

**SADDLE RIVER BOARD OF EDUCATION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Saddle River, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Saddle River Board of Education**

**Saddle River, New Jersey**

**For The Fiscal Year Ended June 30, 2016**

**Prepared by**

**Business Office**

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**INTRODUCTORY SECTION**

# *Saddle River Board of Education*

## *Wandell School*

*97 East Allendale Road, Saddle River, New Jersey 07458*

*Tel (201) 327-0727*

*Fax (201) 327-0704*

*Louis DeLisio*  
*Interim Superintendent / Principal*

*Donna M. Logan*  
*Business Administrator /*  
*Board Secretary*

December 2, 2016

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

Dear Board Members:

The comprehensive annual financial report of the Borough of Saddle River School District (District) for the fiscal year ended June 30, 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.

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

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



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

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and the U.S. Uniform Guidance, and the State Treasury Circular OMB 15-08. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

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

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

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

The District completed the 2015-2016 fiscal year with an average daily enrollment of 175 students. The following details the changes in the student average daily enrollment of the District over the last five years.

Average Daily Enrollment		
Fiscal Year	Student Enrollment	Percent Change
2015-16	175	(6.91%)
2014-15	188	(6.47%)
2013-14	201	(2.90%)
2012-13	207	(9.61%)
2011-12	229	.44%

**3) MAJOR INITIATIVES:** In order to successfully improve upon district initiatives the following goals and objectives were undertaken for the improvement and betterment of staff, students and community:

- Completion of the improvement and alignment of curriculum to better meet NJCCCS and CCSS and to improve student scores
- Implementation of a new electronic planbook for teaching staff
- Enhancement of the security of the school building, making all windows shatter resistant
- Completion of a full technology audit
- Completion of the HVAC project
- Updating job descriptions and cataloguing in electronic format
- Posting of all Board policies on the District Website

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

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

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

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

section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2016.

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

**7) DEBT ADMINISTRATION:** In the 2015-2016 school year, the District sold bonds in the amount of \$3,097,000 (Wandell Elementary School HVAC Upgrades). At June 30, 2016, the District had \$3,097,000 in principal debt outstanding.

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

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

**10) OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Lerch, Vinci & Higgins, L.L.P. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the U.S. Uniform Guidance and New Jersey OMB Circular Letter 15-08. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

accounting staff.

Respectfully submitted,

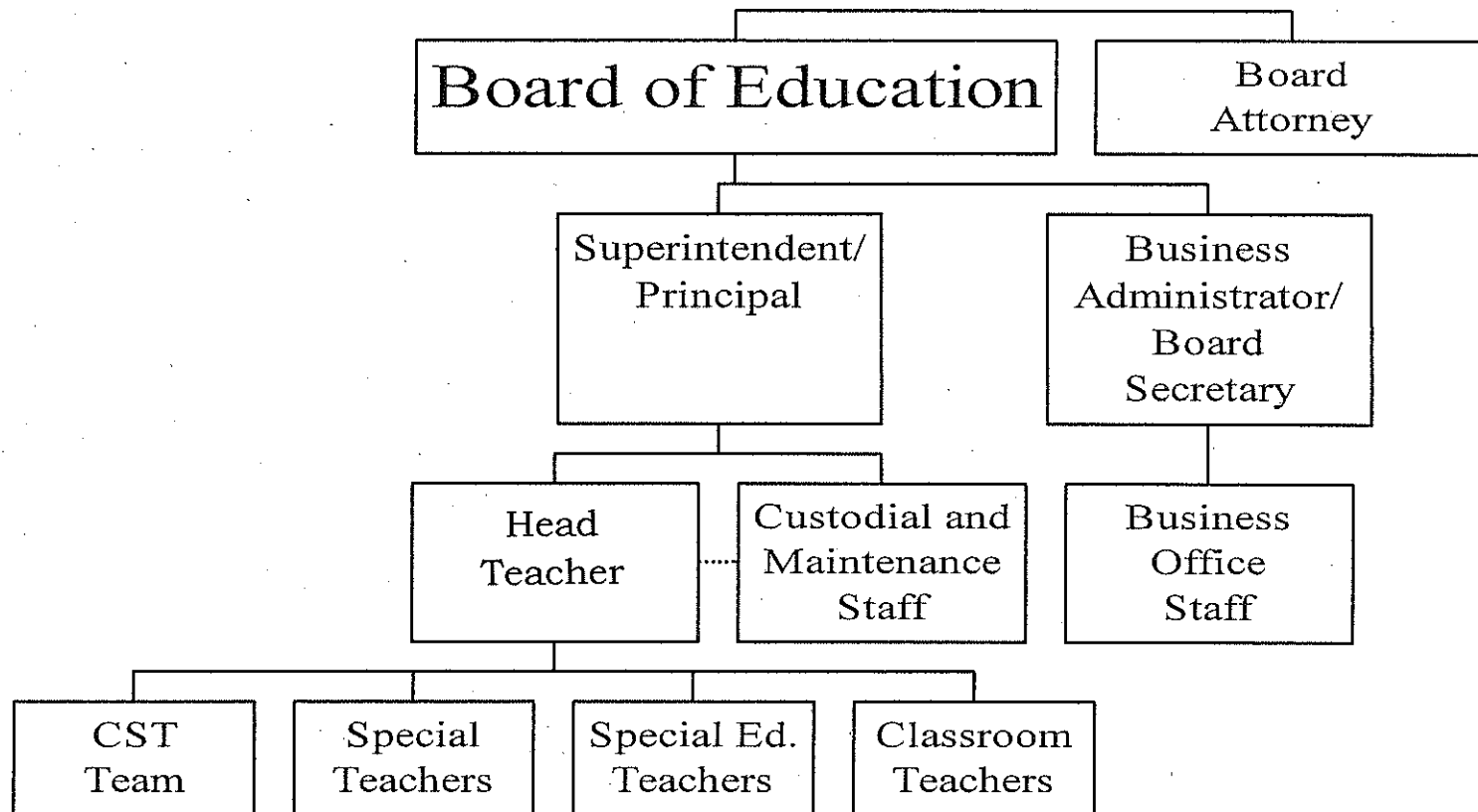
A handwritten signature in blue ink, appearing to read "Louis DeLisio".

Louis DeLisio  
Interim Superintendent

A handwritten signature in blue ink, appearing to read "Donna M. Logan".

Donna M. Logan  
Business Administrator

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



**SADDLE RIVER BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2016**

<b><u>Members of the Board of Education as of June 30, 2016</u></b>	<b><u>Term Expires</u></b>
Henry Senger, President	2016
John Lasalandra, Vice President	2017
Irene Feldsott	2016
Jennifer Connolly	2018
Tom Weng	2018
<b><u>Other Officials</u></b>	
William Ronzitti, Interim Superintendent/Principal	
Donna M. Logan, Business Administrator/Board Secretary	
Linda Canavan, Treasurer	

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

**Audit Firm**

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

**Attorney**

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

**Official Depositories**

Capital One Bank  
Melville, NY 11747

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

**FINANCIAL SECTION**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
JULIUS B. CONSONI, CPA, PSA  
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 River Board of Education  
Saddle River, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education, as of and for the fiscal year ended June 30, 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 River 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 River Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Saddle River Board of Education.

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated December 2, 2016 on our consideration of the Saddle River Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Saddle River Board of Education's internal control over financial reporting and compliance.

*Leach, Vinci & Higgins, LLP*

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



Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
December 2, 2016

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# **Saddle River Board of Education**

## **Saddle River, New Jersey**

### **Management's Discussion and Analysis**

#### **Fiscal Year Ended June 30, 2016**

This section of the Saddle River Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2015-2016 fiscal year are as follows:

- The assets and deferred outflows of resources of the governmental activities of the Saddle River Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,534,010 (net position).
- The District's total net position for governmental activities decreased by \$231,495.
- Overall governmental activities revenues were \$9,853,155. General revenues accounted for \$8,000,146 or 81% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$1,853,009 or 19% of total revenues.
- The school district had \$10,084,650 in expenses for governmental activities; only \$1,853,009 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$8,000,146 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,818,150. Of this amount, \$710,324 is restricted for capital reserve, \$378,741 has been appropriated in the 2016/2017 budget for taxpayer relief, \$134,796 is restricted for taxpayer relief in the 2017/2018 budget and \$158,536 is available for spending at the District's discretion (unassigned fund balance – General Fund).

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2016**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

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

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

**Major Features of the District-Wide and Fund Financial Statements**

	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, administration and community education	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	Food Service Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred inflows/outflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.



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

**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2016**

**District-Wide Statements**

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

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

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

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

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

**Fund Financial Statements**

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

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



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

**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2016**

The district has three kinds of funds:

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

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

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

The following provides a summary of the school district's net position for 2016 and 2015.

**Net Position.** The district's combined net position were \$1,546,021 and \$1,775,477 on June 30, 2016 and 2015, respectively.

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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2016**

**Statement of Net Position  
as of June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current Assets	\$ 2,190,367	\$ 1,343,476	\$ 8,352	\$ 5,916	\$ 2,198,719	\$ 1,349,392
Capital Assets	<u>4,909,290</u>	<u>2,812,286</u>	<u>7,451</u>	<u>9,148</u>	<u>4,916,741</u>	<u>2,821,434</u>
<b>Total Assets</b>	<u>7,099,657</u>	<u>4,155,762</u>	<u>15,803</u>	<u>15,064</u>	<u>7,115,460</u>	<u>4,170,826</u>
Deferred Amount on Net Pension Liability						
<b>Total Deferred Outflows of Resources</b>	<u>276,828</u>	<u>62,885</u>	<u>-</u>	<u>-</u>	<u>276,828</u>	<u>62,885</u>
Noncurrent Liabilities	5,299,522	2,026,315	-	-	5,299,522	2,026,315
Other Liabilities	<u>422,831</u>	<u>317,505</u>	<u>3,792</u>	<u>5,092</u>	<u>426,623</u>	<u>322,597</u>
<b>Total Liabilities</b>	<u>5,722,353</u>	<u>2,343,820</u>	<u>3,792</u>	<u>5,092</u>	<u>5,726,145</u>	<u>2,348,912</u>
Deferred Amount on Net Pension Liability						
<b>Total Deferred Inflows of Resources</b>	<u>120,122</u>	<u>109,322</u>	<u>-</u>	<u>-</u>	<u>120,122</u>	<u>109,322</u>
Net Investment in Capital Assets	1,812,290	2,722,286	7,451	9,148	1,819,741	2,731,434
Restricted	1,066,810	155,424			1,066,810	155,424
Unrestricted	<u>(1,345,090)</u>	<u>(1,112,205)</u>	<u>4,560</u>	<u>824</u>	<u>(1,340,530)</u>	<u>(1,111,381)</u>
<b>Total Net Position</b>	<u>\$ 1,534,010</u>	<u>\$ 1,765,505</u>	<u>\$ 12,011</u>	<u>\$ 9,972</u>	<u>\$ 1,546,021</u>	<u>\$ 1,775,477</u>

The following page shows changes in net position for fiscal years 2016 and 2015.

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

**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2016**

**Change in Net Position**  
**For The Fiscal Years Ended June 30, 2016 and 2015**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 106,133	\$ 124,525	\$ 73,294	\$ 71,011	\$ 179,427	\$ 195,536
Operating and Capital Grants and Contributions	1,746,876	1,601,062			1,746,876	1,601,062
General Revenues						
Property Taxes	7,925,250	7,754,933			7,925,250	7,754,933
Unrestricted State Aid	3,991				3,991	-
Investment Earnings	2,592	2,454	50	45	2,642	2,499
Miscellaneous	68,313	31,129	-	-	68,313	31,129
<b>Total Revenues</b>	<u>9,853,155</u>	<u>9,514,103</u>	<u>73,344</u>	<u>71,056</u>	<u>9,926,499</u>	<u>9,585,159</u>
<b>Expenses</b>						
Instruction						
Regular	5,950,754	5,837,936			5,950,754	5,837,936
Special Education	834,586	751,348			834,586	751,348
Other Instruction	17,828				17,828	-
School Sponsored Activities and Athletics	32,837	29,032			32,837	29,032
Support Services						
Student and Instruction Related Services	1,680,990	1,625,308			1,680,990	1,625,308
General Administrative Services	72,575	113,806			72,575	113,806
School Administrative Services	75,632	10,364			75,632	10,364
Plant Operations and Maintenance	597,442	774,808			597,442	774,808
Pupil Transportation	509,828	497,004			509,828	497,004
Business Services	261,236	275,685			261,236	275,685
Interest on Long-Term Debt	50,942	4,266			50,942	4,266
Food Services	-	-	71,305	73,321	71,305	73,321
<b>Total Expenses</b>	<u>10,084,650</u>	<u>9,919,557</u>	<u>71,305</u>	<u>73,321</u>	<u>10,155,955</u>	<u>9,992,878</u>
Change in Net Position	(231,495)	(405,454)	2,039	(2,265)	(229,456)	(407,719)
Net Position, Beginning of Year	<u>1,765,505</u>	<u>2,170,959</u>	<u>9,972</u>	<u>12,237</u>	<u>1,775,477</u>	<u>2,183,196</u>
Net Position, End of Year	<u>\$ 1,534,010</u>	<u>\$ 1,765,505</u>	<u>\$ 12,011</u>	<u>\$ 9,972</u>	<u>\$ 1,546,021</u>	<u>\$ 1,775,477</u>

# Saddle River Board of Education Saddle River, New Jersey

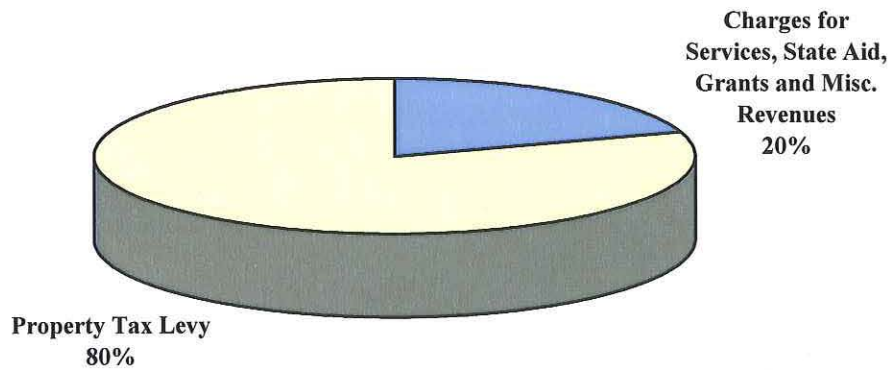
## Management's Discussion and Analysis (continued) Fiscal Year Ended June 30, 2016

**Governmental Activities.** The District's total revenues were \$9,853,155. The local share of the revenues for property taxes amounted to \$7,925,250 or 80% of total revenues. Funding from program charges and state, federal and local sources amounted to \$1,750,867 or 18%. Revenues from charges for services amounted to \$106,133 or 1% of total revenues. The remaining revenues totaling \$70,905 less than 1% of total revenues includes investment earnings and other miscellaneous revenues.

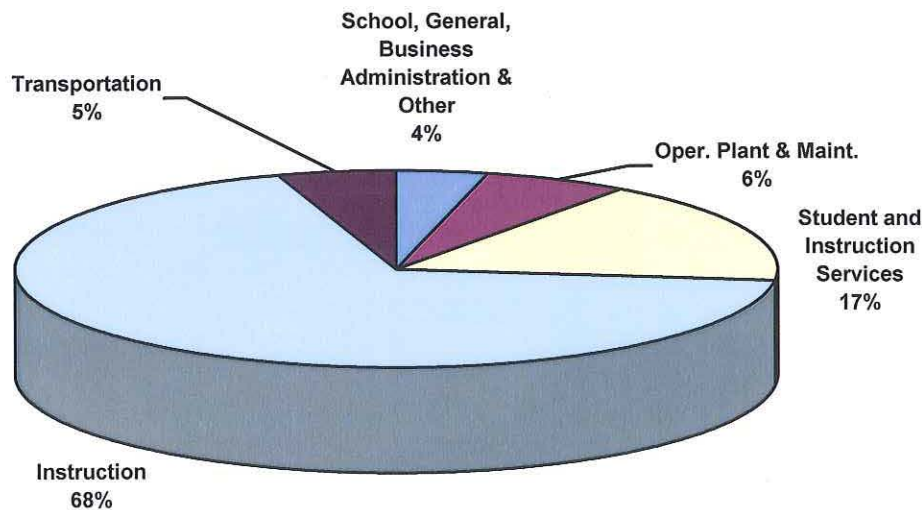
The District's total expenses of \$10,084,650 are predominantly related to instruction and support services. Instruction totaled \$6,836,005 (68%) and other support services exclusive of interest on long-term debt totaled \$3,197,703 (32%) of total expenditures.

Total governmental activities expenses surpassed revenues, decreasing net position by \$231,495 from the previous year.

Revenues by Sources – Governmental Activities  
For Fiscal Year 2016



Expenses by Function – Governmental Activities  
For Fiscal Year 2016



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

**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2016**

**Total and Net Cost of Governmental Activities** – The District's total cost of services was \$10,084,650 after applying program revenues, derived from: charges for services of \$106,133 and operating grants and contributions of \$1,746,876 the net cost of services of the District is \$8,231,641.

**Total and Net Cost of Governmental Activities**  
**For the Fiscal Years Ended June 30, 2016 and 2015**

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Governmental Activities</b>				
<b>Instruction</b>				
Regular	\$ 5,950,754	\$ 5,837,936	\$ 4,746,839	\$ 4,772,200
Special Education	834,586	751,348	502,275	401,140
Other Instruction	17,828		11,664	
School Sponsored Activities and Athletics	32,837	29,032	22,571	21,979
<b>Support Services</b>				
Student and Instruction Related Services	1,680,990	1,625,308	1,515,454	1,439,960
General Administrative Services	72,575	113,806	72,575	113,806
School Administrative Services	75,632	10,364	51,381	8,525
Plant Operations and Maintenance	597,442	774,808	567,052	742,486
Pupil Transportation	509,828	497,004	429,652	413,923
Business Services	261,236	275,685	261,236	275,685
Interest	50,942	4,266	50,942	4,266
<b>Total</b>	<b>\$ 10,084,650</b>	<b>\$ 9,919,557</b>	<b>\$ 8,231,641</b>	<b>\$ 8,193,970</b>

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2016 was \$71,305. These costs were funded by charges for services (\$73,294) and investment earnings (\$50). The net cost of services for business-type activities was \$1,989.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

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

**Governmental Funds**

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

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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2016**

**Governmental Funds (Continued)**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$1,818,150. At June 30, 2015, the fund balance was \$1,027,612. The increase is predominantly attributable to unexpended bond proceeds in capital projects relating to the referendum project.

Revenues and other financing sources for the District's governmental funds were \$12,300,017 while total expenditures were \$11,509,479 thereby increasing fund balance by \$790,538.

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

The following schedule presents a summary of General Fund revenues.

**General Fund Revenues**

	<b>Fiscal Year Ended June 30, 2016</b>	<b>Fiscal Year Ended June 30, 2015</b>	<b>Amount of Increase (Decrease)</b>	<b>Percent Increase (Decrease)</b>
Local Sources:				
Property Taxes	\$ 7,833,281	\$ 7,659,027	\$ 174,254	2.3%
Tuition	106,133	124,525	(18,392)	-14.8%
Investment Earnings	2,592	2,454	138	5.6%
Miscellaneous	68,313	31,129	37,184	119.5%
Intergovernmental				
Federal/State Sources	<u>778,454</u>	<u>758,165</u>	<u>20,289</u>	2.7%
 Total Revenues	 <u>\$ 8,788,773</u>	 <u>\$ 8,575,300</u>	 <u>\$ 213,473</u>	 2.5%

Total General Fund revenues increased by \$213,473 or 2.5% over the previous year.

Local property taxes increased by 2.3% over the previous year.

There was an increase of 2.7% (\$20,289) from the prior year in Federal/State sources revenues.

The decrease in tuition revenues of \$18,392 or 14.8% is due to a decrease in preschool enrollment and individual students from other communities.

The increase in miscellaneous revenues of \$37,184 is largely attributable to the receipt of refunds of prior year expenditures.

The following schedule presents a summary of General Fund expenditures.

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

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2016**

**General Fund Expenditures**

	<u>Fiscal Year Ended June 30, 2016</u>	<u>Fiscal Year Ended June 30, 2015</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Instruction	\$ 5,907,787	\$ 5,822,494	\$ 85,293	1.5%
Student & Instruction Related	1,466,225	1,449,939	16,286	1.1%
School, General & Business Administration	376,060	388,894	(12,834)	-3.3%
Plant Operations & Transportation	<u>934,651</u>	<u>1,043,752</u>	<u>(109,101)</u>	-10.5%
 Total Expenditures	 <u>\$ 8,684,723</u>	 <u>\$ 8,705,079</u>	 <u>\$ (20,356)</u>	 -0.2%

Total General Fund expenditures decreased by \$20,356 or 0.2% from the previous year.

In 2015/2016, General Fund revenues exceeded expenditures by \$104,050. As a result, total fund balance increased to \$1,461,664 at June 30, 2016. After deducting statutory restrictions and designations, the unassigned fund balance decreased from \$201,708 at June 30, 2015 to \$158,536 at June 30, 2016.

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

Revenues of the Special Revenue Fund were \$322,275 for the year ended June 30, 2016. Local sources represented 38% of the total revenue for the year, state sources accounts for 24% and federal sources accounted for 38%.

Total Special Revenue Fund revenues increased \$109,794 or 52% from the previous year. State sources increased \$3,043 or 4%, Federal sources increased \$28,130 or 30% and local sources increased \$78,621 or 175%.

Expenditures of the Special Revenue Fund were \$322,275 Instructional expenditures were \$156,739 or 49% of the expenditures. Student and instruction related services expenditures were \$149,003 or 46% of expenditures. The remaining \$16,533 (5%) was expenditures for capital outlay.

**Capital Projects Fund** – The capital project other financing sources exceeded expenditures by \$686,488, resulting in a fund balance of \$356,486. The other financing sources were the proceeds from the sale of bonds to fund the referendum HVAC project approved by the voters of Saddle River.

**Proprietary Funds**

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

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

**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2016**

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

Over the course of the year, the District revised the annual operating budget several times. These budget amendments occur from implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over, and appropriating capital reserve funds to implement an approved facilities project.

**Capital Assets.** At the end of the fiscal year 2016, the school district's investment in land, land improvements, buildings, furniture, machinery and equipment for governmental activities amounts to \$4,909,290 and \$7,451 for business-type activities (net of accumulated depreciation).

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 3,483	\$ 3,483		
Construction in Progress		114,386		
Land Improvements	428,493	415,559		
Building and Building Improvements	6,540,102	4,163,555		
Machinery and Equipment	<u>335,135</u>	<u>336,872</u>	\$ 44,373	\$ 44,373
 Total	 7,307,213	 5,033,855	 44,373	 44,373
 Less: Accumulated Depreciation	 <u>(2,397,923)</u>	 <u>(2,221,569)</u>	 <u>(36,922)</u>	 <u>(35,225)</u>
 Total Capital Assets, Net	 <u>\$ 4,909,290</u>	 <u>\$ 2,812,286</u>	 <u>\$ 7,451</u>	 <u>\$ 9,148</u>

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



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

**Management's Discussion and Analysis (continued)**  
**Fiscal Year Ended June 30, 2016**

**Debt Administration.** As of June 30, 2016 the school district had outstanding long-term liabilities in the amount of \$5,299,522.

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

	<u>2016</u>	<u>2015</u>
Bonds Payable	\$ 3,097,000	\$ 90,000
Compensated Absences Payable	125,670	101,891
Net Pension Liability	<u>2,076,852</u>	<u>1,834,424</u>
Total	<u>\$ 5,299,522</u>	<u>\$ 2,026,315</u>

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2015-2016 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were also considered when adopting the budget for fiscal year 2016-2017. Budgeted expenditures in the General Fund increased 2 percent to \$8,808,965 in fiscal year 2016-2017. Increases in contractual payroll and employee benefits costs are the primary reasons for the increase.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

**BASIC FINANCIAL STATEMENTS**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,158,023	\$ 6,892	\$ 2,164,915
Receivables, net			
Receivables from Other Governments	23,987		23,987
Other	8,357		8,357
Inventories		1,460	1,460
Capital Assets, Not Being Depreciated	3,483		3,483
Capital Assets, Net of Depreciation	<u>4,905,807</u>	<u>7,451</u>	<u>4,913,258</u>
 Total Assets	 <u>7,099,657</u>	 <u>15,803</u>	 <u>7,115,460</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>276,828</u>	-	<u>276,828</u>
 Total Deferred Outflows of Resources	 <u>276,828</u>	 -	 <u>276,828</u>
 Total Deferred Outflows of Resources and Assets	 <u>7,376,485</u>	 <u>15,803</u>	 <u>7,392,288</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	319,264	3,792	323,056
Payable to State Government	12,736		12,736
Unearned Revenue	40,217		40,217
Accrued Interest Payable	50,614		50,614
Noncurrent Liabilities			
Due Within One Year	230,000		230,000
Due Beyond One Year	<u>5,069,522</u>	-	<u>5,069,522</u>
 Total Liabilities	 <u>5,722,353</u>	 <u>3,792</u>	 <u>5,726,145</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amount on Net Pension Liability	<u>120,122</u>	-	<u>120,122</u>
 Total Deferred Inflows of Resources	 <u>120,122</u>	 -	 <u>120,122</u>
 Total Deferred Inflows of Resources and Liabilities	 <u>5,842,475</u>	 <u>3,792</u>	 <u>5,846,267</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,812,290	7,451	1,819,741
Restricted for			
Capital Projects	1,066,810		1,066,810
Unrestricted	<u>(1,345,090)</u>	<u>4,560</u>	<u>(1,340,530)</u>
 Total Net Position	 <u>\$ 1,534,010</u>	 <u>\$ 12,011</u>	 <u>\$ 1,546,021</u>

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

**SADDLE RIVER BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 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
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 5,950,754	\$ 106,133	\$ 1,097,782		\$ (4,746,839)		\$ (4,746,839)
Special Education	834,586		332,311		(502,275)		(502,275)
Other Instruction	17,828		6,164		(11,664)		(11,664)
School Sponsored Activities and Athletics	32,837		10,266		(22,571)		(22,571)
Support Services							
Student and Instruction Related Services	1,680,990		165,536		(1,515,454)		(1,515,454)
General Administrative Services	72,575				(72,575)		(72,575)
School Administrative Services	75,632		24,251		(51,381)		(51,381)
Plant Operations and Maintenance	597,442		30,390		(567,052)		(567,052)
Pupil Transportation	509,828		80,176		(429,652)		(429,652)
Business Services	261,236				(261,236)		(261,236)
Interest	50,942	-	-	-	(50,942)	-	(50,942)
Total Governmental Activities	10,084,650	106,133	1,746,876	-	(8,231,641)	-	(8,231,641)
<b>Business-Type Activities</b>							
Food Service	71,305	73,294	-	-	-	\$ 1,989	1,989
Total Business-Type Activities	71,305	73,294	-	-	-	1,989	1,989
Total Primary Government	\$ 10,155,955	\$ 179,427	\$ 1,746,876	\$ -	(8,231,641)	1,989	(8,229,652)
<b>General Revenues</b>							
Property Taxes Levied for General Purpose					7,833,281		7,833,281
Property Taxes Levied for Debt Service					91,969		91,969
Unrestricted State Aid					3,991		3,991
Investment Earnings					2,592	50	2,642
Miscellaneous Income					68,313	-	68,313
Total General Revenues					8,000,146	50	8,000,196
Change in Net Position					(231,495)	2,039	(229,456)
Net Position, Beginning of Year					1,765,505	9,972	1,775,477
Net Position, End of Year					\$ 1,534,010	\$ 12,011	\$ 1,546,021

**FUND FINANCIAL STATEMENTS**

**SADDLE RIVER 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>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,758,879	\$ 42,658	\$ 356,486		\$ 2,158,023
Receivables					
Intergovernmental	13,488	10,499			23,987
Other	5,124	3,233	-	-	8,357
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,777,491</u>	<u>\$ 56,390</u>	<u>\$ 356,486</u>	<u>\$ -</u>	<u>\$ 2,190,367</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 313,327	\$ 5,937			\$ 319,264
Payable to State Government		12,736			12,736
Unearned Revenue	2,500	37,717	-	-	40,217
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>315,827</u>	<u>56,390</u>	<u>-</u>	<u>-</u>	<u>372,217</u>
<b>Fund Balances</b>					
<b>Restricted Fund Balance</b>					
Excess Surplus-Designated for Subsequent Year's Expenditures (2016/17 Budget)	285,637				285,637
Excess Surplus (2017/18 Budget)	134,796				134,796
Capital Reserve	710,324				710,324
Capital Projects			\$ 356,486		356,486
<b>Committed Fund Balance</b>					
Year-End Encumbrances	73,195				73,195
<b>Assigned Fund Balance</b>					
Designated for Subsequent Year's Expenditures (2016/17 Budget)	93,104				93,104
Year-End Encumbrances	6,072				6,072
Unassigned Fund Balance	158,536	-	-	-	158,536
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>1,461,664</u>	<u>-</u>	<u>356,486</u>	<u>-</u>	<u>1,818,150</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 1,777,491</u>	<u>\$ 56,390</u>	<u>\$ 356,486</u>	<u>\$ -</u>	

**Amounts Reported for Governmental Activities in the Statement of  
Net Position (A-1) are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,307,213 and the accumulated depreciation is \$2,397,923. 4,909,290

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

Deferred Outflows of Resources	\$ 276,828	
Deferred Inflows of Resources	(120,122)	156,706

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (50,614)

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

General Obligation Bonds Payable	3,097,000	
Compensated Absences Payable	125,670	
Net Pension Liability	2,076,852	(5,299,522)

**Net Position of Governmental Activities (Exhibit A-1) \$ 1,534,010**

**SADDLE RIVER 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>
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 7,833,281			\$ 91,969	\$ 7,925,250
Tuition	106,133				106,133
Interest	2,592				2,592
Miscellaneous	68,313	\$ 123,577	-	-	191,890
Total - Local Sources	<u>8,010,319</u>	<u>123,577</u>	<u>-</u>	<u>91,969</u>	<u>8,225,865</u>
State Sources	778,454	75,671			854,125
Federal Sources	-	123,027	-	-	123,027
Total Revenues	<u>8,788,773</u>	<u>322,275</u>	<u>-</u>	<u>91,969</u>	<u>9,203,017</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	5,176,272	74,799			5,251,071
Special Education Instruction	690,158	81,940			772,098
Other Instruction	14,336				14,336
School-Sponsored Activities and Athletics	27,021				27,021
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,466,225	149,003			1,615,228
General Administrative Services	66,943				66,943
School Administrative Services	60,075				60,075
Plant Operations and Maintenance	434,479		\$ 148,351		582,830
Pupil Transportation	500,172				500,172
Business Services	249,042				249,042
Capital Outlay		16,533	2,262,161		2,278,694
Debt Service					
Principal				90,000	90,000
Interest	-	-	-	1,969	1,969
Total Expenditures	<u>8,684,723</u>	<u>322,275</u>	<u>2,410,512</u>	<u>91,969</u>	<u>11,509,479</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>104,050</u>	<u>-</u>	<u>(2,410,512)</u>	<u>-</u>	<u>(2,306,462)</u>
<b>OTHER FINANCING SOURCES</b>					
Bond Proceeds	-	-	3,097,000	-	3,097,000
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>3,097,000</u>	<u>-</u>	<u>3,097,000</u>
Net Change in Fund Balances	104,050	-	686,488	-	790,538
Fund Balance (Deficit), Beginning of Year	<u>1,357,614</u>	<u>-</u>	<u>(330,002)</u>	<u>-</u>	<u>1,027,612</u>
Fund Balance, End of Year	<u>\$ 1,461,664</u>	<u>\$ -</u>	<u>\$ 356,486</u>	<u>\$ -</u>	<u>\$ 1,818,150</u>

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

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** \$ 790,538

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

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

Capital Outlays	\$ 2,278,694	
Depreciation Expense	<u>(181,690)</u>	2,097,004

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

Debt Issuance		
General Obligation Bonds	(3,097,000)	
Principal Repayments		
General Obligation Bonds	<u>90,000</u>	(3,007,000)

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

Decrease in Accrued Interest	\$ (48,973)	
Net Increase in Compensated Absences Payable	(23,779)	
Net Increase in Pension Expense	<u>(39,285)</u>	(112,037)

**Change in Net Position of Governmental Activities (Exhibit A-2)** \$ (231,495)



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

	<b>Business-Type Activities Enterprise Fund <u>Food Service</u></b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 6,892
Inventories	<u>1,460</u>
Total Current Assets	<u>8,352</u>
Capital Assets	
Machinery and Equipment	44,373
Less: Accumulated Depreciation	<u>36,922</u>
Total Capital Assets, Net of Depreciation	<u>7,451</u>
Total Assets	<u>15,803</u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable	<u>3,792</u>
Total Liabilities	<u>3,792</u>
<b>NET POSITION</b>	
Investment in Capital Assets	7,451
Unrestricted	<u>4,560</u>
Total Net Position	<u>\$ 12,011</u>

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

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

	<b>Business-Type Activities Enterprise Fund <u>Food Service</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales	\$ 73,294
	<hr/>
Total Operating Revenues	73,294
	<hr/>
<b>OPERATING EXPENSES</b>	
Salaries and Benefits	24,618
Cost of Sales	33,704
Management Fee	8,000
Miscellaneous Expenses	2,975
Supplies and Materials	311
Depreciation Expense	1,697
	<hr/>
Total Operating Expenses	71,305
	<hr/>
Operating Income	1,989
	<hr/>
<b>NONOPERATING REVENUES</b>	
Interest and Investment Revenue	50
	<hr/>
Total Nonoperating Revenues	50
	<hr/>
Change in Net Position	2,039
Net Position, Beginning of Year	9,972
	<hr/>
Net Position, End of Year	\$ 12,011
	<hr/> <hr/>

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

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

	<b>Business-Type Activities Enterprise Fund <u>Food Service</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 73,294
Cash Payments to Suppliers for Goods and Services	<u>(74,653)</u>
Net Cash Used by Operating Activities	<u>(1,359)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>50</u>
Net Cash Provided by Investing Activities	<u>50</u>
Net Decrease in Cash	(1,309)
Cash, Beginning of Year	<u>8,201</u>
Cash, End of Year	<u><u>\$ 6,892</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	\$ <u>1,989</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities	
Depreciation	1,697
Change in Assets and Liabilities	
(Increase)/Decrease in Inventories	(745)
Increase/(Decrease) in Accounts Payable	(1,300)
Increase/(Decrease) in Due to Other Funds	<u>(3,000)</u>
Total Adjustments	<u>(3,348)</u>
Net Cash Used by Operating Activities	<u><u>\$ (1,359)</u></u>

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

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

	<u>Unemployment Compensation Trust Fund</u>	<u>Education Foundation Donations Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash	\$ 45,571	\$ 320	\$ 15,783
Due from Other Funds	<u>1,482</u>	<u>-</u>	<u>-</u>
Total Assets	<u>47,053</u>	<u>320</u>	<u>\$ 15,783</u>
<b>LIABILITIES</b>			
Due to Other Funds			\$ 1,482
Payroll Deductions and Withholdings			1,041
Reserved for Flexible Spending			7,871
Due to Student Groups	<u>-</u>	<u>-</u>	<u>5,389</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 15,783</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 47,053</u>	<u>\$ 320</u>	

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

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

	<u>Unemployment Compensation Trust Fund</u>	<u>Education Foundation Donations Fund</u>
<b>ADDITIONS</b>		
Contributions		
Board	\$ 20,000	
Employees	4,636	
Other		\$ 25,891
Investment Earnings		
Interest	83	7
	<hr/>	<hr/>
Total Additions	24,719	25,898
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Student and Instruction Related Expenses		27,068
Unemployment Claims and Contributions	-	-
	<hr/>	<hr/>
Total Deductions	-	27,068
	<hr/>	<hr/>
Change in Net Position	24,719	(1,170)
Net Position, Beginning of Year	22,334	1,490
	<hr/>	<hr/>
Net Position, End of Year	<u>\$ 47,053</u>	<u>\$ 320</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 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*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

**SADDLE RIVER BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 RIVER 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. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and enterprise funds to be major funds.

The District reports the following major governmental funds:

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

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

The *capital projects fund* accounts for the proceeds from 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 RIVER 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.

Additionally, the government reports the following fund types:

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

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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 RIVER 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, 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.

**SADDLE RIVER 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 \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

**5. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred 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 RIVER 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 one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred 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.

***6. Compensated Absences***

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

***7. Pensions***

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.

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.

SADDLE RIVER 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*

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.)

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

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

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

**SADDLE RIVER 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)**

**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 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

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

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 are charges to customers for sales and services. Operating expenses for enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**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 January 24, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.



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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2015/2016. Also, during 2015/2016 the Board increased the original budget by \$249,213. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances. During the fiscal year the Board authorized and approved on June 21, 2016 additional fund balance appropriations of \$76,800 from the general fund capital reserve account.

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.

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**B. Capital Reserve (Continued)**

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

Balance, July 1, 2015		\$	485,426
Increased by			
Interest Earnings	\$	1,698	
Deposits Approved by Board Resolution		<u>300,000</u>	
			<u>301,698</u>
			787,124
Withdrawals			
Approved by Board Resolution			<u>(76,800)</u>
Balance, June 30, 2016		\$	<u>710,324</u>

The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

**C. Transfers to Capital Outlay**

During the 2015/2016 school year, the district transferred \$76,800 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to implement capital projects in the District's Long Range Facility Plan.

**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 \$420,433. Of this amount, \$285,637 was designated and appropriated in the 2016/2017 original budget certified for taxes and the remaining amount of \$134,796 will be appropriated in the 2017/2018 original budget certified for taxes.

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

**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 \$2,226,589 and bank and brokerage firm balances of the Board's deposits amounted to \$2,340,147. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ 2,163,584
Uninsured and Collateralized	<u>176,563</u>
	<u>\$ 2,340,147</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2016 the Board's bank balance of \$176,563 was exposed to custodial credit risk as follows:

**Depository Account**

Uninsured and Collateralized:

Collateral held by pledging financial institution's trust department not in the Board's name (New Jersey Cash Management Fund)	<u>\$ 176,563</u>
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**Investments**

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

**SADDLE RIVER 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)**

As of June 30, 2016, the Board had no outstanding investments.

**B. Receivables**

Receivables as of June 30, 2016 for the district's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Special Revenue Fund	Total
Receivables:			
Intergovernmental			
Federal		\$ 10,499	\$ 10,499
State	\$ 13,488		13,488
Other	<u>5,124</u>	<u>3,233</u>	<u>8,357</u>
Gross Receivables	18,612	13,732	32,344
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 18,612</u>	<u>\$ 13,732</u>	<u>\$ 32,344</u>

**C. Unearned Revenue**

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

General School	
Preschool Program Fees	\$ 2,500
Special Revenue Fund	
Unencumbered Grant Draw Downs	32,972
Grant Draw Downs Reserved for Encumbrances	<u>4,745</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 40,217</u>

**SADDLE RIVER 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:

	Balance, <u>July 1, 2015</u>	<u>Increases</u>	<u>Adjustments</u>	<u>Decreases</u>	Balance, <u>June 30, 2016</u>
<b>Governmental Activities:</b>					
Capital Assets, Not Being Depreciated					
Land	\$ 3,483				\$ 3,483
Construction in Progress	<u>114,386</u>	\$ 2,262,161	\$ (2,376,547)	-	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>117,869</u>	<u>2,262,161</u>	<u>(2,376,547)</u>	<u>-</u>	<u>3,483</u>
Capital Assets, Not Being Depreciated:					
Land Improvements	415,559	12,934			428,493
Building and Building Improvements	4,163,555		2,376,547		6,540,102
Machinery and Equipment	<u>336,872</u>	<u>3,599</u>	-	\$ 5,336	<u>335,135</u>
Total Assets Being Depreciated	<u>4,915,986</u>	<u>16,533</u>	<u>2,376,547</u>	<u>5,336</u>	<u>7,303,730</u>
Less Accumulated Depreciation for:					
Land Improvements	(296,842)	(22,457)			(319,299)
Building and Building Improvements	(1,660,789)	(149,455)			(1,810,244)
Machinery and Equipment	<u>(263,938)</u>	<u>(9,778)</u>	-	5,336	<u>(268,380)</u>
Total Accumulated Depreciation	<u>(2,221,569)</u>	<u>(181,690)</u>	<u>-</u>	<u>5,336</u>	<u>(2,397,923)</u>
Total Assets, Being Depreciated, Net	<u>2,694,417</u>	<u>(165,157)</u>	<u>2,376,547</u>	<u>-</u>	<u>4,905,807</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,812,286</u>	<u>\$ 2,097,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,909,290</u>

**SADDLE RIVER 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>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 44,373	-	-	\$ 44,373
Total Capital Assets Being Depreciated	<u>44,373</u>	<u>-</u>	<u>-</u>	<u>44,373</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(35,225)	\$ (1,697)	-	(36,922)
Total Accumulated Depreciation	<u>(35,225)</u>	<u>(1,697)</u>	<u>-</u>	<u>(36,922)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,148</u>	<u>(1,697)</u>	<u>-</u>	<u>7,451</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,148</u>	<u>\$ (1,697)</u>	<u>\$ -</u>	<u>\$ 7,451</u>

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

**Governmental Activities:**

Instruction	
Regular	\$ 107,196
Special Education	12,718
Total Instruction	<u>119,914</u>
Support Services	
Student and Instruction Related Services	29,070
General Administrative Services	5,451
School Administrative Services	1,817
Operations and Maintenance of Plant	9,085
Pupil Transportation	9,085
Business Services	7,268
Total Support Services	<u>61,776</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 181,690</u>
<b>Business-Type Activities:</b>	
Food Service Fund	<u>\$ 1,697</u>

**SADDLE RIVER 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>
Telephone Upgrades	None	\$ 73,195
Total		<u>\$ 73,195</u>

**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>
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>\$ 1,482</u>

The above balances are the result of revenues earned in one fund which are due to another.

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

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases**

**Operating Leases**

The District leases laptops under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2016 were \$55,545. The lease payments were being funded by donations from the Wandell School Education Foundation. The payment made in 2015/2016 was the final lease payment.

**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 issue:

\$3,097,000, 2015 Bonds, due in annual installments of \$230,000 to \$357,000 through July 15, 2025, interest at 1.25% to 2.00%	<u>\$3,097,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 230,000	\$ 77,785	\$ 307,785
2018	285,000	48,159	333,159
2019	295,000	44,534	339,534
2020	300,000	40,440	340,440
2021	310,000	35,865	345,865
2022-2026	<u>1,677,000</u>	<u>85,930</u>	<u>1,762,930</u>
Total	<u>\$ 3,097,000</u>	<u>\$ 332,713</u>	<u>\$ 3,429,713</u>



**SADDLE RIVER 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)**

**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:

2.5% of Equalized Valuation Basis (Municipal)		\$ 62,270,615
Less: Net Debt		
Issued	\$ 3,097,000	
Authorized But Not Issued	<u>91</u>	
		<u>3,097,091</u>
Remaining Borrowing Power		<u>\$ 59,173,524</u>

**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,</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2016</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 90,000	\$ 3,097,000	\$ 90,000	\$ 3,097,000	\$ 230,000
Compensated Absences	101,891	23,779		125,670	
Net Pension Liability	<u>1,834,424</u>	<u>321,969</u>	<u>79,541</u>	<u>2,076,852</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 2,026,315</u>	<u>\$ 3,442,748</u>	<u>\$ 169,541</u>	<u>\$ 5,299,522</u>	<u>\$ 230,000</u>

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

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

**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 and various other types of insurance coverages.

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

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

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Board</u> <u>Contribution</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2016	\$ 20,000	\$ 4,636		\$ 47,053
2015	20,000	4,767	\$ 7,822	22,334
2014	13,500	4,657	23,121	5,333

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

**NOTE 4 OTHER INFORMATION (Continued)**

**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 has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

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

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

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

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

**SADDLE RIVER 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)**

**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](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

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

**Investment Valuation**

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

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

**SADDLE RIVER 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)**

**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.

**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.

**SADDLE RIVER 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)**

**Annual Pension Costs (APC) (Continued)**

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:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2016	\$ 79,541	\$ 161,029	
2015	80,772	113,637	
2014	73,921	109,448	\$ 339

For fiscal years 2015/2016 and 2014/2015, the state contributed \$161,029 and \$113,637, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$109,448 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the 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 \$144,613 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.

**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 \$2,076,852 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 .00925 percent, which was a decrease of .00054 percent from its proportionate share measured as of June 30, 2014 of .00979 percent.

**SADDLE RIVER 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)**

For the fiscal year ended June 30, 2016, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$118,826 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:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 49,546	
Changes of Assumptions	223,037	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 33,392
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>4,245</u>	<u>86,730</u>
Total	<u>\$ 276,828</u>	<u>\$ 120,122</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	\$ 25,780
2018	25,780
2019	25,780
2020	53,111
2021	<u>26,255</u>
	<u>\$ 156,706</u>

**SADDLE RIVER 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 RIVER 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 RIVER 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)**

***Discount Rate (Continued)***

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

Period of Projected Benefit Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2033
Municipal Bond Rate *	From July 1, 2033 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 District's proportionate share of the PERS net pension liability calculated using the discount rate of 4.90%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.90 percent) or 1-percentage-point higher (5.90 percent) than the current rate:

	<b>1% Decrease <u>(3.90%)</u></b>	<b>Current Discount Rate <u>(4.90%)</u></b>	<b>1% Increase <u>(5.90%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 2,581,273</u>	<u>\$ 2,076,852</u>	<u>\$ 1,653,949</u>

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

***Pension Plan Fiduciary Net Position***

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

**SADDLE RIVER 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 \$811,167 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 \$13,284,975. 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 .02102 percent, which was a decrease of .00485 percent from its proportionate share measured as of June 30, 2014 of .02587 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 RIVER 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 RIVER 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:

	<b>1% Decrease (3.13%)</b>	<b>Current Discount Rate (4.13%)</b>	<b>1% Increase (5.13%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 15,788,696</u>	<u>\$ 13,284,975</u>	<u>\$ 11,127,869</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 RIVER 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](http://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](http://www.state.nj.us/treasury/pensions).

**SADDLE RIVER 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 RIVER 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 \$191,741, \$180,399 and \$179,453, 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.



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

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

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 7,833,281		\$ 7,833,281	\$ 7,833,281	
Preschool Tuition	108,075		108,075	106,133	\$ (1,942)
Interest				894	894
Interest on Capital Reserve	1,500		1,500	1,698	198
Miscellaneous	12,400	-	12,400	68,313	55,913
<b>Total Local Sources</b>	<u>7,955,256</u>	<u>-</u>	<u>7,955,256</u>	<u>8,010,319</u>	<u>55,063</u>
State Sources					
Special Education Aid	104,971		104,971	104,971	
Transportation Aid	66,671		66,671	66,671	
Security Aid	30,383		30,383	30,383	
PARCC Readiness Aid	3,990		3,990	3,990	
Per Pupil Growth Aid	3,990		3,990	3,990	
Additional Adjustment Aid	1		1	1	
Additional Nonpublic Transportation Aid				13,488	13,488
Extraordinary Aid	99,538		99,538	85,290	(14,248)
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				7,641	7,641
On-behalf TPAF Pension System Payments - Normal Cost (Non-Budget)				153,388	153,388
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				191,741	191,741
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	144,613	144,613
<b>Total State Sources</b>	<u>309,544</u>	<u>-</u>	<u>309,544</u>	<u>806,167</u>	<u>496,623</u>
<b>Total Revenues</b>	<u>8,264,800</u>	<u>-</u>	<u>8,264,800</u>	<u>8,816,486</u>	<u>551,686</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	123,735	\$ 75,379	199,114	198,674	440
Kindergarten	184,707	665	185,372	182,693	2,679
Grades 1-5	1,227,682	(20,419)	1,207,263	1,080,816	126,447
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	47,611	(47,611)			-
Purchased Professional/Educational Services	25,000	(13,025)	11,975	11,706	269
Purchased Technical Services	5,000	(600)	4,400	4,350	50
Other Purchased Services	27,280	-	27,280	21,687	5,593
General Supplies	61,620	(8,231)	53,389	41,131	12,258
Textbooks	-	939	939	438	501
<b>Total Regular Programs</b>	<u>1,702,635</u>	<u>(12,903)</u>	<u>1,689,732</u>	<u>1,541,495</u>	<u>148,237</u>

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

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 130,550	\$ 6,836	\$ 137,386	\$ 126,053	\$ 11,333
Total Resource Room/Resource Center	<u>130,550</u>	<u>6,836</u>	<u>137,386</u>	<u>126,053</u>	<u>11,333</u>
Total Special Education	<u>130,550</u>	<u>6,836</u>	<u>137,386</u>	<u>126,053</u>	<u>11,333</u>
Basic Skills/Remedial Instruction					
Salaries of Teachers	-	8,845	8,845	8,845	-
Total Basic Skills/ Remedial	<u>-</u>	<u>8,845</u>	<u>8,845</u>	<u>8,845</u>	<u>-</u>
School Sponsored Co/Extracurricular Activities-Instruction					
Salaries	-	6,700	6,700	6,700	-
Total Co/Extracurricular Activities-Instruction	<u>-</u>	<u>6,700</u>	<u>6,700</u>	<u>6,700</u>	<u>-</u>
School Sponsored Athletics-Instruction					
Salaries	5,500	2,852	8,352	8,029	323
Purchased Services	1,200	100	1,300	1,300	-
Supplies and Materials	-	688	688	688	-
Other Objects	4,500	(3,340)	1,160	1,160	-
Total School Sponsored Athletics-Instruction	<u>11,200</u>	<u>300</u>	<u>11,500</u>	<u>11,177</u>	<u>323</u>
Total Instruction	<u>1,844,385</u>	<u>9,778</u>	<u>1,854,163</u>	<u>1,694,270</u>	<u>159,893</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	2,727,119	(3,419)	2,723,700	2,721,743	1,957
Tuition to Other LEAs Within the State - Special	147,000	51,622	198,622	181,991	16,631
Tuition to CSSD & Reg. Day Schools	71,379	4,161	75,540	75,540	-
Tuition to Priv. School for the Disabled W/I State	314,280	(121,623)	192,657	112,516	80,141
Tuition to Priv. Sch. Disabled & Other LEAs- Special,O/S State	-	120,286	120,286	115,803	4,483
Tuition - Other	46,017	(35,716)	10,301	5,301	5,000
Total Undistributed Expenditures - Instruction	<u>3,305,795</u>	<u>15,311</u>	<u>3,321,106</u>	<u>3,212,894</u>	<u>108,212</u>

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

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Health Services					
Salaries	\$ 67,500	\$ 1,675	\$ 69,175	\$ 66,603	\$ 2,572
Purchased Professional and Technical Services	2,500	(605)	1,895	1,895	-
Other Purchased Services	150	(30)	120	120	-
Supplies and Materials	1,500	1,215	2,715	2,536	179
Other Objects	100	(100)	-	-	-
Total Health Services	<u>71,750</u>	<u>2,155</u>	<u>73,905</u>	<u>71,154</u>	<u>2,751</u>
Speech, OT, PT and Related Services					
Salaries	66,518	-	66,518	64,999	1,519
Purchased Professional-Educational Services	96,663	(26,867)	69,796	41,007	28,789
Supplies and Materials	250	889	1,139	1,139	-
Total Speech, OT, PT and Related Services	<u>163,431</u>	<u>(25,978)</u>	<u>137,453</u>	<u>107,145</u>	<u>30,308</u>
Other Support Serv. Students - Extra. Svcs.					
Salaries	218,134	5,131	223,265	202,305	20,960
Purchased Professional-Educational Services	103,377	(62,144)	41,233	29,296	11,937
Total Other Support Serv. Students - Extra. Svcs.	<u>321,511</u>	<u>(57,013)</u>	<u>264,498</u>	<u>231,601</u>	<u>32,897</u>
Guidance					
Supplies and Materials	3,000	1,900	4,900	2,301	2,599
Total Guidance	<u>3,000</u>	<u>1,900</u>	<u>4,900</u>	<u>2,301</u>	<u>2,599</u>
Child Study Teams					
Salaries of Other Professional Staff	117,370	-	117,370	117,313	57
Salaries of Secretarial and Clerical Assistants	72,940	1,902	74,842	72,441	2,401
Purchased Professional/Educational Services	2,500	42,794	45,294	27,027	18,267
Other Purchased Professional and Tech. Services	500	(500)	-	-	-
Misc. Purchased Services	-	729	729	483	246
Supplies and Materials	5,000	(2,519)	2,481	2,327	154
Other Objects	800	(62)	738	738	-
Total Child Study Teams	<u>199,110</u>	<u>42,344</u>	<u>241,454</u>	<u>220,329</u>	<u>21,125</u>
Improvement of Instructional Services					
Salaries of Other Professional Staff	218,649	(5,174)	213,475	213,475	-
Salaries of Secr and Clerical Assist	89,319	(372)	88,947	88,677	270
Purchased Professional/Educational Services	-	4,588	4,588	720	3,868
Supplies and Materials	-	2,458	2,458	2,433	25
Other Objects	150	-	150	150	-
Total Improvement of Instructional Services	<u>308,118</u>	<u>1,500</u>	<u>309,618</u>	<u>305,455</u>	<u>4,163</u>

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

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 71,424	\$ 1,000	\$ 72,424	\$ 72,100	\$ 324
Purchased Professional and Technical Services	75,000	(3,624)	71,376	63,375	8,001
Other Purchased Services	1,500	-	1,500	1,419	81
Supplies and Materials	2,000	(275)	1,725	1,281	444
Total Educational Media Serv./School Library	<u>149,924</u>	<u>(2,899)</u>	<u>147,025</u>	<u>138,175</u>	<u>8,850</u>
Instructional Staff Training Services					
Purchased Professional/Educational Services		110	110		110
Other Purchased Services	12,800	(7,110)	5,690	1,393	4,297
Total Instructional Staff Training Services	<u>12,800</u>	<u>(7,000)</u>	<u>5,800</u>	<u>1,393</u>	<u>4,407</u>
Support Services General Administration					
Salaries	5,775	-	5,775	5,775	-
Legal Services	5,000	12,961	17,961	16,716	1,245
Audit Fees	20,000	(400)	19,600	19,600	-
Purchased Technical Services		420	420		420
Other Purchased Professional Services	8,000	(4,000)	4,000	938	3,062
Communications/Telephone	5,300	(2,701)	2,599	2,415	184
BOE Other Purchased Services	500	853	1,353	1,129	224
Miscellaneous Purchased Services	3,500	-	3,500	3,074	426
General Supplies		429	429	429	-
BOE In-House Training/Meeting Supplies	500	5	505	504	1
Miscellaneous Expenditures	10,050	(6,143)	3,907	3,705	202
BOE Membership Dues and Fees	-	4,506	4,506	4,506	-
Total Support Services General Administration	<u>58,625</u>	<u>5,930</u>	<u>64,555</u>	<u>58,791</u>	<u>5,764</u>
Support Services School Administration					
Salaries of Principals/Assistant Principals	32,934	2,826	35,760	34,799	961
Other Purchased Services		39	39	38	1
Supplies and Materials	1,000	(114)	886	886	-
Other Objects	2,000	749	2,749	2,749	-
Total Support Services School Administration	<u>35,934</u>	<u>3,500</u>	<u>39,434</u>	<u>38,472</u>	<u>962</u>
Central Services					
Salaries	158,500	(1,000)	157,500	157,500	-
Purchased Professional Services	6,000	12,835	18,835	18,266	569
Misc. Purchased Services	200	1,226	1,426	1,426	-
Supplies and Materials	400	1,238	1,638	1,554	84
Miscellaneous Expenditures	-	2,160	2,160	2,120	40
Total Central Services	<u>165,100</u>	<u>16,459</u>	<u>181,559</u>	<u>180,866</u>	<u>693</u>

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

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance	\$ 75,000	\$ (9,930)	\$ 65,070	\$ 27,113	\$ 37,957
General Supplies	10,000	(1,691)	8,309	6,282	2,027
Total Required Maintenance for School Fac.	<u>85,000</u>	<u>(11,621)</u>	<u>73,379</u>	<u>33,395</u>	<u>39,984</u>
Custodial Services					
Salaries	160,717	(9,650)	151,067	150,023	1,044
Salaries of Non-Instructional Aides	27,447	-	27,447	26,712	735
Cleaning, Repair, and Maintenance Svc.		940	940	902	38
Insurance	55,000	-	55,000	51,143	3,857
General Supplies	16,000	3,094	19,094	18,967	127
Energy (Electricity)	60,000	6,670	66,670	62,151	4,519
Energy (Natural Gas)	15,000	(399)	14,601	7,496	7,105
Total Custodial Services	<u>334,164</u>	<u>655</u>	<u>334,819</u>	<u>317,394</u>	<u>17,425</u>
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Svc.		3,702	3,702	3,518	184
General Supplies	-	3,670	3,670	3,670	-
Total Care and Upkeep of Grounds	<u>-</u>	<u>7,372</u>	<u>7,372</u>	<u>7,188</u>	<u>184</u>
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & Sch) Regular	20,750	(2,500)	18,250	18,250	-
Contracted Services (Between Home and School) - Joint Agreements	315,000	2,254	317,254	317,253	1
Contracted Serv.-Aid in Lieu of Payments-Non Public Schools	62,500	(11,724)	50,776	50,776	-
Contracted Services (Spl. Ed. Students) -Joint Agree.	75,000	23,039	98,039	98,039	-
Other Objects	500	7,455	7,955	7,954	1
Total Student Transportation Services	<u>473,750</u>	<u>18,524</u>	<u>492,274</u>	<u>492,272</u>	<u>2</u>
Unallocated Benefits - Employee Benefits					
Social Security Contributions	70,000	(2,805)	67,195	66,101	1,094
Other Retirement Contributions - PERS	80,000	(459)	79,541	79,541	-
Unemployment Compensation	20,000	-	20,000	20,000	-
Workmen's Compensation	30,000	(6,299)	23,701	23,701	-
Health Benefits	850,000	45,500	895,500	875,570	19,930
Tuition Reimbursement	12,000	(9,000)	3,000	3,000	-
Other Employee Benefits	30,000	(27,960)	2,040	680	1,360
Unused Sick Payments to Terminated/ Retired Staff	15,000	(15,000)	-	-	-
Total Unallocated Benefits - Employee Benefits	<u>1,107,000</u>	<u>(16,023)</u>	<u>1,090,977</u>	<u>1,068,593</u>	<u>22,384</u>
On-behalf TPAF Pension System Payments -					
Non-Contributory Insurance (Non-Budget)				7,641	(7,641)
On-behalf TPAF Pension System Payments - Normal Cost (Non-Budget)				153,388	(153,388)
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				191,741	(191,741)
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	144,613	(144,613)
Total On-Behalf Contributions/Reimbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>497,383</u>	<u>(497,383)</u>
Total Undistributed Expenditures	<u>6,795,012</u>	<u>(4,884)</u>	<u>6,790,128</u>	<u>6,984,801</u>	<u>(194,673)</u>
Total Expenditures - Current Expenditures	<u>8,639,397</u>	<u>4,894</u>	<u>8,644,291</u>	<u>8,679,071</u>	<u>(34,780)</u>

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

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>CAPITAL OUTLAY</b>					
Increase in Capital Reserve	\$ 1,500		\$ 1,500		\$ 1,500
Facilities Acquisition and Construction Serv.					
Architectural/ Engineering Services		\$ 1,800	1,800	\$ 1,800	-
Construction Services		75,000	75,000		75,000
Assessment for Debt Service on SDA Funding	3,852	-	3,852	3,852	-
Total Capital Outlay	<u>5,352</u>	<u>76,800</u>	<u>82,152</u>	<u>5,652</u>	<u>76,500</u>
Total Expenditures	<u>8,644,749</u>	<u>81,694</u>	<u>8,726,443</u>	<u>8,684,723</u>	<u>41,720</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(379,949)	(81,694)	(461,643)	131,763	593,406
Fund Balance, Beginning of Year	<u>1,434,853</u>	<u>-</u>	<u>1,434,853</u>	<u>1,434,853</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,054,904</u>	<u>\$ (81,694)</u>	<u>\$ 973,210</u>	<u>\$ 1,566,616</u>	<u>\$ 593,406</u>
<b>Recapitulation of Fund Balance:</b>					
Restricted Fund Balance					
Excess Surplus-Designated for Subsequent Year's Expenditures-2016/2017 Budget				\$ 285,637	
Excess Surplus-2017/2018 Budget				134,796	
Capital Reserve				710,324	
Committed Fund Balance					
Year-End Encumbrances				73,195	
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures- 2016/2017 Budget				93,104	
Year-End Encumbrances				6,072	
Unassigned Fund Balance				<u>263,488</u>	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>				1,566,616	
Less: Extraordinary Aid Not Recognized on GAAP Basis			\$ (85,290)		
State Aid Not Recognized on GAAP Basis			<u>(19,662)</u>		
				<u>(104,952)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,461,664</u>	



**SADDLE RIVER 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>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 88,200	\$ 207	\$ 88,407	\$ 75,671	\$ (12,736)
Federal	115,500	7,528	123,028	123,027	(1)
Local Sources					
Miscellaneous	-	159,784	159,784	126,523	(33,261)
Total Revenues	<u>203,700</u>	<u>167,519</u>	<u>371,219</u>	<u>325,221</u>	<u>(45,998)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers		26,170	26,170	26,170	-
Purchased Professional/Technical Services	40,900	(2,987)	37,913	29,026	8,887
Tuition	50,000	2,537	52,537	52,537	-
Other Purchased Services		50,001	50,001	16,740	33,261
General Supplies	8,500	12,455	20,955	20,955	-
Textbooks	16,600	(1,640)	14,960	11,110	3,850
Total Instruction	<u>116,000</u>	<u>86,536</u>	<u>202,536</u>	<u>156,538</u>	<u>45,998</u>
Support Services					
Personal Services- Employee Benefits		201	201	201	-
Purchased Professional Educational Services		31,870	31,870	31,870	-
Other Purchased Professional and Technical Services	37,700	(8,390)	29,310	29,310	-
Other Purchased Services	50,000	11,814	61,814	61,814	-
Supplies and Materials	-	17,749	17,749	17,749	-
Total Support Services	<u>87,700</u>	<u>53,244</u>	<u>140,944</u>	<u>140,944</u>	<u>-</u>
Facilities Acquisition and Construction					
Construction Services	-	27,739	27,739	27,739	-
Total Facilities Acq. and Construction	<u>-</u>	<u>27,739</u>	<u>27,739</u>	<u>27,739</u>	<u>-</u>
Total Expenditures	<u>203,700</u>	<u>167,519</u>	<u>371,219</u>	<u>325,221</u>	<u>45,998</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 8,816,486	(C-2)	\$ 325,221
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized :				
Encumbrance, June 30, 2015				1,799
Encumbrance, June 30, 2016				(4,745)
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2014/2015 State Aid)		77,239		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2015/2016 State Aid)		<u>(104,952)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. (Exhibit B-2)		<u>\$ 8,788,773</u>		<u>\$ 322,275</u>
<b>Uses/outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 8,684,723	(C-2)	\$ 325,221
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes -				
Encumbrance, June 30, 2015				1,799
Encumbrance, June 30, 2016		<u>-</u>		<u>(4,745)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds (Exhibit B-2)		<u>\$ 8,684,723</u>		<u>\$ 322,275</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

**Public Employees Retirement System**

**Last Three Fiscal Years\***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00925%	0.00979%	0.00976%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,076,852</u>	<u>\$ 1,834,424</u>	<u>\$ 1,866,405</u>
District's Covered-Employee Payroll	<u>\$ 623,898</u>	<u>\$ 612,691</u>	<u>\$ 649,412</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	333%	299%	287%
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 RIVER 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	\$ 79,541	\$ 80,772	\$ 73,921
Contributions in Relation to the Contractually Required Contribution	<u>79,541</u>	<u>80,772</u>	<u>73,921</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 623,898</u>	<u>\$ 612,691</u>	<u>\$ 649,412</u>
Contributions as a Percentage of Covered-Employee Payroll	13%	13%	11%

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

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

**Teachers Pension and Annuity Fund**

**Last 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)	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>13,284,975</u>	<u>13,827,576</u>	<u>12,537,719</u>
Total	<u>\$ 13,284,975</u>	<u>\$ 13,827,576</u>	<u>\$ 12,537,719</u>
District's Covered-Employee Payroll	<u>\$ 2,052,982</u>	<u>\$ 1,962,745</u>	<u>\$ 2,121,244</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	647%	705%	591%
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 RIVER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 4.



**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

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

	IDEA Part B Basic	IDEA Part B Preschool	Nonpublic Technology	NCLB Title II-A	Nonpublic Textbooks	Nonpublic Nursing	Local Donations	Nonpublic Security	Nonpublic Handicapped Services Corrective Speech      Exam. & Classification		Total
<b>REVENUES</b>											
Intergovernmental											
State			\$ 6,799		\$ 11,110	\$ 27,810		\$ 7,725	\$ 9,615	\$ 12,612	\$ 75,671
Federal	\$ 118,974	\$ 2,553		\$ 1,500							123,027
Local	-	-	-	-	-	-	\$ 126,523	-	-	-	126,523
Total Revenues	\$ 118,974	\$ 2,553	\$ 6,799	\$ 1,500	\$ 11,110	\$ 27,810	\$ 126,523	\$ 7,725	\$ 9,615	\$ 12,612	\$ 325,221
<b>EXPENDITURES</b>											
Instruction											
Salaries of Teachers							\$ 26,170				\$ 26,170
Purchased Professional and Technical Services			\$ 6,799						\$ 9,615	\$ 12,612	29,026
Tuition	\$ 52,537										52,537
Other Purchased Services							16,740				16,740
General Supplies	4,623	\$ 2,553					13,779				20,955
Textbooks	-	-	-	-	\$ 11,110	-	-	-	-	-	11,110
Total Instruction	57,160	2,553	6,799	-	11,110	-	56,689	-	9,615	12,612	156,538
Support Services											
Personal Services- Employee Benefits							201				201
Other Purchased Professional Educational Services							31,870				31,870
Other Purchased Professional and Technical Services				\$ 1,500		\$ 27,810					29,310
Other Purchased Services	61,814										61,814
Supplies and Materials	-	-	-	-	-	-	17,749	-	-	-	17,749
Total Support Services	61,814	-	-	1,500	-	27,810	49,820	-	-	-	140,944
Facilities Acquisition and Construction											
Construction Services	-	-	-	-	-	-	20,014	\$ 7,725	-	-	27,739
Total Facilities Acq. and Construction	-	-	-	-	-	-	20,014	7,725	-	-	27,739
Total Expenditures	\$ 118,974	\$ 2,553	\$ 6,799	\$ 1,500	\$ 11,110	\$ 27,810	\$ 126,523	\$ 7,725	\$ 9,615	\$ 12,612	\$ 325,221

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

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

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

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Balance, June 30, 2016</u>
Wandell School-HVAC Project	\$ 3,097,091	\$ 330,002	\$ 2,410,512	\$ 356,577
	<u>\$ 3,097,091</u>	<u>\$ 330,002</u>	<u>\$ 2,410,512</u>	<u>\$ 356,577</u>
Project Balance				\$ 356,577
Authorized But Not Issued				<u>(91)</u>
Fund Balance- GAAP Basis				<u>\$ 356,486</u>

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

**Revenues and Other Financing Sources****Other Financing Sources**

Bond Proceeds	<u>\$ 3,097,000</u>
Total Revenues and Other Financing Sources	<u>3,097,000</u>

**Expenditures and Other Financing Uses****Expenditures**

Salaries	13,611
Purchased Professional and Technical Services	105,582
Construction Services	2,289,727
Construction Supplies	73
Other Objects	<u>1,519</u>
Total Expenditures and Other Financing Uses	<u>2,410,512</u>

Excess of Revenues Over Expenditures	686,488
Fund Balance - Beginning of Year	<u>(330,002)</u>
Fund Balance - End of Year	<u>\$ 356,486</u>

**SADDLE RIVER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
2015 REFERENDUM - HVAC UPGRADES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Bond Proceeds	-	\$ 3,097,000	\$ 3,097,000	\$ 3,097,091
Total Revenues and Other Financing Sources	-	3,097,000	3,097,000	3,097,091
<b>Expenditures and Other Financing Uses</b>				
Salaries		13,611	13,611	13,611
Purchased Professional and Technical Services	\$ 212,291	105,582	317,873	320,787
Construction Services	114,386	2,289,727	2,404,113	2,757,774
Construction Supplies		73	73	74
Other Objects	3,325	1,519	4,844	4,845
Total Expenditures	330,002	2,410,512	2,740,514	3,097,091
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (330,002)	\$ 686,488	\$ 356,486	\$ -
<b>Additional Project Information:</b>				
Project Number				
Grant Date		N/A		
Bond Issue Date		7/15/2015		
Bonds Authorized	\$ 3,097,091			
Bonds Issues	3,097,000			
Original Authorized Cost	3,097,091			
Adjustment				
Revised Authorized Cost				
Percentage Increase Over Original Authorized Cost		-		
Percentage Completion		100%		
Original Target Completion Date		2015/2016		
Revised Target Completion Date		6/30/2016		



**ENTERPRISE FUND**

**EXHIBIT G-1**

**SADDLE RIVER BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 5,389	\$ 10,394	\$ 15,783
Total Assets	<u>\$ 5,389</u>	<u>\$ 10,394</u>	<u>\$ 15,783</u>
<b>LIABILITIES</b>			
Due to Other Fund		\$ 1,482	\$ 1,482
Payroll Deductions and Withholdings		1,041	1,041
Reserved for Flexible Spending		7,871	7,871
Due to Student Groups	<u>\$ 5,389</u>	<u>-</u>	<u>5,389</u>
Total Liabilities	<u>\$ 5,389</u>	<u>\$ 10,394</u>	<u>\$ 15,783</u>

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

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

	<u>Balance, July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2016</u>
Elementary School Wandell School	\$ 7,349	\$ 12,862	\$ 14,822	\$ 5,389
Total All Schools	<u>\$ 7,349</u>	<u>\$ 12,862</u>	<u>\$ 14,822</u>	<u>\$ 5,389</u>

SADDLE RIVER BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance,</u> <u>July 1,</u> <u>2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance,</u> <u>June 30,</u> <u>2016</u>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 1,028	\$ 1,470,324	\$ 1,470,311	\$ 1,041
Accrued Salaries and Wages		1,782,817	1,782,817	
Reserve for Flexible Spending	1,507	11,800	5,436	7,871
Due to Other Funds	<u>1,411</u>	<u>1,482</u>	<u>1,411</u>	<u>1,482</u>
Total	<u>\$ 3,946</u>	<u>\$ 3,266,423</u>	<u>\$ 3,259,975</u>	<u>\$ 10,394</u>

**LONG-TERM DEBT**

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2015</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>					
General Improvements - 2005	6/15/2005	\$ 900,000				\$ 90,000		\$ 90,000	
General Improvements - 2015	7/15/2015	3,097,000	7/15/2016	\$ 230,000	1.250 %				
			7/15/2017	285,000	1.250				
			7/15/2018	295,000	1.250				
			7/15/2019	300,000	1.500				
			7/15/2020	310,000	1.500				
			7/15/2021	315,000	2.000				
			7/15/2022	325,000	2.000				
			7/15/2023	335,000	2.000				
			7/15/2024	345,000	2.000				
			7/15/2025	357,000	2.000				
						-	\$ 3,097,000	-	\$ 3,097,000
						<u>\$ 90,000</u>	<u>\$ 3,097,000</u>	<u>\$ 90,000</u>	<u>\$ 3,097,000</u>
								<u>\$ 90,000</u>	
									Paid by Budget Appropriation



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

**NOT APPLICABLE**

**SADDLE RIVER 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 to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 91,969	-	\$ 91,969	\$ 91,969	-
Total Revenues	91,969	-	91,969	91,969	-
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal	90,000		90,000	90,000	
Interest	1,969	-	1,969	1,969	-
Total Expenditures	91,969	-	91,969	91,969	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 2,597,549	\$ 2,581,652	\$ 2,615,927	\$ 2,618,318	\$ 2,534,255	\$ 2,528,451	\$ 2,510,135	\$ 2,642,341	\$ 2,722,286	\$ 1,812,290
Restricted	364,960	427,334	479,450	483,096	503,975	505,964	491,412	613,875	155,424	1,066,810
Unrestricted	<u>1,214,306</u>	<u>1,223,230</u>	<u>911,815</u>	<u>970,104</u>	<u>1,056,324</u>	<u>837,998</u>	<u>773,667</u>	<u>(1,085,257)</u>	<u>(1,112,205)</u>	<u>(1,345,090)</u>
<b>Total Governmental Activities Net Position</b>	<u>\$ 4,176,815</u>	<u>\$ 4,232,216</u>	<u>\$ 4,007,192</u>	<u>\$ 4,071,518</u>	<u>\$ 4,094,554</u>	<u>\$ 3,872,413</u>	<u>\$ 3,775,214</u>	<u>\$ 2,170,959</u>	<u>\$ 1,765,505</u>	<u>\$ 1,534,010</u>
<b>Business-Type Activities</b>										
Investment in Capital Assets	\$ 6,875	\$ 5,893	\$ 4,911	\$ 20,240	\$ 17,180	\$ 15,567	\$ 13,667	\$ 10,845	\$ 9,148	\$ 7,451
Restricted										
Unrestricted	<u>1,551</u>	<u>163</u>	<u>14,650</u>	<u>20,949</u>	<u>1,850</u>	<u>(3,245)</u>	<u>225</u>	<u>1,392</u>	<u>824</u>	<u>4,560</u>
<b>Total Business-Type Activities Net Position</b>	<u>\$ 8,426</u>	<u>\$ 6,056</u>	<u>\$ 19,561</u>	<u>\$ 41,189</u>	<u>\$ 19,030</u>	<u>\$ 12,322</u>	<u>\$ 13,892</u>	<u>\$ 12,237</u>	<u>\$ 9,972</u>	<u>\$ 12,011</u>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 2,604,424	\$ 2,587,545	\$ 2,620,838	\$ 2,638,558	\$ 2,551,435	\$ 2,544,018	\$ 2,523,802	\$ 2,653,186	\$ 2,731,434	\$ 1,819,741
Restricted	364,960	427,334	479,450	483,096	503,975	505,964	491,412	613,875	155,424	1,066,810
Unrestricted	<u>1,215,857</u>	<u>1,223,393</u>	<u>926,465</u>	<u>991,053</u>	<u>1,058,174</u>	<u>834,753</u>	<u>773,892</u>	<u>(1,083,865)</u>	<u>(1,111,381)</u>	<u>(1,340,530)</u>
<b>Total District Net Position</b>	<u>\$ 4,185,241</u>	<u>\$ 4,238,272</u>	<u>\$ 4,026,753</u>	<u>\$ 4,112,707</u>	<u>\$ 4,113,584</u>	<u>\$ 3,884,735</u>	<u>\$ 3,789,106</u>	<u>\$ 2,183,196</u>	<u>\$ 1,775,477</u>	<u>\$ 1,546,021</u>

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

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

Source: School District's financial statements

**SADDLE RIVER 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
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Regular	\$ 4,281,031	\$ 4,122,057	\$ 4,133,231	\$ 4,624,070	\$ 4,651,921	\$ 5,054,963	\$ 5,117,931	\$ 5,200,646	\$ 5,837,936	\$ 5,950,754
Special Education	609,348	780,672	784,403	604,098	646,322	679,598	818,572	827,952	751,348	834,586
Other Instruction	32,652		87,053	91		42,853				17,828
School Sponsored Activities And Athletics	27,666	32,740	40,634	54,132	42,226	63,734	47,481	22,193	29,032	32,837
Support Services:										
Student & Instruction Related Services	1,080,343	1,255,713	1,277,174	1,436,834	1,466,465	1,572,771	1,451,313	1,441,689	1,625,308	1,680,990
School Administrative Services	152,734	67,803	67,074	24,560	82,222	81,665	53,977	55,111	10,364	75,632
General Administration	113,257	164,932	165,648	123,582	155,121	176,256	133,223	165,918	113,806	72,575
Plant Operations And Maintenance	605,268	514,037	484,405	422,800	378,541	364,742	385,834	438,831	774,808	597,442
Pupil Transportation	411,173	464,698	512,740	416,787	405,483	432,772	478,702	455,916	497,004	509,828
Other Support Services	215,014	229,775	233,384	272,102	259,941	266,366	283,147	283,168	275,685	261,236
Interest On Long-Term Debt	35,557	31,687	27,817	23,949	20,015	16,078	12,141	8,203	4,266	50,942
<b>Total Governmental Activities Expenses</b>	<b>7,564,043</b>	<b>7,664,114</b>	<b>7,813,563</b>	<b>8,003,005</b>	<b>8,108,257</b>	<b>8,751,798</b>	<b>8,782,321</b>	<b>8,899,627</b>	<b>9,919,557</b>	<b>10,084,650</b>
<b>Business-Type Activities:</b>										
Food Service	13,671	64,415	69,054	72,961	104,424	98,810	80,293	78,315	73,321	71,305
<b>Total Business-Type Activities Expense</b>	<b>13,671</b>	<b>64,415</b>	<b>69,054</b>	<b>72,961</b>	<b>104,424</b>	<b>98,810</b>	<b>80,293</b>	<b>78,315</b>	<b>73,321</b>	<b>71,305</b>
<b>Total District Expenses</b>	<b>\$ 7,577,714</b>	<b>\$ 7,728,529</b>	<b>\$ 7,882,617</b>	<b>\$ 8,075,966</b>	<b>\$ 8,212,681</b>	<b>\$ 8,850,608</b>	<b>\$ 8,862,614</b>	<b>\$ 8,977,942</b>	<b>\$ 9,992,878</b>	<b>\$ 10,155,955</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Instruction (Tuition)	\$ 75,188	\$ 104,940	\$ 91,560	\$ 151,411	\$ 131,796	\$ 134,306	\$ 114,500	\$ 106,292	\$ 124,525	\$ 106,133
Operating Grants And Contributions	952,934	1,029,313	938,002	1,053,589	855,832	1,067,363	1,136,874	1,259,394	1,601,062	1,746,876
Capital Grants And Contributions	200,201	11,440	-	-	-	-	6,413	-	-	-
<b>Total Governmental Activities Program Revenues</b>	<b>1,228,323</b>	<b>1,145,693</b>	<b>1,029,562</b>	<b>1,205,000</b>	<b>987,628</b>	<b>1,201,669</b>	<b>1,257,787</b>	<b>1,365,686</b>	<b>1,725,587</b>	<b>1,853,009</b>
<b>Business-Type Activities:</b>										
Charges For Services										
Food Service	19,698	61,650	82,338	75,962	82,089	92,076	76,498	77,087	71,011	73,294
Operating Grants And Contributions	2,083									
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities Program Revenues</b>	<b>21,781</b>	<b>61,650</b>	<b>82,338</b>	<b>75,962</b>	<b>82,089</b>	<b>92,076</b>	<b>76,498</b>	<b>77,087</b>	<b>71,011</b>	<b>73,294</b>
<b>Total District Program Revenues</b>	<b>\$ 1,250,104</b>	<b>\$ 1,207,343</b>	<b>\$ 1,111,900</b>	<b>\$ 1,280,962</b>	<b>\$ 1,069,717</b>	<b>\$ 1,293,745</b>	<b>\$ 1,334,285</b>	<b>\$ 1,442,773</b>	<b>\$ 1,796,598</b>	<b>\$ 1,926,303</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ (6,335,720)	\$ (6,518,421)	\$ (6,784,001)	\$ (6,798,005)	\$ (7,120,629)	\$ (7,550,129)	\$ (7,524,534)	\$ (7,533,941)	\$ (8,193,970)	\$ (8,231,641)
<b>Business-Type Activities</b>	8,110	(2,765)	13,284	3,001	(22,335)	(6,734)	(3,795)	(1,228)	(2,310)	1,989
<b>Total District-Wide Net Expense</b>	<b>\$ (6,327,610)</b>	<b>\$ (6,521,186)</b>	<b>\$ (6,770,717)</b>	<b>\$ (6,795,004)</b>	<b>\$ (7,142,964)</b>	<b>\$ (7,556,863)</b>	<b>\$ (7,528,329)</b>	<b>\$ (7,535,169)</b>	<b>\$ (8,196,280)</b>	<b>\$ (8,229,652)</b>

**SADDLE RIVER 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
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied	\$ 6,416,970	\$ 6,413,100	\$ 6,532,092	\$ 6,787,780	\$ 7,117,487	\$ 7,253,666	\$ 7,392,647	\$ 7,608,694	\$ 7,754,933	\$ 7,925,250
Unrestricted State Aid	26,927	37,645	1,262	-	-	-	-	-	-	3,991
Investment Earnings	136,212	82,179	21,367	10,025	10,337	5,356	2,448	4,010	2,454	2,592
Miscellaneous Income	45,408	40,898	4,256	11,865	15,841	83,159	37,540	13,566	31,129	68,313
Transfers	-	-	-	-	-	-	(5,300)	(616)	-	-
<b>Total Governmental Activities</b>	<u>6,625,517</u>	<u>6,573,822</u>	<u>6,559,977</u>	<u>6,809,670</u>	<u>7,143,665</u>	<u>7,342,181</u>	<u>7,427,335</u>	<u>7,625,654</u>	<u>7,788,516</u>	<u>8,000,146</u>
<b>Business-Type Activities:</b>										
Investment Earnings	115	395	221	238	176	26	65	81	45	50
Transfers	-	-	-	-	-	-	5,300	616	-	-
<b>Total Business-Type Activities</b>	<u>115</u>	<u>395</u>	<u>221</u>	<u>238</u>	<u>176</u>	<u>26</u>	<u>5,365</u>	<u>697</u>	<u>45</u>	<u>50</u>
<b>Total District-Wide</b>	<u>\$ 6,625,632</u>	<u>\$ 6,574,217</u>	<u>\$ 6,559,198</u>	<u>\$ 6,809,908</u>	<u>\$ 7,143,841</u>	<u>\$ 7,342,207</u>	<u>\$ 7,432,700</u>	<u>\$ 7,626,351</u>	<u>\$ 7,788,561</u>	<u>\$ 8,000,196</u>
<b>Change in Net Position</b>										
Governmental Activities	\$ 289,797	\$ 55,401	\$ (225,024)	\$ 11,665	\$ 23,036	\$ (207,948)	\$ (97,199)	\$ 91,713	\$ (405,454)	\$ (231,495)
Business-Type Activities	8,225	(2,370)	13,505	3,239	(22,159)	(6,708)	1,570	(531)	(2,265)	2,039
<b>Total District</b>	<u>\$ 298,022</u>	<u>\$ 53,031</u>	<u>\$ (211,519)</u>	<u>\$ 14,904</u>	<u>\$ 877</u>	<u>\$ (214,656)</u>	<u>\$ (95,629)</u>	<u>\$ 91,182</u>	<u>\$ (407,719)</u>	<u>\$ (229,456)</u>

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 1,274,036	\$ 1,118,602	\$ 918,083	\$ 844,697						
Unreserved	604,699	782,452	724,993	828,507						
Restricted					\$ 944,594	\$ 965,975	\$ 874,504	\$ 991,534	\$ 993,955	\$ 1,130,757
Committed					17,100	17,400	17,750	-		73,195
Assigned					472,122	307,236	289,405	338,974	161,951	99,176
Unassigned	-	-	-	-	167,885	155,721	151,855	156,885	201,708	158,536
<b>Total General Fund</b>	<b>\$ 1,878,735</b>	<b>\$ 1,901,054</b>	<b>\$ 1,643,076</b>	<b>\$ 1,673,204</b>	<b>\$ 1,601,701</b>	<b>\$ 1,446,332</b>	<b>\$ 1,333,514</b>	<b>\$ 1,487,393</b>	<b>\$ 1,357,614</b>	<b>\$ 1,461,664</b>
All Other Governmental Funds										
Reserved										
Unreserved	\$ 170,536	\$ 2,934								
Restricted	-	-	-	-	-	-	-	-	\$ (330,002)	\$ 356,486
<b>Total All Other Governmental Funds</b>	<b>\$ 170,536</b>	<b>\$ 2,934</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (330,002)</b>	<b>\$ 356,486</b>

Source: District financial statements

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

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

	Fiscal Year Ended June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax Levy	\$ 6,416,970	\$ 6,413,100	\$ 6,532,092	\$ 6,787,780	\$ 7,117,487	\$ 7,253,666	\$ 7,392,647	\$ 7,608,694	\$ 7,754,933	\$ 7,925,250
Tuition Charges	75,188	104,940	91,560	151,411	131,796	134,306	114,500	106,292	124,525	106,133
Interest Earnings	136,212	82,179	21,367	10,025	10,337	5,356	2,448	4,010	2,454	2,592
Miscellaneous	45,408	70,184	96,192	100,054	66,579	194,812	157,429	271,433	76,085	191,890
State Sources	1,059,135	927,384	729,970	844,363	582,065	816,039	908,198	867,001	830,793	854,125
Federal Sources	120,927	121,728	117,358	121,037	223,029	139,671	108,787	134,526	94,897	123,027
<b>Total Revenue</b>	<b>7,853,840</b>	<b>7,719,515</b>	<b>7,588,539</b>	<b>8,014,670</b>	<b>8,131,293</b>	<b>8,543,850</b>	<b>8,684,009</b>	<b>8,991,956</b>	<b>8,883,687</b>	<b>9,203,017</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	4,148,004	4,119,895	4,083,703	4,520,067	4,705,330	4,962,513	5,082,535	5,113,947	5,232,466	5,251,071
Special Education Instruction	609,348	780,672	784,403	592,857	635,081	671,567	810,541	818,976	695,077	772,098
Other Instruction	32,652		87,053	91	-	42,853				14,336
School Sponsored Activities and Athletics	27,666	32,740	40,634	54,132	42,226	63,734	47,481	22,193	24,879	27,021
<b>Support Services:</b>										
Student and Inst. Related Services	1,080,343	1,255,713	1,277,174	1,413,102	1,442,733	1,554,414	1,432,956	1,421,172	1,532,492	1,615,228
General Administration	146,834	158,915	159,631	134,599	147,837	168,082	129,781	162,071	95,617	66,943
School Administrative Services	67,437	67,803	67,074	69,584	80,903	80,518	52,830	53,829	8,037	60,075
Plant Operations And Maintenance	604,054	513,857	484,225	414,933	370,674	359,006	380,098	432,419	768,586	582,830
Pupil Transportation	411,173	464,698	512,740	409,032	397,728	427,036	472,966	449,504	490,782	500,172
Other Support Services	215,014	229,775	233,384	251,192	255,178	261,777	278,558	263,506	285,240	249,042
Capital Outlay	1,038,910	117,430		9,393	13,450				114,386	2,278,694
<b>Debt Service:</b>										
Principal	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Interest and Other Charges	37,170	33,300	29,430	25,560	21,656	17,719	13,781	9,844	5,906	1,969
<b>Total Expenditures</b>	<b>8,508,605</b>	<b>7,864,798</b>	<b>7,849,451</b>	<b>7,984,542</b>	<b>8,202,796</b>	<b>8,699,219</b>	<b>8,791,527</b>	<b>8,837,461</b>	<b>9,343,468</b>	<b>11,509,479</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(654,765)	(145,283)	(260,912)	30,128	(71,503)	(155,369)	(107,518)	154,495	(459,781)	(2,306,462)
<b>Other Financing Sources (Uses)</b>										
Proceeds From Bond Sale										3,097,000
Transfers In	16,460	177,712				63,931				
Transfers Out	(16,460)	(177,712)	-	-	-	(63,931)	(5,300)	(616)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,300)</b>	<b>(616)</b>	<b>-</b>	<b>3,097,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ (654,765)</b>	<b>\$ (145,283)</b>	<b>\$ (260,912)</b>	<b>\$ 30,128</b>	<b>\$ (71,503)</b>	<b>\$ (155,369)</b>	<b>\$ (112,818)</b>	<b>\$ 153,879</b>	<b>\$ (459,781)</b>	<b>\$ 790,538</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	1.70%	1.59%	1.52%	1.45%	1.36%	1.24%	1.18%	1.13%	1.04%	1.00%

\* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements



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

	<u>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>
General Fund										
Interest on Investments	\$ 119,752	\$ 82,179	\$ 21,367	\$ 10,025	\$ 10,337	\$ 5,356	\$ 2,448	\$ 4,010	\$ 2,454	\$ 2,592
Prior Years' Refunds		272	1	3,900	7,581	4,961	10,883	9,053	17,865	16,502
Rentals		120	450	2,475	950	1,460	2,650	1,087	800	750
Activity Income Fee					4,400	3,950	5,850			
Insurance Refund										45,171
Miscellaneous	<u>6,391</u>	<u>40,506</u>	<u>3,805</u>	<u>5,490</u>	<u>2,910</u>	<u>8,857</u>	<u>18,157</u>	<u>3,426</u>	<u>12,464</u>	<u>5,890</u>
Total Miscellaneous	126,143	123,077	25,623	21,890	26,178	24,584	39,988	17,576	33,583	70,905
Tuition	<u>75,188</u>	<u>104,940</u>	<u>91,560</u>	<u>151,411</u>	<u>131,796</u>	<u>134,306</u>	<u>114,500</u>	<u>106,292</u>	<u>124,525</u>	<u>106,133</u>
Total General Fund	<u>\$ 201,331</u>	<u>\$ 228,017</u>	<u>\$ 117,183</u>	<u>\$ 173,301</u>	<u>\$ 157,974</u>	<u>\$ 158,890</u>	<u>\$ 154,488</u>	<u>\$ 123,868</u>	<u>\$ 158,108</u>	<u>\$ 177,038</u>

Source: District records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2007	\$ 64,193,600	\$ 2,002,841,900	\$ 9,025,500	\$ 102,400	\$ 54,552,400			\$ 2,130,715,800	\$ 903,046	\$ 2,131,618,846	\$ 2,564,507,755	\$ 0.301
2008	66,353,600	2,009,672,700	9,025,500	102,400	57,162,400			2,142,316,600	893,153	2,143,209,753	2,578,946,855	0.301
2009	64,251,400	2,056,028,600	9,025,500	102,400	57,162,400			2,186,570,300	893,153	2,187,463,453	2,737,859,470	0.304
2010	69,334,700	2,048,153,200	9,025,500	102,400	57,162,400			2,183,778,200	1,199,512	2,184,977,712	2,738,099,205	0.318
2011	71,285,700	2,046,845,200	9,025,500	102,400	57,162,400			2,184,421,200	1,256,624	2,185,677,824	2,738,099,205	0.330
2012	69,845,300	2,052,794,400	9,025,500	133,600	57,119,200			2,188,918,000	1,330,844	2,190,248,844	2,614,548,606	0.330
2013	65,627,000	2,092,610,000	8,044,900	133,600	57,119,200			2,223,534,700		2,223,534,700	2,442,947,439	0.338
2014	63,539,000	2,132,744,100	8,044,900	133,600	57,119,200			2,261,580,800		2,261,580,800	2,450,250,054	0.340
2015	66,610,400	2,149,488,000	9,145,600	135,400	57,119,200			2,282,498,600		2,282,498,600	2,526,275,490	0.339
2016	66,255,200	2,147,673,100	8,062,600	135,400	57,119,200			2,279,245,500		2,279,245,500	2,557,770,266	0.361

Source: County Abstract of Ratables

<sup>a</sup> Tax rates are per \$100

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

<u>Assessment Year</u>	<u>Saddle River School District</u>	<u>Borough Saddle River</u>	<u>Bergen County</u>	<u>Total</u>
2007	\$0.30	\$0.32	\$0.21	\$0.83
2008	0.30	0.36	0.22	0.88
2009	0.30	0.37	0.24	0.91
2010	0.32	0.38	0.25	0.94
2011	0.33	0.38	0.25	0.95
2012	0.33	0.39	0.24	0.96
2013	0.34	0.39	0.25	0.98
2014	0.340	0.384	0.253	0.977
2015	0.339	0.383	0.265	0.987
2016	0.361	0.383	0.275	1.019

Source: Abstract of Ratables, County Board of Taxation

**SADDLE RIVER 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
MIREF S.R.	\$ 17,836,000	0.78%		
Grand Prix Saddle River, LLC	17,400,000	0.76%		
Individual	11,891,600	0.52%		<b>Not Available</b>
Individual	10,632,400	0.47%		
Fox Hedge Manor, LLC	10,000,000	0.44%		
Prudence Group, LLC	9,984,500	0.44%		
Sunrise Senior Living, Inc.	8,372,500	0.37%		
Individual	7,375,000	0.32%		
Individual	7,256,700	0.32%		
Individual	6,357,000	0.28%		
	<u>\$ 107,105,700</u>	<u>4.70%</u>		

Source: Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	\$ 6,416,970	\$ 6,416,970	100.00%	
2008	6,413,100	6,413,100	100.00%	
2009	6,532,092	6,532,092	100.00%	
2010	6,787,780	6,231,762	91.81%	\$ 556,018
2011	7,117,487	7,117,487	100.00%	
2012	7,253,666	7,253,666	100.00%	
2013	7,392,647	7,392,647	100.00%	
2014	7,608,694	7,608,694	100.00%	
2015	7,754,933	7,754,933	100.00%	
2016	7,925,250	7,925,250	100.00%	

Source: District financial records.

**SADDLE RIVER 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	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2007	\$ 810,000					\$ 810,000	3,740	\$ 217
2008	720,000					720,000	3,771	191
2009	630,000					630,000	3,800	166
2010	540,000					540,000	3,165	171
2011	450,000					450,000	3,205	140
2012	360,000					360,000	3,232	111
2013	270,000					270,000	3,243	83
2014	180,000					180,000	3,246	55
2015	90,000					90,000	3,255	28
2016	3,097,000					3,097,000	3,255 *	951

Source: District records

\*Estimate.

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2007	\$ 810,000		\$ 810,000	0.04%	\$ 214
2008	720,000		720,000	0.03%	190
2009	630,000		630,000	0.03%	195
2010	540,000		540,000	0.02%	142
2011	450,000		450,000	0.02%	118
2012	360,000		360,000	0.02%	113
2013	270,000		270,000	0.01%	83
2014	180,000		180,000	0.01%	55
2015	90,000		90,000	0.004%	28
2016	3,097,000		3,097,000	0.136%	951

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**SADDLE RIVER BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT  
AS OF DECEMBER 31, 2015  
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of Saddle River	\$ 14,379,837
Borough of Saddle River School District	<u>3,097,000</u>
Total Direct Debt	<u>17,476,837</u>
Overlapping Debt Apportioned to the Municipalities: (2)	
County of Bergen	<u>14,801,974</u>
Total Overlapping Debt	<u>14,801,974</u>
Total Direct and Overlapping Debt	<u>\$ 32,278,811</u>

## Source:

(1) Borough of Saddle River's Annual Debt Statement - December 31, 2015

(2) Bergen County Annual Debt Statement - December 31, 2015



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

Legal Debt Margin Calculation for Fiscal Year 2016

	Equalized valuation basis
2015	\$ 2,560,864,580
2014	2,502,579,175
2013	2,409,030,011
Average equalized valuation of taxable property	<u>\$ 2,490,824,589</u>

Debt Limit (2.5% of average equalized valuation)	62,270,615 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>3,097,091</u>
Legal Debt Margin	<u>\$ 59,173,524</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>
Debt Limit	\$ 65,437,102	\$ 71,140,658	\$ 76,110,397	\$ 66,533,773	\$ 67,484,412	\$ 65,153,842	\$ 62,359,074	\$ 60,668,803	\$ 60,966,306	\$ 62,270,615
Total Net Debt Applicable to Limit	<u>810,000</u>	<u>720,000</u>	<u>630,000</u>	<u>540,000</u>	<u>450,000</u>	<u>360,000</u>	<u>270,000</u>	<u>180,000</u>	<u>3,187,091</u>	<u>3,097,091</u>
Legal Debt Margin	<u>\$ 64,627,102</u>	<u>\$ 70,420,658</u>	<u>\$ 75,480,397</u>	<u>\$ 65,993,773</u>	<u>\$ 67,034,412</u>	<u>\$ 64,793,842</u>	<u>\$ 62,089,074</u>	<u>\$ 60,488,803</u>	<u>\$ 57,779,215</u>	<u>\$ 59,173,524</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.24%	1.01%	0.83%	0.81%	0.67%	0.55%	0.43%	0.30%	5.23%	4.97%

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

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population(2)</u>
2006	3.00%	\$ 63,814	3,704
2007	2.70%	68,147	3,740
2008	3.50%	68,548	3,771
2009	6.40%	64,571	3,800
2010	6.50%	65,275	3,165
2011	6.40%	68,244	3,205
2012	6.50%	71,380	3,232
2013	7.00%	70,498	3,243
2014	3.00%	73,536	3,246
2015	3.30%	N/A	3,255

(1) Represents county information vs. municipality

(2) Represents estimates as of July 1

N/A Information not available

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

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

<u>Employer</u>	<u>2016</u>		<u>2007</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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										
Special Education										
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services										
General Administration										
School Administrative Services										
Other Administrative Services										
Central Services										
Administrative Information Technology										
Plant Operations And Maintenance										
Pupil Transportation										
Other Support Services										
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

INFORMATION NOT AVAILABLE

Source: District Personnel Records

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

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2007	225.0	\$ 7,374,755	\$ 32,777	0.89%	27	1:11			225.0	225	10.46%	100.00%
2008	230.0	7,624,068	33,148	1.13%	25	1:11			227.9	215	1.29%	94.52%
2009	228.0	7,730,021	33,904	2.28%	27	1:12			228.0	227	0.04%	99.56%
2010	234.0	7,859,589	33,588	-0.93%	27	1:09			234.0	223	2.63%	95.17%
2011	228.0	7,753,319	34,006	1.24%	25	1:09			228.0	223	-2.56%	97.81%
2012	229.0	8,297,984	36,236	6.56%	24	1:10			229.0	219	0.44%	95.63%
2013	207.1	8,410,058	40,609	12.07%	22	1:11			207.1	197	-9.56%	95.12%
2014	201.0	8,737,617	43,471	7.05%	22	1:09			198.0	189	-4.39%	95.45%
2015	187.0	9,133,176	48,841	12.35%	24	1:08			187.6	177	-5.25%	94.61%
2016	175.0	9,138,816	52,222	6.92%	23	1:08			175.4	168	-6.50%	95.78%

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>District Building</b>										
<u>Elementary</u>										
Square Feet	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526
Enrollment	225.0	230.0	228.0	234.0	228.0	229.0	207.1	201.0	187.0	175.0

Number of Schools at June 30, 2016  
 Elementary = 1  
 Middle School = 0  
 Senior High School = 0  
 Other = 0

Source: District Records

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

	<u>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										
Wandell Elementary School	\$ 244,350	\$ 105,928	\$ 82,701	\$ 70,430	\$ 40,455	\$ 47,746	\$ 45,439	\$ 89,062	\$ 43,605	\$ 33,395
Grand Total	<u>\$ 244,350</u>	<u>\$ 105,928</u>	<u>\$ 82,701</u>	<u>\$ 70,430</u>	<u>\$ 40,455</u>	<u>\$ 47,746</u>	<u>\$ 45,439</u>	<u>\$ 89,062</u>	<u>\$ 43,605</u>	<u>\$ 33,395</u>

Source: School District's Financial Statements

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

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

Source: District records.

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



**SINGLE AUDIT SECTION**



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. NICOLosi, 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 River Board of Education  
Saddle River, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education as of and for the fiscal year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Saddle River Board of Education's basic financial statements and have issued our report thereon dated December 2, 2016.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Lerch, Vinci & Higgins, LLP*

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

*[Signature]*

Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
December 2, 2016





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA  
ROBERT AMPONSAH, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
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 River Board of Education  
Saddle River, New Jersey

**Report on Compliance for Each Major State Program**

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

***Management’s Responsibility***

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

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of the Saddle River Board of Education’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards 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 state program occurred. An audit includes examining, on a test basis, evidence about the Saddle River Board of Education’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on Each Major State Program***

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

### **Report on Internal Control Over Compliance**

Management of the Saddle River Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Saddle River Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the 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 River Board of Education's internal control over compliance.

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

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

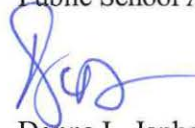
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education, as of and for the fiscal year ended June 30, 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 2, 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 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 state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*LERCH, VINCI & HIGGINS, LLP*

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



Donna L. Japhet  
Public School Accountant  
PSA Number CS002314

Fair Lawn, New Jersey  
December 2, 2016

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

State Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	FAIN Number	Project Period	Award Amount	Balance, July 1, 2015	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment Carryover Receivables	Funds Released		Balance, June 30, 2016			Memo GAAP Receivable
											Deferred Revenue	Receivable	(Accounts Receivable)	Unearned Revenue	Due to Grantor	
<b>U.S. Department of Education Passed -through State Department of Education</b>																
<b>Special Revenue Fund:</b>																
NCLB Title II-A	84.367	NCLB 4620-16	S367A150029	7/1/15-6/30/16	\$ 6,641		\$ 4,527	\$ 1,500	\$ 1,500	\$ (4,527)	\$ (3,027)	\$ 3,027	\$ (6,641)	\$ 6,641		
NCLB Title II-A	84.367	NCLB 4620-15		7/1/14-6/30/15	7,052		(4,527)			4,527						
IDEA Part B, Basic	84.027	IDEA-4620-15		7/1/14-6/30/15	95,273	\$ (34,339)	(24,851)	34,339		24,851						
IDEA Part B, Basic	84.027	IDEA-4620-16	H027A150100	7/1/15-6/30/16	94,258		24,851	108,475	118,974	(24,851)			(10,634)	135		\$ (10,499)
IDEA Part B, Preschool	84.173	IDEA-4620-15		7/1/14-6/30/15	3,670		(3,670)			3,670						
IDEA Part B, Preschool	84.173	IDEA-4620-16	H173A150114	7/1/15-6/30/16	3,729		3,670	2,553	2,553	(3,670)	(1,117)	1,117	(3,729)	3,729		
<b>Total Special Education (IDEA) Cluster</b>						<u>(34,339)</u>	<u>-</u>	<u>145,367</u>	<u>121,527</u>	<u>-</u>	<u>(1,117)</u>	<u>1,117</u>	<u>(14,363)</u>	<u>3,864</u>	<u>-</u>	<u>(10,499)</u>
<b>Total Special Revenue Fund/Department of Education</b>						<u>(34,339)</u>	<u>-</u>	<u>146,867</u>	<u>123,027</u>	<u>-</u>	<u>(4,144)</u>	<u>4,144</u>	<u>(21,004)</u>	<u>10,505</u>	<u>-</u>	<u>(10,499)</u>
<b>Total Federal Awards</b>						<u>\$ (34,339)</u>	<u>\$ -</u>	<u>\$ 146,867</u>	<u>\$ 123,027</u>	<u>\$ -</u>	<u>\$ (4,144)</u>	<u>\$ 4,144</u>	<u>\$ (21,004)</u>	<u>\$ 10,505</u>	<u>\$ -</u>	<u>\$ (10,499)</u>

Note: The District is not subject to a Federal Single Audit.  
FAIN numbers are only applicable for current year grant awards.

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**SADDLE RIVER 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, July 1, 2015			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	Combined Total Expenditures	
<b>State Department of Education</b>															
<b>General Fund:</b>															
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	\$ 66,671	\$ (6,667)			\$ 6,667								
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	66,671				60,429	\$ 66,671		\$ (6,242)				\$ 66,671	
Additional Nonpublic Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	16,420	(16,420)			16,420								
Additional Nonpublic Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	13,488	-	-	-	-	13,488		(13,488)			\$ (13,488)	13,488	
Total Transportation Aid Cluster				(23,087)	-	-	83,516	80,159		(19,730)			(13,488)	89,159	
<b>State Aid Public:</b>															
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	104,971	(9,215)			9,215								
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	104,971				95,144	104,971		(9,827)				104,971	
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	30,383	(3,038)			3,038								
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	30,383				27,538	30,383		(2,845)				30,383	
Additional Adjustment Aid	16-495-034-5120-085	7/1/15-6/30/16	1				1	1						1	
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	3,990	(396)			396								
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	3,990				3,616	3,990		(374)				3,990	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	3,990	(396)			396								
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	3,990	-	-	-	3,616	3,990		(374)				3,990	
Total State Aid Public Aid Cluster				(13,045)	-	-	142,960	143,335		(13,420)				143,335	
Extraordinary Special Education Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	57,527	(57,527)			57,527								
Extraordinary Special Education Costs Aid	16-100-034-5120-473	7/1/15-6/30/16	85,290					85,290		(85,290)				85,290	
On-Behalf TPAF Pension Contribution - Non Contrib. Ins.	16-495-034-5094-004	7/1/15-6/30/16	7,641				7,641	7,641						7,641	
On-Behalf TPAF Pension Contribution	16-495-034-5094-002	7/1/15-6/30/16	153,388				153,388	153,388						153,388	
On-Behalf TPAF Post Retirement Medical	16-495-034-5094-001	7/1/15-6/30/16	191,741				191,741	191,741						191,741	
Total On-Behalf TPAF Contributions							352,770	352,770						352,770	
Reimbursed TPAF Social Security Contribution	16-495-034-5094-003	7/1/15-6/30/16	144,613				144,613	144,613						144,613	
Total General Fund				(93,659)	-	-	781,386	806,167		(118,440)			(13,488)	806,167	
<b>Special Revenue Fund:</b>															
<b>N.J. Nonpublic Aid</b>															
<b>Handicapped Services</b>															
Examination & Classification	15-100-034-5120-066	7/1/14-6/30/15	13,512		\$ 8,819				\$ 8,819						
Examination & Classification	16-100-034-5120-066	7/1/15-6/30/16	17,723				17,723	12,612				\$ 5,111		12,612	
Supplemental Instruction	15-100-034-5120-066	7/1/14-6/30/15	2,354			2,354			2,354						
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	16,434			3,181			3,181						
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	13,377				13,377	9,615				3,762		9,615	
Total Handicapped Services (Chap. 193) Cluster						14,354	31,100	22,227	14,354			8,873		22,227	
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	16,623			1,916			1,916						
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	14,960				14,960	11,110				3,850		11,110	
Technology	15-100-034-5120-373	7/1/14-6/30/15	8,928			24			24						
Technology	16-100-034-5120-373	7/1/15-6/30/16	6,812				6,812	6,799				13		6,799	
Nursing	16-100-034-5120-070	7/1/15-6/30/16	27,810				27,810	27,810						27,810	
Security	16-100-034-5120-509	7/1/15-6/30/16	7,725				7,725	7,725						7,725	
Total Special Revenue Fund/Department of Education						16,294	88,407	75,671	16,294			12,736		75,671	
<b>Total State Financial Assistance Subject to Single Audit Determination</b>				\$ (93,659)	\$ -	\$ 16,294	\$ 869,793	\$ 881,838	\$ 16,294	\$ (118,440)	\$ -	\$ 12,736	\$ (13,488)	\$ 881,838	
<b>State Financial Assistance Not Subject to Major Program Determination</b>															
<b>General Fund</b>															
Less: On-Behalf TPAF Pension Contribution							(161,029)	(161,029)						(161,029)	
On-Behalf TPAF Post-Retirement Medical							(191,741)	(191,741)						(191,741)	
<b>Total State Financial Assistance Subject to Major Program Determination</b>				\$ (93,659)	\$ -	\$ 16,294	\$ 517,023	\$ 529,068	\$ 16,294	\$ (118,440)	\$ -	\$ 12,736	\$ (13,488)	\$ 529,068	

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



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

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Saddle River Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules 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 a decrease of \$27,713 for the general fund and a decrease of \$2,946 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 778,454	\$ 778,454
Special Revenue Fund	\$ 123,027	75,671	198,698
	<u>\$ 123,027</u>	<u>\$ 854,125</u>	<u>\$ 977,152</u>
Total Financial Assistance			

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

TPAF Social Security contributions in the amount of \$144,613 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 \$161,029 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$191,741 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2016.

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

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

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

SADDLE RIVER 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?	<u>          </u> yes	<u>  X  </u> no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	<u>          </u> yes	<u>  X  </u> none reported
Noncompliance material to basic financial statements noted?	<u>          </u> yes	<u>  X  </u> no

Federal Awards Section

Not Applicable

**SADDLE RIVER BOARD OF EDUCATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Internal Control over compliance:

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

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>16-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>
<u> </u>	<u>Contributions</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee?   X   yes    \_\_\_\_\_ no

**SADDLE RIVER 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 basic financial statements in accordance with *Government Auditing Standards*.

There are none.

**SADDLE RIVER BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable

**CURRENT YEAR STATE AWARDS**

There are none.

**SADDLE RIVER BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR YEAR 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*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2015-001**

**Condition:**

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

**Current Status:**

Corrective action has been taken.

**Finding 2015-002**

**Condition:**

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

**Current Status:**

Corrective action has been taken.