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 \$146,243 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, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$113,637 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$180,399 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

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

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted? yes X no

Federal Awards Section

Not Applicable

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

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

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>15-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>15-495-034-5120-084</u>	<u>Security Aid</u>
<u>15-495-034-5120-085</u>	<u>Additional Adjustment Aid</u>
<u>15-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>15-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>15-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>
<u> </u>	<u>Contributions</u>
<u> </u>	<u> </u>

Dollar threshold used to distinguish between Type A and Type B pro \$ 300,000

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

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

NOT APPLICABLE

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 state programs, as required by New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-001:

Our audit revealed that the District did not establish and formally approve by resolution a maximum travel budget for the year in accordance with N.J.A.C. 6A:23A-7.3.

State Program Information:

Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Additional Adjustment Aid	495-034-5120-085
Per Pupil Growth Aid	495-034-5120-097
PARCC Readiness	495-034-5120-098

Criteria or Specific Requirement:

State Grant Compliance Supplement
N.J.A.C. 6A:23A-7.3

Condition:

The District paid travel expenditures without establishing and formally approving by resolution a maximum travel budget for the year.

Questioned Cost:

Undeterminable

Context:

The District did not establish and formally approve by resolution a maximum travel budget for the year in accordance with N.J.A.C. 6A:23-7.3.

Effect:

The District is not in compliance with New Jersey Administrative Code regarding the maximum travel budget.

Recommendation:

It is recommended that the District establish and formally approve by resolution a maximum travel budget in accordance with N.J.A.C. 6A:23-7.3.

View of Responsible Officials and Planned Corrective Action:

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

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 state programs, as required by New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2015-002:

Our audit noted instances for boiler repairs and technology purchased services where the District was unable to provide supporting documentation that it was in compliance with the Public School Contracts Law and that all purchases exceeding the bid threshold were properly approved by the Board.

State Program Information

Special Education Aid	495-034-5120-089
Security Aid	495-034-5120-084
Additional Adjustment Aid	495-034-5120-085
Per Pupil Growth Aid	495-034-5120-097
PARCC Readiness	495-034-5120-098

Criteria or Specific Requirement

State Grant Compliance Supplements
N.J.S.A. 18:18A-4 Contracts and Agreements Requiring Advertising
N.J.S.A. 52:15C-10

Condition

The District contracted for boiler repairs (total payments - \$39,298) and technology purchased services (total payments to vendor - \$48,021) where no evidence of public bidding or state contract was provided.

Questioned Cost

Undeterminable.

Context

There was no evidence provided by the District of compliance with the various aspects of the Public Schools Contracts Law including Board approval for boiler repairs and technology purchased services and proper public bidding and/or procurement through State contract.

Effect

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

Recommendation

It is recommended that internal control procedures be reviewed and enhanced to ensure all purchases and contract awards in excess of the bid threshold are made in accordance with the Public School Contracts Law.

View of Responsible Officials and Planned Corrective Action

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

**SADDLE RIVER BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 are none.