

SADDLE BROOK
SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**



Saddle Brook, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
of the
Saddle Brook Board of Education
Saddle Brook, New Jersey
For The Fiscal Year Ended June 30, 2016

Prepared by
Business Office

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INTRODUCTORY SECTION



SADDLE BROOK SCHOOL DISTRICT

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ANTHONY RISCICA
INTERIM SUPERINTENDENT OF SCHOOLS

RAYMOND G. KARATY, CPA, PSA
BUSINESS ADMINISTRATOR/BOARD SECRETARY

December 1, 2016

Honorable President and
Members of the Board of Education
Saddle Brook School District
Saddle Brook, New Jersey 07663

Dear Board Members:

The comprehensive annual financial report of the Saddle Brook School District (District) for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections; introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provision of the Single Audit Act amendments of 1984 and the U.S. Uniform Guidance and New Jersey OMB's Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this report.

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

REPORTING ENTITY AND ITS SERVICES (Continued)

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2015-2016	1,753	2.4%
2014-2015	1,720	-1.0%
2013-2014	1,738	-.6%
2012-2013	1,748	-.6%
2011-2012	1,759	-1.5%
2010-2011	1,785	0%

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

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

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

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

MAJOR INITIATIVES:

The Saddle Brook School District is a PreK-12 school district consisting of four elementary schools and one combined Middle School/High School. Franklin School, Helen I. Smith School and Long Memorial School are all K-6 elementary schools offering a rich educational program utilizing the latest scientifically based programs integrating technology and multiple programs including Readers and Writers Workshop developed by Columbia's Teachers College, Go Math and Conquer Math to enrich student learning. The Washington School is a dedicated preschool that offers a blended and integrated program for both general education and special education students ages 3-4. Programs and classes are available in the morning, afternoon and also as a full day program all preparing students with the skills needed for Kindergarten.

MAJOR INITIATIVES (Continued):

Our District Goals include:

- A. Continue to create and offer parent education programs to help build a closer home–school partnership, with a specific focus on academic topics as measured by number of programs/parent attendance/evaluation.
- B. Continue to increase the leverage of technology through hardware and software for blended learning, student collaboration through the use of Google Apps for Education and professional development for staff to promote student achievement.
- C. Improve student achievement in high school mathematics and 7-12 language arts as measured by PARCC.
- D. Develop district wide consistency protocols in supervision, delivery and evaluation of curriculum, lesson planning and high school courses of studies.
- E. Provide for student exploration of future college and careers beginning at the middle school level and including engagement of parents and community.

Saddle Brook Middle School/High School offers a broad breadth and depth of programs including creative and exciting electives in addition to the courses and curriculums developed under New Jersey Student Learning Standards. Students at the middle and high school level have the opportunity to enroll in programs that prepare them for college and career readiness with both classes for support and those that are recognized as Honors Courses and Advanced Placement (AP) including Science, Technology, Engineering, Arts & Math (STEAM) related courses and programs to develop their creative skills in fine and performing arts. The high school also offers the Option II Program offering high school credits by experiencing alternative programs such as internships, and taking college level courses in the school and at local community colleges and universities.

The staff is committed to the ideals of a professional learning community: the belief that all children can learn, the establishment of a collaborative environment, and a focus on results. Our intentions are to provide every student with the best possible learning environment and programs. Our belief is that teachers and students go hand in hand as learners and partners in the educational process. The administration and teachers work together to collect and review current student data to adjust programs and strategies for student learning and understanding. In addition, each school is involved in Character Education Programs fostering respect for self and others. Overall, students will develop a caring and honest culture for ongoing responsible citizenship.

Our educational programs stress the acquisition of academic skills that promote creative thinking and the development of higher level problem-solving abilities. Students are encouraged to make connections between acquisition of previous mastered skills and new learning experiences. They are able to transfer and apply these skills across the spectrum of subject areas. The district is committed to addressing the needs of each individual learner across the content areas. Students receive instruction based on standards and have the opportunity to select electives that maximize individual interests. We encourage career exploration and readiness.

The Saddle Brook School District continues to improve facilities creating safe and conducive schools where students are made to feel welcomed and secure. Essential to the success of the overall instructional program is the active involvement, close collaboration, and support provided by Saddle Brook's parents and community. Support groups such as the PTA, Education Foundation, SEPAC, and various booster clubs collaboratively work with the schools to enhance academic offerings for students through the donation of supplemental materials, resources, volunteerism, and school beautification projects. We are a district that is growing in recognition of student growth in academics, co-curricular activities and athletics. These highlights can be viewed on our district website, www.saddlebrookschoools.org.

BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General, Special Revenue and Debt Service Funds. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30.

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

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


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

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

OTHER INFORMATION: Independent Audit – State statutes require on annual audit by independent certified public accountants or registered municipal accountings. The accounting firm of Lerch, Vinci & Higgins, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act amendments of 1984 and the U.S. Uniform Guidance and state Treasury Circular Letters 15-08 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,



Anthony Riscica
Interim Superintendent of Schools



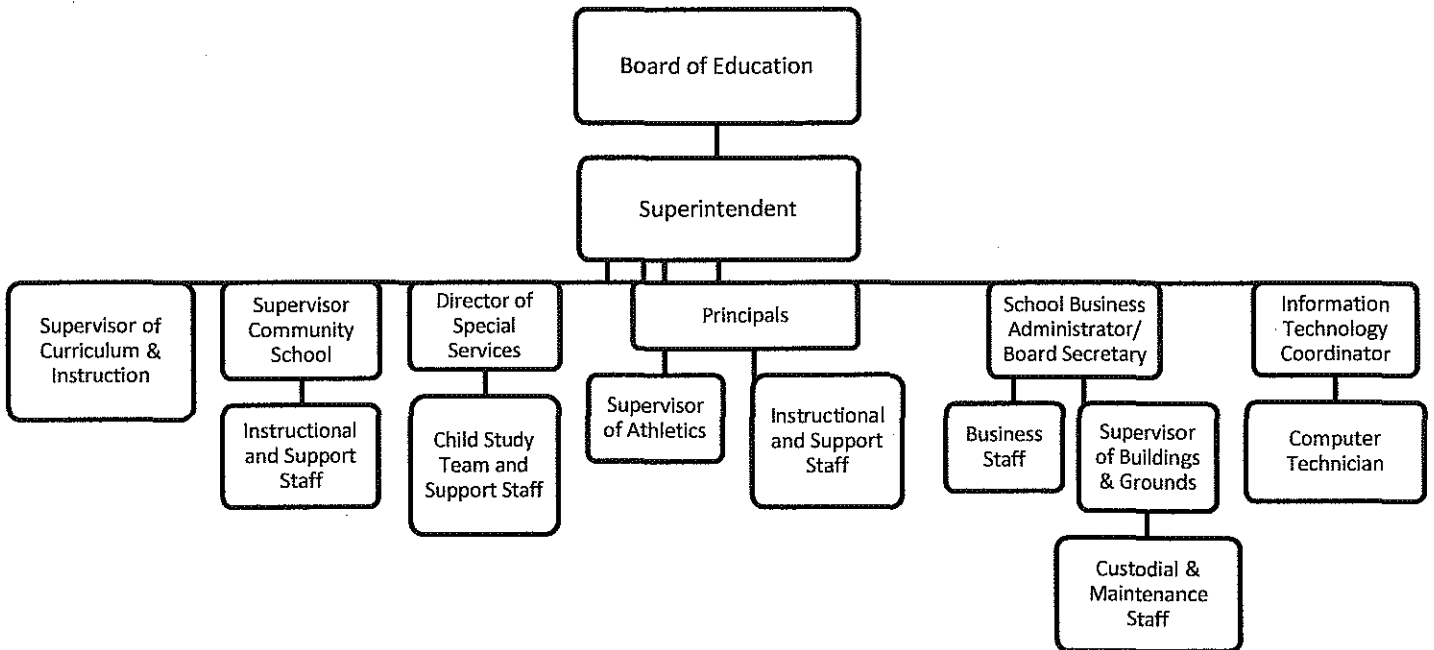
Raymond G. Karaty, CPA, PSA
Business Administrator/Board Secretary

POLICY

SADDLE BROOK BOARD OF EDUCATION

ADMINISTRATION
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Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: November 16, 2011

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

**ROSTER OF OFFICIALS
JUNE 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Sylvia Zottarelli, President	2017
Carmine Bufi, Vice President	2017
Michael Accomando	2016
David Gierak	2016
Joseph Nigito	2018
Stephen Quinn	2018
Sarah Sanchez	2017
Kim Scanapieco	2016
Parampreet Singh	2018

Other Officials

Herbert Ammerman, Interim Superintendent

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

Peter Bellani, CPA, Treasurer

Machado Law Group, Board Attorney

SADDLE BROOK BOARD OF EDUCATION

Consultants and Advisors

ARCHITECT

Gianforaro
555 East Main Street
Chester, New Jersey 07930

AUDITOR

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

ATTORNEY

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

OFFICIAL DEPOSITORY

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

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
ROBERT AMPONSAH, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle Brook Board of Education, as of and for the fiscal year ended June 30, 2016 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 Brook Board of Education as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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 Brook Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Saddle Brook Board of Education.

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

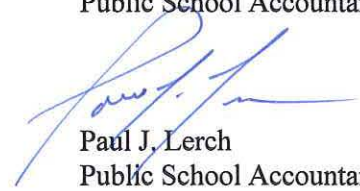
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2016 on our consideration of the Saddle Brook Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Saddle Brook Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 1, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016**

This discussion and analysis of the Saddle Brook School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2016. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- District-Wide Statements – The School District had \$42,632,719 in revenues, general revenues were \$30,821,793 or 72 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11,810,926 or 28 percent of total revenues of \$42,632,719.
- District-Wide Statements - The School District had \$41,003,565 in expenses; only \$11,810,926 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$30,821,793 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Saddle Brook Board of Education's governmental funds reported combined ending fund balances of \$4,250,217, a decrease of \$299,848 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

District-wide Statements

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

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

District-wide Statements (Continued)

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

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

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

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

Fund Financial Statements

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

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

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

Fund Financial Statements (Continued)

The District has three kinds of funds:

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

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

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

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

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

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE SADDLE BROOK BOARD OF EDUCATION AS A WHOLE

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

Table A-2 provides a summary of the school district's net position for fiscal years 2016 and 2015 which were \$3,611,334 and \$1,982,180, respectively.

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

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE SADDLE BROOK BOARD
OF EDUCATION AS A WHOLE (Continued)**

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

Table A-2
Statement of Net Position
As of June 30, 2016 and 2015

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	\$ 5,008,340	\$ 6,347,587	\$ 327,949	\$ 538,644	\$ 5,336,289	\$ 6,886,231
Capital Assets	<u>25,154,371</u>	<u>24,448,350</u>	<u>71,968</u>	<u>77,931</u>	<u>25,226,339</u>	<u>24,526,281</u>
Total Assets	<u>30,162,711</u>	<u>30,795,937</u>	<u>399,917</u>	<u>616,575</u>	<u>30,562,628</u>	<u>31,412,512</u>
Deferred Outflows of Resources						
Deferred amounts on Net Pension Liability	1,137,463	228,421			1,137,463	228,421
Deferred amounts on Refunding of Debt	<u>323,186</u>	<u>397,530</u>	-	-	<u>323,186</u>	<u>397,530</u>
Total Deferred Outflows of Resources	<u>1,460,649</u>	<u>625,951</u>	-	-	<u>1,460,649</u>	<u>625,951</u>
Total Assets and Deferred Outflows of Resources	<u>31,623,360</u>	<u>31,421,888</u>	<u>399,917</u>	<u>616,575</u>	<u>32,023,277</u>	<u>32,038,463</u>
Liabilities						
Current Liabilities	975,091	1,982,883	73,182	69,966	1,048,273	2,052,849
Noncurrent Liabilities	<u>25,720,567</u>	<u>25,764,866</u>	-	-	<u>25,720,567</u>	<u>25,764,866</u>
Total Liabilities	<u>26,695,658</u>	<u>27,747,749</u>	<u>73,182</u>	<u>69,966</u>	<u>26,768,840</u>	<u>27,817,715</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	1,642,344	2,237,231			1,642,344	2,237,231
Deferred Commodities Revenue	-	-	759	1,337	759	1,337
Total Deferred Inflows of Resources	<u>1,642,344</u>	<u>2,237,231</u>	<u>759</u>	<u>1,337</u>	<u>1,643,103</u>	<u>2,238,568</u>
Total Liabilities and Deferred Inflows of Resources	<u>28,338,002</u>	<u>29,984,980</u>	<u>73,941</u>	<u>71,303</u>	<u>28,411,943</u>	<u>30,056,283</u>
Net Position						
Net Investment in Capital Assets	13,325,442	13,285,344	71,968	77,931	13,397,410	13,363,275
Restricted	1,212,600	852,338			1,212,600	852,338
Unrestricted	<u>(11,252,684)</u>	<u>(12,700,774)</u>	<u>254,008</u>	<u>467,341</u>	<u>(10,998,676)</u>	<u>(12,233,433)</u>
Total Net Position	<u>\$ 3,285,358</u>	<u>\$ 1,436,908</u>	<u>\$ 325,976</u>	<u>\$ 545,272</u>	<u>\$ 3,611,334</u>	<u>\$ 1,982,180</u>

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

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE SADDLE BROOK BOARD
OF EDUCATION AS A WHOLE (Continued)**

Governmental activities. Governmental activities increased the District's net position by \$1,848,450 and \$1,502,180 for the fiscal years ended June 30, 2016 and 2015, respectively. Key elements of this increase are as follows:

**Table A-3
Changes in Net Position
For the Fiscal Year Ended June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	\$ 289,541	\$ 331,810	\$ 788,578	\$ 728,650	\$ 1,078,119	\$ 1,060,460
Operating Grants and Contributions	10,056,924	7,585,134	158,822	156,827	10,215,746	7,741,961
Capital Grants and Contributions	517,061				517,061	
General Revenues						
Property Taxes	30,437,005	29,817,051			30,437,005	29,817,051
Unrestricted State	51,727	49,046			51,727	49,046
Other	332,368	181,879	693	3,357	333,061	185,236
Total Revenues	41,684,626	37,964,920	948,093	888,834	42,632,719	38,853,754
Expenses						
Instruction						
Regular	14,493,146	13,052,983			14,493,146	13,052,983
Special	7,508,957	7,069,375			7,508,957	7,069,375
Other Instruction	915,587	870,994			915,587	870,994
School Sponsored Activities and Ath.	905,379	763,574			905,379	763,574
Support Services						
Student and Instruction Related Serv.	7,312,644	6,385,729			7,312,644	6,385,729
Educational Media/School Library	154,639	206,409			154,639	206,409
School Administrative Services	2,169,252	1,941,042			2,169,252	1,941,042
General Administrative Services	828,035	812,107			828,035	812,107
Plant Operations and Maintenance	3,174,210	3,263,019			3,174,210	3,263,019
Pupil Transportation	1,296,918	1,116,615			1,296,918	1,116,615
Central Services	755,517	746,421			755,517	746,421
Food Services			554,745	477,628	554,745	477,628
Community Programs			372,345	333,191	372,345	333,191
Interest on Long-Term Debt	562,191	534,472	-	-	562,191	534,472
Total Expenses	40,076,475	36,762,740	927,090	810,819	41,003,565	37,573,559
Change in Net Position Before Transfers	1,608,151	1,202,180	21,003	78,015	1,629,154	1,280,195
Transfers	240,299	300,000	(240,299)	(300,000)	-	-
Increase (Decrease) in Net Position	1,848,450	1,502,180	(219,296)	(221,985)	1,629,154	1,280,195
Net Position, Beginning of Year	1,436,908	(65,272)	545,272	767,257	1,982,180	701,985
Net Position, End of Year	\$ 3,285,358	\$ 1,436,908	\$ 325,976	\$ 545,272	\$ 3,611,334	\$ 1,982,180

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

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE SADDLE BROOK BOARD OF EDUCATION AS A WHOLE (Continued)

Governmental activities. The District's total governmental revenues and transfers were \$41,924,925. The local share of the revenues, that included property taxes, interest, miscellaneous revenue and transfers, amounted to \$31,061,399 or 74% of total revenues. Funding from state, federal sources amounted to \$10,573,985 or 25%. Charges for services amounted to \$289,541 or 1%. (See Table A-4)

The District's total governmental expenses were \$40,076,475 and are predominantly related to instruction and support services. Instruction totaled \$23,823,069 (60%), student support services totaled \$15,691,215 (39%) and interest on long-term debt total \$562,191 (1%) of total expenditures. (See Table A-5.)

Table A-4 Revenues by Source - Governmental Activities
For Fiscal Year 2016

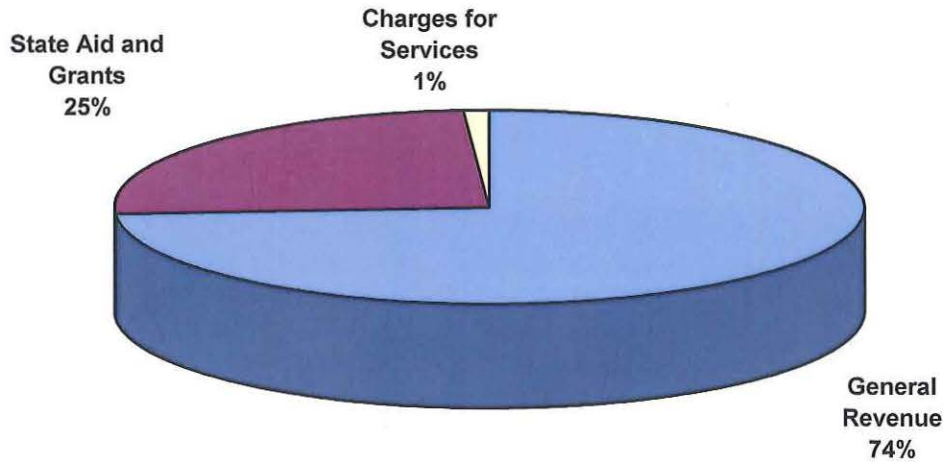
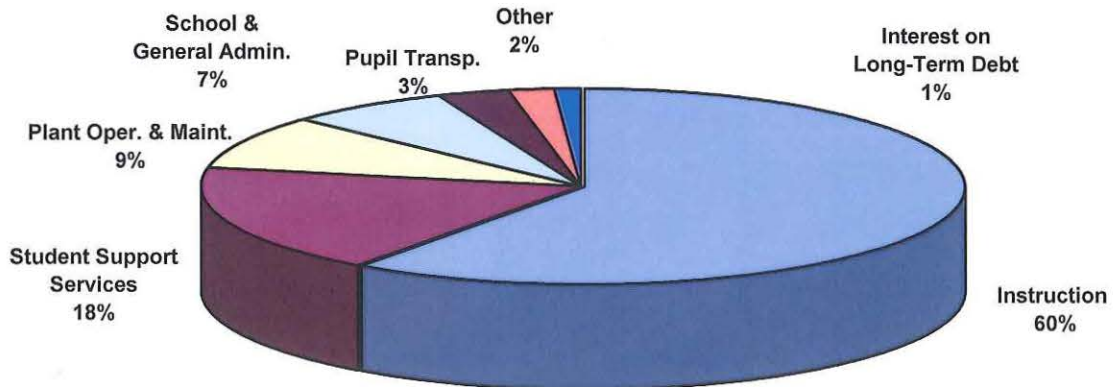


Table A-5 Expenditures by Type- Governmental Activities
For Fiscal Year 2016



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

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE SADDLE BROOK BOARD
OF EDUCATION AS A WHOLE (Continued)**

Table A-6
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2016 and 2015

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Governmental Activities				
Instruction				
Regular	\$ 14,493,146	\$ 13,052,983	\$ 10,157,095	\$ 10,261,832
Special Education	7,508,957	7,069,375	4,511,290	4,504,460
Other Instruction	915,587	870,994	523,625	591,312
School Sponsored Activities and Athletics	905,379	763,574	703,241	633,727
Support Services				
Student and Instruction Related Svcs.	7,312,644	6,385,729	5,405,919	5,053,570
Educational Media/School Library	154,639	206,409	122,157	172,284
General Administrative Services	828,035	812,107	691,681	705,607
School Administrative Services	2,169,252	1,941,042	1,599,003	1,533,518
Plant Operations and Maintenance	3,174,210	3,263,019	2,960,046	3,061,388
Pupil Transportation	1,296,918	1,116,615	1,221,184	1,047,205
Central Services	755,517	746,421	755,517	746,421
Interest on Long-Term Debt	562,191	534,472	562,191	534,472
Total Governmental Activities	<u>\$ 40,076,475</u>	<u>\$ 36,762,740</u>	<u>\$ 29,212,949</u>	<u>\$ 28,845,796</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2016 was \$927,090. These costs were funded by operating grants, charges for services and investment earnings. (Detailed on Table A-3). The operations resulted in an increase in net position before transfers of \$21,003.

Food Service Program

- Food service revenues exceeded expenses before transfers by \$6,126.
- Charges for services represent 72% percent of revenue.
- Revenues include lunches and ala carte meals paid for by the students and partial or total reimbursement provided by the district's participation in the National School Lunch Program.

Community Programs – Before and After Child Care and Summer Camp

- Community Programs revenues exceeded expenses by \$14,877.
- Charges for services represent 100 percent of revenue.
- Revenues include tuition and interest earned on investments.

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

As the District completed the year, its governmental funds reported a combined fund balance of \$4,250,217. In 2014-2015 the fund balance was \$4,550,065.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$36,868,132 and expenditures were \$37,548,834.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2016 and 2015.

	Fiscal Year Ended <u>6/30/2016</u>	Fiscal Year Ended <u>6/30/2015</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Local Sources	\$ 31,099,123	\$ 30,365,038	\$ 734,085	2%
State Sources	5,109,811	4,069,361	1,040,450	26%
Federal Sources	<u>659,198</u>	<u>578,247</u>	<u>80,951</u>	14%
 Total Revenues	 <u>\$ 36,868,132</u>	 <u>\$ 35,012,646</u>	 <u>\$ 1,855,486</u>	 5%

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

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal years ended June 30, 2016 and 2015.

	Fiscal Year Ended <u>6/30/2016</u>	Fiscal Year Ended <u>6/30/2015</u>	Amount of Increase <u>(Decrease)</u>	Percent Change
Current Expenses:				
Instruction	\$ 19,801,900	\$ 19,352,676	\$ 449,224	2%
Undistributed	13,638,598	13,266,179	372,419	3%
Capital Outlay	2,060,468	1,846,081	214,387	12%
Debt Service				
Principal	1,518,985	1,485,936	33,049	2%
Interest and Other Charges	<u>528,883</u>	<u>542,429</u>	<u>(13,546)</u>	-2%
 Total Expenditures	 <u>\$ 37,548,834</u>	 <u>\$ 36,493,301</u>	 <u>\$ 1,055,533</u>	 3%

General Fund Budgeting Highlights

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

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

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Costs for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year. These special education costs were lower than anticipated for 2015-16.
- The district's expense for health benefits was less than anticipated due to the increase in employee contributions per Chapter 78.
- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.
- As the buildings age more repairs are required and therefore additional funds were needed.

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

Capital Assets

At the end of fiscal year 2016, the District had total assets of \$25,226,339 net of depreciation invested in land, land improvements, buildings, furniture, equipment and vehicles. Table 4 shows fiscal year 2016 balances compared to 2015.

**Table A-4
Capital Assets (Net Depreciation) as of June 30, 2016 and 2015**

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 31,974	\$ 31,974			\$ 31,974	\$ 31,974
Construction in Progress	1,375,431	1,586,516			1,375,431	1,586,516
Land Improvements	193,768	193,768			193,768	193,768
Buildings and Building Improvements	35,386,086	33,300,881			35,386,086	33,300,881
Machinery, Equipment and Vehicles	<u>2,765,705</u>	<u>2,579,357</u>	<u>\$ 193,908</u>	<u>\$ 186,978</u>	<u>2,959,613</u>	<u>2,766,335</u>
Total	39,752,964	37,692,496	193,908	186,978	39,946,872	37,879,474
Less: Accumulated Depreciation	<u>14,598,593</u>	<u>13,244,146</u>	<u>121,940</u>	<u>109,047</u>	<u>14,720,533</u>	<u>13,353,193</u>
Total	<u>\$ 25,154,371</u>	<u>\$ 24,448,350</u>	<u>\$ 71,968</u>	<u>\$ 77,931</u>	<u>\$ 25,226,339</u>	<u>\$ 24,526,281</u>

Overall capital assets increased by \$700,058 from fiscal year 2015 to fiscal year 2016. The increase is attributable to the start of the new referendum which comprises improvements to all schools.

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

Debt Administration

At June 30, 2016, the District had \$25,720,567 of outstanding long-term liabilities. These liabilities include serial bonds liability for school construction and refunding bonds for the Early Retirement Incentive Program, capital leases and compensated absences and net pension liability.

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

Debt Administration (Continued)

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

	<u>2016</u>	<u>2015</u>
General Obligation Bonds, Net	\$ 16,221,267	\$ 17,553,910
Net Pension Liability	8,666,481	7,264,044
Capital Leases	358,932	477,362
Compensated Absences Payable	<u>473,887</u>	<u>469,550</u>
 Total	 <u>\$ 25,720,567</u>	 <u>\$ 25,764,866</u>

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

For the Future

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

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

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

SADDLE BROOK BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,794,634	\$ 577,824	\$ 4,372,458
Receivables, net	921,181	37,480	958,661
Internal Balances	292,525	(292,525)	-
Inventory		5,170	5,170
Capital Assets			
Not Being Depreciated	1,407,405		1,407,405
Being Depreciated, Net	<u>23,746,966</u>	<u>71,968</u>	<u>23,818,934</u>
 Total Assets	 <u>30,162,711</u>	 <u>399,917</u>	 <u>30,562,628</u>
Deferred Outflows of Resources			
Deferred Amounts on Net Pension Liability	1,137,463		1,137,463
Deferred Amounts on Refunding of Debt	<u>323,186</u>	<u>-</u>	<u>323,186</u>
	<u>1,460,649</u>	<u>-</u>	<u>1,460,649</u>
Total Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	<u>31,623,360</u>	<u>399,917</u>	<u>32,023,277</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	645,935	19,571	665,506
Payable to Other Governments	31,170		31,170
Accrued Interest Payable	216,968		216,968
Unearned Revenue	81,018	53,611	134,629
Noncurrent Liabilities			
Due Within One Year	1,752,105		1,752,105
Due Beyond One Year	<u>23,968,462</u>	<u>-</u>	<u>23,968,462</u>
Total Liabilities	<u>26,695,658</u>	<u>73,182</u>	<u>26,768,840</u>
Deferred Inflows of Resources			
Deferred Amounts on Net Pension Liability	1,642,344		1,642,344
Deferred Commodities Revenue	<u>-</u>	<u>759</u>	<u>759</u>
Total Deferred Inflows of Resources	<u>1,642,344</u>	<u>759</u>	<u>1,643,103</u>
Total Liabilities and Deferred Inflows of Resources	<u>28,338,002</u>	<u>73,941</u>	<u>28,411,943</u>
NET POSITION			
Net Investment in Capital Assets	13,325,442	71,968	13,397,410
Restricted for :			
Capital Projects	1,191,266		1,191,266
Debt Service	21,334		21,334
Unrestricted	<u>(11,252,684)</u>	<u>254,008</u>	<u>(10,998,676)</u>
Total Net Position	<u>\$ 3,285,358</u>	<u>\$ 325,976</u>	<u>\$ 3,611,334</u>

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

**SADDLE BROOK BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 14,493,146	\$ 66,064	\$ 3,752,926	\$ 517,061	\$ (10,157,095)		\$ (10,157,095)
Special Education	7,508,957	48,763	2,948,904		(4,511,290)		(4,511,290)
Other Instruction	915,587		391,962		(523,625)		(523,625)
School Sponsored Activities and Athletics	905,379		202,138		(703,241)		(703,241)
Support Services					-		-
Student and Instruction Related Services	7,312,644		1,906,725		(5,405,919)		(5,405,919)
Educational Media/School Library	154,639		32,482		(122,157)		(122,157)
General and Business Administrative Services	828,035		136,354		(691,681)		(691,681)
School Administrative Services	2,169,252		570,249		(1,599,003)		(1,599,003)
Plant Operations and Maintenance	3,174,210	174,714	39,450		(2,960,046)		(2,960,046)
Pupil Transportation	1,296,918		75,734		(1,221,184)		(1,221,184)
Central Services	755,517				(755,517)		(755,517)
Interest and Other Charges on Long-Term Debt	562,191	-	-	-	(562,191)	-	(562,191)
Total Governmental Activities	40,076,475	289,541	10,056,924	517,061	(29,212,949)	-	(29,212,949)
Business-Type Activities							
Food Service	554,745	401,699	158,822			\$ 5,776	5,776
Community Programs	372,345	386,879	-	-	-	14,534	14,534
Total Business-Type Activities	927,090	788,578	158,822	-	-	20,310	20,310
Total Primary Government	\$ 41,003,565	\$ 1,078,119	\$ 10,215,746	\$ 517,061	(29,212,949)	20,310	(29,192,639)
General Revenues and Transfers							
Property Taxes, Levied for General Purposes, Net					28,731,061		28,731,061
Taxes Levied for Debt Service					1,705,944		1,705,944
Unrestrict State Aid					51,727		51,727
Transfers					240,299	(240,299)	
Miscellaneous Income					332,368	693	333,061
Total General Revenues and Transfers					31,061,399	(239,606)	30,821,793
Change in Net Position					1,848,450	(219,296)	1,629,154
Net Position, Beginning of Year					1,436,908	545,272	1,982,180
Net Position, End of Year					\$ 3,285,358	\$ 325,976	\$ 3,611,334

FUND FINANCIAL STATEMENTS

**SADDLE BROOK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	<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	\$ 2,367,502		\$ 1,405,798	\$ 21,334	\$ 3,794,634
Receivables, Net					
Receivables from Other Governments	175,431	\$ 227,064	517,061		919,556
Due from Other Funds	144,307		284,760		429,067
Other Receivables	<u>1,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,625</u>
Total Assets	<u>\$ 2,688,865</u>	<u>\$ 227,064</u>	<u>\$ 2,207,619</u>	<u>\$ 21,334</u>	<u>\$ 5,144,882</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 402,370	\$ 61,666	\$ 181,899		\$ 645,935
Due to Other Funds	42,358	92,081	2,103		136,542
Payable to State Government		4,877			4,877
Payable to Federal Government	26,293				26,293
Unearned Revenue	<u>12,578</u>	<u>68,440</u>	<u>-</u>	<u>-</u>	<u>81,018</u>
Total Liabilities	<u>483,599</u>	<u>227,064</u>	<u>184,002</u>	<u>-</u>	<u>894,665</u>
Fund Balances					
Restricted:					
Excess Surplus	135,240				135,240
Excess Surplus Designated for Subsequent					
Year's Expenditures	264,791				264,791
Capital Reserve	445,622				445,622
Capital Reserve- Designated for Subsequent					
Year's Expenditures	782,000				782,000
Capital Projects			2,023,617		2,023,617
Debt Service				\$ 21,334	21,334
Assigned:					-
Year End Encumbrances	207,231				207,231
Designated for Subsequent					
Year's Expenditures	50,000				50,000
Unassigned:					-
General Fund	<u>320,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320,382</u>
Total Fund Balances	<u>2,205,266</u>	<u>-</u>	<u>2,023,617</u>	<u>21,334</u>	<u>4,250,217</u>
Total Liabilities and Fund Balances	<u>\$ 2,688,865</u>	<u>\$ 227,064</u>	<u>\$ 2,207,619</u>	<u>\$ 21,334</u>	<u>\$ 5,144,882</u>

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

SADDLE BROOK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016

Total Government Fund Balances (Exhibit B-1) \$ 4,250,217

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 \$39,752,964 and the accumulated depreciation is \$14,598,593 25,154,371

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

Deferred Outflows of Resources	\$ 1,137,463	
Deferred Inflows of Resources	<u>(1,642,344)</u>	(504,881)

The District has financed capital assets through the issuance of serial bonds and long term-lease obligations. The interest accrual at year end is: (216,968)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 323,186

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:

Bonds Payable, Net	\$ (16,221,267)	
Net Pension Liability	(8,666,481)	
Capital Leases	(358,932)	
Compensated Absences	<u>(473,887)</u>	(25,720,567)

Net Position of Governmental Activities (Exhibit A-1) \$ 3,285,358

**SADDLE BROOK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 28,731,061			\$ 1,705,944	\$ 30,437,005
Miscellaneous	<u>601,701</u>	\$ 40,209	\$ 20,208	<u>-</u>	<u>662,118</u>
Total - Local Sources	29,332,762	40,209	20,208	1,705,944	31,099,123
State Sources	4,588,365	4,385	517,061		5,109,811
Federal Sources	<u>3,807</u>	<u>655,391</u>	<u>-</u>	<u>-</u>	<u>659,198</u>
Total Revenues	<u>33,924,934</u>	<u>699,985</u>	<u>537,269</u>	<u>1,705,944</u>	<u>36,868,132</u>
EXPENDITURES					
Current					
Regular Instruction	11,680,654	39,194			11,719,848
Special Education Instruction	6,166,205	398,835			6,565,040
Other Instruction	575,910	186,437			762,347
School-Sponsored Activities and Athletics	754,665				754,665
Support Services					
Student and Instruction Related Services	5,871,776	75,519			5,947,295
Educational Media/School Library	130,420				130,420
General Administrative Services	726,370				726,370
School Administrative Services	1,744,073				1,744,073
Plant Operations and Maintenance	3,079,838				3,079,838
Pupil Transportation	1,279,453				1,279,453
Central Services	731,149				731,149
Debt Service					
Principal	258,985			1,260,000	1,518,985
Interest and Other Charges	82,938			445,945	528,883
Capital Outlay	<u>186,348</u>	<u>-</u>	<u>1,874,120</u>	<u>-</u>	<u>2,060,468</u>
Total Expenditures	<u>33,268,784</u>	<u>699,985</u>	<u>1,874,120</u>	<u>1,705,945</u>	<u>37,548,834</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>656,150</u>	<u>-</u>	<u>(1,336,851)</u>	<u>(1)</u>	<u>(680,702)</u>
OTHER FINANCING SOURCES (USES)					
Capital Leases (Non-budget)	140,555				140,555
Transfer In			284,760	20,208	304,968
Transfer Out	<u>(44,461)</u>	<u>-</u>	<u>(20,208)</u>	<u>-</u>	<u>(64,669)</u>
Total Other Financing Sources and Uses	<u>96,094</u>	<u>-</u>	<u>264,552</u>	<u>20,208</u>	<u>380,854</u>
Net Change in Fund Balances	752,244	-	(1,072,299)	20,207	(299,848)
Fund Balance, Beginning of Year	<u>1,453,022</u>	<u>-</u>	<u>3,095,916</u>	<u>1,127</u>	<u>4,550,065</u>
Fund Balance, End of Year	<u>\$ 2,205,266</u>	<u>\$ -</u>	<u>\$ 2,023,617</u>	<u>\$ 21,334</u>	<u>\$ 4,250,217</u>

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

**SADDLE BROOK BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (299,848)

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

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

Capital Outlay	\$ 2,060,468
Depreciation Expense	<u>(1,354,447)</u>

706,021

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

Amortization of Discount	(1,313)
Amortization of Bond Premium	73,956
Amortization of Deferred Amounts on Refunding	(74,344)
Capital Lease	(140,555)
Principal Repayments	
Bond Principal	1,260,000
Capital Lease Principal	<u>258,985</u>

1,376,729

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

Increase in Compensated Absences	(4,337)
Decrease in Net Pension Expense	<u>101,492</u>

97,155

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

Increase in Accrued Interest	<u>(31,607)</u>
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Change in net position of governmental activities (Exhibit A-2) \$ 1,848,450

**SADDLE BROOK BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

	<u>Food Service</u>	<u>Community Programs</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 253,391	\$ 324,433	\$ 577,824
Other Accounts Receivable		15,059	15,059
Intergovernmental Receivable			
State	760		760
Federal	21,661		21,661
Inventories	<u>5,170</u>	<u>-</u>	<u>5,170</u>
Total Current Assets	<u>280,982</u>	<u>339,492</u>	<u>620,474</u>
Capital Assets			
Equipment	193,908		193,908
Less: Accumulated Depreciation	<u>(121,940)</u>	<u>-</u>	<u>(121,940)</u>
Total Capital Assets	<u>71,968</u>	<u>-</u>	<u>71,968</u>
Total Assets	<u>352,950</u>	<u>339,492</u>	<u>692,442</u>
LIABILITIES			
Current Liabilities			
Due to Other Funds	240,299	52,226	292,525
Accounts Payable	11,721	7,850	19,571
Unearned Revenue	<u>-</u>	<u>53,611</u>	<u>53,611</u>
Total Current Liabilities	<u>252,020</u>	<u>113,687</u>	<u>365,707</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>759</u>	<u>-</u>	<u>759</u>
Total Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	<u>252,779</u>	<u>113,687</u>	<u>366,466</u>
NET POSITION			
Net Investment in Capital Assets	71,968	-	71,968
Unrestricted	<u>28,203</u>	<u>225,805</u>	<u>254,008</u>
Total Net Position	<u>\$ 100,171</u>	<u>\$ 225,805</u>	<u>\$ 325,976</u>

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

**SADDLE BROOK BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Food Service</u>	<u>Community Programs</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable programs	\$ 90,791		\$ 90,791
Daily Sales - Non-Reimbursable Programs	310,458		310,458
Special Functions	450		450
Community Service Fees	-	\$ 386,879	386,879
	<u>401,699</u>	<u>386,879</u>	<u>788,578</u>
OPERATING EXPENSES			
Cost of Sales - Reimbursable	196,333		196,333
Cost of Sales - Non-Reimbursable	84,143		84,143
Salaries and Employee Benefits	213,650	279,318	492,968
Contracted Services		8,802	8,802
Rentals		35,000	35,000
Other Purchased Services	32,321	30,025	62,346
Telephone		1,742	1,742
Supplies and Materials	15,360	11,967	27,327
Depreciation	12,893		12,893
Miscellaneous	45	5,491	5,536
	<u>554,745</u>	<u>372,345</u>	<u>927,090</u>
Operating Income/(Loss)	<u>(153,046)</u>	<u>14,534</u>	<u>(138,512)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	4,838		4,838
Federal Sources			
National School Lunch Program	122,790		122,790
Food Distribution Program	24,591		24,591
School Breakfast Program	6,603		6,603
Interest and Investment Revenue	350	343	693
	<u>159,172</u>	<u>343</u>	<u>159,515</u>
Change in Net Position Before Transfers	6,126	14,877	21,003
Transfers	(240,299)		(240,299)
Total Net Position, Beginning of Year	<u>334,344</u>	<u>210,928</u>	<u>545,272</u>
Total Net Position, End of Year	<u>\$ 100,171</u>	<u>\$ 225,805</u>	<u>\$ 325,976</u>

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

**SADDLE BROOK BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Food Service</u>	<u>Community Programs</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 401,699	\$ 370,963	\$ 772,662
Cash Payments for Employees' Salaries and Benefits	(213,650)	(279,318)	(492,968)
Cash Payments to Suppliers for Goods and Services	<u>(288,071)</u>	<u>(60,475)</u>	<u>(348,546)</u>
Net Cash Provided for Operating Activities	<u>(100,022)</u>	<u>31,170</u>	<u>(68,852)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	<u>151,487</u>	<u>-</u>	<u>151,487</u>
Net Cash Provided by Noncapital Financing Activities	<u>151,487</u>	<u>-</u>	<u>151,487</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Fixed Assets	<u>(6,930)</u>	<u>-</u>	<u>(6,930)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(6,930)</u>	<u>-</u>	<u>(6,930)</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>350</u>	<u>343</u>	<u>693</u>
Net Cash Provided by Investing Activities	<u>350</u>	<u>343</u>	<u>693</u>
Net Increase in Cash and Cash Equivalents	44,885	31,513	76,398
Cash and Cash Equivalents, Beginning of Year	<u>208,506</u>	<u>292,920</u>	<u>501,426</u>
Cash and Cash Equivalents, End of Year	<u>\$ 253,391</u>	<u>\$ 324,433</u>	<u>\$ 577,824</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities			
Operating Income (Loss)	\$ (153,046)	\$ 14,534	\$ (138,512)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Noncash Federal Assistance - Food Distribution Program	24,591		24,591
Depreciation	12,893		12,893
Change in Assets and Liabilities			
(Increase)/Decrease in Accounts Receivable		(15,059)	(15,059)
(Increase)/Decrease in Inventory	9,597		9,597
Increase/(Decrease) in Accounts Payable	6,521	(2,448)	4,073
Increase/(Decrease) in Unearned Revenue	(578)	(857)	(1,435)
Increase/(Decrease) in Interfund Payable	<u>-</u>	<u>35,000</u>	<u>35,000</u>
Total Adjustments	<u>53,024</u>	<u>16,636</u>	<u>69,660</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (100,022)</u>	<u>\$ 31,170</u>	<u>\$ (68,852)</u>
Non-Cash Financing Activities			
Food Distribution Program Commodities Received	\$ 24,013		

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

**SADDLE BROOK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ <u>129,657</u>	\$ <u>2,813</u>	\$ <u>330,437</u>
Total Assets	<u>129,657</u>	<u>2,813</u>	<u>\$ 330,437</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 178,342
Accrued Salaries & Wages			278
Flex Spending Benefits			960
Due to Student Groups			150,857
Due to State of New Jersey	\$ <u>7,581</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>7,581</u>	<u>-</u>	<u>\$ 330,437</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	\$ <u>122,076</u>	\$ <u>2,813</u>	

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

**SADDLE BROOK BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>
ADDITIONS		
Investment Earnings		
Employee Contributions	\$ 27,855	
Budget Contributions	10,000	
Interest	<u>52</u>	<u>\$ 3</u>
Net Investment Earnings	<u>37,907</u>	<u>3</u>
Total Additions	<u>37,907</u>	<u>3</u>
DEDUCTIONS		
Unemployment Claims and Contributions	<u>24,395</u>	<u>-</u>
Total Deductions	<u>24,395</u>	<u>-</u>
Change in Net Position	13,512	3
Net Position, Beginning of Year	<u>108,564</u>	<u>2,810</u>
Net Position, End of Year	<u>\$ 122,076</u>	<u>\$ 2,813</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Saddle Brook Board of Education this includes general operations, food service, community programs 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 2016, the District adopted the following GASB statements:

- GASB No. 72, *Fair Value Measurement and Application*. 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 applies to donated capital assets, donated works of art, donated historical treasures, and also to similar assets and capital assets received in a service concession arrangement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. 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 BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 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 No. 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 No. 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 No. 77, *Tax Abatement Disclosures*, will be effective beginning with the fiscal year ending June 30, 2017. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

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.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

The *community program fund* accounts for the activities of the District's before and after school programs and summer camp.

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$500 if purchased prior to July 1, 2001 or \$2,000 if purchased after July 2001 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

5. *Deferred Outflows/Inflows of Resources*

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

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

6. Compensated Absences

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

7. Pensions

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

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

8. Long-Term Obligations

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. Long-Term Obligations (Continued)

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

9. Net Position/Fund Balance

District-Wide Statements

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

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

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, 2015 audited excess surplus that was appropriated in the 2016/2017 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that is required to be appropriated in the 2017/2018 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.)

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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)

Restricted Fund Balance (Continued)

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2016/2017 District budget certified for taxes.

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

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

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2016/2017 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, unrestricted state aid, investment earnings and miscellaneous revenues.

2. *Property Taxes*

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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 2014-2015 and 2015-2016 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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 February 6, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$342,067. The increase was funded by the reappropriation of prior year general fund encumbrances and addition grant awards.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2016 is as follows:

Balance, July 1, 2015	\$ 851,211
Increased by:	
Deposits Approved by Board Resolution	\$ 420,000
Interest Earnings	<u>872</u>
Total Increases	<u>420,872</u>
Withdrawals:	
Approved by Board Resolution	<u>44,461</u>
Balance, June 30, 2016	<u>\$ 1,227,622</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2016 is \$400,031. Of this amount, \$135,240 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$264,791 will be appropriated in the 2017/2018 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.

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, 2016, the book value of the Board's deposits were \$4,835,365 and bank and brokerage firm balances of the Board's deposits amounted to \$5,939,352. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 5,939,352</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board's bank balance was not exposed to custodial credit risk.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, 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, 2016, the Board had no outstanding investments.

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

B. Receivables

Receivables as of June 30, 2016 for the district's individual major funds are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service</u>	<u>Community Programs</u>	<u>Total</u>
Receivables:						
Accounts	\$ 1,625				\$ 15,059	\$ 16,684
Intergovernmental	<u>175,431</u>	<u>\$ 227,064</u>	<u>\$ 517,061</u>	<u>\$ 22,421</u>	<u>-</u>	<u>\$ 941,977</u>
Net Total Receivables	<u>\$ 177,056</u>	<u>\$ 227,064</u>	<u>\$ 517,061</u>	<u>\$ 22,421</u>	<u>\$ 15,059</u>	<u>\$ 958,661</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 Fund	
Preschool Tuition	\$ 525
Unrealized Insurance Proceeds	12,053
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>68,440</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 81,018</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	<u>Balance, July 1, 2015</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance, June 30, 2016</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,974			\$ 31,974
Construction in Progress	1,586,516	\$ 1,874,120	\$ (2,085,205)	1,375,431
Total capital assets, not being depreciated	<u>1,618,490</u>	<u>1,874,120</u>	<u>(2,085,205)</u>	<u>1,407,405</u>
Capital assets, being depreciated:				
Land Improvements	193,768			193,768
Buildings and Building Improvements	33,300,881		2,085,205	35,386,086
Machinery and Equipment	2,579,357	186,348	-	2,765,705
Total capital assets being depreciated	<u>36,074,006</u>	<u>186,348</u>	<u>2,085,205</u>	<u>38,345,559</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(182,848)	(840)		(183,688)
Land Improvements	(10,896,105)	(1,101,358)		(11,997,463)
Machinery and Equipment	(2,165,193)	(252,249)	-	(2,417,442)
Total accumulated depreciation	<u>(13,244,146)</u>	<u>(1,354,447)</u>	<u>-</u>	<u>(14,598,593)</u>
Total capital assets, being depreciated, net	<u>22,829,860</u>	<u>(1,168,099)</u>	<u>2,085,205</u>	<u>23,746,966</u>
Governmental activities capital assets, net	<u>\$ 24,448,350</u>	<u>\$ 706,021</u>	<u>\$ -</u>	<u>\$ 25,154,371</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
Business-Type activities:				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 186,978	\$ 6,930	-	\$ 193,908
Total capital assets being depreciated	<u>186,978</u>	<u>6,930</u>	<u>-</u>	<u>193,908</u>
Less accumulated depreciation for:				
Machinery and Equipment	<u>(109,047)</u>	<u>(12,893)</u>	<u>-</u>	<u>(121,940)</u>
Total accumulated depreciation	<u>(109,047)</u>	<u>(12,893)</u>	<u>-</u>	<u>(121,940)</u>
Total capital assets, being depreciated, net	<u>77,931</u>	<u>(5,963)</u>	<u>-</u>	<u>71,968</u>
Business-type activities capital assets, net	<u>\$ 77,931</u>	<u>\$ (5,963)</u>	<u>\$ -</u>	<u>\$ 71,968</u>

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

Governmental activities:	
Instruction	
Regular	\$ 563,387
Special Education	192,054
Other Instruction	31,179
School-Sponsored Activities and Athletics	<u>30,666</u>
Total Instruction	<u>817,286</u>
Support Services	
Student and Instruction Related Services	277,801
Educational Media	4,928
General and Business Administrative Services	20,685
School Administrative Services	86,509
Plant Operations and Maintenance	102,016
Pupil Transportation	18,880
Central Services	<u>26,342</u>
Total Support Services	<u>537,161</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,354,447</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 12,893</u>

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Various Facility Improvements to the Middle/High School and Elementary Schools	\$ 2,949,680	\$ 2,108,436

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 2,103
General Fund	Community Programs	52,226
General Fund	Special Revenue	92,081
Capital Projects Fund	General Fund (Capital Reserve)	44,461
Capital Projects Fund	Food Service Fund	240,299
		<u>\$ 429,067</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 to cover cash balances which were in an overdraft position.

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

Interfund transfers

	<u>Transfer In:</u>		
	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ 44,461		\$ 44,461
Capital Projects Fund		\$ 20,208	20,208
Food Service Fund	240,299	-	240,299
 Total	 <u>\$ 284,760</u>	 <u>\$ 20,208</u>	 <u>\$ 304,968</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing technology equipment, phone and computer wiring upgrades, student transportation and interactive projectors totaling \$1,003,256 under capital leases. The leases are for terms of 4 to 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2017	\$ 236,688
2018	100,142
2019	<u>36,488</u>
Total minimum lease payments	373,318
Less: amount representing interest	<u>14,386</u>
Present value of minimum lease payments	<u>\$ 358,932</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, 2016 are comprised of the following issues:

\$9,030,000, 2009 Refunding Bonds, due in annual installments of \$820,000 to \$860,000 through August 15, 2022, interest at 3% - 4%	\$ 5,910,000
\$2,955,000, 2012 Pension Refunding Bonds, due in annual installments of \$160,000 to \$240,000 through July 15, 2029, interest at 5.00% - 5.75%	2,485,000
\$3,530,000, 2012 Refunding Bonds, due in annual installments of \$320,000 to \$400,000 through February 15, 2024, interest at 4.25% - 4.375%	2,925,000
\$4,609,000, 2015 School Bonds, due in annual installments of \$175,000 to \$350,000 through February 15, 2030, interest at 2.00%-3.00%	<u>4,609,000</u>
	<u>\$ 15,929,000</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 1,475,000	\$ 604,446	\$ 2,079,446
2018	1,665,000	478,500	2,143,500
2019	1,695,000	420,961	2,115,961
2020	1,720,000	362,198	2,082,198
2021	1,740,000	97,020	1,837,020
2022-2026	5,545,000	766,319	6,311,319
2027-2031	<u>2,089,000</u>	<u>149,190</u>	<u>2,238,190</u>
	<u>\$ 15,929,000</u>	<u>\$ 2,878,634</u>	<u>\$ 18,807,634</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2016 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 91,343,919
Less: Net Debt	<u>13,444,393</u>
Remaining Borrowing Power	<u>\$ 77,899,526</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Balance, July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2016</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds Payable	\$ 17,189,000		\$ 1,260,000	\$ 15,929,000	\$ 1,475,000
Deferred Amounts					
Add: Premium	383,284		73,956	309,328	
Less: Discount	<u>(18,374)</u>	<u>-</u>	<u>1,313</u>	<u>(17,061)</u>	<u>-</u>
Total Bonds Payable	17,553,910	-	1,335,269	16,221,267	1,475,000
Net Pension Liability	7,264,044	1,751,532	349,095	8,666,481	
Capital Leases	477,362	140,555	258,985	358,932	227,105
Compensated Absences	<u>469,550</u>	<u>127,100</u>	<u>122,763</u>	<u>473,887</u>	<u>50,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 25,764,866</u>	<u>\$ 2,019,187</u>	<u>\$ 2,066,112</u>	<u>\$ 25,720,567</u>	<u>\$ 1,752,105</u>

Compensated absences, capital leases and net pension liability are generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

The relationship between the Board and the insurance 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.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016	\$ 10,000	\$ 27,855	\$ 24,395	\$ 122,076
2015	20,000	44,720	59,104	108,564
2014	-	59,019	45,048	102,909

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, 2016, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2016, the District had not estimated arbitrage earnings due to the IRS, if any.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

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

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

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.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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, 2014, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 35 percent with an unfunded actuarial accrued liability of \$86 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 28.71 percent and \$63.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 47.93 percent and \$22.4 billion, respectively.

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

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

Actuarial Methods and Assumptions

In the July 1, 2014 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 2.60-9.48 percent based on age for the PERS and varying percentages based on experience for TPAF.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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 6.92% for PERS, 6.92% 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, 2016 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, 2016, 2015 and 2014 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2016	\$ 349,095	\$ 1,003,077	4,659
2015	337,940	674,746	3,428
2014	276,809	533,523	10,871

For fiscal years 2015/2016 and 2014/2015, the state contributed \$1,003,077 and \$674,746 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 \$533,523 for normal cost pension and NCGI premium.

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$943,709 during the fiscal year ended June 30, 2016 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported in the statement of net position (accrual basis) a liability of \$8,666,481 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2015 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, 2015, the District's proportionate share was .03861 percent, which was a decrease of .00019 percent from its proportionate share measured as of June 30, 2014 of .03880 percent.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$247,603 for PERS. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>2015</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 206,752	
Changes of Assumptions	930,711	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 139,340
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	1,503,004
Total	<u>\$ 1,137,463</u>	<u>\$ 1,642,344</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>	
2017	\$ (156,521)
2018	(156,521)
2019	(156,521)
2020	(48,297)
2021	12,979
	<u>\$ (504,881)</u>

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.04%
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 Assumptions were Based	June 30, 2011

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

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	4.90%

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$4,816,496 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, 2016 the State's proportionate share of the net pension liability attributable to the District is \$78,882,614. 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, 2015. At June 30, 2015, the state's share of the net pension liability attributable to the District was .12481 percent, which was a decrease of .00131 percent from its proportionate share measured as of June 30, 2014 of .12612 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
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 Study Upon Which Actuarial Assumptions were Based	July 1, 2009 - June 30, 2012

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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	4.13%

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

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

* The municipal bond return rate used is 3.80%. 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 4.13%, 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 (3.13 percent) or 1-percentage-point higher (5.13 percent) than the current rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 93,749,038</u>	<u>\$ 78,882,614</u>	<u>\$ 66,074,300</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2015. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2015 was not provided by the pension system.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program 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 2015.

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.

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

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

Significant Legislation

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

Investment Valuation

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

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the State had a \$65.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$24.4 billion for state active and retired members and \$40.6 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, 2014, 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 BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2015, there were 107,314, retirees receiving post-retirement medical benefits and the State contributed \$1.25 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 \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

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, 2016, 2015 and 2014 were \$1,194,388, \$1,071,159 and \$874,777, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

BUDGETARY COMPARISON SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Budgeted Amounts			Actual	Variance
	Original	Adjustments	Final		Final Budget with Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 28,731,061		\$ 28,731,061	\$ 28,731,061	
Miscellaneous	386,048	-	386,048	601,701	\$ 215,653
Sub-Total Local Sources	29,117,109	-	29,117,109	29,332,762	215,653
State Sources					
Categorical Special Education Aid	964,917		964,917	964,917	-
Equalization Aid	18,383		18,383	18,383	-
Security Aid	39,026		39,026	39,026	-
Transportation Aid	50,831		50,831	50,831	-
Extraordinary Aid	283,000		283,000	239,317	(43,683)
PARCC Readiness Aid	17,030		17,030	17,030	-
Per Pupil Growth Aid	17,030		17,030	17,030	-
Nonpublic Transportation Aid				24,411	24,411
On Behalf TPAF Pension Contribution- (Non-Budgeted)					-
Normal				955,481	955,481
NCGI Premium				47,596	47,596
Post Retirement Medical Contributions				1,194,388	1,194,388
Reimbursed TPAF Social Security Contributions (Non Budgeted)	-	-	-	943,709	943,709
Sub-Total State Sources	1,390,217	-	1,390,217	4,512,119	3,121,902
Federal Sources					
Medicaid Assistance Program (SEMI)	25,252	-	25,252	3,807	(21,445)
Sub-Total Federal Sources	25,252	-	25,252	3,807	(21,445)
Total Revenues	30,532,578	-	30,532,578	33,848,688	3,316,110
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	429,271	\$ (103,505)	325,766	325,766	-
Grades 1-5	3,036,781	(153,833)	2,882,948	2,882,948	-
Grades 6-8	1,294,465	46,666	1,341,131	1,341,126	5
Grades 9-12	2,570,042	(103,170)	2,466,872	2,466,632	240
Regular Programs- Home Instructions					
Salaries of Teachers	40,000	15,741	55,741	55,741	-
Purchased Professional-Educational Services	5,000	(4,252)	748	748	-
Regular Programs- Undistributed Instruction					
Purchased Professional-Educational Services		270,399	270,399	270,399	-
Other Purchased Services	315,091	(2,330)	312,761	311,032	1,729
General Supplies	167,920	(11,007)	156,913	149,140	7,773
Textbooks	100,644	44,099	144,743	142,628	2,115
Other Objects	2,000	1,540	3,540	2,571	969
Total Regular Programs	7,961,214	348	7,961,562	7,948,731	12,831
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	355,827	34,871	390,698	390,156	542
Other Salaries for Instruction	68,564	20,771	89,335	89,335	-
Purchased Professional-Educational Services		72,580	72,580	72,580	-
Other Purchased Services	6,000	(2,765)	3,235	3,230	5
General Supplies	2,400	3,996	6,396	4,534	1,862
Textbooks	-	-	-	-	-
Total Learning and/or Language Disabilities	432,791	129,453	562,244	559,835	2,409
Behavioral Disabilities					
Salaries of Teachers	52,941	(10,750)	42,191	42,191	-
Other Salaries for Instruction	21,782	(14,634)	7,148	7,148	-
General Supplies	5,000	(3,234)	1,766	1,160	606
Total Behavioral Disabilities	79,723	(28,618)	51,105	50,499	606
Multiple Disabilities					
Salaries of Teachers	112,386	(12,222)	100,164	100,164	-
Other Salaries for Instruction	19,368	(9,881)	9,487	9,487	-
General Supplies	3,200	(2,000)	1,200	949	251
Total Multiple Disabilities	134,954	(24,103)	110,851	110,600	251

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room					
Salaries of Teachers	\$ 1,250,410	\$ (2,330)	\$ 1,248,080	\$ 1,248,080	
Other Salaries for Instruction	250,118	(135,927)	114,191	114,191	-
General Supplies	6,117	4,510	10,627	7,927	\$ 2,700
Textbooks	2,975	-	2,975	2,459	516
Total Resource Room	1,509,620	(133,747)	1,375,873	1,372,657	3,216
Autism					
Salaries of Teachers	89,009	(523)	88,486	82,388	6,098
Other Salaries for Instruction	62,932	(7,359)	55,573	55,573	
General Supplies	15,000	(8)	14,992	13,271	1,721
Total Autism Room	166,941	(7,890)	159,051	151,232	7,819
Preschool Disabilities - Part - Time					
Salaries of Teachers	47,710	-	47,710	47,655	55
Other Salaries for Instruction	43,564	52,281	95,845	79,321	16,524
General Supplies	600	-	600	260	340
Total Preschool Handicapped - Part - Time	91,874	52,281	144,155	127,236	16,919
Preschool Disabilities - Full - Time					
Salaries of Teachers	102,382	633	103,015	103,015	
Other Salaries for Instruction	85,111	(34,006)	51,105	42,158	8,947
General Supplies	1,200	8	1,208	1,202	6
Total Preschool Handicapped - Full - Time	188,693	(33,365)	155,328	146,375	8,953
Home Instruction					
Purchased Professional Educational Services	5,000	(3,000)	2,000	785	1,215
Total Home Instruction	5,000	(3,000)	2,000	785	1,215
Total Special Education	2,609,596	(48,989)	2,560,607	2,519,219	41,388
Basic Skills/Remedial					
Salaries of Teachers	291,325	32,806	324,131	324,131	
Supplies	500	-	500	-	500
Total Basic Skills/Remedial	291,825	32,806	324,631	324,131	500
Bilingual Education					
Salaries of Teachers	67,166	94	67,260	67,260	
General Supplies	1,500	-	1,500	1,248	252
Total Bilingual Education	68,666	94	68,760	68,508	252
School Sponsored Co/Extra Curricular Activities					
Salaries	116,210	(16,537)	99,673	96,510	3,163
Supplies		623	623	623	
Other Objects	14,200	4,097	18,297	18,297	-
Total School Sponsored Co/Extra Curricular Activities	130,410	(11,817)	118,593	115,430	3,163
School Sponsored Athletics					
Salaries	275,004	14,216	289,220	288,431	789
Purchased Services	49,000	244	49,244	48,797	447
Supplies and Materials	44,250	1,649	45,899	44,556	1,343
Other Objects	18,500	(1,690)	16,810	16,810	-
Total School Sponsored Athletics	386,754	14,419	401,173	398,594	2,579
Total - Instruction	11,448,465	(13,139)	11,435,326	11,374,613	60,713

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		<u>Final Budget with Actual</u>
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Special	\$ 370,950	\$ 13,944	\$ 384,894	\$ 360,361	\$ 24,533
Tuition to County Vocational School Dist.-Regular	566,100	(108,648)	457,452	457,452	-
Tuition to County Vocational School Dist.-Special	240,192	15,072	255,264	255,264	-
Tuition to CSSD & Regional Day Schools	453,115	41,059	494,174	454,767	39,407
Tuition to Private Schools for the Handicapped - Within State	<u>1,413,069</u>	<u>46,486</u>	<u>1,459,555</u>	<u>1,428,337</u>	<u>31,218</u>
Total Tuition	<u>3,043,426</u>	<u>7,913</u>	<u>3,051,339</u>	<u>2,956,181</u>	<u>95,158</u>
Health Services					
Salaries	346,521	(4,500)	342,021	333,464	8,557
Purchased Prof. and Tech services	17,000	14,115	31,115	29,415	1,700
Other Purchased Services	1,500	(25)	1,475	220	1,255
Supplies and Materials	5,900	119	6,019	5,505	514
Other Objects	<u>2,000</u>	<u>125</u>	<u>2,125</u>	<u>2,125</u>	<u>-</u>
Total Health Services	<u>372,921</u>	<u>9,834</u>	<u>382,755</u>	<u>370,729</u>	<u>12,026</u>
Speech, OT/PT and Related Services					
Salaries	670,066	(17,698)	652,368	652,368	-
Purchased Prof. Ed. Services	320,388	(139,140)	181,248	181,248	-
Supplies and Materials	<u>2,320</u>	<u>-</u>	<u>2,320</u>	<u>2,296</u>	<u>24</u>
Total Speech, OT/PT and Related Services	<u>992,774</u>	<u>(156,838)</u>	<u>835,936</u>	<u>835,912</u>	<u>24</u>
Other Support Services - Students - Extra. Serv.					
Salaries	481,801	92,212	574,013	574,013	-
Purchased Professional-Educational Services	<u>309,921</u>	<u>61,824</u>	<u>371,745</u>	<u>364,965</u>	<u>6,780</u>
Total Other Support Services - Students - Extra Serv.	<u>791,722</u>	<u>154,036</u>	<u>945,758</u>	<u>938,978</u>	<u>6,780</u>
Guidance					
Salaries of Other Professional Staff	609,927	11,796	621,723	621,723	-
Salaries of Secretarial and Clerical Assistants	128,097	-	128,097	127,647	450
Purchased Prof. and Tech services	2,500	(1,410)	1,090	1,090	-
Other Purchased Services	26,995	(582)	26,413	26,413	-
Supplies and Materials	16,140	481	16,621	16,621	-
Other Objects	<u>120</u>	<u>470</u>	<u>590</u>	<u>590</u>	<u>-</u>
Total Guidance	<u>783,779</u>	<u>10,755</u>	<u>794,534</u>	<u>794,084</u>	<u>450</u>
Child Study Team					
Salaries of Other Professional Staff	719,189	(6,194)	712,995	712,995	-
Salaries of Secretarial and Clerical Assistants	64,717	(11,758)	52,959	52,959	-
Purchased Prof. - Ed. Services	10,000	6,547	16,547	16,547	-
Purchased Prof. and Tech services	-	5,280	5,280	3,465	1,815
Other Purchased Services	1,500	347	1,847	802	1,045
Supplies and Materials	<u>10,000</u>	<u>4,871</u>	<u>14,871</u>	<u>14,871</u>	<u>-</u>
Total Child Study Team	<u>805,406</u>	<u>(907)</u>	<u>804,499</u>	<u>801,639</u>	<u>2,860</u>
Improvement of Instructional Svcs/ Other Support					
Svcs - Instructional Staff					
Salaries of Supervisor of Instruction	325,964	-	325,964	294,755	31,209
Salaries of Other Professional Staff	40,000	(23,311)	16,689	10,200	6,489
Other Salaries	3,000	5,025	8,025	8,025	-
Other Purchased Services	-	6,500	6,500	6,260	240
Supplies and Materials	6,500	(6,500)	-	-	-
Other Objects	<u>-</u>	<u>2,188</u>	<u>2,188</u>	<u>2,188</u>	<u>-</u>
Total Improvement of Instructional Svcs	<u>375,464</u>	<u>(16,098)</u>	<u>359,366</u>	<u>321,428</u>	<u>37,938</u>

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 105,116	\$ (26,533)	\$ 78,583	\$ 61,857	\$ 16,726
Other Purchased Services	2,112	(962)	1,150	1,150	-
Supplies and Materials	38,600	(5,182)	33,418	31,279	2,139
Other Objects	9,738	-	9,738	9,093	645
Total Educational Media Services/School Library	155,566	(32,677)	122,889	103,379	19,510
Instructional Staff Training Services					
Salaries of Other Professional Staff	94,172	4,920	99,092	99,092	-
Other Salaries	2,500	1,234	3,734	1,234	2,500
Purchased Prof.-Ed. Services	6,000	13,750	19,750	19,750	-
Other Purchased Services	28,000	(13,263)	14,737	5,762	8,975
Supplies and Materials	-	3,145	3,145	3,145	-
Total Instructional Staff Training Services	130,672	9,786	140,458	128,983	11,475
Support Services General Administration					
Salaries	296,902	(35,538)	261,364	259,664	1,700
Legal Services	69,000	-	69,000	64,461	4,539
Audit Fees	32,000	29,148	61,148	35,048	26,100
Other Purchased Professional Services	3,000	-	3,000	2,445	555
Communications/Telephone	127,250	13,555	140,805	134,552	6,253
BOE Other Purchased Services	-	3,383	3,383	3,383	-
Other Purchased Services	51,700	8,466	60,166	58,465	1,701
General Supplies	5,000	29,307	34,307	2,673	31,634
BOE In-House Training/Meeting Supplies	2,000	167	2,167	1,659	508
Miscellaneous Expenditures	3,300	1,589	4,889	4,864	25
BOE Membership Dues and Fees	15,600	(2,473)	13,127	13,127	-
Total Support Services General Administration	605,752	47,604	653,356	580,341	73,015
Support Services School Administration					
Salaries of Principals/Asst. Principals	874,133	(41,374)	832,759	832,174	585
Salaries of Secretarial and Clerical Assistants	265,832	(12,057)	253,775	253,775	-
Purchased Professional & Technical Services	-	20,000	20,000	14,296	5,704
Other Purchased Services	27,742	(5,781)	21,961	18,044	3,917
Supplies and Materials	55,944	(7,518)	48,426	36,787	11,639
Other Objects	15,900	(2,081)	13,819	13,819	-
Total Support Services School Administration	1,239,551	(48,811)	1,190,740	1,168,895	21,845
Central Services					
Salaries	328,225	2,450	330,675	330,675	-
Purchased Professional Services	21,500	23,065	44,565	44,565	-
Purchased Technical Services	9,300	(3,342)	5,958	5,208	750
Miscellaneous Purchased Services	27,750	7,795	35,545	35,545	-
Supplies and Materials	10,000	(1,387)	8,613	6,629	1,984
Other Objects	1,215	170	1,385	1,385	-
Total Central Services	397,990	28,751	426,741	424,007	2,734
Admin. Info. Tech.					
Salaries	-	-	-	-	-
Purchased Technical Services	125,000	10,000	135,000	135,000	-
Other Purchased Services	-	-	-	-	-
Other Objects	52,275	8,075	60,350	60,350	-
Total Admin. Info. Tech.	177,275	18,075	195,350	195,350	-
Interest Earned on Maintenance Reserve					
-	-	-	-	-	-
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	216,415	214,688	431,103	383,278	47,825
General Supplies	23,000	(12,288)	10,712	10,712	-
Other Objects	5,000	(4,140)	860	860	-
Total Required Maintenance for School Facilities	244,415	198,260	442,675	394,850	47,825

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		<u>Final Budget with Actual</u>
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 1,150,826	\$ 19,899	\$ 1,170,725	\$ 1,157,206	\$ 13,519
Salaries of Non-Instructional Aides	97,700	(7,251)	90,449	90,449	
Purchased Professional & Technical Services	11,000	15,170	26,170	26,170	
Cleaning, Repair and Maint. Services	52,000	83,167	135,167	82,528	52,639
Insurance	188,000	(5,882)	182,118	182,118	
Travel	1,500	-	1,500	251	1,249
Miscellaneous Purchased Services		500	500	61	439
General Supplies	77,500	19,759	97,259	97,259	
Energy - Natural Gas	180,000	(59,548)	120,452	120,452	
Energy - Electricity	379,000	(72,158)	306,842	306,842	
Other Objects	1,000	210	1,210	710	500
Total Custodial Services	2,138,526	(6,134)	2,132,392	2,064,046	68,346
Care and Upkeep of Grounds					
Salaries	32,555	402	32,957	32,957	
Cleaning, Repair and Maint. Svc	49,000	(5,219)	43,781	37,801	5,980
General Supplies	21,000	(13,255)	7,745	7,745	
Total Care and Upkeep of Grounds	102,555	(18,072)	84,483	78,503	5,980
Student Transportation Services					
Salaries for Pupil Transportation (Other Than Between Home and School)	198,655	38,345	237,000	237,000	
Cleaning, Repair and Maintenance Services	20,000	(6,410)	13,590	10,396	3,194
Lease Purchase Payments	24,139	-	24,139	24,139	
Contracted Services (Other Than Between Home and School) - Vendors	1,000	1,815	2,815	2,815	
Contracted Services (Between Home and School) - Vendors	212,000	(31,299)	180,701	175,906	4,795
Contracted Services (Special Ed Students) - Vendors	8,000	7,679	15,679	15,679	
Contracted Services (Special Ed Students) -Joint Agreements	550,000	94,955	644,955	638,535	6,420
Contracted Services - Aid in Lieu of Payments	101,660	(12,376)	89,284	87,035	2,249
Transportation Supplies	25,000	(13,906)	11,094	11,094	
Other Objects	1,775	850	2,625	1,962	663
Total Student Transportation Services	1,142,229	79,653	1,221,882	1,204,561	17,321
Unallocated Benefits					
DCRP		4,659	4,659	4,659	
Social Security	350,000	(8,306)	341,694	341,694	
Other Retirement Contributions - PERS	335,000	14,095	349,095	349,095	
Unemployment Compensation	10,000	-	10,000	10,000	
Workmen's Compensation	194,000	(1,893)	192,107	192,107	
Health Benefits	4,205,250	(416,971)	3,788,279	3,701,541	86,738
Tuition Reimbursement	55,000	450	55,450	50,554	4,896
Other Employee Benefits	40,000	90,090	130,090	130,090	
Total Unallocated Benefits	5,189,250	(317,876)	4,871,374	4,779,740	91,634
On Behalf TPAF Pension Contributions- (Non-Budgeted)					
Normal				955,481	(955,481)
NCGI Premium				47,596	(47,596)
Post Retirement Medical Contribution				1,194,388	(1,194,388)
On Behalf TPAF Social Security Contribution (Non Budgeted)	-	-	-	943,709	(943,709)
Total On-Behalf Contributions	-	-	-	3,141,174	(3,141,174)
Total Undistributed Expenditures	18,689,273	(32,746)	18,656,527	21,282,780	(2,626,253)
Total Current Expenditures	30,137,738	(45,885)	30,091,853	32,657,393	(2,565,540)

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

EXHIBIT C-1

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	\$ 500	-	\$ 500	-	\$ 500
Equipment					
Regular Programs					
Central Services		\$ 2,291	2,291	\$ 2,285	6
Required Maintenance for School Facilities	15,000	18,323	33,323	19,524	13,799
Custodial Services		6,829	6,829	6,829	-
Upkeep of Grounds	-	30,112	30,112	17,155	12,957
Total Undistributed Expenditures	15,000	57,555	72,555	45,793	26,762
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	50,619	-	50,619	50,619	-
Total Facilities Acquisition and Construction Services	50,619	-	50,619	50,619	-
Capital Assets Acquired under Capital Lease (Non-Budget)					
Computer Upgrade	-	-	-	140,555	(140,555)
Total Capital Assets Acquired under Capital Lease (Non-Budget)	-	-	-	140,555	(140,555)
Total Capital Outlay	66,119	57,555	123,674	236,967	(113,293)
Transfers to Charter School	328,721	74,530	403,251	374,424	28,827
Total Expenditures	30,532,578	86,200	30,618,778	33,268,784	(2,650,006)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(86,200)	(86,200)	579,904	666,104
Other Financing Sources(Uses)					
Capital Leases (Non-Budget)				140,555	140,555
Transfer Out	-	-	-	(44,461)	(44,461)
Total Other Financing Sources(Uses)	-	-	-	96,094	96,094
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Sources (Uses)	-	(86,200)	(86,200)	675,998	762,198
Fund Balances, Beginning of Year	1,833,927	-	1,833,927	1,833,927	-
Fund Balances, End of Year	\$ 1,833,927	\$ (86,200)	\$ 1,747,727	\$ 2,509,925	\$ 762,198
Recapitulation					
Restricted Fund Balance:					
Excess Surplus				\$ 135,240	
Excess Surplus- Designated for Subsequent Year's Expenditures				264,791	
Capital Reserve				445,622	
Capital Reserve- Designated for Subsequent Year's Expenditures				782,000	
Assigned Fund Balance:					
Year-end Encumbrances				207,231	
Designated for Subsequent Year's Expenditures				50,000	
Unassigned Fund Balance					
				625,041	
				2,509,925	
Reconciliation to Governmental Fund Statements (GAAP)					
Last two State Aid Payments				(65,342)	
Extraordinary Aid Payment				(239,317)	
Fund Balances per Governmental Funds (GAAP)				\$ 2,205,266	

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Final Budget with Actual</u>
			<u>Adjustments</u>		
REVENUES					
Intergovernmental					
Local		\$ 45,242	\$ 45,242	\$ 40,209	\$ (5,033)
State	\$ 7,000	2,262	9,262	4,385	(4,877)
Federal	483,000	208,363	691,363	655,391	(35,972)
Total Revenues	\$ 490,000	\$ 255,867	\$ 745,867	\$ 699,985	\$ (45,882)
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 90,000	\$ 66,154	\$ 156,154	\$ 140,182	\$ 15,972
Purchased Prof. and Technical Services		1,500	1,500	-	1,500
Tuition	360,000	38,835	398,835	398,835	
General Supplies		87,441	87,441	84,600	2,841
Textbooks	1,000	(29)	971	849	122
Total Instruction	451,000	193,901	644,901	624,466	20,435
Support Services					
Other Salaries	3,000	(1,470)	1,530	1,530	-
Personal Services-Employee Benefits		40,542	40,542	40,542	-
Purchased Professional/Technical Services		12,484	12,484	11,356	1,128
Other Purchased Services	3,000	4,276	7,276	-	7,276
Travel	33,000	5,634	38,634	21,591	17,043
Supplies and Materials	-	500	500	500	-
Total Support Services	39,000	61,966	100,966	75,519	25,447
Total Expenditures	490,000	255,867	745,867	699,985	45,882
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**SADDLE BROOK BOARD OF EDUCATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 33,848,688	\$ 699,985
Difference- Budget to GAAP		
State Aid payment and Extraordinary Aid (2014/2015) recognized for GAAP purposes, not recognized for budgetary statements.	380,905	
Difference - Budget to GAAP:		
State Aid payment and Extraordinary Aid (2015/2016) recognized for budgetary purposes not recognized for GAAP statements	<u>(304,659)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 33,924,934</u>	<u>\$ 699,985</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 33,268,784	\$ 699,985
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 33,268,784</u>	<u>\$ 699,985</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03861 %	0.03880 %	0.05007 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 8,666,481	\$ 7,264,044	\$ 9,551,078
District's Covered-Employee Payroll	\$ 2,534,706	\$ 2,616,572	\$ 2,500,603
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	341.9 %	277.6 %	382.0 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	47.93%	52.08%	48.72%

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

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

**SADDLE BROOK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 349,095	\$ 337,940	\$ 276,809
Contributions in Relation to the Contractually Required Contribution	<u>349,095</u>	<u>337,940</u>	<u>276,809</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,534,706	\$ 2,616,572	\$ 2,500,603
Contributions as a Percentage of Covered-Employee Payroll	14 %	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 BROOK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	0 %	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 78,882,614</u>	<u>\$ 67,404,965</u>	<u>\$ 61,071,128</u>
Total	<u>\$ 78,882,614</u>	<u>\$ 67,404,965</u>	<u>\$ 61,071,128</u>
District's Covered-Employee Payroll	<u>\$ 12,460,264</u>	<u>\$ 12,232,668</u>	<u>\$ 11,975,438</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0 %	0 %	0 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

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

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

**SADDLE BROOK 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, 2016**

Change of Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Title I</u>	<u>Title II A</u>	<u>IDEIA Basic Reg. Prog.</u>	<u>IDEA Preschool</u>	<u>Local Programs</u>	<u>Totals Exhibit E-1A</u>	<u>Total</u>
REVENUES							
Intergovernmental							
Local					\$ 40,209		\$ 40,209
State						\$ 4,385	4,385
Federal	\$ 235,730	\$ 20,826	\$ 383,704	\$ 15,131	-	-	655,391
Total Revenues	<u>\$ 235,730</u>	<u>\$ 20,826</u>	<u>\$ 383,704</u>	<u>\$ 15,131</u>	<u>\$ 40,209</u>	<u>\$ 4,385</u>	<u>\$ 699,985</u>
EXPENDITURES							
Instruction							
Salaries of Teachers	\$ 135,182				\$ 5,000		\$ 140,182
Purchased Prof. and Technical Services							-
Tuition			\$ 383,704	\$ 15,131			398,835
General Supplies	50,406				34,194		84,600
Textbooks	-	-	-	-	-	\$ 849	849
Total Instruction	<u>185,588</u>	<u>-</u>	<u>383,704</u>	<u>15,131</u>	<u>39,194</u>	<u>849</u>	<u>624,466</u>
Support Services							
Other Salaries						1,530	1,530
Personal Services Employee-Benefits	40,542					-	40,542
Purchased Prof. and Technical Services	9,600					1,756	11,356
Other Purchased Services						-	-
Travel		\$ 20,826			765	-	21,591
Supplies and Materials	-	-	-	-	250	250	500
Total Support Services	<u>50,142</u>	<u>20,826</u>	<u>-</u>	<u>-</u>	<u>1,015</u>	<u>3,536</u>	<u>75,519</u>
Total Expenditures	<u>\$ 235,730</u>	<u>\$ 20,826</u>	<u>\$ 383,704</u>	<u>\$ 15,131</u>	<u>\$ 40,209</u>	<u>\$ 4,385</u>	<u>\$ 699,985</u>

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Ch 192/193</u> <u>Comp</u> <u>Ed</u>	<u>Non-Public</u> <u>Nursing</u>	<u>Non-Public</u> <u>Textbooks</u>	<u>Non-Public</u> <u>Security</u>	<u>Total</u> <u>Exhibit E-1A</u>
REVENUES					
Intergovernmental					
Local					
State	\$ 1,756	\$ 1,530	\$ 849	\$ 250	\$ 4,385
Federal	-	-	-	-	-
Total Revenues	<u>\$ 1,756</u>	<u>\$ 1,530</u>	<u>\$ 849</u>	<u>\$ 250</u>	<u>\$ 4,385</u>
EXPENDITURES					
Instruction					
Salaries of Teachers					
Purchased Prof. and Technical Services					
Other Purchased Services					
General Supplies					
Textbooks	-	-	\$ 849	-	\$ 849
Total Instruction	<u>-</u>	<u>-</u>	<u>849</u>	<u>-</u>	<u>849</u>
Support Services					
Other Salaries					
Personal Services Employee-Benefits					
Purchased Prof. and Technical Services	\$ 1,756				1,756
Other Purchased Services					
Travel					
Supplies and Materials	-	-	-	\$ 250	250
Total Support Services	<u>1,756</u>	<u>1,530</u>	<u>-</u>	<u>250</u>	<u>3,536</u>
Total Expenditures	<u>\$ 1,756</u>	<u>\$ 1,530</u>	<u>\$ 849</u>	<u>\$ 250</u>	<u>\$ 4,385</u>

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Year</u>	<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures</u>			<u>Balance, June 30, 2016</u>
			<u>Prior Year</u>	<u>Current Year</u>	<u>Cancellation</u>	
2002	Franklin Elementary School, Helen I. Smith Elementary School and Long Memorial Elementary School and Renovation and Upgrade of the High School	\$ 24,443,030 *	\$ 24,369,116		\$ 482	\$ 73,432
2014/15	HVAC Project at the Middle/High School and Elementary Schools	474,600	455,905			18,695
2014/15	Various Facility Improvements to the Middle/High School and Elementary Schools	4,936,625	1,130,611	\$ 1,819,069		1,986,945
2015/16	Boiler and Bathroom Renovations at Smith School and Track Upgrades	782,000	-	55,051	-	726,949
		<u>\$ 30,636,255</u>	<u>\$ 25,955,632</u>	<u>\$ 1,874,120</u>	<u>\$ 482</u>	<u>\$ 2,806,021</u>

Reconciliation to GAAP Basis

*- Modified for an additional referendum costs of \$5,900,000	Project Balances	\$ 2,806,021
	Less Unearned Revenue:	
	Local Share on 2016-17 Project	(782,000)
	Unfunded- Amount not Realized on SDA Grant	(11)
	Debt Authorized, Not Issued	(393)
	Fund Balance (GAAP)	<u>\$ 2,023,617</u>

Reconciliation to Fund Balance

Reserve for Encumbrances	\$ 2,108,436
Available for Capital Projects	<u>(84,819)</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 2,023,617</u>

**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Revenues and Other Financing Sources

	\$ 517,061
SDA Revenue	44,461
Transfer from Capital Reserve	240,299
Transfer from Food Service	<u>20,208</u>
Interest Earned on Investments	822,029
	<u>822,029</u>
Total Revenues and Other Financing Sources	

Expenditures and Other Financing Uses

Purchased Professional and	147,646
Technical Services	1,673,430
Construction Services	53,044
Supplies and Equipment	<u>20,208</u>
Transfer to Debt Service Fund	1,894,328
	<u>1,894,328</u>

Total Expenditures and Other Financing Uses

Excess (deficiency) or Revenues and other Financing Sources over (under) Expenditures and Other Financing Uses	<u>(1,072,299)</u>
---	--------------------

Fund Balance- Beginning of Year	<u>-</u>
---------------------------------	----------

Fund Balance- Ending of Year	<u><u>\$ 2,023,617</u></u>
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Reconciliation fo GAAP

Fund Balance, End of Year - Budgetary Basis	<u>\$ 2,023,617</u>
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Fund Balance, End of Year - GAAP	<u><u>\$ 2,023,617</u></u>
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**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-
BUDGETARY BASIS
RENOVATION AND UPGRADE OF THE HIGH SCHOOL, FRANKLIN ELEMENTARY SCHOOL, HELEN I
SMITH SCHOOL AND LONG MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grants	\$ 5,264,548		\$ 5,264,548	\$ 5,264,548
Bond Proceeds	19,178,000		19,178,000	19,178,482
	<hr/>		<hr/>	
Total Revenues	24,442,548	-	24,442,548	24,443,030
	<hr/>		<hr/>	
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	3,010,840		3,010,840	3,010,840
Construction Services	21,062,191		21,062,191	21,136,105
Equipment/Supply Purchases	296,085	-	296,085	296,085
	<hr/>		<hr/>	
Total Expenditures	24,369,116	-	24,369,116	24,443,030
	<hr/>		<hr/>	
Excess (deficiency) or revenues over (under) expenditures	\$ 73,432	\$ -	\$ 73,432	\$ -
	<hr/>		<hr/>	
Additional project information:				
Project Number	4610-050-02-0362	4610-080-02-0363	4610-085-02-0364	
	4610-090-02-0365	4610-050-02-0282		
Grant Date	5/12/03			
Bond Authorization Date	4/02 and 1/27/04			
Bonds Authorized	\$ 19,178,482			
Bonds Issued	\$ 19,178,000			
Original Authorized Cost	\$ 18,543,030			
Additional Authorized Cost	\$ 5,900,000			
Revised Authorized Cost	\$ 24,443,030			
Percentage Increase over Original Authorized Cost	32%			
Percentage completion	100%			
Original target completion date	12/1/05			
Revised target completion date	12/1/06			

**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-
BUDGETARY BASIS
HVAC PROJECT AT THE MIDDLE/HIGH SCHOOL AND ELEMENTARY SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Other Funds		\$ 284,760	\$ 284,760	\$ 284,760
State Sources - SDA Grants		189,840	189,840	189,840
Total Revenues	-	474,600	474,600	474,600
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	\$ 34,305		34,305	38,000
Construction Services	421,600		421,600	436,600
Total Expenditures	455,905	-	455,905	474,600
Excess (deficiency) or revenues over (under) expenditures	<u>\$ (455,905)</u>	<u>\$ 474,600</u>	<u>\$ 18,695</u>	<u>\$ -</u>
Additional project information:				
Project Number	4610-080-14-61HK 4610-085-14-G1HL		4610-090-14-G1HM 4610-050-14-G2ZH	
Grant Date	1/1/2016			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 474,600			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 474,600			
Percentage Increase over Original Authorized Cost		0%		
Percentage completion		100%		
Original target completion date	12/31/15			
Revised target completion date	12/31/15			

**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-
BUDGETARY BASIS
VARIOUS FACILITY IMPROVEMENTS AT THE HIGH SCHOOL, FRANKLIN ELEMENTARY SCHOOL, HELEN I
SMITH SCHOOL AND LONG MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grants		\$ 327,221	\$ 327,221	\$ 327,232
Bond Proceeds	\$ 4,609,000		4,609,000	4,609,393
Total Revenues	<u>4,609,000</u>	<u>327,221</u>	<u>4,936,221</u>	<u>4,936,625</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	226,964	109,554	336,518	450,000
Construction Services	902,910	1,656,471	2,559,381	4,485,625
Equipment/Supply Purchases	737	53,044	53,781	1,000
Total Expenditures	<u>1,130,611</u>	<u>1,819,069</u>	<u>2,949,680</u>	<u>4,936,625</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 3,478,389</u>	<u>\$ (1,491,848)</u>	<u>\$ 1,986,541</u>	<u>\$ -</u>
Additional project information:				
Project Number	4610-080-14-61HK		4610-090-14-G1HM	
	4610-085-14-G1HL		4610-050-14-G2ZH	
Grant Date	1/1/2016			
Bond Authorization Date	12/9/14			
Bonds Authorized	\$ 4,609,393			
Bonds Issued	\$ 4,609,000			
Original Authorized Cost	\$ 4,936,625			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 4,936,625			
Percentage Increase over Original				
Authorized Cost	0%			
Percentage completion	75%			
Original target completion date	8/31/16			
Revised target completion date	8/31/16			

**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-
BUDGETARY BASIS
BATHROOM AND BOILER UPGRADES AT THE HELEN I SMITH ELEMENTARY SCHOOL AND
TRACK IMPROVEMENTS AT THE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Other Funds	_____	_____	_____	\$ 782,000
Total Revenues	-	-	-	782,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	_____	\$ 38,092	\$ 38,092	56,000
Construction Services	_____	16,959	16,959	726,000
Equipment/Supply Purchases	_____	-	-	-
Total Expenditures	-	55,051	55,051	782,000
Excess (deficiency) or revenues over (under) expenditures	\$ -	\$ (55,051)	\$ (55,051)	\$ -
Additional project information:				
Project Number	Not Applicable			
Grant Date	None			
Bond Authorization Date	Not Applicable			
Bonds Authorized	None			
Bonds Issued	None			
Original Authorized Cost	\$ 782,000			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 782,000			
Percentage Increase over Original				
Authorized Cost	0%			
Percentage completion	0%			
Original target completion date	12/31/16			
Revised target completion date	12/31/16			

PROPRIETARY FUNDS

**SADDLE BROOK BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

SCHEDULE G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

SCHEDULE G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

EXHIBIT G-4

**SADDLE BROOK BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-5

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**SADDLE BROOK BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2016**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 150,857	\$ 179,580	\$ 330,437
Total Assets	<u>\$ 150,857</u>	<u>\$ 179,580</u>	<u>\$ 330,437</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 178,342	\$ 178,342
Accrued Salaries & Wages		278	278
Flex Benefit Benefits		960	960
Due to Student Groups	\$ 150,857	-	150,857
Total Liabilities	<u>\$ 150,857</u>	<u>\$ 179,580</u>	<u>\$ 330,437</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**SADDLE BROOK BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2016</u>
ELEMENTARY SCHOOLS				
Franklin School	\$ 568	\$ 11,430	\$ 11,391	\$ 607
Long Memorial School	3,559	18,147	11,913	9,793
Helen I. Smith School	<u>3,225</u>	<u>9,373</u>	<u>10,474</u>	<u>2,124</u>
Total Elementary Schools	<u>7,352</u>	<u>38,950</u>	<u>33,778</u>	<u>12,524</u>
High School/Middle School Athletic Account				
	128,509	153,713	143,903	138,319
	<u>1,829</u>	<u>50,529</u>	<u>52,344</u>	<u>14</u>
Total All Schools	<u>\$ 137,690</u>	<u>\$ 243,192</u>	<u>\$ 230,025</u>	<u>\$ 150,857</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	Balance, July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2016</u>
Payroll Deductions and Withholdings	\$ 155,006	\$ 8,755,442	\$ 8,732,106	\$ 178,342
Accrued Salaries and Wages	278	10,593,171	10,593,171	278
Flex Spending	2,488	12,516	14,044	960
Due to Other Funds	<u>8,989</u>	<u>-</u>	<u>8,989</u>	<u>-</u>
Total	<u>\$ 166,761</u>	<u>\$ 19,361,129</u>	<u>\$ 19,348,310</u>	<u>\$ 179,580</u>

LONG-TERM DEBT

**SADDLE BROOK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Decreased</u>	<u>Balance, June 30, 2016</u>
Refunding Bonds	12/29/2009	\$ 9,030,000	8/15/2016	\$ 820,000	3.00-4.00%			
			8/15/2017	850,000				
			8/15/2018-19	860,000				
			8/15/2020	855,000				
			8/15/2021	840,000				
			8/15/2022	825,000				
						\$ 6,705,000	\$ 795,000	\$ 5,910,000
Pension Refunding Bonds	8/23/2012	2,955,000	7/15/17-18	160,000	5.00-5.75%			
			7/15/2019	165,000				
			7/15/2020	170,000				
			7/15/2021	175,000				
			7/15/2022	180,000				
			7/15/2023	185,000				
			7/15/2024	190,000				
			7/15/2025	200,000				
			7/15/2026	210,000				
			7/15/2027	220,000				
			7/15/2028	230,000				
			7/15/2029	240,000				
						2,645,000	160,000	2,485,000
Refunding Bonds	8/23/2012	3,530,000	2/15/2017	320,000	4.25-4.375%			
			2/15/2018	335,000				
			2/15/2019	345,000				
			2/15/2020	360,000				
			2/15/2021	375,000				
			2/15/2022	390,000				
			2/15/2023-24	400,000				
						3,230,000	305,000	2,925,000
School Improvements	6/23/2015	4,609,000	2/15/2017	175,000	2.00-3.00%			
			2/15/2018	320,000				
			2/15/2019	325,000				
			2/15/2020	330,000				
			2/15/2021	335,000				
			2/15/2022	340,000				
			2/15/2023-25	345,000				
			2/15/2026-29	350,000				
2/15/2030	349,000							
						4,609,000	-	4,609,000
						<u>\$ 17,189,000</u>	<u>\$ 1,260,000</u>	<u>\$ 15,929,000</u>

**SADDLE BROOK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2016</u>
Phone and Computer Wiring Upgrade	\$ 209,825	2.10%	\$ 84,775		\$ 41,947.0	\$ 42,828
2012/2013 Technology Equipment	134,253	2.10%	33,905		33,905	-
Interactive Projectors	263,397	2.10%	106,419		52,657	53,762
2013/2014 Technology Equipment	147,093	2.10%	73,531		36,383	37,148
School Bus Lease	92,156	3.20%	68,017		21,962	46,055
2014/2015 Technology Equipment	150,230	3.49%	110,715		35,644	75,071
2015/2016 Technology Equipment	140,555	2.57%	-	\$ 140,555	36,487	104,068
			<u>\$ 477,362</u>	<u>\$ 140,555</u>	<u>\$ 258,985</u>	<u>\$ 358,932</u>

**SADDLE BROOK BOARD OF EDUCATION
LONG TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget with Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,705,944	-	\$ 1,705,944	\$ 1,705,944	-
Total Revenues	<u>1,705,944</u>	<u>-</u>	<u>1,705,944</u>	<u>1,705,944</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Interest	445,945		445,945	445,945	
Principal	<u>1,260,000</u>	<u>-</u>	<u>1,260,000</u>	<u>1,260,000</u>	<u>-</u>
Total Expenditures	<u>1,705,945</u>	<u>-</u>	<u>1,705,945</u>	<u>1,705,945</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Other Financing Sources/(Uses)					
Transfer-In	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,208</u>	<u>\$ 20,208</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under Expenditures and Other Financing Sources/(Uses)	<u>(1)</u>	<u>-</u>	<u>(1)</u>	<u>20,207</u>	<u>20,208</u>
Fund Balances, Beginning of Year	<u>1,127</u>	<u>-</u>	<u>1,127</u>	<u>1,127</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,126</u>	<u>\$ -</u>	<u>\$ 1,126</u>	<u>\$ 21,334</u>	<u>\$ 20,208</u>
<u>Analysis of Fund Balance</u>					
Available for Future Debt Service Expenses				\$ 20,208	
Designated for Subsequent Years Expenditure				<u>1,126</u>	
				<u>\$ 21,334</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012 (1)	2013	2014 (2)	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 9,850,201	\$ 10,867,093	\$ 10,815,202	\$ 10,907,588	\$ 10,571,247	\$ 10,633,082	\$ 11,584,587	\$ 12,219,781	\$ 13,285,344	\$ 13,325,442
Restricted			150,001	151,066	151,066	557,869	582,557	406,245	852,338	1,212,600
Unrestricted	<u>(3,617,015)</u>	<u>(4,151,597)</u>	<u>(4,275,663)</u>	<u>(4,411,210)</u>	<u>(3,146,960)</u>	<u>(2,560,621)</u>	<u>(3,047,648)</u>	<u>(12,691,298)</u>	<u>(12,700,774)</u>	<u>(11,252,684)</u>
Total Governmental Activities Net Position	<u>\$ 6,233,186</u>	<u>\$ 6,715,496</u>	<u>\$ 6,689,540</u>	<u>\$ 6,647,444</u>	<u>\$ 7,575,353</u>	<u>\$ 8,630,330</u>	<u>\$ 9,119,496</u>	<u>\$ (65,272)</u>	<u>\$ 1,436,908</u>	<u>\$ 3,285,358</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 1,329				\$ 44,126	\$ 70,867	\$ 86,582	\$ 80,164	\$ 77,931	\$ 71,968
Unrestricted	<u>195,320</u>	<u>\$ 189,902</u>	<u>\$ 134,601</u>	<u>\$ 160,068</u>	<u>288,621</u>	<u>438,869</u>	<u>584,111</u>	<u>687,093</u>	<u>467,341</u>	<u>254,008</u>
Total Business-Type Activities Net Position	<u>\$ 196,649</u>	<u>\$ 189,902</u>	<u>\$ 134,601</u>	<u>\$ 160,068</u>	<u>\$ 332,747</u>	<u>\$ 509,736</u>	<u>\$ 670,693</u>	<u>\$ 767,257</u>	<u>\$ 545,272</u>	<u>\$ 325,976</u>
District-Wide										
Net Investment in Capital Assets	\$ 9,851,530	\$ 10,867,093	\$ 10,815,202	\$ 10,907,588	\$ 10,615,373	\$ 10,703,949	\$ 11,671,169	\$ 12,299,945	\$ 13,363,275	\$ 13,397,410
Restricted	-	-	150,001	151,066	151,066	557,869	582,557	406,245	852,338	1,212,600
Unrestricted	<u>(3,421,695)</u>	<u>(3,961,695)</u>	<u>(4,141,062)</u>	<u>(4,251,142)</u>	<u>(2,858,339)</u>	<u>(2,121,752)</u>	<u>(2,463,537)</u>	<u>(12,004,205)</u>	<u>(12,233,433)</u>	<u>(10,998,676)</u>
Total District Net Position	<u>\$ 6,429,835</u>	<u>\$ 6,905,398</u>	<u>\$ 6,824,141</u>	<u>\$ 6,807,512</u>	<u>\$ 7,908,100</u>	<u>\$ 9,140,066</u>	<u>\$ 9,790,189</u>	<u>\$ 701,985</u>	<u>\$ 1,982,180</u>	<u>\$ 3,611,334</u>

Source: District Financial Records

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

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" and for corrections of the capital assets.

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 9,723,082	\$ 10,566,470	\$ 10,329,339	\$ 10,801,662	\$ 10,872,972	\$ 11,351,485	\$ 11,962,134	\$ 12,048,752	\$ 13,052,983	\$ 14,493,146
Special Education	5,175,528	5,192,124	5,261,798	5,836,857	5,534,331	6,786,763	6,837,218	6,896,661	7,069,375	7,508,957
Community Services	5,290	1,663	-	-	-	-	-	-	-	-
Other Instruction	873,852	741,049	776,824	783,583	1,110,155	787,007	849,883	853,366	870,994	915,587
School Sponsored Activities And Athletics	607,520	554,531	589,333	571,318	573,864	606,482	576,247	650,225	763,574	905,379
Support Services:										
Student & Instruction Related Services	3,219,712	3,557,278	3,528,991	3,834,248	3,969,839	4,201,866	4,655,461	4,818,320	6,385,729	7,312,644
Educational Media/School Library	258,245	271,835	256,357	210,472	240,492	249,830	169,616	180,622	206,409	154,639
General Administration	509,972	589,554	626,648	755,767	676,167	671,312	730,165	668,506	812,107	828,035
School Administrative Services	1,354,223	1,479,917	1,570,586	1,677,275	1,758,338	1,617,711	1,602,154	1,653,247	1,941,042	2,169,252
Central Services	583,812	589,244	599,651	627,871	641,502	626,992	670,372	732,490	746,421	755,517
Plant Operations And Maintenance	2,663,820	2,855,477	3,023,296	3,193,573	2,934,321	2,844,156	3,155,476	3,259,360	3,263,019	3,174,210
Pupil Transportation	917,267	931,405	1,058,101	1,083,966	956,650	877,950	1,062,029	1,099,945	1,116,615	1,296,918
Interest On Long-Term Debt	892,565	931,016	889,949	851,707	689,810	886,699	752,752	600,608	534,472	562,191
Total Governmental Activities Expenses	26,784,888	28,261,563	28,510,873	30,228,299	29,958,441	31,508,253	33,023,507	33,462,102	36,762,740	40,076,475
Business-Type Activities:										
Food Service	556,797	509,221	509,710	491,412	504,520	461,322	400,397	449,462	477,628	554,745
Community School	608,143	612,880	629,930	557,852	353,825	364,493	399,150	432,793	333,191	372,345
Total Business-Type Activities Expense	1,164,940	1,122,101	1,139,640	1,049,264	858,345	825,815	799,547	882,255	810,819	927,090
Total District Expenses	\$ 27,949,828	\$ 29,383,664	\$ 29,650,513	\$ 31,277,563	\$ 30,816,786	\$ 32,334,068	\$ 33,823,054	\$ 34,344,357	\$ 37,573,559	\$ 41,003,565

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular Instruction								\$ 11,600	\$ 90,450	\$ 66,064
Special Education	\$ 428,179	\$ 201,625	\$ 97,847	\$ 63,220	\$ 9,600	\$ 21,350	\$ 166,678	78,638	78,130	48,763
Plant Operations And Maintenance								132,960	163,230	174,714
Operating Grants And Contributions	4,603,901	4,754,530	3,641,531	4,323,592	3,168,718	4,077,462	4,603,526	4,366,581	7,585,134	10,056,924
Capital Grants And Contributions	133,556	-	-	33,760	105,708	13,188	2,525	-	-	517,061
Total Governmental Activities Program Revenues	5,165,636	4,956,155	3,739,378	4,420,572	3,284,026	4,112,000	4,772,729	4,589,779	7,916,944	10,863,526
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 372,518	\$ 379,924	\$ 368,691	\$ 380,686	\$ 404,759	\$ 342,896	\$ 295,518	\$ 330,252	\$ 333,462	\$ 401,699
Community Programs	579,011	556,629	534,372	539,128	479,036	479,136	513,314	483,290	395,188	386,879
Operating Grants And Contributions	90,015	82,144	96,236	105,619	144,366	177,101	147,968	160,687	156,827	158,822
Total Business Type Activities Program Revenues	1,041,544	1,018,697	999,299	1,025,433	1,028,161	999,133	956,800	974,229	885,477	947,400
Total District Program Revenues	\$ 6,207,180	\$ 5,974,852	\$ 4,738,677	\$ 5,446,005	\$ 4,312,187	\$ 5,111,133	\$ 5,729,529	\$ 5,564,008	\$ 8,802,421	\$ 11,810,926
Net (Expense)/Revenue										
Governmental Activities	\$ (21,619,252)	\$ (23,305,408)	\$ (24,771,495)	\$ (25,807,727)	\$ (26,674,415)	\$ (27,396,253)	\$ (28,250,778)	\$ (28,872,323)	\$ (28,845,796)	\$ (29,212,949)
Business-Type Activities	(123,396)	(103,404)	(140,341)	(23,831)	169,816	173,318	157,253	91,974	74,658	20,310
Total District-Wide Net Expense	\$ (21,742,648)	\$ (23,408,812)	\$ (24,911,836)	\$ (25,831,558)	\$ (26,504,599)	\$ (27,222,935)	\$ (28,093,525)	\$ (28,780,349)	\$ (28,771,138)	\$ (29,192,639)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 20,753,135	\$ 21,644,182	\$ 22,537,840	\$ 23,530,455	\$ 25,823,849	\$ 26,287,326	\$ 26,813,073	\$ 27,349,334	\$ 28,167,707	\$ 28,731,061
Taxes Levied For Debt Service	1,766,865	1,767,822	1,765,134	1,768,038	1,749,760	1,757,115	1,755,618	1,710,837	1,649,344	1,705,944
Unrestricted Grants And Contributions	240,224	289,692	281,472	239,550	19,151	19,845	18,490	18,490	49,046	51,727
Miscellaneous Income	154,541	170,166	239,561	272,945	206,074	406,789	151,408	159,972	181,879	332,368
Transfers	(100,027)	(84,144)	(78,468)	(45,357)	-	-	-	-	300,000	240,299
Total Governmental Activities	22,814,738	23,787,718	24,745,539	25,765,631	27,798,834	28,451,230	28,739,944	29,238,633	30,347,976	31,061,399
Business-Type Activities:										
Investment Earnings	15,628	12,513	6,572	3,941	2,863	4,456	3,704	4,590	3,357	693
Transfers	100,027	84,144	78,468	45,357	-	-	-	-	(300,000)	(240,299)
Total Business-Type Activities	115,655	96,657	85,040	49,298	2,863	4,456	3,704	4,590	(296,643)	(239,606)
Total District-Wide	\$ 22,930,393	\$ 23,884,375	\$ 24,830,579	\$ 25,814,929	\$ 27,801,697	\$ 28,455,686	\$ 28,743,648	\$ 29,243,223	\$ 30,051,333	\$ 30,821,793
Change in Net Position										
Governmental Activities	\$ 1,195,486	\$ 482,310	\$ (25,956)	\$ (42,096)	\$ 1,124,419	\$ 1,054,977	\$ 489,166	\$ 366,310	\$ 1,502,180	\$ 1,848,450
Business-Type Activities	(7,741)	(6,747)	(55,301)	25,467	172,679	177,774	160,957	96,564	(221,985)	(219,296)
Total District	\$ 1,187,745	\$ 475,563	\$ (81,257)	\$ (16,629)	\$ 1,297,098	\$ 1,232,751	\$ 650,123	\$ 462,874	\$ 1,280,195	\$ 1,629,154

Source: District Financial Records

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

"Items Previously Reported in Assets and Liabilities".

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 151,339	\$ 86,369	\$ 402,125	\$ 176,317						
Unreserved	233,972	258,888	(102,824)	(28,964)						
Nonspendable					\$ 19,792		\$ 9,896			
Restricted					224,401	\$ 1,045,250	901,128	\$ 350,353	\$ 1,116,002	\$ 1,627,653
Assigned					89,365	214,731	55,821	347,374	91,144	257,231
Unassigned	-	-	-	-	282,463	269,582	216,853	78,156	245,876	320,382
Total General Fund	<u>\$ 385,311</u>	<u>\$ 345,257</u>	<u>\$ 299,301</u>	<u>\$ 147,353</u>	<u>\$ 616,021</u>	<u>\$ 1,529,563</u>	<u>\$ 1,183,698</u>	<u>\$ 775,883</u>	<u>\$ 1,453,022</u>	<u>\$ 2,205,266</u>
All Other Governmental Funds										
Reserved	\$ 155,551		\$ 108,246							
Unreserved	283,781	\$ 266,356	95,597	\$ 75,624						
Restricted	-	-	-	-	\$ 73,433	\$ 73,434	\$ 129,324	\$ 103,451	\$ 3,097,043	\$ 2,044,951
Total All Other Governmental Funds	<u>\$ 439,332</u>	<u>\$ 266,356</u>	<u>\$ 203,843</u>	<u>\$ 75,624</u>	<u>\$ 73,433</u>	<u>\$ 73,434</u>	<u>\$ 129,324</u>	<u>\$ 103,451</u>	<u>\$ 3,097,043</u>	<u>\$ 2,044,951</u>

Source: District Financial Records

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

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

	Fiscal Year Ended June 30,										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues											
Tax Levy	\$ 21,299,761	\$ 22,520,000	\$ 23,412,004	\$ 24,302,974	\$ 25,298,493	\$ 27,573,609	\$ 28,044,441	\$ 28,568,691	\$ 29,060,171	\$ 29,817,051	\$ 30,437,005
Tuition Charges	475,023	428,179	201,625	97,847	63,220	9,600	21,350	-	-	-	-
Miscellaneous	157,124	155,603	176,463	255,701	295,485	219,827	448,436	358,841	418,705	547,987	662,118
State Sources	4,540,629	4,470,220	4,541,803	3,354,755	3,745,993	2,528,249	3,407,977	4,048,867	3,776,008	4,069,361	5,109,811
Federal Sources	519,889	506,399	496,122	552,108	828,369	748,019	641,026	536,274	573,528	578,247	659,198
Total Revenue	26,992,426	28,080,401	28,828,017	28,563,385	30,231,560	31,079,304	32,563,230	33,512,673	33,828,412	35,012,646	36,868,132
Expenditures											
Instruction											
Regular Instruction	9,401,398	9,638,038	10,162,942	9,842,219	10,323,586	10,560,045	10,908,573	11,485,480	11,501,438	11,376,047	11,719,848
Special Education Instruction	4,134,316	5,147,854	5,080,249	5,125,589	5,700,235	5,434,659	6,643,431	6,684,032	6,741,817	6,529,061	6,565,040
Community Services	4,089	5,235	1,641	-	-	-	-	-	-	-	-
Other Instruction	861,090	866,313	713,205	741,771	750,680	1,088,189	757,796	816,870	816,378	765,585	762,347
School Sponsored Activities and Athletics	519,561	603,067	533,989	565,622	549,648	559,853	587,366	555,419	625,855	681,983	754,665
Support Services:											
Student and Inst. Related Services	2,797,541	3,200,748	3,441,001	3,390,457	3,688,219	3,868,730	4,049,884	4,481,753	4,704,765	5,596,623	5,947,295
Educational Media/School Library	237,232	256,145	262,359	245,629	202,158	234,447	242,307	164,472	175,117	184,966	130,420
General Administration	442,319	506,799	574,921	609,873	733,860	666,904	657,379	711,693	649,438	745,186	726,370
School Administrative Services	1,277,603	1,341,111	1,419,317	1,494,158	1,602,312	1,707,219	1,556,846	1,539,886	1,578,393	1,684,969	1,744,073
Central Services	595,724	578,613	567,447	575,221	603,462	624,888	603,337	644,220	701,620	729,688	731,149
Plant Operations And Maintenance	2,516,170	2,646,379	2,776,061	2,929,439	3,109,954	2,886,986	2,775,183	3,075,452	3,168,527	3,213,058	3,079,838
Pupil Transportation	796,249	916,616	930,401	1,053,332	1,078,947	953,176	872,650	1,051,699	1,090,970	1,111,689	1,279,453
Capital Outlay	4,360,397	552,728	400,817	213,954	397,611	242,581	219,683	1,197,480	629,502	1,846,081	2,060,468
Debt Service:											
Bond Issuance Costs	-	-	-	-	-	113,473	-	104,064	-	-	-
Principal	1,106,636	1,166,091	1,230,908	908,948	966,002	1,059,056	1,183,872	1,330,913	1,416,460	1,485,936	1,518,985
Advanced Refunding Escrow	-	-	-	-	-	531,694	-	258,111	-	-	-
Interest and Other Charges	1,061,476	1,009,527	950,964	897,174	860,247	831,927	731,069	677,679	608,913	542,429	528,883
Total Expenditures	30,111,801	28,435,264	29,046,222	28,593,386	30,566,921	31,363,827	31,789,376	34,779,223	34,409,193	36,493,301	37,548,834
Excess (Deficiency) of Revenues											
Over (Under) Expenditures	(3,119,375)	(354,863)	(218,205)	(30,001)	(335,361)	(284,523)	773,854	(1,266,550)	(580,781)	(1,480,655)	(680,702)

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

	Fiscal Year Ended June 30,										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)											
Discount on Refunding Bonds								\$ (22,313)			
Premium on Refunding Bonds						\$ 258,167		421,413			
Proceeds From Borrowing						9,030,000		6,485,000		\$ 4,609,000	
Transfer to Escrow Agent for Payment of Debt						(8,643,000)		(6,515,000)			
Lease Purchase Agreement	\$ 64,475		\$ 89,319		\$ 100,551	105,833	\$ 139,689	607,475	\$ 147,093	242,386	140,555
Transfers In	220,212		14,801	\$ 5,049	55,094	881	652	493	432	301,126	304,968
Transfers Out	(242,028)	\$ (100,027)	(98,945)	(83,517)	(100,451)	(881)	(652)	(493)	(432)	(1,126)	(64,669)
Total Other Financing Sources (Uses)	42,659	(100,027)	5,175	(78,468)	55,194	751,000	139,689	976,575	147,093	5,151,386	380,854
Net Change in Fund Balances	\$ (3,076,716)	\$ (454,890)	\$ (213,030)	\$ (108,469)	\$ (280,167)	\$ 466,477	\$ 913,543	\$ (289,975)	\$ (433,688)	\$ 3,670,731	\$ (299,848)
Debt Service as a Percentage of Noncapital Expenditures	8.42%	7.80%	7.62%	6.36%	6.05%	8.15%	6.07%	7.06%	6.00%	5.85%	5.77%

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

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

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Rent</u>	<u>Insurance/ Other Refunds</u>	<u>E-Rate</u>	<u>Gate Receipts</u>	<u>Miscellaneous</u>	<u>Total</u>
2007	\$ 428,179	\$ 84,623					\$ 29,800	\$ 542,602
2008	201,625	38,865					116,500	356,990
2009	97,847	24,492	\$ 63,255	\$ 37,146	\$ 40,407		69,212	332,359
2010	63,220	17,816	70,890	52,264	26,658	\$ 7,540	95,426	333,814
2011	9,600	13,694	92,880	41,281	7,540	5,002	44,796	214,793
2012	21,350	17,082	44,058	137,593	10,733	5,774	190,897	427,487
2013	10,000	14,530	156,678	79,261		4,567	52,557	317,593
2014	90,238	13,612	69,100	77,753		6,186	125,849	382,738
2015	168,580	15,862	163,230	83,823		4,083	76,985	512,563
2016	114,827	14,570	209,714	171,364	23,184	5,318	62,724	601,701

Source: District financial records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2007	\$ 9,961,800	\$ 775,970,000			\$ 207,257,500	\$ 161,843,754	\$ 29,578,300	\$ 1,184,611,354	\$ 1,451,822	\$ 1,186,063,206	\$ 2,340,105,352	\$ 1.934
2008	9,870,800	779,770,600			207,328,400	161,843,754	28,978,300	1,187,791,854	768,949	1,188,560,803	2,472,350,162	2.007
2009 (1)	25,575,000	1,480,640,200			407,172,400	310,075,600	63,652,700	2,287,115,900	2,301,600	2,289,417,500	2,469,388,148	1.083
2010	18,124,000	1,482,058,700			397,401,100	309,480,900	81,712,700	2,288,777,400	2,351,315	2,291,128,715	2,411,560,208	1.154
2011	17,964,700	1,487,689,200			389,686,700	307,091,800	81,712,700	2,284,145,100	2,351,315	2,286,496,415	2,503,847,569	1.216
2012	18,354,500	1,485,483,200			378,682,945	303,470,900	81,712,700	2,267,704,245	1,889,310	2,269,593,555	2,410,380,131	1.247
2013 (1)	14,930,800	1,219,248,600			347,277,600	269,651,600	75,505,900	1,926,614,500	-	1,926,614,500	2,467,388,148	1.085
2014	14,556,100	1,219,569,100			341,476,130	292,991,600	74,807,500	1,943,400,430	-	1,943,400,430	2,256,345,441	1.515
2015	14,008,800	1,222,483,400			339,519,730	266,955,200	74,807,500	1,917,774,630	-	1,917,774,630	2,215,506,762	1.571
2016	13,162,800	1,223,588,478			325,081,430	255,316,500	74,827,500	1,891,976,708	-	1,891,976,708	2,383,260,542	1.635

Source: County Abstract of Ratables

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a Tax rates are per \$100

(1) Town Revaluation

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County (1)</u>
2007	\$ 3.298	\$ 1.934	1.016	\$ 0.348
2008	3.525	2.007	1.133	0.385
2009 (2)	1.885	1.083	0.595	0.207
2010	2.022	1.154	0.662	0.206
2011	2.142	1.216	0.699	0.227
2012	2.185	1.247	0.705	0.233
2013 (2)	1.890	1.085	0.596	0.209
2014	2.620	1.515	0.838	0.267
2015	2.715	1.571	0.870	0.274
2016	2.865	1.635	0.926	0.304

(1) County tax rate includes open space tax.

(2) Town revaluation

Source: Tax Duplicate, Township of Saddle Brook

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

Taxpayer	2016		2007	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
L&L Park 80 LLC	\$ 67,000,000	0.035412698		
A.O. Associates	34,000,000	0.017970623		
CP Saddle Brook, LLC	26,000,000	0.013742241		
Midland Holding CO.	23,739,800	0.012547617		
Saddle Brook Green Owner, LLC	21,037,400	0.01111927		
Saddle Brook Mayhill Assoc., LLC	17,875,000	0.009447791		
Kessler Institute	15,202,300	0.008035141		
45 Mayhill LLC	13,230,000	0.006992687		
Bldg Saddle Brook LLC	12,549,000	0.006632746		
Arrow Fasteners	12,524,100	0.006619585		
L&L Park 80 LLC			\$ 61,700,000	5.27%
Tri State Realty			17,727,000	1.51%
Arrow Fastener			15,000,000	1.28%
Grandview Hotel			15,000,000	1.28%
Midland Holding Co.			14,300,000	1.22%
A.O. Associates			11,021,000	0.94%
Mayhill St. Associates			8,500,000	0.72%
Kessler Institute			8,500,000	0.72%
A.O. Associates			7,578,200	0.64%
Condor Contracting			7,500,000	0.64%
	<u>\$ 243,157,600</u>	<u>12.85%</u>	<u>\$ 166,826,200</u>	<u>14.22%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 22,520,000	\$ 22,520,000	100.00%	
2008	23,412,004	22,943,399	98.00%	\$ 468,605
2009	24,302,974	24,302,974	100.00%	
2010	25,298,493	25,298,493	100.00%	
2011	27,573,609	26,636,052	96.60%	937,557
2012	28,044,441	28,044,441	100.00%	
2013	28,568,691	28,568,691	100.00%	
2014	29,060,171	29,060,171	100.00%	
2015	29,817,051	29,817,051	100.00%	
2016	30,437,005	30,437,005	100.00%	-

Source: District's records

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Loans	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2007	\$ 20,368,000	\$ 64,418	\$ 417,693			\$ 20,850,111	13,440	\$ 1,551
2008	19,538,000	55,215	115,307			19,708,522	13,845	1,424
2009	18,678,000	46,012	75,620			18,799,632	14,173	1,326
2010	17,778,000	36,809	119,314			17,934,123	13,679	1,311
2011	17,190,000	27,606	150,294			17,367,900	13,790	1,259
2012	16,125,000	18,403	180,314			16,323,717	13,850	1,179
2013	14,990,000	9,200	571,079			15,570,279	13,920	1,119
2014	13,805,000		495,912			14,300,912	14,020	1,020
2015	17,189,000		477,362			17,666,362	14,098	1,253
2016	15,929,000		358,932			16,287,932	14,098	1,155

Source: District financial records and NJ Dept. of Education

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2007	\$ 20,368,000		\$ 20,368,000	1.72%	\$ 1,515
2008	19,538,000		19,538,000	1.64%	1,411
2009	18,678,000		18,678,000	0.82%	1,318
2010	17,778,000		17,778,000	0.78%	1,300
2011	17,190,000		17,190,000	0.75%	1,250
2012	16,125,000		16,125,000	0.71%	1,164
2013	14,990,000		14,990,000	0.78%	1,077
2014	13,805,000		13,805,000	0.71%	992
2015	17,189,000		17,189,000	0.90%	1,229
2016	15,929,000		15,929,000	0.84%	1,155

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**SADDLE BROOK BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING DEBT
FOR YEAR ENDED DECEMBER 31, 2015
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Township of Saddle Brook School District	\$ 13,749,393
Township of Saddle Brook	<u>30,339,842</u>
	<u>\$ 44,089,235</u>
Overlapping debt Apportioned to the Municipality:	
Bergen County (3);(A):	
County of Bergen (A)	<u>12,981,115</u>
Total Direct and Overlapping Debt	<u>\$ 57,070,350</u>

(A) The debt for this entity was apportioned to the Township of Saddle Brook by dividing the Municipality's 2015 equalized value by the total 2015 equalized value for Bergen County.

Sources:

- (1) Township of Saddle Brook Annual Debt Statement
- (3) Bergen County Debt Statement 12/31/2015

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

Legal Debt Margin Calculation for Calendar Year 2015

	Equalized valuation basis
	2015 \$2,400,218,561
	2014 2,228,925,829
	2013 2,221,649,562
	<u>\$6,850,793,952</u>
Average equalized valuation of taxable property	\$2,283,597,984
Debt limit (4 % of average equalization value)	91,343,919 ^a
Total Net Debt Applicable to Limit	<u>13,749,393</u>
Legal debt margin	<u>\$ 77,594,526</u>

	Calendar Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$72,148,963	\$ 81,243,985	\$90,858,681	\$ 95,483,873	\$ 95,858,570	\$ 97,094,580	\$95,888,201	\$ 92,339,508	\$ 89,959,797	\$ 91,343,919
Total Net Debt Applicable to Limit	<u>21,232,103</u>	<u>20,432,900</u>	<u>19,593,697</u>	<u>18,724,494</u>	<u>14,153,088</u>	<u>13,453,885</u>	<u>15,279,482</u>	<u>11,295,482</u>	<u>10,235,482</u>	<u>13,749,393</u>
Legal Debt Margin	<u>\$50,916,860</u>	<u>\$ 60,811,085</u>	<u>\$71,264,984</u>	<u>\$ 76,759,379</u>	<u>\$ 81,705,482</u>	<u>\$ 83,640,695</u>	<u>\$80,608,719</u>	<u>\$ 81,044,026</u>	<u>\$ 79,724,315</u>	<u>\$ 77,594,526</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29.43%	25.15%	21.57%	19.61%	14.76%	13.86%	15.93%	12.23%	11.38%	15.05%

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>Population</u>
2007	4.7%	\$ 67,544	13,440
2008	6.1%	67,331	13,845
2009	10.8%	63,874	14,173
2010	11.1%	63,885	13,679
2011	10.9%	67,248	13,790
2012	11.1%	69,281	13,850
2013	8.2%	70,498	13,920
2014	6.7%	73,536	14,020
2015	5.3%	73,536 *	14,098
2016	5.3% *	73,536 *	14,098 *

Source: United States Bureau of Census
School District Records

* Estimate

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

N/A - Not Available

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

INFORMATION NOT AVAILABLE

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

<u>Function/Program</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>	<u>2016</u>
Instruction										
Regular	98	99	102	105	102	99	102	104	107	108
Special Education	22	24	25	25	25	40	44	45	46	47
Other Special Education	5	5	5	5	5	6	6	6	6	6
Support Services:										
General Administration	2	2	2	3	2	2	2	2	2	2
School Administrative Services	11	11	11	11	11	11	11	11	11	11
Central Services	6	6	6	6	6	6	6	6	6	6
Plant Operations And Maintenance	20	20	20	20	20	24	24	24	24	24
Pupil Transportation	3	3	3	3	3	3	3	3	3	3
Other Support Services	22	24	24	34	34	37	39	39	41	42
Total	<u>189</u>	<u>194</u>	<u>198</u>	<u>212</u>	<u>208</u>	<u>228</u>	<u>237</u>	<u>240</u>	<u>246</u>	<u>249</u>

Source: District Personnel Records

SADDLE BROOK 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	High School				
2007	1,736	\$ 25,706,918	\$ 14,808	4.64%	148	1:19	1:18	1:18	1,736	1,646	2.42%	94.80%
2008	1,792	26,463,533	14,768	-0.27%	150	1:19	1:18	1:18	1,792	1,696	3.23%	94.65%
2009	1,760	26,573,310	15,098	2.24%	151	1:19	1:18	1:19	1,760	1,668	-1.79%	94.77%
2010	1,785	28,343,061	15,878	5.17%	158	1:19	1:19	1:19	1,785	1,695	1.42%	94.97%
2011	1,785	28,585,096	16,014	0.85%	154	1:20	1:20	1:19	1,734	1,641	-2.86%	94.64%
2012	1,759	29,654,752	16,859	5.28%	153	1:20	1:20	1:19	1,700	1,612	-1.96%	94.82%
2013	1,748	31,210,976	17,855	5.91%	153	1:20	1:20	1:19	1,675	1,590	-1.47%	94.92%
2014	1,738	31,754,318	18,271	8.37%	155	1:20	1:20	1:19	1,649	1,561	-1.55%	94.66%
2015	1,720	32,618,855	18,964	6.21%	157	1:20	1:20	1:19	1,683	1,590	2.06%	94.47%
2016	1,753	33,440,498	19,076	0.59%	159	1:20	1:20	1:19	1,716	1,630	1.96%	94.99%

Sources: District records

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Building</u>										
<u>Elementary</u>										
<u>Helen I Smith</u>										
Square Feet	48,345	48,345	48,345	48,345	48,345	48,345	48,345	48,345	48,345	48,345
Capacity (students)	316	316	316	316	316	316	316	316	316	316
Enrollment	361	358	328	339	337	311	291	275	283	295
<u>Franklin</u>										
Square Feet	41,855	41,855	41,855	41,855	41,855	41,855	41,855	41,855	41,855	41,855
Capacity (students)	293	293	293	293	293	293	293	293	293	293
Enrollment	287	265	253	240	257	258	276	279	298	298
<u>Long Memorial</u>										
Square Feet	32,247	32,247	32,247	32,247	32,247	32,247	33,247	33,247	33,247	33,247
Capacity (students)	278	278	278	278	278	278	278	278	278	278
Enrollment	288	311	320	322	333	309	333	305	294	278
<u>Middle School/High School</u>										
Square Feet	140,351	140,351	140,351	140,351	140,351	140,351	140,351	140,351	140,351	140,351
Capacity (students)	865	865	865	865	865	865	865	865	865	865
Enrollment	761	800	784	785	786	800	759	777	766	789
<u>Other</u>										
<u>Washington</u>										
Square Feet	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333
Enrollment	39	31	32	27	25	25	36	36	42	70

Number of Schools at June 30, 2016
 Elementary = 3
 Jr/Senior High School = 1
 Other = 1

Source: District Records

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

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES**

	<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>	<u>2016</u>
School Facilities										
Washington School	\$ 10,943	\$ 5,250	\$ 35,496	\$ 53,226	\$ 30,962	\$ 48,966	\$ 65,795	\$ 62,037	\$ 34,765	\$ 33,139
Franklin School	21,887	10,501	22,340	28,646	27,502	53,969	93,575	80,026	39,640	82,168
Long Memorial School	19,698	9,451	24,320	26,573	28,864	29,944	82,607	80,678	117,714	81,199
Helen I. Smith School	24,075	11,551	31,853	36,212	29,854	67,449	93,110	57,165	63,371	60,281
High School/Middle School	<u>142,262</u>	<u>68,255</u>	<u>90,339</u>	<u>94,413</u>	<u>100,216</u>	<u>110,505</u>	<u>205,581</u>	<u>98,547</u>	<u>230,073</u>	<u>138,063</u>
Grand Total	<u>\$ 218,865</u>	<u>\$ 105,008</u>	<u>\$ 204,348</u>	<u>\$ 239,070</u>	<u>\$ 217,398</u>	<u>\$ 310,833</u>	<u>\$ 540,668</u>	<u>\$ 378,453</u>	<u>\$ 485,563</u>	<u>\$ 394,850</u>

Source: School District's Financial Statements

SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2016
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-Great American Insurance Company		
Property -Blanket Building and Contents	\$ 65,756,896	(1) \$ 5,000
Electronic Data Processing equipment	5,000,000	5,000
Valuable Papers	5,000,000	1,000
General Liability - Great American Insurance Co.		
Aggregate/Each Occurrence	2,000,000/1,000,000	
Educator's Legal Liability-Darwin Advantage	1,000,000	
Educators Legal		20,000
Employment Practices		25,000
Commercial Automobile Liability - Great American Insurance Co.		
Combined Single Limit	1,000,000	
Comprehensive		1,000
Collision		1,000
Commercial Umbrella-Great American Insurance Company	9,000,000	10,000
Excess Liability-Fireman's Fund	50,000,000	-
Public Employees' Blanket Bond (Crime) - Selective Way Ins. Co.		
Primary (Per Employee)	100,000	5,000
Blanket Employee Dishonesty - Excess	400,000	-
Forgery and Alterations	50,000	1,000
Cyber Liability - Indian Harbor Insurance Co.	2,000,000	
Group Aggregate	6,000,000	
Environmental - ACE	2,000,000	15,000
Group Aggregate	20,000,000	
Public Official Bond-Treasurer - Selective Insurance Company	250,000	-
Public Official Bond-Business Administrator - Selective Insurance Co.	250,000	-
Workmen's Compensation - Reinsurance - Safety National Ins. Co.	1,000,000	-
Boiler & Machinery - Great American Insurance Co.	65,756,896	5,000
Athletic Accident - Zurich Insurance Co.	5,000,000	-
Accident Policy for Volunteers (Guarantee Trust)	500,000	-
Flood- Selective Insurance Company		
High School/Administration- Building	500,000	5,000
High School/Administration- Contents	500,000	5,000

Source: School District's records

(1) Pool limit

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLSI, CPA
ROBERT AMPONSAH, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle Brook Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Saddle Brook Board of Education's basic financial statements and have issued our report thereon dated December 1, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 1, 2016



LERCH, VINCI & HIGGINS, LLP

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REGISTERED MUNICIPAL ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Saddle Brook Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Saddle Brook Board of Education's major federal and state programs for the fiscal year ended June 30, 2016. The Saddle Brook Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Saddle Brook Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

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

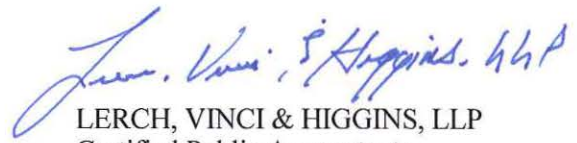
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle Brook Board of Education, as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 1, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 1, 2016

SADDLE BROOK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	Balance, June 30, 2016			GAAP Receivable
											(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
General Fund														
Medicaid Assistance Program (SEMI)	93.778	1605NJ5MAP	7/1/15-6/30/16	\$ 3,807			\$ 3,579	\$ 3,807			\$ (228)			\$ (228)
Medicaid Assistance Program (SEMI)	93.778		7/1/14-6/30/15	15,093	\$ (11,433)	-	11,433	-	-	-	-	-	-	-
Total U.S. Department of Education					(11,433)	-	15,012	3,807	-	-	(228)	-	-	(228)
U.S. Department of Agriculture														
Passed-through State Department of Education														
National School Lunch Program														
Non Cash Assistance	10.550	16161NJ304N1099	9/1/15-6/30/16	24,013		\$ 1,337	24,013	24,591				\$ 759		
Non Cash Assistance	10.550		9/1/14-6/30/15	24,016	1,337	(1,337)								
Cash Assistance	10.555	16161NJ304N1099	9/1/15-6/30/16	122,790			102,444	122,790			(20,346)			(20,346)
Cash Assistance	10.555		9/1/14-6/30/15	119,108	(35,653)		35,653							-
School Breakfast Program	10.553	16161NJ304N1099	9/1/15-6/30/16	6,603			5,288	6,603			(1,315)			(1,315)
School Breakfast Program	10.553		9/1/14-6/30/15	6,248	(2,791)		2,791							-
Total U.S. Department of Agriculture- Cluster					(37,107)	-	170,189	153,984	-	-	(21,661)	759	-	(21,661)
U.S. Department of Education														
Passed-through State Department of Education														
NCLB Title I	84.010A		7/1/14-6/30/15	113,611	(49,925)		49,925							
NCLB Title I	84.010A	S010A150030	7/1/15-6/30/16	255,969			135,934	235,730			(120,035)	20,239		(120,035)
NCLB Title IIA	84.367A		9/1/12-8/31/13	36,178	-						(11,607)	11,607		(11,607)
NCLB Title IIA	84.367A		7/1/14-6/30/15	38,246	(12,849)		12,849		\$ 1,350			1,350		
NCLB Title IIA	84.367A	S367A150029	7/1/15-6/30/16	36,559			12,348	20,826			(24,211)	15,733		(24,211)
NCLB Title III, ESL, Carryover	84.365		9/1/09-8/31/10	7,570							(4,700)	4,700		(4,700)
I.D.E.A. Part B, Basic Regular	84.027A		9/1/12-8/31/13	377,056	(15,680)						(15,680)			(15,680)
I.D.E.A. Part B, Basic Regular	84.027A		7/1/15-6/30/15	368,143	(125,502)		125,502							-
I.D.E.A. Part B, Basic Regular	84.027A	H027A150100	7/1/15-6/30/16	383,704			332,873	383,704			(50,831)	-		(50,831)
I.D.E.A. Part B, Preschool	84.173A		7/1/15-6/30/15	14,699	(14,699)		14,699							-
I.D.E.A. Part B, Preschool	84.173A	H173A150114	7/1/15-6/30/16	15,131			15,131	15,131						-
<i>IDEA Cluster Program</i>								<i>398,835</i>						
Total U.S. Department of Education					(218,655)	-	699,261	655,391	1,350	-	(227,064)	53,629	-	(227,064)
Total Federal Awards Subject to a Single Audit					\$ (267,195)	\$ -	\$ 884,462	\$ 813,182	\$ 1,350	\$ -	\$ (248,953)	\$ 54,388	\$ -	\$ (248,953)

Adjustment represents a prior year cancelled order.
 Fain Numbers only apply to the current year grant awards.

SADDLE BROOK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2015			Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2016			MEMO	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund															
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 964,917				\$ 908,070	\$ 964,917		\$ (56,847)				\$ 964,917	
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	964,917	(58,965)			58,965								
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	18,383				17,076	18,383		(1,307)				18,383	
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	18,383	(1,123)			1,123								
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	39,026				37,066	39,026		(1,960)				39,026	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	39,026	(2,384)			2,384								
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	17,030				15,723	17,030						17,030	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	17,030	(1,041)			1,041			(1,307)					
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	17,030				15,723	17,030						17,030	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	17,030	(1,041)			1,041			(1,307)					
								<u>1,056,386</u>							
State Aid Public Cluster															
Extraordinary Aid	16-100-034-5120-044	7/1/15-6/30/16	239,317				-	239,317		(239,317)				239,317	
Extraordinary Aid	15-100-034-5120-044	7/1/14-6/30/15	283,109	(313,245)			313,245								
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	50,831				48,217	50,831		(2,614)				50,831	
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	50,831	(3,106)			3,106								
Nonpublic Transportation Aid	N/A	7/1/15-6/30/16	24,411				-	24,411		(24,411)		\$ (24,411)		24,411	
Nonpublic Transportation Aid	N/A	7/1/14-6/30/15	24,922	(19,455)			19,455			-					
								<u>75,242</u>							
On-Behalf Payments															
TPAF Pension and Annuity Aid															
Normal	16-495-034-5094-006	7/1/15-6/30/16	955,481				955,481	955,481						955,481	
Normal	16-495-034-5094-007	7/1/15-6/30/16	47,596				47,596	47,596						47,596	
Post Retirement Medical Contribution	16-495-034-5094-001	7/1/15-6/30/16	1,194,388				1,194,388	1,194,388						1,194,388	
TPAF Social Security	16-495-034-5094-003	7/1/15-6/30/16	943,709				874,828	943,709		(68,881)		(68,881)		943,709	
TPAF Social Security	15-495-034-5095-002	7/1/14-6/30/15	931,994	(46,193)			46,193								
On-Behalf Cluster															
Total General Fund				<u>(446,553)</u>	-	-	-	<u>4,560,721</u>	<u>4,512,119</u>	-	<u>(397,951)</u>	-	-	<u>(95,292)</u>	<u>4,512,119</u>
Special Revenue Fund															
Nonpublic Aid															
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	971				971	849				\$ 122		849	
Technology	16-100-034-5120-373	7/1/15-6/30/16	442				442					442			
Security	16-100-03-5120-509	7/1/15-6/30/16	425				425	250				175		250	
Nursing Services	16-100-034-5120-070	7/1/15-6/30/16	1,530				1,530	1,530						1,530	
Auxiliary Services															
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	2,687		\$ 1,343				\$ 1,343						
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	1,692				1,692					1,692			
English as a Second Language	14-100-034-5120-067	7/1/13-6/30/14	1,746												
Auxiliary Service Cluster															
Handicapped Services															
Exam and Classification	16-100-034-5120-066	7/1/15-6/30/16	1,192				1,192					1,192			
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	3,010				3,010	1,756				1,254		1,756	
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	3,534			3,534			3,534						
								<u>1,756</u>							
Total Special Revenue Fund				-	-	<u>4,877</u>	-	<u>9,262</u>	<u>4,385</u>	<u>4,877</u>	-	-	<u>4,877</u>	<u>4,385</u>	
State Department of Agriculture															
Enterprise Fund															
National School Lunch Program															
State Share	16-100-010-3350-023	9/1/15-6/30/16	4,838				4,078	4,838		(760)			(760)	4,838	
State Share	15-100-010-3350-023	9/1/14-6/30/15	4,275	(1,233)			1,233								
Total Enterprise Fund				<u>(1,233)</u>	-	-	-	<u>5,311</u>	<u>4,838</u>	-	<u>(760)</u>	-	-	<u>(760)</u>	<u>4,838</u>

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SADDLE BROOK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2015			Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2016			MEMO GAAP Receivable	MEMO Cumulative Total Expenditures
				(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor		
State Economic Development Authority Educational Facilities Construction and Financial Act															
Capital Projects Fund															
HVAC at Middle/High School and Elementary Schools	4610-080-14-1002 4610-085-14-1003	N/A	\$ 189,840					\$ 189,840		\$ (189,840)			\$ (189,840)	\$ 189,840	
Various Improvements to All Schools	4610-090-14-1004 4610-050-14-1001		327,221	-	-	-	-	327,221	-	(327,221)	-	-	(327,221)	327,221	
				-	-	-	-	517,061	-	(517,061)	-	-	(517,061)	517,061	
Total State Financial Assistance Subject to a Single Audit				\$ (447,786)	\$ -	\$ 4,877	\$ -	\$ 4,575,294	\$ 5,038,403	\$ 4,877	\$ (915,772)	\$ -	\$ 4,877	\$ (611,113)	\$ 5,038,403
<i>Less: On-Behalf TPAF Pension System Contributions</i>								(2,197,465)							
Total State Financial Assistance Subject to Major Program Determination								\$ 2,840,938							

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$76,246 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 3,807	\$ 4,588,365	\$ 4,592,172
Special Revenue Fund	655,391	4,385	659,776
Capital Projects Fund	-	517,061	517,061
Food Service Fund	<u>153,984</u>	<u>4,838</u>	<u>158,822</u>
Total Financial Assistance	<u>\$ 813,182</u>	<u>\$ 5,114,649</u>	<u>\$ 5,927,831</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$943,709 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, 2016. The amount reported as TPAF Pension System Contributions in the amount of \$1,003,077 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,194,388 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

NOTE 8 DE MINIMIS INDIRECT COST RATE

The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
1) Material weakness(es) identified?	_____ yes <u> X </u> no
2) Significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes <u> X </u> none reported
Noncompliance material to the basic financial statements noted?	_____ yes <u> X </u> no

Federal Awards Section

Type of auditor's report on compliance for major programs:	<u>Unmodified</u>
Internal Control over compliance:	
1) Material weakness(es) identified?	_____ yes <u> X </u> no
2) Significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes <u> X </u> none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) Of U.S. Uniform Guidance	_____ yes <u> X </u> none reported
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u> X </u> yes _____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027A/84.173A</u>	<u>H027A150100/ H173A150114</u>	<u>IDEA Basic and Preschool</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Part 2 – Schedule of Financial Statement Findings

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

THERE ARE NONE.

**SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by to be reported by CFR 200 and section 516 of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and New Jersey OMB's Circular Letter 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**SADDLE BROOK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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*, the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and New Jersey OMB's Circular 04-04, as amended.

STATUS OF PRIOR YEAR FINDINGS

STATE AWARDS – 2015-001

Our audit of the Extraordinary Aid Application revealed the following:

- Several instances where the tuition reported on application couldn't be verified to tuition contact.
- One instance additional costs reported on the application were not in agreement with the supporting documentation.
- Supporting documentation for the costs reported on the application were not maintained with the application.

Current Status

Corrective action has been taken.