

***SADDLE BROOK***  
***SCHOOL DISTRICT***

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017**



**Saddle Brook, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Saddle Brook Board of Education**

**Saddle Brook, New Jersey**

**For The Fiscal Year Ended June 30, 2017**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**



## SADDLE BROOK SCHOOL DISTRICT

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ANTHONY RISCICA  
INTERIM SUPERINTENDENT OF SCHOOLS

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

November 30, 2017

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

Dear Board Members:

The comprehensive annual financial report of the Saddle Brook School District (District) for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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



**REPORTING ENTITY AND ITS SERVICES (continued)**

**AVERAGE DAILY ENROLLMENT**

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,723	-1.8%
2015-2016	1,753	2.4%
2014-2015	1,720	-1.0%
2013-2014	1,738	-.6%
2012-2013	1,748	-.6%

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

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

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

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

**MAJOR INITIATIVES:**

The Saddle Brook School District is a PreK-12 school district consisting of four elementary schools and one combined Middle School/High School. Franklin School, Helen I. Smith School and Long Memorial School are all K-6 elementary schools offering a rich educational program utilizing the latest scientifically based programs integrating technology and multiple programs including Readers and Writers Workshop developed by Columbia's Teachers College, Go Math and Conquer Math to enrich student learning. In addition, our staff is involved in working with ongoing literacy development and change programs provided in each elementary school along with out of district workshops in mathematics. The Washington School is a dedicated preschool that offers a blended and integrated program for both general education and special education students ages 3-4. Classes are available in the morning, afternoon and also as a full day program, all preparing students with the skills needed for Kindergarten. New this year is the addition of our general education full day Pre-School Program for 4-5 year olds.

**Our District Goals include:**

A. Continue to offer parent education programs to help build a closer home-school partnership, with a specific focus on academic topics as measured by number of programs/parent attendance/evaluation.

## **MAJOR INITIATIVES: (Continued)**

B. Improve student achievement K-12 in language arts and STEM, as measured by summative and formative assessments.

C. Continue the development and implementation of district-wide curriculum (NJSLS) with a focus on vertical and horizontal articulation. Develop district wide consistency protocols in supervision, delivery and evaluation of curriculum, lesson planning and high school courses of studies.

D. Provide for student exploration of future college and careers beginning at the middle school level and including engagement of parents and community.

Saddle Brook Middle/High School offers a host of opportunities for students to explore interests in academics, athletics, and the arts. We strive to provide unique educational experiences for both our middle and high school students. We embrace having grades seven through twelve under one roof to provide continuity in education and opportunities for our high school students to take on leadership roles in mentoring younger peers.

### **Technical, Education (CTE) Program**

The goal of Saddle Brook MS/HS is to provide students with opportunities to explore 21st Century careers in a learning environment that promotes discovery, collaboration, and problem-solving skills. The new STEM Academy affords students to work with multiple pathways, immersing students in programs that culminate with opportunities to either earn college credit or gain valuable real-world experience. The new course offerings for 2017/2018 include Introduction to Robotics and Introduction to Engineering. Advanced versions of these courses are designed and planned for the 2018/2019 school year. Technology & Programming is being revised with a focus on fabrication and design using CAD and 3D printing. The STEM Academy extends beyond programs in applied technology. A new course in Medical Ethics is the foundation for the Biomedical Sciences Career, Technical, Education (CTE) program.

### **Academic Programs**

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

Our educational programs stress the acquisition of academic skills that promote creative thinking and the development of higher-level thinking and problem-solving abilities. Students are encouraged to make connections between acquisition of previous mastered skills and new learning experiences. They are able to transfer and apply these skills across the spectrum of subject areas. The district is committed to addressing the needs of each individual learner across the content areas. This includes programs in all areas including a broad choice of elective courses available to meet the needs of student interest and success. Many of these courses are available at multiple levels including Honors and Advanced Placement Courses in the middle school and high school.

### **Guidance**

The mission of the Saddle Brook Guidance Department is to provide for the educational, career, and social/emotional needs of our students. Our counselors work in collaboration with staff, parents, and our community, in order to strengthen the whole student. We strive to develop their decision-making; to encourage students' exploration of their interests; to broaden their awareness of themselves and the community/world around them; and to realize their potential in creating and achieving goals and opportunities in the future. The counselors strive to enable students to acquire the educational and social competencies needed for their growth toward lifelong success and effective, responsible citizenship in a diverse and changing world. Helping students reach their potential is the ultimate goal of the guidance program.

## **MAJOR INITIATIVES: (Continued)**

### **Staff Goals**

The staff at Saddle Brook MS/HS believes that all children can learn, in a culture, which works in a collaborative environment that is focused on student success. Our intentions are to provide every student with the best possible learning environment and programs. Teachers and students work as partners in the educational process to cultivate a positive environment conducive to learning. The administration and teachers work together to collect and review current student data to adjust programs and strategies for student learning and understanding. In addition, each school is involved in Character Education Programs fostering respect for self and others. Overall, students will develop a caring and honest culture for ongoing responsible citizenship.

The Saddle Brook School District continues to improve facilities creating safe and conducive schools where students are made to feel welcomed and secure. School safety and positive culture for learning is key for student support and success. Essential to the success of the overall instructional program is the active involvement, close collaboration, and support provided by Saddle Brook's parents and community. The involvement of all stakeholders is welcomed and appreciated by the Board of Education, Administrators and staff. Support groups such as the PTA, Education Foundation, SEPAC, and various booster clubs work collaboratively with the schools to enhance academic offerings for students through the donation of supplemental materials, resources, volunteerism, and school beautification projects. Our district continues to grow in the areas of student academic growth along with co-curricular activities and athletics. Please review our programs on our district website [www.saddlebrookschoools.org](http://www.saddlebrookschoools.org)

**BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General, Special Revenue and Debt Service Funds. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2017.

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

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


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

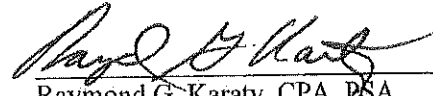
**RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

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

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

Respectfully submitted,

  
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Anthony Riscica  
Interim Superintendent of Schools

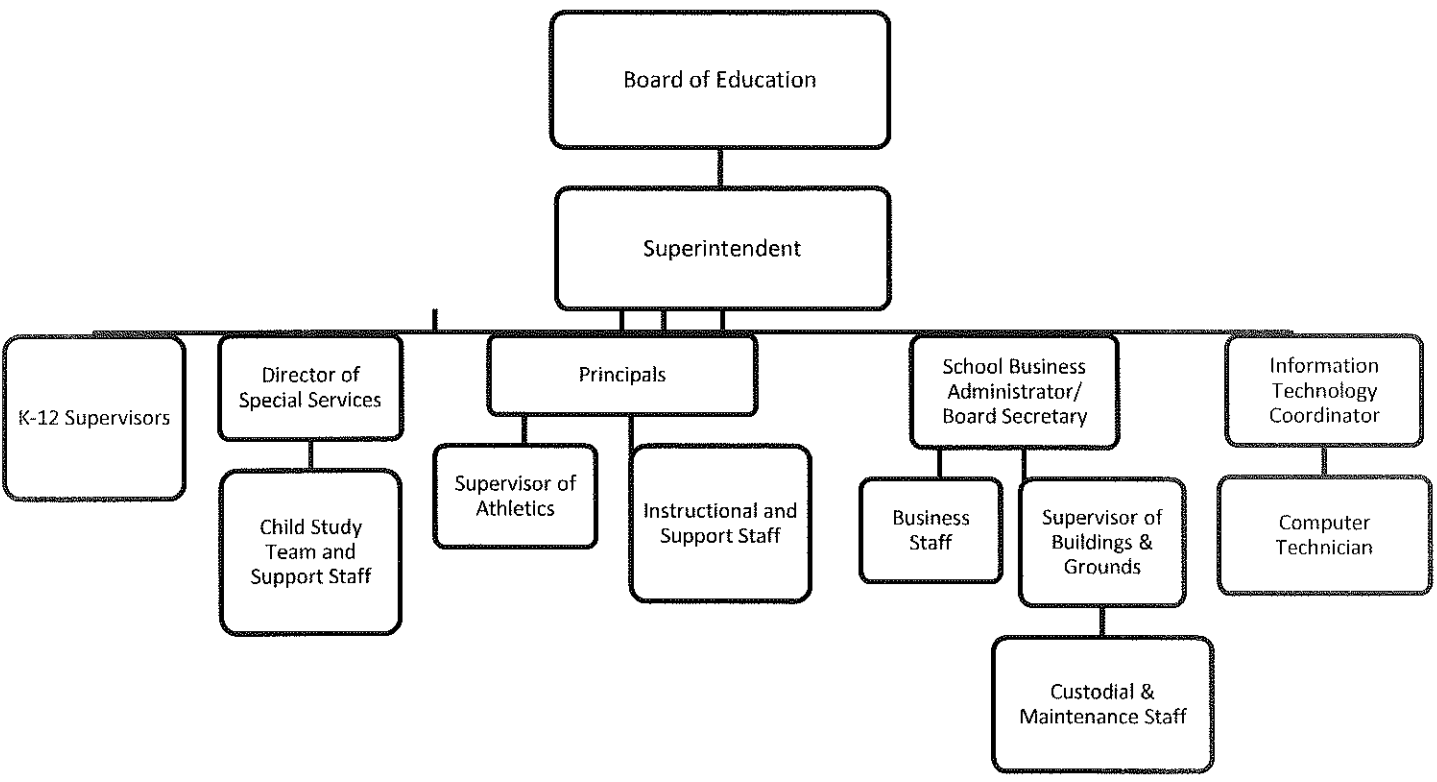
  
\_\_\_\_\_  
Raymond G. Karaty, CPA, PSA  
Business Administrator/Board Secretary

# POLICY

## SADDLE BROOK BOARD OF EDUCATION

ADMINISTRATION  
1110/page 1 of 1  
Organizational Chart

### 1110 ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS  
JUNE 30, 2017**

Members of the Board of Education

Term Expires

Michael Accomando, President	2019
Parampreet Singh, Vice President	2018
David Gierak	2017
Joseph Nigito	2018
Stephen Quinn	2018
Angela Robinson	2019
Sarah Sanchez	2017
Timothy White	2019
Sylvia Zottarelli	2017

Other Officials

Anthony Riscica, Interim Superintendent

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

Peter Bellani, CPA, Treasurer

Machado Law Group LLC, Board Attorney

**SADDLE BROOK BOARD OF EDUCATION**

*Consultants and Advisors*

**ARCHITECT**

Gianforaro  
555 East Main Street  
Chester, New Jersey 07930

**AUDITOR**

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Fair Lawn, NJ 07410

**ATTORNEY**

Machado Law Group  
1 Cleveland Place  
Springfield, New Jersey 07081

**OFFICIAL DEPOSITORY**

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

**FINANCIAL SECTION**





# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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DONNA L. JAPHET, CPA, PSA  
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ELIZABETH A. SHICK, CPA, RMA, PSA  
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DEBORAH K. LERCH, CPA, PSA  
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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. NICOLosi, CPA, PSA

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle Brook Board of Education as of and for the fiscal year ended June 30, 2017 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 from material misstatement.

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle Brook Board of Education as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saddle Brook Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Saddle Brook Board of Education.

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2017 on our consideration of the Saddle Brook Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Saddle Brook Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Saddle Brook Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 30, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017**

This discussion and analysis of the Saddle Brook School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2017. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2017 are as follows:

- District-Wide Statements – The School District had \$44,643,280 in revenues, general revenues were \$31,756,511 or 71 percent of all revenues. Program specific revenues in the form of charges for services and grants and \$44,643,280.
- District-Wide Statements - The School District had \$44,283,582 in expenses; only \$12,886,769 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$31,756,511 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Saddle Brook Board of Education's governmental funds reported combined ending fund balances of \$2,093,926, a decrease of \$2,156,291 in comparison with the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

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

**District-wide Statements**

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

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

**District-wide Statements (Continued)**

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

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

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

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

**Fund Financial Statements**

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

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



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

**Fund Financial Statements (Continued)**

The District has three kinds of funds:

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

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

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

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

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

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

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

Table A-2 provides a summary of the school district's net position for fiscal years 2017 and 2016 which were \$3,971,032 and \$3,611,334, respectively.

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

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

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

Table A-2  
Statement of Net Position  
As of June 30, 2017 and 2016

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and Other Assets	\$ 3,118,079	\$ 5,008,340	\$ 459,560	\$ 327,949	\$ 3,577,639	\$ 5,336,289
Capital Assets	<u>26,342,364</u>	<u>25,154,371</u>	<u>62,177</u>	<u>71,968</u>	<u>26,404,541</u>	<u>25,226,339</u>
<b>Total Assets</b>	<u>29,460,443</u>	<u>30,162,711</u>	<u>521,737</u>	<u>399,917</u>	<u>29,982,180</u>	<u>30,562,628</u>
<b>Deferred Outflows of Resources</b>						
Deferred amounts on Net Pension Liability	2,982,106	1,137,463			2,982,106	228,421
Deferred amounts on Refunding of Debt	<u>258,593</u>	<u>323,186</u>	-	-	<u>258,593</u>	<u>323,186</u>
<b>Total Deferred Outflows of Resources</b>	<u>3,240,699</u>	<u>1,460,649</u>	<u>-</u>	<u>-</u>	<u>3,240,699</u>	<u>551,607</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>32,701,142</u>	<u>31,623,360</u>	<u>521,737</u>	<u>399,917</u>	<u>33,222,879</u>	<u>31,114,235</u>
<b>Liabilities</b>						
Current Liabilities	1,214,809	975,091	89,584	73,182	1,304,393	1,048,273
Noncurrent Liabilities	<u>26,709,359</u>	<u>25,720,567</u>	<u>-</u>	<u>-</u>	<u>26,709,359</u>	<u>25,720,567</u>
<b>Total Liabilities</b>	<u>27,924,168</u>	<u>26,695,658</u>	<u>89,584</u>	<u>73,182</u>	<u>28,013,752</u>	<u>26,768,840</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts on Net Pension Liability	1,238,095	1,642,344			1,238,095	2,237,231
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>759</u>	<u>-</u>	<u>759</u>
<b>Total Deferred Inflows of Resources</b>	<u>1,238,095</u>	<u>1,642,344</u>	<u>-</u>	<u>759</u>	<u>1,238,095</u>	<u>2,237,990</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>29,162,263</u>	<u>28,338,002</u>	<u>89,584</u>	<u>73,941</u>	<u>29,251,847</u>	<u>29,006,830</u>
<b>Net Position</b>						
Net Investment in Capital Assets	14,372,017	13,325,442	62,177	71,968	14,434,194	13,397,410
Restricted	608,773	1,212,600			608,773	1,212,600
Unrestricted	<u>(11,441,911)</u>	<u>(11,252,684)</u>	<u>369,976</u>	<u>254,008</u>	<u>(11,071,935)</u>	<u>(10,998,676)</u>
<b>Total Net Position</b>	<u>\$ 3,538,879</u>	<u>\$ 3,285,358</u>	<u>\$ 432,153</u>	<u>\$ 325,976</u>	<u>\$ 3,971,032</u>	<u>\$ 3,611,334</u>

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

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

**Governmental activities.** Governmental activities increased the District's net position by \$253,521 and \$1,848,450 for the fiscal years ended June 30, 2017 and 2016, respectively. Key elements of this increase are as follows:

**Table A-3  
Changes in Net Position  
For the Fiscal Year Ended June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 309,569	\$ 289,541	\$ 851,849	\$ 788,578	\$ 1,161,418	\$ 1,078,119
Operating Grants and Contributions	11,557,269	10,056,924	168,082	158,822	11,725,351	10,215,746
Capital Grants and Contributions	-	517,061			-	517,061
General Revenues						
Property Taxes	31,410,871	30,437,005			31,410,871	30,437,005
Restricted State	113,132				113,132	
Unrestricted State	72,630	51,727			72,630	51,727
Other	159,457	332,368	421	693	159,878	333,061
<b>Total Revenues</b>	<u>43,622,928</u>	<u>41,684,626</u>	<u>1,020,352</u>	<u>948,093</u>	<u>44,643,280</u>	<u>42,632,719</u>
<b>Expenses</b>						
Instruction						
Regular	15,212,598	14,493,146			15,212,598	14,493,146
Special	8,025,261	7,508,957	-		8,025,261	7,508,957
Other Instruction	1,191,767	915,587			1,191,767	915,587
School Sponsored Activities and Ath.	1,067,496	905,379			1,067,496	905,379
Support Services						
Student and Instruction Related Serv.	8,171,404	7,312,644			8,171,404	7,312,644
Educational Media/School Library	364,953	154,639			364,953	154,639
School Administrative Services	2,319,019	2,169,252			2,319,019	2,169,252
General Administrative Services	821,461	828,035			821,461	828,035
Plant Operations and Maintenance	3,409,846	3,174,210			3,409,846	3,174,210
Pupil Transportation	1,380,806	1,296,918			1,380,806	1,296,918
Central Services	765,904	755,517			765,904	755,517
Food Services			561,537	554,745	561,537	554,745
Community Programs			352,638	372,345	352,638	372,345
Interest on Long-Term Debt	638,892	562,191	-	-	638,892	562,191
<b>Total Expenses</b>	<u>43,369,407</u>	<u>40,076,475</u>	<u>914,175</u>	<u>927,090</u>	<u>44,283,582</u>	<u>41,003,565</u>
<b>Change in Net Position Before Transfers</b>	253,521	1,608,151	106,177	21,003	359,698	1,629,154
<b>Transfers</b>	-	240,299	-	(240,299)	-	-
<b>Increase (Decrease) in Net Position</b>	253,521	1,848,450	106,177	(219,296)	359,698	1,629,154
<b>Net Position, Beginning of Year</b>	<u>3,285,358</u>	<u>1,436,908</u>	<u>325,976</u>	<u>545,272</u>	<u>3,611,334</u>	<u>1,982,180</u>
<b>Net Position, End of Year</b>	<u>\$ 3,538,879</u>	<u>\$ 3,285,358</u>	<u>\$ 432,153</u>	<u>\$ 325,976</u>	<u>\$ 3,971,032</u>	<u>\$ 3,611,334</u>

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

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

**Governmental activities.** The District's total governmental revenues and transfers were \$43,622,928. The local share of the revenues, that included property taxes, interest, miscellaneous revenue, amounted to \$31,570,328 or 72% of total revenues. Funding from state, federal sources amounted to \$11,743,031 or 27%. Charges for services amounted to \$309,569 or 1%. (See Table A-4)

The District's total governmental expenses were \$43,369,407 and are predominantly related to instruction and support services. Instruction totaled \$25,497,122 (59%), student support services totaled \$17,233,393 (40%) and interest on long-term debt total \$638,892 (1%) of total expenditures. (See Table A-5.)

Table A-4 Revenues by Source – Governmental Activities  
For Fiscal Year 2017

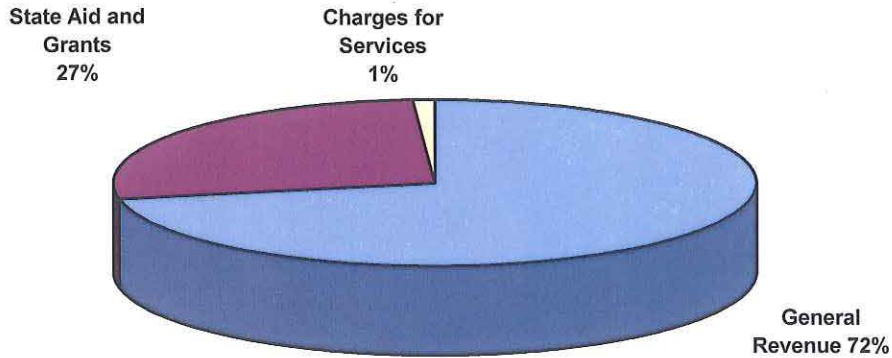
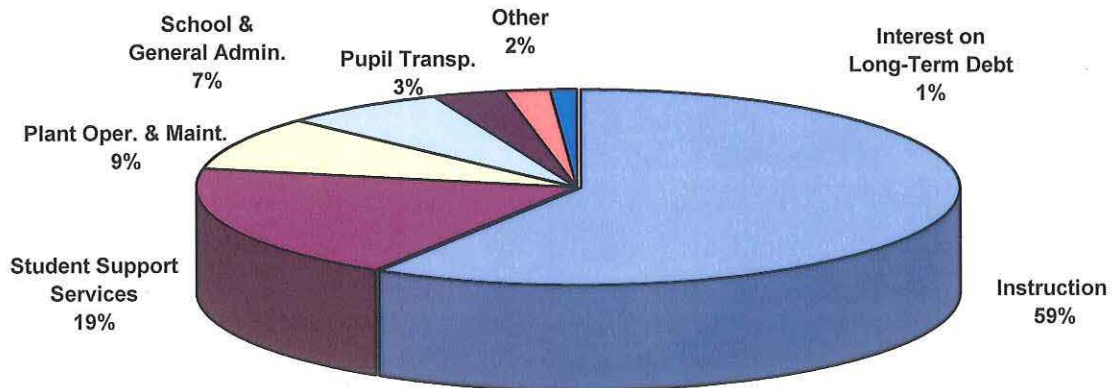


Table A-5 Expenditures by Type- Governmental Activities  
For Fiscal Year 2017



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

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

Table A-6  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2017 and 2016

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Instruction				
Regular	\$ 15,212,598	\$ 14,493,146	\$ 10,887,159	\$ 10,157,095
Special Education	8,025,261	7,508,957	4,675,853	4,511,290
Other Instruction	1,191,767	915,587	724,302	523,625
School Sponsored Activities and Athletics	1,067,496	905,379	804,879	703,241
Support Services				
Student and Instruction Related Svcs.	8,171,404	7,312,644	5,853,756	5,405,919
Educational Media/School Library	364,953	154,639	266,839	122,157
General Administrative Services	821,461	828,035	686,066	691,681
School Administrative Services	2,319,019	2,169,252	1,629,205	1,599,003
Plant Operations and Maintenance	3,409,846	3,174,210	3,267,459	2,960,046
Pupil Transportation	1,380,806	1,296,918	1,302,255	1,221,184
Central Services	765,904	755,517	765,904	755,517
Interest on Long-Term Debt	638,892	562,191	638,892	562,191
 Total Governmental Activities	 \$ 43,369,407	 \$ 40,076,475	 \$ 31,502,569	 \$ 29,212,949

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2017 was \$914,175. These costs were funded by operating grants, charges for services and investment earnings. (Detailed on Table A-3). The operations resulted in an increase in net position of \$106,177.

Food Service Program

- Food service revenues exceeded expenses by \$1,039.
- Charges for services represent 70% percent of revenue.
- Revenues include lunches and ala carte meals paid for by the students and partial or total reimbursement provided by the district's participation in the National School Lunch Program.

Community Programs – Before and After Child Care and Summer Camp

- Community Programs revenues exceeded expenses by \$105,138.
- Charges for services represent 100 percent of revenue.
- Revenues include tuition and interest earned on investments.

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

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

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

As the District completed the year, its governmental funds reported a combined fund balance of \$2,093,926. In 2015-2016 the fund balance was \$4,250,217.

**The District's Funds**

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$37,639,292 and expenditures were \$39,938,089.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2017 and 2016.

	<b>Fiscal Year Ended <u>6/30/2017</u></b>	<b>Fiscal Year Ended <u>6/30/2016</u></b>	<b>Amount of Increase <u>(Decrease)</u></b>	<b>Percent Change</b>
Local Sources	\$ 31,911,344	\$ 31,099,123	\$ 812,221	3%
State Sources	5,076,643	5,109,811	(33,168)	-1%
Federal Sources	<u>651,305</u>	<u>659,198</u>	<u>(7,893)</u>	-1%
 Total Revenues	 <u>\$ 37,639,292</u>	 <u>\$ 36,868,132</u>	 <u>\$ 771,160</u>	 2%

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

	<b>Fiscal Year Ended <u>6/30/2017</u></b>	<b>Fiscal Year Ended <u>6/30/2016</u></b>	<b>Amount of Increase <u>(Decrease)</u></b>	<b>Percent Change</b>
Current Expenses:				
Instruction	\$ 20,500,008	\$ 19,801,900	\$ 698,108	4%
Undistributed	14,608,571	13,638,598	969,973	7%
Capital Outlay	2,425,781	2,060,468	365,313	18%
Debt Service				
Principal	1,738,870	1,518,985	219,885	14%
Interest and Other Charges	<u>664,859</u>	<u>528,883</u>	<u>135,976</u>	26%
 Total Expenditures	 <u>\$ 39,938,089</u>	 <u>\$ 37,548,834</u>	 <u>\$ 2,389,255</u>	 6%

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

**General Fund Budgeting Highlights**

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

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

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Costs for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year. These special education costs were higher than anticipated for 2016-17.
- The district's expense for health benefits was less than anticipated due to the increase in employee contributions per Chapter 78.
- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.
- As the buildings age more repairs are required and therefore additional funds were needed.

**Capital Assets**

At the end of fiscal year 2017, the District had total assets of \$26,404,541 net of depreciation invested in land, land improvements, buildings, furniture, equipment and vehicles. Table 4 shows fiscal year 2017 balances compared to 2016.

**Table A-4  
Capital Assets (Net Depreciation) as of June 30, 2017 and 2016**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 31,974	\$ 31,974			\$ 31,974	\$ 31,974
Construction in Progress	2,469,287	1,375,431			2,469,287	1,375,431
Land Improvements	664,343	193,768			664,343	193,768
Buildings and Building Improvements	36,033,649	35,386,086			36,033,649	35,386,086
Machinery, Equipment and Vehicles	<u>2,973,192</u>	<u>2,765,705</u>	\$ 197,354	\$ 193,908	<u>3,170,546</u>	<u>2,959,613</u>
<b>Total</b>	42,172,445	39,752,964	197,354	193,908	42,369,799	39,946,872
Less: Accumulated Depreciation	<u>15,830,081</u>	<u>14,598,593</u>	<u>135,177</u>	<u>121,940</u>	<u>15,965,258</u>	<u>14,720,533</u>
<b>Total</b>	<u>\$ 26,342,364</u>	<u>\$ 25,154,371</u>	<u>\$ 62,177</u>	<u>\$ 71,968</u>	<u>\$ 26,404,541</u>	<u>\$ 25,226,339</u>

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

**Capital Assets (Continued)**

Overall capital assets increased by \$1,178,202 from fiscal year 2016 to fiscal year 2017. The increase is attributable to the referendum which comprises improvements to all schools.

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

**Debt Administration**

At June 30, 2017, the District had \$26,709,359 of outstanding long-term liabilities. These liabilities include serial bonds liability for school construction and refunding bonds for the Early Retirement Incentive Program, capital leases and compensated absences and net pension liability.

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

	<u>2017</u>	<u>2016</u>
General Obligation Bonds, Net	\$ 14,682,019	\$ 16,221,267
Net Pension Liability	11,301,231	8,666,481
Capital Leases	237,568	358,932
Compensated Absences Payable	<u>488,541</u>	<u>473,887</u>
Total	<u>\$ 26,709,359</u>	<u>\$ 25,720,567</u>

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

**For the Future**

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

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



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

**Contacting the District's Financial Management**

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

**BASIC FINANCIAL STATEMENTS**

**SADDLE BROOK BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2017**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,405,697	\$ 754,326	\$ 2,160,023
Receivables, net	1,384,857	26,490	1,411,347
Internal Balances	327,525	(327,525)	-
Inventory		6,269	6,269
Capital Assets			
Not Being Depreciated	2,501,261		2,501,261
Being Depreciated, Net	<u>23,841,103</u>	<u>62,177</u>	<u>23,903,280</u>
 Total Assets	 <u>29,460,443</u>	 <u>521,737</u>	 <u>29,982,180</u>
<b>Deferred Outflows of Resources</b>			
Deferred Amounts on Net Pension Liability	2,982,106		2,982,106
Deferred Amounts on Refunding of Debt	<u>258,593</u>	<u>-</u>	<u>258,593</u>
	<u>3,240,699</u>	<u>-</u>	<u>3,240,699</u>
Total Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	<u>32,701,142</u>	<u>521,737</u>	<u>33,222,879</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	858,291	15,939	874,230
Payable to Other Governments	34,978		34,978
Accrued Interest Payable	190,656		190,656
Unearned Revenue	130,884	73,645	204,529
Noncurrent Liabilities			
Due Within One Year	1,845,655		1,845,655
Due Beyond One Year	<u>24,863,704</u>	<u>-</u>	<u>24,863,704</u>
Total Liabilities	<u>27,924,168</u>	<u>89,584</u>	<u>28,013,752</u>
<b>Deferred Inflows of Resources</b>			
Deferred Amounts on Net Pension Liability	<u>1,238,095</u>	<u>-</u>	<u>1,238,095</u>
Total Deferred Inflows of Resources	<u>1,238,095</u>	<u>-</u>	<u>1,238,095</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,162,263</u>	<u>89,584</u>	<u>29,251,847</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	14,372,017	62,177	14,434,194
Restricted for :			
Capital Projects	409,363		409,363
Debt Service	99,410		99,410
Other Purposes	100,000		100,000
Unrestricted	<u>(11,441,911)</u>	<u>369,976</u>	<u>(11,071,935)</u>
Total Net Position	<u>\$ 3,538,879</u>	<u>\$ 432,153</u>	<u>\$ 3,971,032</u>

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

**SADDLE BROOK BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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	\$ 15,212,598	\$ 23,047	\$ 4,302,392		\$ (10,887,159)		\$ (10,887,159)
Special Education	8,025,261	186,962	3,162,446		(4,675,853)		(4,675,853)
Other Instruction	1,191,767		467,465		(724,302)		(724,302)
School Sponsored Activities and Athletics	1,067,496		262,617		(804,879)		(804,879)
Support Services							
Student and Instruction Related Services	8,171,404		2,317,648		(5,853,756)		(5,853,756)
Educational Media/School Library	364,953		98,114		(266,839)		(266,839)
General and Business Administrative Services	821,461		135,395		(686,066)		(686,066)
School Administrative Services	2,319,019		689,814		(1,629,205)		(1,629,205)
Plant Operations and Maintenance	3,409,846	99,560	42,827		(3,267,459)		(3,267,459)
Pupil Transportation	1,380,806		78,551		(1,302,255)		(1,302,255)
Central Services	765,904				(765,904)		(765,904)
Interest and Other Charges on Long-Term Debt	638,892	-	-	-	(638,892)	-	(638,892)
<b>Total Governmental Activities</b>	<b>43,369,407</b>	<b>309,569</b>	<b>11,557,269</b>	<b>-</b>	<b>(31,502,569)</b>	<b>-</b>	<b>(31,502,569)</b>
<b>Business-Type Activities</b>							
Food Service	561,537	394,300	168,082			\$ 845	845
Community Programs	352,638	457,549	-	-		104,911	104,911
<b>Total Business-Type Activities</b>	<b>914,175</b>	<b>851,849</b>	<b>168,082</b>	<b>-</b>	<b>-</b>	<b>105,756</b>	<b>105,756</b>
<b>Total Primary Government</b>	<b>\$ 44,283,582</b>	<b>\$ 1,161,418</b>	<b>\$ 11,725,351</b>	<b>\$ -</b>	<b>(31,502,569)</b>	<b>105,756</b>	<b>(31,396,813)</b>
<b>General Revenues and Transfers</b>							
Property Taxes, Levied for General Purposes, Net					29,445,682		29,445,682
Property Taxes Levied for Debt Service					1,965,189		1,965,189
State Aid Restricted for Debt Service					113,132		113,132
Unrestricted State Aid					72,630		72,630
Miscellaneous Income					159,457	421	159,878
<b>Total General Revenues</b>					<b>31,756,090</b>	<b>421</b>	<b>31,756,511</b>
<b>Change in Net Position</b>					<b>253,521</b>	<b>106,177</b>	<b>359,698</b>
<b>Net Position, Beginning of Year</b>					<b>3,285,358</b>	<b>325,976</b>	<b>3,611,334</b>
<b>Net Position, End of Year</b>					<b>\$ 3,538,879</b>	<b>\$ 432,153</b>	<b>\$ 3,971,032</b>

**FUND FINANCIAL STATEMENTS**

**SADDLE BROOK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2017**

	<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	\$ 1,379,719			\$ 25,978	\$ 1,405,697
Receivables, Net					
Receivables from Other Governments	260,903	\$ 459,111	\$ 517,061		1,237,075
Due from Other Funds	489,597		535,232	73,432	1,098,261
Other Receivables	45,322	61	-	-	45,383
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 2,175,541</u>	<u>\$ 459,172</u>	<u>\$ 1,052,293</u>	<u>\$ 99,410</u>	<u>\$ 3,786,416</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 421,261	\$ 33,409	\$ 403,621		\$ 858,291
Due to Other Funds	294,933	299,972	73,432		668,337
Payable to State Government		8,685			8,685
Payable to Federal Government	26,293				26,293
Unearned Revenue	13,778	117,106	-	-	130,884
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>756,265</u>	<u>459,172</u>	<u>477,053</u>	<u>-</u>	<u>1,692,490</u>
Fund Balances					
Restricted:					
Excess Surplus	108,338				108,338
Excess Surplus Designated for Subsequent					
Year's Expenditures	135,240				135,240
Capital Reserve	260,918				260,918
Maintenance Reserve	100,000				100,000
Capital Projects			575,240		575,240
Debt Service				\$ 99,410	99,410
Assigned:					
Year End Encumbrances	437,086				437,086
Designated for Subsequent					
Year's Expenditures	75,000				75,000
ARRA/SEMI- Designated for Subsequent					
Year's Expenditures	998				998
Unassigned:	301,696	-	-	-	301,696
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>1,419,276</u>	<u>-</u>	<u>575,240</u>	<u>99,410</u>	<u>2,093,926</u>
Total Liabilities and Fund Balances	<u>\$ 2,175,541</u>	<u>\$ 459,172</u>	<u>\$ 1,052,293</u>	<u>\$ 99,410</u>	<u>\$ 3,786,416</u>

SADDLE BROOK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2017

**Total Government Fund Balances (Exhibit B-1)** \$ 2,093,926

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 \$42,172,445 and the accumulated depreciation is \$15,830,081 26,342,364

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

Deferred Outflows of Resources	\$	2,982,106	
Deferred Inflows of Resources		<u>(1,238,095)</u>	
			1,744,011

The District has financed capital assets through the issuance of serial bonds and long term-lease obligations. The interest accrual at year end is: (190,656)

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 258,593

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

Bonds Payable, Net	\$	(14,682,019)	
Net Pension Liability		(11,301,231)	
Capital Leases		(237,568)	
Compensated Absences		<u>(488,541)</u>	
			<u>(26,709,359)</u>

**Net Position of Governmental Activities (Exhibit A-1)** \$ 3,538,879

**SADDLE BROOK BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<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					
Property Tax Levy	\$ 29,445,682			\$ 1,965,189	\$ 31,410,871
Miscellaneous	463,257	\$ 31,447	\$ 5,769	-	500,473
Total - Local Sources	29,908,939	31,447	5,769	1,965,189	31,911,344
State Sources	4,959,795	3,716		113,132	5,076,643
Federal Sources	11,948	639,357	-	-	651,305
Total Revenues	<u>34,880,682</u>	<u>674,520</u>	<u>5,769</u>	<u>2,078,321</u>	<u>37,639,292</u>
<b>EXPENDITURES</b>					
Current					
Regular Instruction	11,847,052	21,837			11,868,889
Special Education Instruction	6,406,157	426,924			6,833,081
Other Instruction	797,752	137,032			934,784
School-Sponsored Activities and Athletics	863,254				863,254
Support Services					
Student and Instruction Related Services	6,349,210	88,727			6,437,937
Educational Media/School Library	288,648				288,648
General Administrative Services	716,162				716,162
School Administrative Services	1,782,540				1,782,540
Plant Operations and Maintenance	3,286,589				3,286,589
Pupil Transportation	1,361,936				1,361,936
Central Services	734,759				734,759
Debt Service					
Principal	263,870			1,475,000	1,738,870
Interest and Other Charges	60,413			604,446	664,859
Capital Outlay	268,836	-	2,156,945	-	2,425,781
Total Expenditures	<u>35,027,178</u>	<u>674,520</u>	<u>2,156,945</u>	<u>2,079,446</u>	<u>39,938,089</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(146,496)</u>	<u>-</u>	<u>(2,151,176)</u>	<u>(1,125)</u>	<u>(2,298,797)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital Leases (Non-budget)	142,506				142,506
Transfer In			782,000	79,201	861,201
Transfer Out	(782,000)	-	(79,201)	-	(861,201)
Total Other Financing Sources and Uses	<u>(639,494)</u>	<u>-</u>	<u>702,799</u>	<u>79,201</u>	<u>142,506</u>
Net Change in Fund Balances	(785,990)	-	(1,448,377)	78,076	(2,156,291)
Fund Balance, Beginning of Year	<u>2,205,266</u>	<u>-</u>	<u>2,023,617</u>	<u>21,334</u>	<u>4,250,217</u>
Fund Balance, End of Year	<u>\$ 1,419,276</u>	<u>\$ -</u>	<u>\$ 575,240</u>	<u>\$ 99,410</u>	<u>\$ 2,093,926</u>

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



**SADDLE BROOK BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (2,156,291)

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

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

Capital Outlay	\$ 2,425,781	
Depreciation Expense	<u>(1,237,788)</u>	
		1,187,993

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

Amortization of Discount	(1,313)	
Amortization of Bond Premium	65,561	
Amortization of Deferred Amounts on Refunding	(64,593)	
Capital Lease	(142,506)	
Principal Repayments		
Bond Principal	1,475,000	
Capital Lease Principal	<u>263,870</u>	
		1,596,019

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

Increase in Compensated Absences	(14,654)	
Increase in Net Pension Expense	<u>(385,858)</u>	
		(400,512)

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

Decrease in Accrued Interest		<u>26,312</u>
------------------------------	--	---------------

**Change in net position of governmental activities (Exhibit A-2)** **\$ 253,521**

**SADDLE BROOK BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017**

	<u>Food Service</u>	<u>Community Programs</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 269,749	\$ 484,577	\$ 754,326
Other Accounts Receivable		17,124	17,124
Intergovernmental Receivable			
State	314		314
Federal	9,052		9,052
Inventories	6,269	-	6,269
	<hr/>	<hr/>	<hr/>
Total Current Assets	285,384	501,701	787,085
Capital Assets			
Equipment	197,354		197,354
Less: Accumulated Depreciation	(135,177)	-	(135,177)
	<hr/>	<hr/>	<hr/>
Total Capital Assets	62,177	-	62,177
	<hr/>	<hr/>	<hr/>
Total Assets	347,561	501,701	849,262
	<hr/>	<hr/>	<hr/>
<b>LIABILITIES</b>			
Current Liabilities			
Due to Other Funds	240,299	87,226	327,525
Accounts Payable	6,052	9,887	15,939
Unearned Revenue	-	73,645	73,645
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	246,351	170,758	417,109
	<hr/>	<hr/>	<hr/>
<b>NET POSITION</b>			
Net Investment in Capital Assets	62,177	-	62,177
Unrestricted	39,033	330,943	369,976
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 101,210	\$ 330,943	\$ 432,153
	<hr/>	<hr/>	<hr/>

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

**SADDLE BROOK BOARD OF EDUCATION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Food Service</u>	<u>Community Programs</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales - Reimbursable programs	\$ 218,976		\$ 218,976
Daily Sales - Non-Reimbursable Programs	174,852		174,852
Special Functions	472		472
Community Service Fees	-	\$ 457,549	457,549
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	394,300	457,549	851,849
<b>OPERATING EXPENSES</b>			
Cost of Sales - Reimbursable	206,727		206,727
Cost of Sales - Non-Reimbursable	65,457		65,457
Salaries and Employee Benefits	218,069	292,857	510,926
Contracted Services		7,110	7,110
Rentals		35,000	35,000
Other Purchased Services	36,339		36,339
Telephone		2,818	2,818
Supplies and Materials	21,536	9,014	30,550
Depreciation	13,237		13,237
Miscellaneous	172	5,839	6,011
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	561,537	352,638	914,175
Operating Income/(Loss)	<hr/> (167,237)	<hr/> 104,911	<hr/> (62,326)
<b>NONOPERATING REVENUES</b>			
State Sources			
School Lunch Program	4,688		4,688
Federal Sources			
National School Lunch Program	127,834		127,834
Food Distribution Program	28,682		28,682
School Breakfast Program	6,878		6,878
Interest and Investment Revenue	194	227	421
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues	168,276	227	168,503
Change in Net Position	1,039	105,138	106,177
Total Net Position, Beginning of Year	<hr/> 100,171	<hr/> 225,805	<hr/> 325,976
Total Net Position, End of Year	<hr/> \$ 101,210	<hr/> \$ 330,943	<hr/> \$ 432,153

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

**SADDLE BROOK BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Food Service</u>	<u>Community Programs</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$ 394,300	\$ 475,518	\$ 869,818
Cash Payments for Employees' Salaries and Benefits	(218,069)	(292,857)	(510,926)
Cash Payments to Suppliers for Goods and Services	(309,075)	(22,744)	(331,819)
Net Cash Provided/(Used) for Operating Activities	<u>(132,844)</u>	<u>159,917</u>	<u>27,073</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Cash Received from State and Federal Subsidy Reimbursements	<u>152,454</u>	<u>-</u>	<u>152,454</u>
Net Cash Provided by Noncapital Financing Activities	<u>152,454</u>	<u>-</u>	<u>152,454</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Fixed Assets	<u>(3,446)</u>	<u>-</u>	<u>(3,446)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(3,446)</u>	<u>-</u>	<u>(3,446)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	<u>194</u>	<u>227</u>	<u>421</u>
Net Cash Provided by Investing Activities	<u>194</u>	<u>227</u>	<u>421</u>
Net Increase in Cash and Cash Equivalents	16,358	160,144	176,502
Cash and Cash Equivalents, Beginning of Year	<u>253,391</u>	<u>324,433</u>	<u>577,824</u>
Cash and Cash Equivalents, End of Year	<u>\$ 269,749</u>	<u>\$ 484,577</u>	<u>\$ 754,326</u>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities</b>			
Operating Income (Loss)	\$ (167,237)	\$ 104,911	\$ (62,326)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Noncash Federal Assistance - Food Distribution Program	28,682		28,682
Depreciation	13,237		13,237
Change in Assets and Liabilities			
(Increase)/Decrease in Accounts Receivable		(2,065)	(2,065)
(Increase)/Decrease in Inventory	(1,099)		(1,099)
Increase/(Decrease) in Accounts Payable	(5,668)	2,037	(3,631)
Increase/(Decrease) in Unearned Revenue	(759)	20,034	19,275
Increase/(Decrease) in Interfund Payable	<u>-</u>	<u>35,000</u>	<u>35,000</u>
Total Adjustments	<u>34,393</u>	<u>55,006</u>	<u>89,399</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (132,844)</u>	<u>\$ 159,917</u>	<u>\$ 27,073</u>
<b>Non-Cash Financing Activities</b>			
Food Distribution Program Commodities Received	\$ 27,923		\$ 27,923

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

**SADDLE BROOK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 74,765	\$ 2,815	\$ 479,521
Due from Other Funds	<u>28,721</u>	<u>-</u>	<u>-</u>
Total Assets	<u>103,486</u>	<u>2,815</u>	<u>\$ 479,521</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings			\$ 180,082
Accrued Salaries & Wages			278
Flex Spending Benefits			2,001
Due to Other Funds			131,120
Due to Student Groups			166,040
Due to State of New Jersey	<u>\$ 748</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>748</u>	<u>-</u>	<u>\$ 479,521</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 102,738</u>	<u>\$ 2,815</u>	

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

**SADDLE BROOK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>
<b>ADDITIONS</b>		
Investment Earnings		
Employee Contributions	\$ 28,721	
Budget Contributions		
Interest	<u>49</u>	<u>\$ 2</u>
Net Investment Earnings	<u>28,770</u>	<u>2</u>
Total Additions	<u>28,770</u>	<u>2</u>
<b>DEDUCTIONS</b>		
Unemployment Claims and Contributions	<u>48,108</u>	<u>-</u>
Total Deductions	<u>48,108</u>	<u>-</u>
Change in Net Position	(19,338)	2
Net Position, Beginning of Year	<u>122,076</u>	<u>2,813</u>
Net Position, End of Year	<u>\$ 102,738</u>	<u>\$ 2,815</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

**B. New Accounting Standards**

During fiscal year 2017, the District adopted the following GASB statements:

- 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*. 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. 77, *Tax Abatement Disclosures*. 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. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.



**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*. 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.

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

- 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. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements**

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

**District-Wide Financial Statements**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, 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.

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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

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

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

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

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

Additionally, the government reports the following fund type:

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

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

**Reclassifications**

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

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

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

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

Property taxes, tuition, 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.

**SADDLE BROOK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**3. Inventories**

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

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

**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 acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

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

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

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type which arises only under 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 vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***7. Pensions***

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

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

***8. Long-Term Obligations***

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

SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations (Continued)*

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

*Excess Surplus* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that is required to be appropriated in the 2018/2019 original budget certified for taxes.

*Excess Surplus – Designated for Subsequent Year's Expenditures* - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that was 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 2D.)

*Maintenance Reserve* – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education (See Note 2E).

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**9. *Net Position/Fund Balance (Continued)***

**Governmental Fund Statements (Continued)**

**Restricted Fund Balance (Continued)**

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

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

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

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

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2017/2018 District budget certified for taxes.

*ARRA/SEMI – Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2017 that will be appropriated in the adopted 2017/2018 budget certified for taxes.

**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.



**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses (Continued)**

**1. *Program Revenues (Continued)***

**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.

**3. *Tuition Revenues and Expenditures***

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

*Tuition Expenditures* - Tuition charges for the fiscal years 2015-2016 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**A. Budgetary Information (Continued)**

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$970,629. The increase was funded by capital reserve funds appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

**B. 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 BROOK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**B. Capital Reserve (Continued)**

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016		\$ 1,227,622
Increased by:		
Deposits Approved by Board Resolution	\$ 200,000	
Amount Restored from Capital Outlay		
Appropriation	45,959	
Interest Earnings	<u>337</u>	
Total Increases		<u>246,296</u>
Withdrawals:		
Approved in District Budget	782,000	
Approved by Board Resolution	<u>431,000</u>	<u>1,213,000</u>
Balance, June 30, 2017		<u>\$ 260,918</u>

**C. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2017 is as follows:

Increased by:		
Deposits Approved by Board Resolution	\$ 100,000	
Balance, June 30, 2017		<u>\$ 100,000</u>

The June 30, 2017 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,331,073. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**D. Transfers to Capital Outlay**

During the 2016/2017 school year, the district transferred \$431,000 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to fund capital outlay projects and was approved by the County Superintendent.

**E. 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, 2017 is \$243,578. Of this amount, \$135,240 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$108,338 will be appropriated in the 2018/2019 original budget certified for taxes.

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), 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. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits were \$2,717,124 and bank and brokerage firm balances of the Board's deposits amounted to \$3,441,357. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	<u>\$ 3,441,357</u>
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**Custodial Credit Risk – Deposits** – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 the Board's bank balance was not exposed to custodial credit risk.

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**A. Cash Deposits and Investments (Continued)**

**Investments**

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

As of June 30, 2017, the Board had no outstanding investments.

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

**B. Receivables**

Receivables as of June 30, 2017 for the district's individual major funds, in the aggregate, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service</u>	<u>Community Programs</u>	<u>Total</u>
Receivables:						
Accounts	\$ 45,322	\$ 61			\$ 17,124	\$ 62,507
Intergovernmental						-
Federal		459,111		\$ 9,052		468,163
State	191,280		\$ 517,061	314		708,655
Local	<u>69,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,623</u>
 Net Total Receivables	 <u>\$ 306,225</u>	 <u>\$ 459,172</u>	 <u>\$ 517,061</u>	 <u>\$ 9,366</u>	 <u>\$ 17,124</u>	 <u>\$ 1,308,948</u>

**C. Unearned Revenue**

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

General Fund	
Preschool Tuition	\$ 13,778
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>117,106</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 130,884</u>

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	Balance, <u>June 30, 2017</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 31,974			\$ 31,974
Construction in Progress	1,375,431	\$ 2,241,834	\$ (1,147,978)	2,469,287
Total capital assets, not being depreciated	<u>1,407,405</u>	<u>2,241,834</u>	<u>(1,147,978)</u>	<u>2,501,261</u>
Capital assets, being depreciated:				
Land Improvements	193,768		470,575	664,343
Buildings and Building Improvements	35,386,086		647,563	36,033,649
Machinery and Equipment	2,765,705	183,947	23,540	2,973,192
Total capital assets being depreciated	<u>38,345,559</u>	<u>183,947</u>	<u>1,141,678</u>	<u>39,671,184</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(183,688)	(24,368)		(208,056)
Land Improvements	(11,997,463)	(1,066,029)		(13,063,492)
Machinery and Equipment	(2,417,442)	(147,391)	6,300	(2,558,533)
Total accumulated depreciation	<u>(14,598,593)</u>	<u>(1,237,788)</u>	<u>6,300</u>	<u>(15,830,081)</u>
Total capital assets, being depreciated, net	<u>23,746,966</u>	<u>(1,053,841)</u>	<u>1,147,978</u>	<u>23,841,103</u>
Governmental activities capital assets, net	<u>\$ 25,154,371</u>	<u>\$ 1,187,993</u>	<u>\$ -</u>	<u>\$ 26,342,364</u>
<b>Business-Type activities:</b>				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 193,908	\$ 3,446	-	\$ 197,354
Total capital assets being depreciated	<u>193,908</u>	<u>3,446</u>	<u>-</u>	<u>197,354</u>
Less accumulated depreciation for:				
Machinery and Equipment	(121,940)	(13,237)	-	(135,177)
Total accumulated depreciation	<u>(121,940)</u>	<u>(13,237)</u>	<u>-</u>	<u>(135,177)</u>
Total capital assets, being depreciated, net	<u>71,968</u>	<u>(9,791)</u>	<u>-</u>	<u>62,177</u>
Business-type activities capital assets, net	<u>\$ 71,968</u>	<u>\$ (9,791)</u>	<u>\$ -</u>	<u>\$ 62,177</u>

**SADDLE BROOK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

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

**Governmental activities:**

Instruction

Regular	\$ 495,146
Special Education	177,318
Other Instruction	38,222
School-Sponsored Activities and Athletics	<u>30,378</u>

Total Instruction	<u>741,064</u>
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Support Services

Student and Instruction Related Services	257,826
Educational Media	11,349
General and Business Administrative Services	15,662
School Administrative Services	79,793
Plant Operations and Maintenance	93,964
Pupil Transportation	14,386
Central Services	<u>23,744</u>

Total Support Services	<u>496,724</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 1,237,788</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 13,237</u>
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**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2017:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Various Facility Improvements to the Middle/High School and Elementary Schools	<u>\$ 5,617,581</u>	<u>\$ 186,800</u>

**SADDLE BROOK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2017, is as follows:

**Due to/from Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency	\$ 102,399
General Fund	Community Programs	87,226
General Fund	Special Revenue	299,972
Capital Projects Fund	General Fund (Capital Reserve)	294,933
Capital Projects Fund	Food Service Fund	240,299
Debt Service Fund	Capital Projects Fund	73,432
Unemployment	Payroll Agency	<u>28,721</u>
		<u>\$ 1,126,982</u>

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

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

**Interfund transfers**

	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Transfer Out:			
General Fund	\$ 782,000		\$ 782,000
Capital Projects Fund	<u>-</u>	<u>\$ 79,201</u>	<u>79,201</u>
Total	<u>\$ 782,000</u>	<u>\$ 79,201</u>	<u>\$ 861,201</u>

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



**SADDLE BROOK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**F. Leases**

**Capital Leases**

The District is leasing technology equipment and student transportation totaling \$525,447 under capital leases. The leases are for terms of 4 to 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Fiscal</u> <u>Year Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2018	\$ 137,118
2019	73,463
2020	<u>36,976</u>
Total minimum lease payments	247,557
Less: amount representing interest	<u>9,989</u>
Present value of minimum lease payments	<u><u>\$ 237,568</u></u>

**G. Long-Term Debt**

**General Obligation Bonds**

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

Bonds payable at June 30, 2017 are comprised of the following issues:

\$9,030,000, 2009 Refunding Bonds, due in annual installments of \$825,000 to \$860,000 through August 15, 2022, interest at 3% - 4%	\$ 5,090,000
\$2,955,000, 2012 Pension Refunding Bonds, due in annual installments of \$160,000 to \$240,000 through July 15, 2029, interest at 5.00% - 5.75%	2,325,000
\$3,530,000, 2012 Refunding Bonds, due in annual installments of \$335,000 to \$400,000 through February 15, 2024, interest at 4.25% - 4.375%	2,605,000
\$4,609,000, 2015 School Bonds, due in annual installments of \$320,000 to \$350,000 through February 15, 2030, interest at 2.00%-3.00%	<u>4,434,000</u>
	<u><u>\$ 14,454,000</u></u>

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**G. Long-Term Debt (Continued)**

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

**Governmental Activities:**

Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 1,665,000	\$ 478,500	\$ 2,143,500
2019	1,695,000	420,961	2,115,961
2020	1,720,000	362,198	2,082,198
2021	1,740,000	97,020	1,837,020
2022-2026	5,545,000	765,419	6,310,419
2027-2031	<u>2,089,000</u>	<u>149,190</u>	<u>2,238,190</u>
	<u>\$ 14,454,000</u>	<u>\$ 2,273,288</u>	<u>\$ 16,727,288</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 92,366,187
Less: Net Debt	<u>12,129,393</u>
Remaining Borrowing Power	<u>\$ 80,236,794</u>

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, July 1, 2016	Additions	Reductions	Balance, June 30, 2017	Due Within One Year
<b>Governmental activities:</b>					
Bonds Payable	\$ 15,929,000		\$ 1,475,000	\$ 14,454,000	\$ 1,665,000
Deferred Amounts					
Add: Premium	309,328		65,561	243,767	
Less: Discount	(17,061)	-	1,313	(15,748)	-
Total Bonds Payable	16,221,267	-	1,541,874	14,682,019	1,665,000
Net Pension Liability	8,666,481	\$ 2,973,738	338,988	11,301,231	
Capital Leases	358,932	142,506	263,870	237,568	130,655
Compensated Absences	473,887	60,634	45,980	488,541	50,000
Governmental Activity Long-Term Liabilities	<u>\$ 25,720,567</u>	<u>\$ 3,176,878</u>	<u>\$ 2,190,712</u>	<u>\$ 26,709,359</u>	<u>\$ 1,845,655</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

**SADDLE BROOK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

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

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

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017		\$ 28,721	\$ 48,108	\$ 102,738
2016	\$ 10,000	27,855	24,395	122,076
2015	20,000	44,720	59,104	108,564

**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, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

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

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

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

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

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

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

**Other Pension Funds**

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

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

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.

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Other Pension Funds (Continued)**

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of 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/treasury/doinvest](http://www.state.nj/treasury/doinvest).

**Funding Status and Funding Progress**

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 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.

**SADDLE BROOK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Actuarial Methods and Assumptions**

In the July 1, 2015 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 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 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 7.06% for PERS, 7.06% 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, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 338,988	\$ 1,421,537	\$ 5,787
2016	349,095	1,003,077	4,659
2015	337,940	674,746	3,428

In addition for fiscal year 2016/2017 the District contributed \$1,567 for PERS and the State contributed \$4,332 for TPAF for Long Term Disability Insurance Premium (LTDI).

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.

**SADDLE BROOK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$964,806 during the fiscal year ended June 30, 2017 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, 2017, the District reported in the statement of net position (accrual basis) a liability of \$11,301,231 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the District's proportionate share was .03816 percent, which was an increase of .00045 percent from its proportionate share measured as of June 30, 2015 of .03861 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$724,846 for PERS. At June 30, 2017, 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	\$ 210,169	
Changes of Assumptions	2,341,011	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	430,926	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>-</u>	<u>\$ 1,238,095</u>
Total	<u>\$ 2,982,106</u>	<u>\$ 1,238,095</u>



**SADDLE BROOK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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)**

At June 30, 2017, the 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 June 30,	Total
2018	\$ 317,180
2019	317,180
2020	425,404
2021	486,680
2022	197,567
Thereafter	-
	<u>\$ 1,744,011</u>

***Actuarial Assumptions***

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

***Discount Rate***

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

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**SADDLE BROOK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.98%, 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 (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	<b>1% Decrease <u>(2.98%)</u></b>	<b>Current Discount Rate <u>(3.98%)</u></b>	<b>1% Increase <u>(4.98%)</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 13,848,340</u>	<u>\$ 11,301,231</u>	<u>\$ 9,198,372</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. 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 BROOK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$7,405,173 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, 2017 the State's proportionate share of the net pension liability attributable to the District is \$98,556,805. 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, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .12528 percent, which was an increase of .00047percent from its proportionate share measured as of June 30, 2015 of .12481 percent.

**Actuarial Assumptions**

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 5 OTHER INFORMATION (Continued)**

**F. 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, 2016 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%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**SADDLE BROOK BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

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, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. 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 3.22%, 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 (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	<b>1% Decrease (2.22%)</b>	<b>Current Discount Rate (3.22%)</b>	<b>1% Increase (4.22%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 117,710,792</u>	<u>\$ 98,566,805</u>	<u>\$ 82,933,269</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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 584 state and local participating employers and contributing entities for Fiscal Year 2016.

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 BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 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, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.



**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 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 (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, 2016 and 2015 were \$1,184,463, \$1,194,388 and \$1,071,159, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**BUDGETARY COMPARISON SCHEDULES**

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**SADDLE BROOK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 29,445,682		\$ 29,445,682	\$ 29,445,682	
Miscellaneous	396,662	-	396,662	463,257	\$ 66,595
Sub-Total Local Sources	29,842,344	-	29,842,344	29,908,939	66,595
State Sources					
Categorical Special Education Aid	957,677		957,677	957,677	-
Equalization Aid	17,740		17,740	17,740	-
Security Aid	43,806		43,806	43,806	-
Transportation Aid	59,001		59,001	59,001	-
Extraordinary Aid	288,000		288,000	304,482	16,482
PARCC Readiness Aid	17,030		17,030	17,030	-
Per Pupil Growth Aid	17,030		17,030	17,030	-
Professional Learning Community Aid	17,430		17,430	17,430	-
Host District Aid	2,419		2,419	2,419	-
Nonpublic Transportation Aid				21,345	21,345
On Behalf TPAF Pension Contribution- (Non-Budgeted)					-
Normal				1,371,832	1,371,832
NCGI Premium				49,705	49,705
Post Retirement Medical Contributions				1,184,463	1,184,463
Long-Term Disability				4,332	4,332
Reimbursed TPAF Social Security Contributions (Non Budgeted)	-	-	-	964,806	964,806
Sub-Total State Sources	1,420,133	-	1,420,133	5,033,098	3,612,965
Federal Sources					
Medicaid Assistance Program (SEMI)	24,521		24,521	10,950	(13,571)
Medicaid Assistance Program (SEMI)- ARRA	-	-	-	998	998
Sub-Total Federal Sources	24,521	-	24,521	11,948	(12,573)
Total Revenues	31,286,998	-	31,286,998	34,953,985	3,666,987
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	372,379	\$ 46,150	418,529	418,529	-
Grades 1-5	3,015,407	(200,966)	2,814,441	2,807,082	7,359
Grades 6-8	1,402,381	(48,483)	1,353,898	1,352,193	1,705
Grades 9-12	2,514,490	(73,431)	2,441,059	2,437,492	3,567
Regular Programs- Home Instructions					
Salaries of Teachers	40,000	3,000	43,000	41,113	1,887
Purchased Professional-Educational Services	5,000	-	5,000	3,269	1,731
Regular Programs- Undistributed Instruction					
Purchased Professional-Educational Services	175,000	100,189	275,189	275,189	-
Other Purchased Services	313,472	3,624	317,096	315,133	1,963
General Supplies	187,067	(13,047)	174,020	166,829	7,191
Textbooks	89,256	12,683	101,939	101,939	-
Other Objects	5,000	321	5,321	3,766	1,555
Total Regular Programs	8,119,452	(169,960)	7,949,492	7,922,534	26,958
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	331,291	(217,269)	114,022	113,754	268
Other Salaries for Instruction	97,642	(44,531)	53,111	53,111	-
Purchased Professional-Educational Services	15,000	47,160	62,160	62,160	-
Other Purchased Services	4,000	713	4,713	3,953	760
General Supplies	1,520	4,555	6,075	6,075	-
Total Learning and/or Language Disabilities	449,453	(209,372)	240,081	239,053	1,028
Behavioral Disabilities					
Salaries of Teachers	87,589	(87,589)	-	-	-
Other Salaries for Instruction	19,121	(19,121)	-	-	-
General Supplies	3,000	(3,000)	-	-	-
Total Behavioral Disabilities	109,710	(109,710)	-	-	-
Multiple Disabilities					
Salaries of Teachers	116,438	(49,129)	67,309	67,309	-
Other Salaries for Instruction	22,211	(22,211)	-	-	-
General Supplies	-	250	250	74	176
Total Multiple Disabilities	138,649	(71,090)	67,559	67,383	176

**SADDLE BROOK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
<b>EXPENDITURES (Continued)</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Special Education (Continued)</b>					
<b>Resource Room</b>					
Salaries of Teachers	\$ 1,370,170	\$ 385,642	\$ 1,755,812	\$ 1,755,812	
Other Salaries for Instruction	282,435	(212,740)	69,695	69,605	\$ 90
General Supplies	6,502	1,973	8,475	6,628	1,847
Textbooks	5,834	(1,326)	4,508	3,407	1,101
<b>Total Resource Room</b>	<u>1,664,941</u>	<u>173,549</u>	<u>1,838,490</u>	<u>1,835,452</u>	<u>3,038</u>
<b>Autism</b>					
Salaries of Teachers	92,219	8,071	100,290	100,290	-
Other Salaries for Instruction	62,771	17,669	80,440	80,440	
General Supplies	7,500	-	7,500	7,328	172
<b>Total Autism Room</b>	<u>162,490</u>	<u>25,740</u>	<u>188,230</u>	<u>188,058</u>	<u>172</u>
<b>Preschool Disabilities - Part - Time</b>					
Salaries of Teachers	49,431	43,799	93,230	93,230	-
Other Salaries for Instruction	106,356	(25,674)	80,682	80,682	-
General Supplies	1,000	1,072	2,072	2,070	2
<b>Total Preschool Handicapped - Part - Time</b>	<u>156,787</u>	<u>19,197</u>	<u>175,984</u>	<u>175,982</u>	<u>2</u>
<b>Preschool Disabilities - Full - Time</b>					
Salaries of Teachers	106,074	(51,799)	54,275	54,275	
Other Salaries for Instruction	61,934	(3,445)	58,489	58,489	-
General Supplies	500	-	500	298	202
<b>Total Preschool Handicapped - Full - Time</b>	<u>168,508</u>	<u>(55,244)</u>	<u>113,264</u>	<u>113,062</u>	<u>202</u>
<b>Home Instruction</b>					
Purchased Professional Educational Services	5,000	(641)	4,359	4,359	-
<b>Total Home Instruction</b>	<u>5,000</u>	<u>(641)</u>	<u>4,359</u>	<u>4,359</u>	<u>-</u>
<b>Total Special Education</b>	<u>2,855,538</u>	<u>(227,571)</u>	<u>2,627,967</u>	<u>2,623,349</u>	<u>4,618</u>
<b>Basic Skills/Remedial</b>					
Salaries of Teachers	387,515	90,000	477,515	476,077	1,438
Supplies	1,900	-	1,900	982	918
<b>Total Basic Skills/Remedial</b>	<u>389,415</u>	<u>90,000</u>	<u>479,415</u>	<u>477,059</u>	<u>2,356</u>
<b>Bilingual Education</b>					
Salaries of Teachers	69,589	-	69,589	68,635	954
General Supplies	1,500	-	1,500	-	1,500
<b>Total Bilingual Education</b>	<u>71,089</u>	<u>-</u>	<u>71,089</u>	<u>68,635</u>	<u>2,454</u>
<b>School Sponsored Co/Extra Curricular Activities</b>					
Salaries	117,000	(4,691)	112,309	112,298	11
Purchased Services		10,667	10,667	10,172	495
Supplies		5,980	5,980		5,980
Other Objects	13,000	9,324	22,324	22,324	-
<b>Total School Sponsored Co/Extra Curricular Activities</b>	<u>130,000</u>	<u>21,280</u>	<u>151,280</u>	<u>144,794</u>	<u>6,486</u>
<b>School Sponsored Athletics</b>					
Salaries	292,046	34,763	326,809	326,809	-
Purchased Services	52,336	(1,917)	50,419	49,083	1,336
Supplies and Materials	46,750	4,542	51,292	45,735	5,557
Other Objects	16,900	(2,127)	14,773	14,773	-
<b>Total School Sponsored Athletics</b>	<u>408,032</u>	<u>35,261</u>	<u>443,293</u>	<u>436,400</u>	<u>6,893</u>
<b>Total - Instruction</b>	<u>11,973,526</u>	<u>(250,990)</u>	<u>11,722,536</u>	<u>11,672,771</u>	<u>49,765</u>

**SADDLE BROOK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Budgeted Amounts			Actual	Variance
	Original	Adjustments	Final		Final Budget with Actual
<b>EXPENDITURES (Continued)</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Special	\$ 347,000	\$ (223,849)	\$ 123,151	\$ 122,721	\$ 430
Tuition to County Vocational School Dist.-Regular	579,150	(35,236)	543,914	515,075	28,839
Tuition to County Vocational School Dist.-Special	310,400	(17,862)	292,538	292,538	-
Tuition to CSSD & Regional Day Schools	412,120	9,252	421,372	393,336	28,036
Tuition to Private Schools for the Handicapped - Within State	1,634,100	89,683	1,723,783	1,717,990	5,793
Tuition - State Facilities	4,500	-	4,500	4,500	-
<b>Total Tuition</b>	<b>3,287,270</b>	<b>(178,012)</b>	<b>3,109,258</b>	<b>3,046,160</b>	<b>63,098</b>
Health Services					
Salaries	355,650	-	355,650	350,401	5,249
Purchased Prof. and Tech services	20,000	1,669	21,669	19,059	2,610
Other Purchased Services	1,500	-	1,500	866	634
Supplies and Materials	5,900	2,335	8,235	7,832	403
Other Objects	2,000	225	2,225	2,208	17
<b>Total Health Services</b>	<b>385,050</b>	<b>4,229</b>	<b>389,279</b>	<b>380,366</b>	<b>8,913</b>
Speech, OT/PT and Related Services					
Salaries	667,841	-	667,841	662,890	4,951
Purchased Prof. Ed. Services	383,808	(135,086)	248,722	218,544	30,178
Supplies and Materials	4,060	3,675	7,735	6,809	926
<b>Total Speech, OT/PT and Related Services</b>	<b>1,055,709</b>	<b>(131,411)</b>	<b>924,298</b>	<b>888,243</b>	<b>36,055</b>
Other Support Services - Students - Extra. Serv.					
Salaries	446,057	196,454	642,511	641,443	1,068
Purchased Professional-Educational Services	312,300	141,988	454,288	433,562	20,726
<b>Total Other Support Services - Students - Extra Serv.</b>	<b>758,357</b>	<b>338,442</b>	<b>1,096,799</b>	<b>1,075,005</b>	<b>21,794</b>
Guidance					
Salaries of Other Professional Staff	640,872	1,943	642,815	642,800	15
Salaries of Secretarial and Clerical Assistants	132,482	-	132,482	130,097	2,385
Purchased Prof. and Tech services	3,600	217	3,817	851	2,966
Other Purchased Services	29,000	6,279	35,279	28,996	6,283
Supplies and Materials	14,760	1,416	16,176	12,497	3,679
Other Objects	1,000	618	1,618	1,618	-
<b>Total Guidance</b>	<b>821,714</b>	<b>10,473</b>	<b>832,187</b>	<b>816,859</b>	<b>15,328</b>
Child Study Team					
Salaries of Other Professional Staff	742,962	(14,069)	728,893	728,893	-
Salaries of Secretarial and Clerical Assistants	65,781	7,062	72,843	71,005	1,838
Purchased Prof. - Ed. Services	9,000	12,250	21,250	21,250	-
Other Purchased Services	1,000	67	1,067	677	390
Supplies and Materials	9,500	(1,856)	7,644	7,629	15
<b>Total Child Study Team</b>	<b>828,243</b>	<b>3,454</b>	<b>831,697</b>	<b>829,454</b>	<b>2,243</b>
Improvement of Instructional Svcs/ Other Support					
Svcs - Instructional Staff					
Salaries of Supervisor of Instruction	327,908	-	327,908	327,907	1
Salaries of Other Professional Staff	24,000	(1,150)	22,850	19,440	3,410
Other Salaries	3,000	4,026	7,026	7,026	-
Other Purchased Services	9,000	(2,051)	6,949	6,345	604
Supplies and Materials	1,700	830	2,530	2,484	46
Other Objects	-	-	-	-	-
<b>Total Improvement of Instructional Svcs</b>	<b>365,608</b>	<b>1,655</b>	<b>367,263</b>	<b>363,202</b>	<b>4,061</b>

**SADDLE BROOK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
<b>EXPENDITURES (Continued)</b>					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 155,082	\$ 16,787	\$ 171,869	\$ 161,740	\$ 10,129
Other Purchased Services	1,200	-	1,200	1,200	-
Supplies and Materials	40,396	1,873	42,269	41,614	655
Other Objects	10,496	11	10,507	9,252	1,255
Total Educational Media Services/School Library	207,174	18,671	225,845	213,806	12,039
Instructional Staff Training Services					
Salaries of Other Professional Staff	98,567	12,714	111,281	111,281	-
Other Salaries	2,500	3,383	5,883	5,883	-
Purchased Prof.-Ed. Services	14,000	(9,710)	4,290	4,290	-
Other Purchased Services	4,000	7,475	11,475	11,475	-
Supplies and Materials	2,000	(1,625)	375	375	-
Total Instructional Staff Training Services	121,067	12,237	133,304	133,304	-
Support Services General Administration					
Salaries	288,689	(46,222)	242,467	228,642	13,825
Legal Services	50,000	19,186	69,186	69,186	-
Audit Fees	33,000	33,506	66,506	35,880	30,626
Other Purchased Professional Services	3,000	8,450	11,450	10,895	555
Communications/Telephone	137,150	7,965	145,115	132,440	12,675
BOE Other Purchased Services	5,500	(1,877)	3,623	3,229	394
Other Purchased Services	67,300	(6,459)	60,841	57,247	3,594
General Supplies	7,000	37,976	44,976	36,106	8,870
BOE In-House Training/Meeting Supplies	2,000	383	2,383	1,815	568
Miscellaneous Expenditures	1,500	1,827	3,327	3,295	32
BOE Membership Dues and Fees	15,100	(2,273)	12,827	12,827	-
Total Support Services General Administration	610,239	52,462	662,701	591,562	71,139
Support Services School Administration					
Salaries of Principals/Asst. Principals	881,586	(2,970)	878,616	878,616	-
Salaries of Secretarial and Clerical Assistants	245,721	12,807	258,528	258,528	-
Purchased Professional & Technical Services	5,000	(2,067)	2,933	2,933	-
Other Purchased Services	25,850	(6,045)	19,805	17,418	2,387
Supplies and Materials	35,235	5,683	40,918	36,258	4,660
Other Objects	17,000	(3,020)	13,980	13,780	200
Total Support Services School Administration	1,210,392	4,388	1,214,780	1,207,533	7,247
Central Services					
Salaries	338,279	98	338,377	338,377	-
Purchased Professional Services	37,000	(3,092)	33,908	32,375	1,533
Purchased Technical Services	3,800	1,855	5,655	4,805	850
Miscellaneous Purchased Services	31,650	5,087	36,737	27,468	9,269
Supplies and Materials	10,000	3,479	13,479	12,333	1,146
Other Objects	1,325	25	1,350	1,350	-
Total Central Services	422,054	7,452	429,506	416,708	12,798
Admin. Info. Tech.					
Salaries	-	-	-	-	-
Purchased Technical Services	145,000	(4)	144,996	144,951	45
Other Purchased Services	-	6,048	6,048	6,048	-
Supplies and Materials	-	29	29	29	-
Other Objects	51,100	(520)	50,580	50,569	11
Total Admin. Info. Tech.	196,100	5,553	201,653	201,597	56
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	229,315	168,395	397,710	382,060	15,650
General Supplies	23,000	(5,839)	17,161	16,908	253
Other Objects	5,000	(3,420)	1,580	1,580	-
Total Required Maintenance for School Facilities	257,315	159,136	416,451	400,548	15,903

**SADDLE BROOK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
<b>EXPENDITURES (Continued)</b>					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 1,177,150	\$ 29,322	\$ 1,206,472	\$ 1,190,561	\$ 15,911
Salaries of Non-Instructional Aides	107,131	7,958	115,089	115,089	
Purchased Professional & Technical Services	10,000	18,888	28,888	23,563	5,325
Cleaning, Repair and Maint. Services	61,000	81,951	142,951	120,738	22,213
Insurance	200,500	(18,566)	181,934	181,934	
Travel	1,500	-	1,500	180	1,320
Miscellaneous Purchased Services		500	500		500
General Supplies	76,500	18,170	94,670	94,670	-
Energy - Natural Gas	190,200	(37,873)	152,327	152,327	-
Energy - Electricity	361,000	(51,837)	309,163	309,163	-
Other Objects	1,000	-	1,000	206	794
<b>Total Custodial Services</b>	<b>2,185,981</b>	<b>48,513</b>	<b>2,234,494</b>	<b>2,188,431</b>	<b>46,063</b>
Care and Upkeep of Grounds					
Salaries	33,451	-	33,451	33,451	
Cleaning, Repair and Maint. Svc	48,000	6,226	54,226	51,400	2,826
General Supplies	20,500	(6,856)	13,644	13,644	-
<b>Total Care and Upkeep of Grounds</b>	<b>101,951</b>	<b>(630)</b>	<b>101,321</b>	<b>98,495</b>	<b>2,826</b>
Student Transportation Services					
Salaries for Pupil Transportation (Other Than Between Home and School)	200,997	4,020	205,017	205,017	-
Cleaning, Repair and Maintenance Services	20,000	8,152	28,152	26,092	2,060
Lease Purchase Payments	24,139	-	24,139	24,139	
Contracted Services (Other Than Between Home and School) - Vendors	1,000	5,585	6,585	6,385	200
Contracted Services (Between Home and School) - Vendors	214,000	(60,848)	153,152	150,595	2,557
Contracted Services (Special Ed Students) - Vendors	14,000	204	14,204	14,204	-
Contracted Services (Special Ed Students) -Joint Agreements	690,000	59,775	749,775	749,775	-
Contracted Services - Aid in Lieu of Payments	101,660	12,404	114,064	108,766	5,298
Transportation Supplies	25,000	(6,020)	18,980	12,055	6,925
Other Objects	1,775	1,225	3,000	1,988	1,012
<b>Total Student Transportation Services</b>	<b>1,292,571</b>	<b>24,497</b>	<b>1,317,068</b>	<b>1,299,016</b>	<b>18,052</b>
Unallocated Benefits					
DCRP	4,000	2,228	6,228	5,787	441
Social Security	360,000	(2,144)	357,856	357,856	
Other Retirement Contributions - PERS	355,000	2,091	357,091	357,091	-
Workmen's Compensation	190,000	1,978	191,978	191,978	-
Health Benefits	4,104,830	(42,753)	4,062,077	3,962,633	99,444
Tuition Reimbursement	56,000	(8,805)	47,195	46,195	1,000
Other Employee Benefits	6,000	45,077	51,077	51,077	-
<b>Total Unallocated Benefits</b>	<b>5,075,830</b>	<b>(2,328)</b>	<b>5,073,502</b>	<b>4,972,617</b>	<b>100,885</b>
On Behalf TPAF Pension Contributions- (Non-Budgeted)					
Normal				1,371,832	(1,371,832)
NCGI Premium				49,705	(49,705)
Post Retirement Medical Contribution				1,184,463	(1,184,463)
Long-Term Disability				4,332	(4,332)
On Behalf TPAF Social Security Contribution (Non Budgeted)	-	-	-	964,806	(964,806)
<b>Total On-Behalf Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,575,138</b>	<b>(3,575,138)</b>
<b>Total Undistributed Expenditures</b>	<b>19,182,625</b>	<b>378,781</b>	<b>19,561,406</b>	<b>22,698,044</b>	<b>(3,136,638)</b>
<b>Total Current Expenditures</b>	<b>31,156,151</b>	<b>127,791</b>	<b>31,283,942</b>	<b>34,370,815</b>	<b>(3,086,873)</b>



**SADDLE BROOK BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
<b>CAPITAL OUTLAY</b>					
Interest Deposit to Capital Reserve	\$ 500	-	\$ 500	-	\$ 500
Equipment					
Regular Programs					
Special Education Programs		\$ 3,700	3,700	\$ 3,700	
School Administration		7,998	7,998		7,998
Required Maintenance for School Facilities		20,150	20,150	20,150	-
Custodial Services		-	-	-	-
Upkeep of Grounds	-	47,591	47,591	17,591	30,000
Total Undistributed Expenditures	-	79,439	79,439	41,441	37,998
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		37,000	37,000	29,496	7,504
Construction Services		394,000	394,000	55,393	338,607
Assessment for Debt Service on SDA Funding	50,619	-	50,619	50,619	-
Total Facilities Acquisition and Construction Services	50,619	431,000	481,619	135,508	346,111
Capital Assets Acquired under Capital Lease (Non-Budget)					
Computer Upgrade	-	-	-	142,506	(142,506)
Total Capital Assets Acquired under Capital Lease (Non-Budget)	-	-	-	142,506	(142,506)
Total Capital Outlay	51,119	510,439	561,558	319,455	242,103
Transfers to Charter School	394,519	-	394,519	336,908	57,611
Total Expenditures	31,601,789	638,230	32,240,019	35,027,178	(2,787,159)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(314,791)	(638,230)	(953,021)	(73,193)	879,828
Other Financing Sources(Uses)					
Capital Leases (Non-Budget)				142,506	142,506
Transfer Out- Capital Reserve to Capital Projects Fund	(782,000)	-	(782,000)	(782,000)	-
Total Other Financing Sources(Uses)	(782,000)	-	(782,000)	(639,494)	142,506
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Sources (Uses)	(1,096,791)	(638,230)	(1,735,021)	(712,687)	1,022,334
Fund Balances, Beginning of Year	2,509,925	-	2,509,925	2,509,925	-
Fund Balances, End of Year	\$ 1,413,134	\$ (638,230)	\$ 774,904	\$ 1,797,238	\$ 1,022,334
<b>Recapitulation</b>					
<b>Restricted Fund Balance:</b>					
Excess Surplus				\$ 108,338	
Excess Surplus- Designated for Subsequent Year's Expenditures				135,240	
Capital Reserve				260,918	
Maintenance Reserve				100,000	
<b>Assigned Fund Balance:</b>					
Year-end Encumbrances				437,086	
Designated for Subsequent Year's Expenditures				75,000	
ARRA/SEMI- Designated for Subsequent Year's Expenditures				998	
<b>Unassigned Fund Balance</b>				679,658	
				1,797,238	
Reconciliation to Governmental Fund Statements (GAAP)					
Last two State Aid Payments				73,480	
Extraordinary Aid Payment				304,482	
Fund Balances per Governmental Funds (GAAP)				\$ 1,419,276	

**SADDLE BROOK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Final Budget with Actual</u>
		<u>Adjustments</u>	<u>Final</u>		
<b>REVENUES</b>					
Intergovernmental					
Local		\$ 36,846	\$ 36,846	\$ 31,447	\$ (5,399)
State	\$ 6,500	5,901	12,401	3,716	(8,685)
Federal	458,500	289,652	748,152	639,357	(108,795)
	<u>\$ 465,000</u>	<u>\$ 332,399</u>	<u>\$ 797,399</u>	<u>\$ 674,520</u>	<u>\$ (122,879)</u>
Total Revenues					
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	\$ 90,000	\$ 48,000	\$ 138,000	\$ 129,150	\$ 8,850
Purchased Prof. and Technical Services		1,000	1,000	750	250
Tuition	337,500	89,424	426,924	426,924	
General Supplies	650	80,091	80,741	28,738	52,003
Textbooks	700	(66)	634	231	403
	<u>428,850</u>	<u>218,449</u>	<u>647,299</u>	<u>585,793</u>	<u>61,506</u>
Total Instruction					
Support Services					
Other Salaries	1,150	9,840	10,990	6,990	4,000
Personal Services-Employee Benefits		57,800	57,800	36,696	21,104
Purchased Professional/Technical Services		42,206	42,206	17,410	24,796
Other Purchased Services	4,000	385	4,385	2,495	1,890
Travel	31,000	(9,267)	21,733	17,350	4,383
Supplies and Materials	-	12,986	12,986	7,786	5,200
	<u>36,150</u>	<u>113,950</u>	<u>150,100</u>	<u>88,727</u>	<u>61,373</u>
Total Support Services					
Total Expenditures	<u>465,000</u>	<u>332,399</u>	<u>797,399</u>	<u>674,520</u>	<u>122,879</u>
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**SADDLE BROOK BOARD OF EDUCATION  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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	\$ 34,953,985	\$ 674,520
Difference- Budget to GAAP		
State Aid payment and Extraordinary Aid (2015/2016) recognized for GAAP purposes, not recognized for budgetary statements.	304,659	
Difference - Budget to GAAP:		
State Aid payment and Extraordinary Aid (2016/2017) recognized for budgetary purposes not recognized for GAAP statements	<u>(377,962)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 34,880,682</u>	<u>\$ 674,520</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 35,027,178	\$ 674,520
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 35,027,178</u>	<u>\$ 674,520</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

**Public Employees Retirement System**

**Last Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03816 %	0.03861 %	0.03880 %	0.05007 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,301,231	\$ 8,666,481	\$ 7,264,044	\$ 9,551,078
District's Covered-Employee Payroll	\$ 2,443,192	\$ 2,534,706	\$ 2,616,572	\$ 2,500,603
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	462.6 %	341.9 %	277.6 %	382.0 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.93%	52.08%	48.72%

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

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

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

**Public Employees Retirement System**

**Last Four Fiscal Years**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 338,988	\$ 349,095	\$ 337,940	\$ 276,809
Contributions in Relation to the Contractually Required Contribution	<u>338,988</u>	<u>349,095</u>	<u>337,940</u>	<u>276,809</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,443,192	\$ 2,534,706	\$ 2,616,572	\$ 2,500,603
Contributions as a Percentage of Covered-Employee Payroll	14 %	14 %	13 %	11 %

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

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

**Teachers Pension and Annuity Fund**

**Last Four Fiscal Years\***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	%	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	%	0 %	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 98,556,805</u>	<u>\$ 78,882,614</u>	<u>\$ 67,404,965</u>	<u>\$ 61,071,128</u>
Total	<u>\$ 98,556,805</u>	<u>\$ 78,882,614</u>	<u>\$ 67,404,965</u>	<u>\$ 61,071,128</u>
District's Covered-Employee Payroll	\$ 9,078,798	\$ 12,460,264	\$ 12,232,668	\$ 11,975,438
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0 %	0 %	0 %	0 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

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

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



**SADDLE BROOK BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Change of Benefit Terms:** None.

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

**SCHOOL LEVEL SCHEDULES**

(General Fund)

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

**SADDLE BROOK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Title I</u>	<u>Title II A</u>	<u>IDEIA Basic Reg. Prog.</u>	<u>IDEA Preschool</u>	<u>Local Programs</u>	<u>Totals Exhibit E-1A</u>	<u>Total</u>
<b>REVENUES</b>							
Intergovernmental							
Local					\$ 31,447		\$ 31,447
State						\$ 3,716	3,716
Federal	\$ 181,392	\$ 31,041	\$ 411,076	\$ 15,848	-	-	639,357
Total Revenues	<u>\$ 181,392</u>	<u>\$ 31,041</u>	<u>\$ 411,076</u>	<u>\$ 15,848</u>	<u>\$ 31,447</u>	<u>\$ 3,716</u>	<u>\$ 674,520</u>
<b>EXPENDITURES</b>							
Instruction							
Salaries of Teachers	\$ 124,150				\$ 5,000	-	\$ 129,150
Purchased Prof. and Technical Services					750	-	750
Tuition			\$ 411,076	\$ 15,848		-	426,924
General Supplies	12,651				16,087	-	28,738
Textbooks	-	-	-	-	-	\$ 231	231
Total Instruction	<u>136,801</u>	<u>-</u>	<u>411,076</u>	<u>15,848</u>	<u>21,837</u>	<u>231</u>	<u>585,793</u>
Support Services							
Other Salaries	6,000					990	6,990
Personal Services Employee-Benefits	36,696						36,696
Purchased Prof. and Technical Services		\$ 13,410			4,000		17,410
Other Purchased Services						2,495	2,495
Travel		17,350					17,350
Supplies and Materials	1,895	281	-	-	5,610	-	7,786
Total Support Services	<u>44,591</u>	<u>31,041</u>	<u>-</u>	<u>-</u>	<u>9,610</u>	<u>3,485</u>	<u>88,727</u>
Total Expenditures	<u>\$ 181,392</u>	<u>\$ 31,041</u>	<u>\$ 411,076</u>	<u>\$ 15,848</u>	<u>\$ 31,447</u>	<u>\$ 3,716</u>	<u>\$ 674,520</u>

**SADDLE BROOK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Ch 192/193</u> <u>Comp</u> <u>Ed</u>	<u>Non-Public</u> <u>Nursing</u>	<u>Non-Public</u> <u>Textbooks</u>	<u>Total</u> <u>Exhibit E-1A</u>
<b>REVENUES</b>				
Intergovernmental				
Local				
State	\$ 2,495	\$ 990	\$ 231	\$ 3,716
Federal	-	-	-	-
<b>Total Revenues</b>	<u>\$ 2,495</u>	<u>\$ 990</u>	<u>\$ 231</u>	<u>\$ 3,716</u>
<b>EXPENDITURES</b>				
Instruction				
Salaries of Teachers				
Purchased Prof. and Technical Services				
Other Purchased Services				
General Supplies				
Textbooks	-	-	\$ 231	\$ 231
<b>Total Instruction</b>	<u>-</u>	<u>-</u>	<u>231</u>	<u>231</u>
Support Services				
Other Salaries		\$ 990		990
Personal Services Employee-Benefits				-
Purchased Prof. and Technical Services				-
Other Purchased Services	\$ 2,495			2,495
Travel				-
Supplies and Materials	-	-	-	-
<b>Total Support Services</b>	<u>2,495</u>	<u>990</u>	<u>-</u>	<u>3,485</u>
<b>Total Expenditures</b>	<u>\$ 2,495</u>	<u>\$ 990</u>	<u>\$ 231</u>	<u>\$ 3,716</u>

**SADDLE BROOK BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

**CAPITAL PROJECTS FUND**

**SADDLE BROOK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Year</u>	<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures</u>		<u>Cancellation</u>	<u>Balance, June 30, 2017</u>
			<u>Prior Year</u>	<u>Current Year</u>		
2002	Franklin Elementary School, Helen I. Smith Elementary School and Long Memorial Elementary School and Renovation and Upgrade of the High School	\$ 24,442,548 *	\$ 24,369,116		\$ 73,432	
2014/15	HVAC Project at the Middle/High School and Elementary Schools	474,600	455,905			\$ 18,695
2014/15	Various Facility Improvements to the Middle/High School and Elementary Schools	4,936,625	2,949,680	\$ 1,559,746		427,199
2015/16	Boiler and Bathroom Renovations at Smith School and Track Upgrades	<u>782,000</u>	<u>55,051</u>	<u>597,199</u>	<u>-</u>	<u>129,750</u>
		<u>\$ 30,635,773</u>	<u>\$ 27,829,752</u>	<u>\$ 2,156,945</u>	<u>\$ 73,432</u>	<u>\$ 575,644</u>

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**Reconciliation to GAAP Basis**

\*- Modified for an additional referendum costs of \$5,900,000

Project Balances	\$ 575,644
Less Unearned Revenue:	
Local Share on 2017-18 Project	
Unfunded- Amount not Realized on SDA Grant	(11)
Debt Authorized, Not Issued	<u>(393)</u>
Fund Balance (GAAP)	<u>\$ 575,240</u>

**Reconciliation to Fund Balance**

Reserve for Encumbrances	\$ 186,800
Available for Capital Projects	<u>388,440</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 575,240</u>



**SADDLE BROOK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**Revenues and Other Financing Sources**

Transfer from Capital Reserve	\$ 782,000
Interest Earned on Investments	<u>5,769</u>
	<u>787,769</u>
Total Revenues and Other Financing Sources	

**Expenditures and Other Financing Uses**

Purchased Professional and Technical Services	52,759
Construction Services	1,652,060
Supplies and Equipment	452,126
Transfer to Debt Service Fund	<u>79,201</u>
	<u>2,236,146</u>
Total Expenditures and Other Financing Uses	

Excess (deficiency) or Revenues and other Financing Sources over (under) Expenditures and Other Financing Uses	<u>(1,448,377)</u>
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Fund Balance- Beginning of Year	<u>2,023,617</u>
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Fund Balance- Ending of Year	<u><u>\$ 575,240</u></u>
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**Reconciliation fo GAAP**

Fund Balance, End of Year - Budgetary Basis	<u>\$ 575,240</u>
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Fund Balance, End of Year - GAAP	<u>\$ 575,240</u>
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**SADDLE BROOK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
RENOVATION AND UPGRADE OF THE HIGH SCHOOL, FRANKLIN ELEMENTARY SCHOOL, HELEN I  
SMITH SCHOOL AND LONG MEMORIAL SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**SADDLE BROOK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
HVAC PROJECT AT THE MIDDLE/HIGH SCHOOL AND ELEMENTARY SCHOOLS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

**SADDLE BROOK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
VARIOUS FACILITY IMPROVEMENTS AT THE HIGH SCHOOL, FRANKLIN ELEMENTARY SCHOOL, HELEN  
SMITH SCHOOL AND LONG MEMORIAL SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State Sources - SDA Grants	\$ 327,221		\$ 327,221	\$ 327,232
Bond Proceeds	<u>4,609,000</u>		<u>4,609,000</u>	<u>4,609,393</u>
Total Revenues	<u>4,936,221</u>	<u>-</u>	<u>4,936,221</u>	<u>4,936,625</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	336,518	\$ 40,061	376,579	450,000
Construction Services	2,559,381	1,067,559	3,626,940	3,926,625
Equipment/Supply Purchases	<u>53,781</u>	<u>452,126</u>	<u>505,907</u>	<u>560,000</u>
Total Expenditures	<u>2,949,680</u>	<u>1,559,746</u>	<u>4,509,426</u>	<u>4,936,625</u>
Excess (deficiency) or revenues over (under) expenditures	<u>\$ 1,986,541</u>	<u>\$ (1,559,746)</u>	<u>\$ 426,795</u>	<u>\$ -</u>
<b>Additional project information:</b>				
Project Number	4610-080-14-61HK		4610-090-14-G1HM	
	4610-085-14-G1HL		4610-050-14-G2ZH	
Grant Date	1/1/2016			
Bond Authorization Date	12/9/14			
Bonds Authorized	\$ 4,609,393			
Bonds Issued	\$ 4,609,000			
Original Authorized Cost	\$ 4,936,625			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 4,936,625			
Percentage Increase over Original Authorized Cost	0%			
Percentage completion	90%			
Original target completion date	8/31/17			
Revised target completion date	8/31/17			

**SADDLE BROOK BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-  
BUDGETARY BASIS  
BATHROOM AND BOILER UPGRADES AT THE HELEN I SMITH ELEMENTARY SCHOOL AND  
TRACK IMPROVEMENTS AT THE HIGH SCHOOL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from Capital Reserve	_____	\$ 782,000	\$ 782,000	\$ 782,000
Total Revenues	_____ - _____	_____ 782,000 _____	_____ 782,000 _____	_____ 782,000 _____
<b>Expenditures and Other Financing Uses</b>				
Purchased Professional and Technical Services	\$ 38,092	12,698	50,790	60,000
Construction Services	16,959	584,501	601,460	700,000
Equipment/Supply Purchases	_____	_____	_____	22,000
Total Expenditures	_____ 55,051 _____	_____ 597,199 _____	_____ 652,250 _____	_____ 782,000 _____
Excess (deficiency) or revenues over (under) expenditures	\$ (55,051)	\$ 184,801	\$ 129,750	\$ -
<b>Additional project information:</b>				
Project Number	Not Applicable			
Grant Date	None			
Bond Authorization Date	Not Applicable			
Bonds Authorized	None			
Bonds Issued	None			
Original Authorized Cost	\$ 782,000			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 782,000			
Percentage Increase over Original				
Authorized Cost	0%			
Percentage completion	0%			
Original target completion date	8/31/17			
Revised target completion date	8/31/17			

**PROPRIETARY FUNDS**

**SADDLE BROOK BOARD OF EDUCATION  
PROPRIETARY FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**SCHEDULE G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**SCHEDULE G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**SADDLE BROOK BOARD OF EDUCATION  
INTERNAL SERVICE FUND  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE



**FIDUCIARY FUNDS**

**SADDLE BROOK BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 166,040	\$ 313,481	\$ 479,521
Total Assets	<u>\$ 166,040</u>	<u>\$ 313,481</u>	<u>\$ 479,521</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 180,082	\$ 180,082
Accrued Salaries & Wages		278	278
Flex Benefit Benefits		2,001	2,001
Due to Other Funds		131,120	131,120
Due to Student Groups	\$ 166,040	-	166,040
Total Liabilities	<u>\$ 166,040</u>	<u>\$ 313,481</u>	<u>\$ 479,521</u>

**FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**SADDLE BROOK BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Balance July 1, 2016</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Balance June 30, 2017</b>
<b>ELEMENTARY SCHOOLS</b>				
Franklin School	\$ 607	\$ 26,197	\$ 17,139	\$ 9,665
Long Memorial School	9,793	14,538	17,484	6,847
Helen I. Smith School	2,124	10,040	9,408	2,756
	<u>12,524</u>	<u>50,775</u>	<u>44,031</u>	<u>19,268</u>
Total Elementary Schools				
	138,319	176,114	169,099	145,334
High School/Middle School Athletic Account	14	50,786	49,362	1,438
	<u>150,857</u>	<u>277,675</u>	<u>262,492</u>	<u>166,040</u>
Total All Schools				

**PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<b>Balance, July 1, 2016</b>	<b>Cash Receipts</b>	<b>Cash Disbursements</b>	<b>Balance, June 30, 2017</b>
Payroll Deductions and Withholdings	\$ 178,342	\$ 9,228,379	\$ 9,226,639	\$ 180,082
Accrued Salaries and Wages	278	10,868,255	10,868,255	278
Flex Spending	960	12,141	11,100	2,001
Due to Other Funds	-	131,120	-	131,120
	<u>179,580</u>	<u>20,239,895</u>	<u>20,105,994</u>	<u>313,481</u>
Total				

**LONG-TERM DEBT**

**SADDLE BROOK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Decreased</u>	<u>Balance, June 30, 2017</u>
Refunding Bonds	12/29/2009	\$ 9,030,000	8/15/2017	\$ 850,000	3.00-4.00%			
			8/15/2018-19	860,000				
			8/15/2020	855,000				
			8/15/2021	840,000				
			8/15/2022	825,000				
					\$ 5,910,000	\$ 820,000	\$ 5,090,000	
Pension Refunding Bonds	8/23/2012	2,955,000	8/15/17-18	160,000	5.00-5.75%			
			8/15/2019	165,000				
			8/15/2020	170,000				
			8/15/2021	175,000				
			8/15/2022	180,000				
			8/15/2023	185,000				
			8/15/2024	190,000				
			8/15/2025	200,000				
			8/15/2026	210,000				
			8/15/2027	220,000				
			8/15/2028	230,000				
8/15/2029	240,000							
					2,485,000	160,000	2,325,000	
Refunding Bonds	8/23/2012	3,530,000	2/15/2018	335,000	4.25-4.375%			
			2/15/2019	345,000				
			2/15/2020	360,000				
			2/15/2021	375,000				
			2/15/2022	390,000				
			2/15/2023-24	400,000				
					2,925,000	320,000	2,605,000	
School Improvements	6/23/2015	4,609,000	2/15/2018	320,000	2.00-3.00%			
			2/15/2019	325,000				
			2/15/2020	330,000				
			2/15/2021	335,000				
			2/15/2022	340,000				
			2/15/2023-25	345,000				
			2/15/2026-29	350,000				
			2/15/2030	349,000				
					4,609,000	175,000	4,434,000	
					<u>\$ 15,929,000</u>	<u>\$ 1,475,000</u>	<u>\$ 14,454,000</u>	

**SADDLE BROOK BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2017</u>
Phone and Computer Wiring Upgrade	\$ 209,825	2.10%	\$ 42,828		\$ 42,828	
Interactive Projectors	263,397	2.10%	53,762		53,762	-
2013/2014 Technology Equipment	147,093	2.10%	37,148		37,148	-
School Bus Lease	92,156	3.20%	46,055		22,665	\$ 23,390
2014/2015 Technology Equipment	150,230	3.49%	75,071		36,890	38,181
2015/2016 Technology Equipment	140,555	2.57%	104,068		33,813	70,255
2016/2017 Technology Equipment	142,506	2.43%	-	\$ 142,506	36,764	105,742
			<u>\$ 358,932</u>	<u>\$ 142,506</u>	<u>\$ 263,870</u>	<u>\$ 237,568</u>

**SADDLE BROOK BOARD OF EDUCATION  
LONG TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget with Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 1,965,189		\$ 1,965,189	\$ 1,965,189	
State Sources					
Debt Service Aid	<u>113,132</u>	<u>-</u>	<u>113,132</u>	<u>113,132</u>	<u>-</u>
Total Revenues	<u>2,078,321</u>	<u>-</u>	<u>2,078,321</u>	<u>2,078,321</u>	<u>-</u>
<b>EXPENDITURES</b>					
Debt Service					
Interest	604,447		604,447	604,446	\$ 1
Principal	<u>1,475,000</u>	<u>-</u>	<u>1,475,000</u>	<u>1,475,000</u>	<u>-</u>
Total Expenditures	<u>2,079,447</u>	<u>-</u>	<u>2,079,447</u>	<u>2,079,446</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,126)</u>	<u>-</u>	<u>(1,126)</u>	<u>(1,125)</u>	<u>1</u>
Other Financing Sources/(Uses)					
Transfer-In	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,201</u>	<u>79,201</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under Expenditures and Other Financing Sources/(Uses)	<u>(1,126)</u>	<u>-</u>	<u>(1,126)</u>	<u>78,076</u>	<u>79,202</u>
Fund Balances, Beginning of Year	<u>21,334</u>	<u>-</u>	<u>21,334</u>	<u>21,334</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 20,208</u>	<u>\$ -</u>	<u>\$ 20,208</u>	<u>\$ 99,410</u>	<u>\$ 79,202</u>

Analysis of Fund Balance

Available for Future Debt Service Expenses	\$ 79,202
Designated for Subsequent Years Expenditure	<u>20,208</u>
	<u>\$ 99,410</u>

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

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

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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



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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012 (1)	2013	2014 (2)	2015	2016	2017
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 10,867,093	\$ 10,815,202	\$ 10,907,588	\$ 10,571,247	\$ 10,633,082	\$ 11,584,587	\$ 12,219,781	\$ 13,285,344	\$ 13,325,442	\$ 14,372,017
Restricted		150,001	151,066	151,066	557,869	582,557	406,245	852,338	1,212,600	608,773
Unrestricted	(4,151,597)	(4,275,663)	(4,411,210)	(3,146,960)	(2,560,621)	(3,047,648)	(12,691,298)	(12,700,774)	(11,252,684)	(11,441,911)
<b>Total Governmental Activities Net Position</b>	<b>\$ 6,715,496</b>	<b>\$ 6,689,540</b>	<b>\$ 6,647,444</b>	<b>\$ 7,575,353</b>	<b>\$ 8,630,330</b>	<b>\$ 9,119,496</b>	<b>\$ (65,272)</b>	<b>\$ 1,436,908</b>	<b>\$ 3,285,358</b>	<b>\$ 3,538,879</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets				\$ 44,126	\$ 70,867	\$ 86,582	\$ 80,164	\$ 77,931	\$ 71,968	\$ 62,177
Unrestricted	\$ 189,902	\$ 134,601	\$ 160,068	288,621	438,869	584,111	687,093	467,341	254,008	369,976
<b>Total Business-Type Activities Net Position</b>	<b>\$ 189,902</b>	<b>\$ 134,601</b>	<b>\$ 160,068</b>	<b>\$ 332,747</b>	<b>\$ 509,736</b>	<b>\$ 670,693</b>	<b>\$ 767,257</b>	<b>\$ 545,272</b>	<b>\$ 325,976</b>	<b>\$ 432,153</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 10,867,093	\$ 10,815,202	\$ 10,907,588	\$ 10,615,373	\$ 10,703,949	\$ 11,671,169	\$ 12,299,945	\$ 13,363,275	\$ 13,397,410	\$ 14,434,194
Restricted	-	150,001	151,066	151,066	557,869	582,557	406,245	852,338	1,212,600	608,773
Unrestricted	(3,961,695)	(4,141,062)	(4,251,142)	(2,858,339)	(2,121,752)	(2,463,537)	(12,004,205)	(12,233,433)	(10,998,676)	(11,071,935)
<b>Total District Net Position</b>	<b>\$ 6,905,398</b>	<b>\$ 6,824,141</b>	<b>\$ 6,807,512</b>	<b>\$ 7,908,100</b>	<b>\$ 9,140,066</b>	<b>\$ 9,790,189</b>	<b>\$ 701,985</b>	<b>\$ 1,982,180</b>	<b>\$ 3,611,334</b>	<b>\$ 3,971,032</b>

Source: District Financial Records

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

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 10,566,470	\$ 10,329,339	\$ 10,801,662	\$ 10,872,972	\$ 11,351,485	\$ 11,962,134	\$ 12,048,752	\$ 13,052,983	\$ 14,493,146	\$ 15,212,598
Special Education	5,192,124	5,261,798	5,836,857	5,534,331	6,786,763	6,837,218	6,896,661	7,069,375	7,508,957	8,025,261
Community Services	1,663	-	-	-	-	-	-	-	-	-
Other Instruction	741,049	776,824	783,583	1,110,155	787,007	849,883	853,366	870,994	915,587	1,191,767
School Sponsored Activities And Athletics	554,531	589,333	571,318	573,864	606,482	576,247	650,225	763,574	905,379	1,067,496
<b>Support Services:</b>										
Student & Instruction Related Services	3,557,278	3,528,991	3,834,248	3,969,839	4,201,866	4,655,461	4,818,320	6,385,729	7,312,644	8,171,404
Educational Media/School Library	271,835	256,357	210,472	240,492	249,830	169,616	180,622	206,409	154,639	364,953
General Administration	589,554	626,648	755,767	676,167	671,312	730,165	668,506	812,107	828,035	821,461
School Administrative Services	1,479,917	1,570,586	1,677,275	1,758,338	1,617,711	1,602,154	1,653,247	1,941,042	2,169,252	2,319,019
Central Services	589,244	599,651	627,871	641,502	626,992	670,372	732,490	746,421	755,517	3,409,846
Plant Operations And Maintenance	2,855,477	3,023,296	3,193,573	2,934,321	2,844,156	3,155,476	3,259,360	3,263,019	3,174,210	1,380,806
Pupil Transportation	931,405	1,058,101	1,083,966	956,650	877,950	1,062,029	1,099,945	1,116,615	1,296,918	765,904
Interest On Long-Term Debt	931,016	889,949	851,707	689,810	886,699	752,752	600,608	534,472	562,191	638,892
<b>Total Governmental Activities Expenses</b>	<b>28,261,563</b>	<b>28,510,873</b>	<b>30,228,299</b>	<b>29,958,441</b>	<b>31,508,253</b>	<b>33,023,507</b>	<b>33,462,102</b>	<b>36,762,740</b>	<b>40,076,475</b>	<b>43,369,407</b>
<b>Business-Type Activities:</b>										
Food Service	509,221	509,710	491,412	504,520	461,322	400,397	449,462	477,628	554,745	561,537
Community School	612,880	629,930	557,852	353,825	364,493	399,150	432,793	333,191	372,345	352,638
<b>Total Business-Type Activities Expense</b>	<b>1,122,101</b>	<b>1,139,640</b>	<b>1,049,264</b>	<b>858,345</b>	<b>825,815</b>	<b>799,547</b>	<b>882,255</b>	<b>810,819</b>	<b>927,090</b>	<b>914,175</b>
<b>Total District Expenses</b>	<b>\$ 29,383,664</b>	<b>\$ 29,650,513</b>	<b>\$ 31,277,563</b>	<b>\$ 30,816,786</b>	<b>\$ 32,334,068</b>	<b>\$ 33,823,054</b>	<b>\$ 34,344,357</b>	<b>\$ 37,573,559</b>	<b>\$ 41,003,565</b>	<b>\$ 44,283,582</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
Regular Instruction							\$ 11,600	\$ 90,450	\$ 66,064	\$ 23,047
Special Education	\$ 201,625	\$ 97,847	\$ 63,220	\$ 9,600	\$ 21,350	\$ 166,678	78,638	78,130	48,763	186,962
Plant Operations And Maintenance							132,960	163,230	174,714	99,560
Operating Grants And Contributions	4,754,530	3,641,531	4,323,592	3,168,718	4,077,462	4,603,526	4,366,581	7,585,134	10,056,924	11,557,269
Capital Grants And Contributions	-	-	33,760	105,708	13,188	2,525	-	-	517,061	-
<b>Total Governmental Activities Program Revenues</b>	<b>4,956,155</b>	<b>3,739,378</b>	<b>4,420,572</b>	<b>3,284,026</b>	<b>4,112,000</b>	<b>4,772,729</b>	<b>4,589,779</b>	<b>7,916,944</b>	<b>10,863,526</b>	<b>11,866,838</b>
<b>Business-Type Activities:</b>										
<b>Charges For Services</b>										
Food Service	\$ 379,924	\$ 368,691	\$ 380,686	\$ 404,759	\$ 342,896	\$ 295,518	\$ 330,252	\$ 333,462	\$ 401,699	\$ 394,300
Community Programs	556,629	534,372	539,128	479,036	479,136	513,314	483,290	395,188	386,879	457,549
Operating Grants And Contributions	82,144	96,236	105,619	144,366	177,101	147,968	160,687	156,827	158,822	168,082
<b>Total Business Type Activities Program Revenues</b>	<b>1,018,697</b>	<b>999,299</b>	<b>1,025,433</b>	<b>1,028,161</b>	<b>999,133</b>	<b>956,800</b>	<b>974,229</b>	<b>885,477</b>	<b>947,400</b>	<b>1,019,931</b>
<b>Total District Program Revenues</b>	<b>\$ 5,974,852</b>	<b>\$ 4,738,677</b>	<b>\$ 5,446,005</b>	<b>\$ 4,312,187</b>	<b>\$ 5,111,133</b>	<b>\$ 5,729,529</b>	<b>\$ 5,564,008</b>	<b>\$ 8,802,421</b>	<b>\$ 11,810,926</b>	<b>\$ 12,886,769</b>

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (23,305,408)	\$ (24,771,495)	\$ (25,807,727)	\$ (26,674,415)	\$ (27,396,253)	\$ (28,250,778)	\$ (28,872,323)	\$ (28,845,796)	\$ (29,212,949)	\$ (31,502,569)
Business-Type Activities	(103,404)	(140,341)	(23,831)	169,816	173,318	157,253	91,974	74,658	20,310	105,756
<b>Total District-Wide Net Expense</b>	<b>\$ (23,408,812)</b>	<b>\$ (24,911,836)</b>	<b>\$ (25,831,558)</b>	<b>\$ (26,504,599)</b>	<b>\$ (27,222,935)</b>	<b>\$ (28,093,525)</b>	<b>\$ (28,780,349)</b>	<b>\$ (28,771,138)</b>	<b>\$ (29,192,639)</b>	<b>\$ (31,396,813)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 21,644,182	\$ 22,537,840	\$ 23,530,455	\$ 25,823,849	\$ 26,287,326	\$ 26,813,073	\$ 27,349,334	\$ 28,167,707	\$ 28,731,061	\$ 29,445,682
Taxes Levied For Debt Service	1,767,822	1,765,134	1,768,038	1,749,760	1,757,115	1,755,618	1,710,837	1,649,344	1,705,944	1,965,189
State Aid Restricted for Debt Service										113,132
Unrestricted Grants And Contributions	289,692	281,472	239,550	19,151		19,845	18,490	49,046	51,727	72,630
Miscellaneous Income	170,166	239,561	272,945	206,074	406,789	151,408	159,972	181,879	332,368	159,457
Transfers	(84,144)	(78,468)	(45,357)	-	-	-	-	300,000	240,299	-
<b>Total Governmental Activities</b>	<b>23,787,718</b>	<b>24,745,539</b>	<b>25,765,631</b>	<b>27,798,834</b>	<b>28,451,230</b>	<b>28,739,944</b>	<b>29,238,633</b>	<b>30,347,976</b>	<b>31,061,399</b>	<b>31,756,090</b>
Business-Type Activities:										
Investment Earnings	12,513	6,572	3,941	2,863	4,456	3,704	4,590	3,357	693	421
Transfers	84,144	78,468	45,357	-	-	-	-	(300,000)	(240,299)	-
<b>Total Business-Type Activities</b>	<b>96,657</b>	<b>85,040</b>	<b>49,298</b>	<b>2,863</b>	<b>4,456</b>	<b>3,704</b>	<b>4,590</b>	<b>(296,643)</b>	<b>(239,606)</b>	<b>421</b>
<b>Total District-Wide</b>	<b>\$ 23,884,375</b>	<b>\$ 24,830,579</b>	<b>\$ 25,814,929</b>	<b>\$ 27,801,697</b>	<b>\$ 28,455,686</b>	<b>\$ 28,743,648</b>	<b>\$ 29,243,223</b>	<b>\$ 30,051,333</b>	<b>\$ 30,821,793</b>	<b>\$ 31,756,511</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 482,310	\$ (25,956)	\$ (42,096)	\$ 1,124,419	\$ 1,054,977	\$ 489,166	\$ 366,310	\$ 1,502,180	\$ 1,848,450	\$ 253,521
Business-Type Activities	(6,747)	(55,301)	25,467	172,679	177,774	160,957	96,564	(221,985)	(219,296)	106,177
<b>Total District</b>	<b>\$ 475,563</b>	<b>\$ (81,257)</b>	<b>\$ (16,629)</b>	<b>\$ 1,297,098</b>	<b>\$ 1,232,751</b>	<b>\$ 650,123</b>	<b>\$ 462,874</b>	<b>\$ 1,280,195</b>	<b>\$ 1,629,154</b>	<b>\$ 359,698</b>

Source: District Financial Records

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 86,369	\$ 402,125	\$ 176,317							
Unreserved	258,888	(102,824)	(28,964)							
Nonspendable				\$ 19,792		\$ 9,896				
Restricted				224,401	\$ 1,045,250	901,128	\$ 350,353	\$ 1,116,002	\$ 1,627,653	\$ 604,496
Assigned				89,365	214,731	55,821	347,374	91,144	257,231	513,084
Unassigned	-	-	-	282,463	269,582	216,853	78,156	245,876	320,382	301,696
<b>Total General Fund</b>	<u>\$ 345,257</u>	<u>\$ 299,301</u>	<u>\$ 147,353</u>	<u>\$ 616,021</u>	<u>\$ 1,529,563</u>	<u>\$ 1,183,698</u>	<u>\$ 775,883</u>	<u>\$ 1,453,022</u>	<u>\$ 2,205,266</u>	<u>\$ 1,419,276</u>
All Other Governmental Funds										
Reserved		\$ 108,246								
Unreserved	\$ 266,356	95,597	\$ 75,624							
Restricted	-	-	-	\$ 73,433	\$ 73,434	\$ 129,324	\$ 103,451	\$ 3,097,043	\$ 2,044,951	\$ 674,650
<b>Total All Other Governmental Funds</b>	<u>\$ 266,356</u>	<u>\$ 203,843</u>	<u>\$ 75,624</u>	<u>\$ 73,433</u>	<u>\$ 73,434</u>	<u>\$ 129,324</u>	<u>\$ 103,451</u>	<u>\$ 3,097,043</u>	<u>\$ 2,044,951</u>	<u>\$ 674,650</u>

Source: District Financial Records

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax Levy	\$ 23,412,004	\$ 24,302,974	\$ 25,298,493	\$ 27,573,609	\$ 28,044,441	\$ 28,568,691	\$ 29,060,171	\$ 29,817,051	\$ 30,437,005	\$ 31,410,871
Tuition Charges	201,625	97,847	63,220	9,600	21,350	-				
Miscellaneous	176,463	255,701	295,485	219,827	448,436	358,841	418,705	547,987	662,118	500,473
State Sources	4,541,803	3,354,755	3,745,993	2,528,249	3,407,977	4,048,867	3,776,008	4,069,361	5,109,811	5,076,643
Federal Sources	496,122	552,108	828,369	748,019	641,026	536,274	573,528	578,247	659,198	651,305
<b>Total Revenue</b>	<b>28,828,017</b>	<b>28,563,385</b>	<b>30,231,560</b>	<b>31,079,304</b>	<b>32,563,230</b>	<b>33,512,673</b>	<b>33,828,412</b>	<b>35,012,646</b>	<b>36,868,132</b>	<b>37,639,292</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	10,162,942	9,842,219	10,323,586	10,560,045	10,908,573	11,485,480	11,501,438	11,376,047	11,719,848	11,868,889
Special Education Instruction	5,080,249	5,125,589	5,700,235	5,434,659	6,643,431	6,684,032	6,741,817	6,529,061	6,565,040	6,833,081
Community Services	1,641	-	-	-	-	-	-	-	-	-
Other Instruction	713,205	741,771	750,680	1,088,189	757,796	816,870	816,378	765,585	762,347	934,784
School Sponsored Activities and Athletics	533,989	565,622	549,648	559,853	587,366	555,419	625,855	681,983	754,665	863,254
<b>Support Services:</b>										
Student and Inst. Related Services	3,441,001	3,390,457	3,688,219	3,868,730	4,049,884	4,481,753	4,704,765	5,596,623	5,947,295	6,437,937
Educational Media/School Library	262,359	245,629	202,158	234,447	242,307	164,472	175,117	184,966	130,420	288,648
General Administration	574,921	609,873	733,860	666,904	657,379	711,693	649,438	745,186	726,370	716,162
School Administrative Services	1,419,317	1,494,158	1,602,312	1,707,219	1,556,846	1,539,886	1,578,393	1,684,969	1,744,073	1,782,540
Central Services	567,447	575,221	603,462	624,888	603,337	644,220	701,620	729,688	731,149	734,759
Plant Operations And Maintenance	2,776,061	2,929,439	3,109,954	2,886,986	2,775,183	3,075,452	3,168,527	3,213,058	3,079,838	3,286,589
Pupil Transportation	930,401	1,053,332	1,078,947	953,176	872,650	1,051,699	1,090,970	1,111,689	1,279,453	1,361,936
Capital Outlay	400,817	213,954	397,611	242,581	219,683	1,197,480	629,502	1,846,081	2,060,468	2,425,781
<b>Debt Service:</b>										
Bond Issuance Costs				113,473		104,064				
Principal	1,230,908	908,948	966,002	1,059,056	1,183,872	1,330,913	1,416,460	1,485,936	1,518,985	1,738,870
Advanced Refunding Escrow				531,694		258,111		-		
Interest and Other Charges	950,964	897,174	860,247	831,927	731,069	677,679	608,913	542,429	528,883	664,859
<b>Total Expenditures</b>	<b>29,046,222</b>	<b>28,593,386</b>	<b>30,566,921</b>	<b>31,363,827</b>	<b>31,789,376</b>	<b>34,779,223</b>	<b>34,409,193</b>	<b>36,493,301</b>	<b>37,548,834</b>	<b>39,938,089</b>
<b>Excess (Deficiency) of Revenues</b>										
Over (Under) Expenditures	(218,205)	(30,001)	(335,361)	(284,523)	773,854	(1,266,550)	(580,781)	(1,480,655)	(680,702)	(2,298,797)
<b>Other Financing Sources (Uses)</b>										
Discount on Refunding Bonds						\$ (22,313)				
Premium on Refunding Bonds				\$ 258,167		421,413				
Proceeds From Borrowing				9,030,000		6,485,000		\$ 4,609,000		
Transfer to Escrow Agent for Payment of Debt				(8,643,000)		(6,515,000)				
Lease Purchase Agreement	\$ 89,319		\$ 100,551	105,833	\$ 139,689	607,475	\$ 147,093	242,386	140,555	142,506
Transfers In	14,801	\$ 5,049	55,094	881	652	493	432	301,126	304,968	861,201
Transfers Out	(98,945)	(83,517)	(100,451)	(881)	(652)	(493)	(432)	(1,126)	(64,669)	(861,201)
<b>Total Other Financing Sources (Uses)</b>	<b>5,175</b>	<b>(78,468)</b>	<b>55,194</b>	<b>751,000</b>	<b>139,689</b>	<b>976,575</b>	<b>147,093</b>	<b>5,151,386</b>	<b>380,854</b>	<b>142,506</b>
<b>Net Change in Fund Balances</b>	<b>\$ (213,030)</b>	<b>\$ (108,469)</b>	<b>\$ (280,167)</b>	<b>\$ 466,477</b>	<b>\$ 913,543</b>	<b>\$ (289,975)</b>	<b>\$ (433,688)</b>	<b>\$ 3,670,731</b>	<b>\$ (299,848)</b>	<b>\$ (2,156,291)</b>
<b>Debt Service as a Percentage of</b>										
Noncapital Expenditures	7.62%	6.36%	6.05%	8.15%	6.07%	7.06%	6.00%	5.85%	5.77%	6.41%

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

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

<b>Fiscal Year Ended June 30,</b>	<b><u>Tuition</u></b>	<b><u>Interest on Investments</u></b>	<b><u>Other Programs/ Rent</u></b>	<b><u>Insurance/ Other Refunds</u></b>	<b><u>E-Rate</u></b>	<b><u>Gate Receipts</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
2008	\$ 201,625	\$ 38,865					\$ 116,500	\$ 356,990
2009	97,847	24,492	\$ 63,255	\$ 37,146	\$ 40,407		69,212	332,359
2010	63,220	17,816	70,890	52,264	26,658	\$ 7,540	95,426	333,814
2011	9,600	13,694	92,880	41,281	7,540	5,002	44,796	214,793
2012	21,350	17,082	44,058	137,593	10,733	5,774	190,897	427,487
2013	10,000	14,530	156,678	79,261		4,567	52,557	317,593
2014	90,238	13,612	69,100	77,753		6,186	125,849	382,738
2015	168,580	15,862	163,230	83,823		4,083	76,985	512,563
2016	114,827	14,570	209,714	171,364	23,184	5,318	62,724	601,701
2017	210,009	20,451	99,710	86,332	19,053	4,882	22,820	463,257

Source: District financial records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate "
2008	\$ 9,870,800	\$ 779,770,600			\$207,328,400	\$161,843,754	\$ 28,978,300	\$ 1,187,791,854	\$ 768,949	\$ 1,188,560,803	\$ 2,472,350,162	\$ 2.007
2009 (1)	25,575,000	1,480,640,200			407,172,400	310,075,600	63,652,700	2,287,115,900	2,301,600	2,289,417,500	2,469,388,148	1.083
2010	18,124,000	1,482,058,700			397,401,100	309,480,900	81,712,700	2,288,777,400	2,351,315	2,291,128,715	2,411,560,208	1.154
2011	17,964,700	1,487,689,200			389,686,700	307,091,800	81,712,700	2,284,145,100	2,351,315	2,286,496,415	2,503,847,569	1.216
2012	18,354,500	1,485,483,200			378,682,945	303,470,900	81,712,700	2,267,704,245	1,889,310	2,269,593,555	2,410,380,131	1.247
2013 (1)	14,930,800	1,219,248,600			347,277,600	269,651,600	75,505,900	1,926,614,500	-	1,926,614,500	2,467,388,148	1.085
2014	14,556,100	1,219,569,100			341,476,130	292,991,600	74,807,500	1,943,400,430	-	1,943,400,430	2,256,345,441	1.515
2015	14,008,800	1,222,483,400			339,519,730	266,955,200	74,807,500	1,917,774,630	-	1,917,774,630	2,215,506,762	1.571
2016	13,162,800	1,223,588,478			325,081,430	255,316,500	74,827,500	1,891,976,708	-	1,891,976,708	2,383,260,542	1.635
2017	12,074,400	1,363,043,700			383,379,800	293,200,400	105,751,000	2,157,449,300	-	2,157,449,300	2,246,927,349	1.480

Source: County Abstract of Ratables

96 a Tax rates are per \$100

(1) Town Revaluation

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

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County (1)</u>
2008	\$ 3.525	\$ 2.007	1.133	\$ 0.385
2009 (2)	1.885	1.083	0.595	0.207
2010	2.022	1.154	0.662	0.206
2011	2.142	1.216	0.699	0.227
2012	2.185	1.247	0.705	0.233
2013 (2)	1.890	1.085	0.596	0.209
2014	2.620	1.515	0.838	0.267
2015	2.715	1.571	0.870	0.274
2016	2.865	1.635	0.926	0.304
2017 (2)	2.578	1.480	0.837	0.261

(1) County tax rate includes open space tax.

(2) Town revaluation

Source: Tax Duplicate, Township of Saddle Brook



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

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Park 80 West	\$ 79,272,700	4.19%		
A.O. Associates	48,422,000	2.56%		
Tri-State Commercial Realty, LLC	40,620,300	2.15%		
CP Saddle Brook, LLC	28,500,000	1.51%		
Midland Holding CO	27,543,000	1.46%		
Nights Vision Saddke Brook, LLC	25,812,000	1.36%		
Saddle Brook Mayhill Assoc.,LLC	24,882,000	1.32%		
Kessler Institute	19,341,300	1.02%		
Cloverdale Assoc.	16,040,000	0.85%		
Arrow Fasteners	15,550,000	0.82%		
L&L Park 80 LLC			\$ 61,750,000	5.20%
Tri State Realty			17,727,000	1.50%
Grandview Hotel			15,000,000	1.10%
Midland Holding Co.			14,300,000	1.30%
Arrow Fasteners			12,750,000	1.20%
A.O. Associates			9,000,000	0.80%
Mayhill St. Associates			8,500,000	0.70%
Kessler Institute			8,500,000	0.70%
Condor Contracting			7,500,000	0.60%
A.O. Associates			7,000,000	0.60%
	\$ 325,983,300	17.23%	\$ 162,027,000	13.70%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 23,412,004	\$ 22,943,399	98.00%	\$ 468,605
2009	24,302,974	24,302,974	100.00%	
2010	25,298,493	25,298,493	100.00%	
2011	27,573,609	26,636,052	96.60%	937,557
2012	28,044,441	28,044,441	100.00%	
2013	28,568,691	28,568,691	100.00%	
2014	29,060,171	29,060,171	100.00%	
2015	29,817,051	29,817,051	100.00%	
2016	30,437,005	30,437,005	100.00%	
2017	31,410,811	31,410,811	100.00%	

Source: District's records

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Loans	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2008	\$ 19,538,000	\$ 55,215	\$ 115,307			\$ 19,708,522	\$ 13,845	\$ 1,424
2009	18,678,000	46,012	75,620			18,799,632	14,173	1,326
2010	17,778,000	36,809	119,314			17,934,123	13,679	1,311
2011	17,190,000	27,606	150,294			17,367,900	13,790	1,259
2012	16,125,000	18,403	180,314			16,323,717	13,850	1,179
2013	14,990,000	9,200	571,079			15,570,279	13,920	1,119
2014	13,805,000		495,912			14,300,912	13,945	1,026
2015	17,189,000		477,362			17,666,362	13,995	1,262
2016	15,929,000		358,932			16,287,932	14,069	1,158
2017	14,454,000		237,568			14,691,568	14,069	1,044

Source: District financial records and NJ Dept. of Education

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2008	\$ 19,538,000		\$ 19,538,000	1.64%	\$ 1,411
2009	18,678,000		18,678,000	0.82%	1,318
2010	17,778,000		17,778,000	0.78%	1,300
2011	17,190,000		17,190,000	0.75%	1,250
2012	16,125,000		16,125,000	0.71%	1,164
2013	14,990,000		14,990,000	0.78%	1,077
2014	13,805,000		13,805,000	0.71%	992
2015	17,189,000		17,189,000	0.90%	1,229
2016	15,929,000		15,929,000	0.84%	1,155
2017	14,454,000		14,454,000	0.67%	1,027

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**SADDLE BROOK BOARD OF EDUCATION  
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING DEBT  
FOR YEAR ENDED DECEMBER 31, 2016  
(Unaudited)**

	<u><b>Total Debt</b></u>
Municipal Debt: (1)	
Township of Saddle Brook School District	\$ 14,949,393
Township of Saddle Brook	<u>28,453,755</u>
	 \$ <u>43,403,148</u>
Overlapping debt Apportioned to the Municipality:	
Bergen County (3);(A):	
County of Bergen (A)	<u>17,098,335</u>
 Total Direct and Overlapping Debt	 <u>\$ 60,501,483</u>

(A) The debt for this entity was apportioned to the Township of Saddle Brook by dividing the Municipality's 2016 equalized value by the total 2016 equalized value for Bergen County.

Sources:

- (1) Township of Saddle Brook Annual Debt Statement
- (3) Bergen County Debt Statement 12/31/2016

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

Legal Debt Margin Calculation for Calendar Year 2016

	Equalized valuation basis
	2016 \$2,298,319,616
	2015 2,400,218,561
	2014 <u>2,228,925,829</u>
	<u>\$6,927,464,006</u>
Average equalized valuation of taxable property	\$2,309,154,669
Debt limit (4 % of average equalization value)	92,366,187 <sup>a</sup>
Total Net Debt Applicable to Limit	<u>12,129,393</u>
Legal debt margin	<u>\$ 80,236,794</u>

	Calendar Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$81,243,985	\$ 90,858,681	\$ 95,483,873	\$ 95,858,570	\$ 97,094,580	\$ 95,888,201	\$ 92,339,508	\$ 89,959,797	\$ 91,343,919	\$ 92,366,187
Total Net Debt Applicable to Limit	<u>20,432,900</u>	<u>19,593,697</u>	<u>18,724,494</u>	<u>14,153,088</u>	<u>13,453,885</u>	<u>15,279,482</u>	<u>11,295,482</u>	<u>10,235,482</u>	<u>13,749,393</u>	<u>12,129,393</u>
Legal Debt Margin	<u>\$60,811,085</u>	<u>\$ 71,264,984</u>	<u>\$ 76,759,379</u>	<u>\$ 81,705,482</u>	<u>\$ 83,640,695</u>	<u>\$ 80,608,719</u>	<u>\$ 81,044,026</u>	<u>\$ 79,724,315</u>	<u>\$ 77,594,526</u>	<u>\$ 80,236,794</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	25.15%	21.57%	19.61%	14.76%	13.86%	15.93%	12.23%	11.38%	15.05%	13.13%

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (1)</u>	<u>Population</u>
2008	6.1%	\$ 67,331	13,845
2009	10.8%	63,874	14,173
2010	11.1%	63,885	13,679
2011	10.9%	67,248	13,790
2012	11.1%	69,281	13,850
2013	8.2%	70,498	13,920
2014	6.7%	73,536	13,945
2015	5.3%	75,849	13,995
2016	5.3%	75,849 *	14,069
2017	5.0% *	75,849 *	14,069 *

Source: United States Bureau of Census  
School District Records

\* Estimate

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

N/A - Not Available

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

INFORMATION NOT AVAILABLE



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

<u>Function/Program</u>	<u>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>	<u>2017</u>
Instruction										
Regular	99	102	105	102	99	102	104	107	108	110
Special Education	24	25	25	25	40	44	45	46	47	48
Other Special Education	5	5	5	5	6	6	6	6	6	6
Support Services:										
General Administration	2	2	3	2	2	2	2	2	2	2
School Administrative Services	11	11	11	11	11	11	11	11	11	11
Central Services	6	6	6	6	6	6	6	6	6	6
Plant Operations And Maintenance	20	20	20	20	24	24	24	24	24	24
Pupil Transportation	3	3	3	3	3	3	3	3	3	3
Other Support Services	24	24	34	34	37	39	39	41	42	45
Total	<u>194</u>	<u>198</u>	<u>212</u>	<u>208</u>	<u>228</u>	<u>237</u>	<u>240</u>	<u>246</u>	<u>249</u>	<u>255</u>

Source: District Personnel Records

SADDLE BROOK 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	High School				
2008	1,792	\$ 26,463,533	\$ 14,768	-0.27%	150	1:19	1:18	1:18	1,792	1,696	3.23%	94.65%
2009	1,760	26,573,310	15,098	2.24%	151	1:19	1:18	1:19	1,760	1,668	-1.79%	94.77%
2010	1,785	28,343,061	15,878	5.17%	158	1:19	1:19	1:19	1,785	1,695	1.42%	94.97%
2011	1,785	28,585,096	16,014	0.85%	154	1:20	1:20	1:19	1,734	1,641	-2.86%	94.64%
2012	1,759	29,654,752	16,859	5.28%	153	1:20	1:20	1:19	1,700	1,612	-1.96%	94.82%
2013	1,748	31,210,976	17,855	5.91%	153	1:20	1:20	1:19	1,675	1,590	-1.47%	94.92%
2014	1,738	31,754,318	18,271	8.37%	155	1:20	1:20	1:19	1,649	1,561	-1.55%	94.66%
2015	1,720	32,618,855	18,964	6.21%	157	1:20	1:20	1:19	1,683	1,590	2.06%	94.47%
2016	1,753	33,440,498	19,076	0.59%	159	1:20	1:20	1:19	1,716	1,630	1.96%	94.99%
2017	1,723	35,108,579	20,376	6.82%	161	1:20	1:20	1:19	1,689	1,598	-1.57%	94.61%

Sources: District records

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
<u>Elementary</u>										
<u>Helen I Smith</u>										
Square Feet	48,345	48,345	48,345	48,345	48,345	48,345	48,345	48,345	48,345	48,345
Capacity (students)	316	316	316	316	316	316	316	316	316	316
Enrollment	358	328	339	337	311	291	275	283	295	305
<u>Franklin</u>										
Square Feet	41,855	41,855	41,855	41,855	41,855	41,855	41,855	41,855	41,855	41,855
Capacity (students)	293	293	293	293	293	293	293	293	293	293
Enrollment	265	253	240	257	258	276	279	298	298	304
<u>Long Memorial</u>										
Square Feet	32,247	32,247	32,247	32,247	32,247	33,247	33,247	33,247	33,247	33,247
Capacity (students)	278	278	278	278	278	278	278	278	278	278
Enrollment	311	320	322	333	309	333	305	294	278	270
<u>Middle School/High School</u>										
Square Feet	140,351	140,351	140,351	140,351	140,351	140,351	140,351	140,351	140,351	140,351
Capacity (students)	865	865	865	865	865	865	865	865	865	865
Enrollment	800	784	785	786	800	759	777	766	789	784
<u>Other</u>										
<u>Washington</u>										
Square Feet	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333
Enrollment	31	32	27	25	25	36	36	42	70	55

Number of Schools at June 30, 2017

Elementary = 3

Jr/Senior High School = 1

Other = 1

Source: District Records

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

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

	<u>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>	<u>2017</u>
School Facilities										
Washington School	\$ 5,250	\$ 35,496	\$ 53,226	\$ 30,962	\$ 48,966	\$ 65,795	\$ 62,037	\$ 34,765	\$ 33,139	\$ 48,642
Franklin School	10,501	22,340	28,646	27,502	53,969	93,575	80,026	39,640	82,168	43,679
Long Memorial School	9,451	24,320	26,573	28,864	29,944	82,607	80,678	117,714	81,199	47,347
Helen I. Smith School	11,551	31,853	36,212	29,854	67,449	93,110	57,165	63,371	60,281	50,811
High School/Middle School	<u>68,255</u>	<u>90,339</u>	<u>94,413</u>	<u>100,216</u>	<u>110,505</u>	<u>205,581</u>	<u>98,547</u>	<u>230,073</u>	<u>138,063</u>	<u>210,069</u>
Grand Total	<u>\$ 105,008</u>	<u>\$ 204,348</u>	<u>\$ 239,070</u>	<u>\$ 217,398</u>	<u>\$ 310,833</u>	<u>\$ 540,668</u>	<u>\$ 378,453</u>	<u>\$ 485,563</u>	<u>\$ 394,850</u>	<u>\$ 400,548</u>

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Source: School District's Financial Statements

**SADDLE BROOK BOARD OF EDUCATION**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2017**  
**(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<b>School Package Policy-Great American Insurance Company</b>		
Property -Blanket Building and Contents	\$ 65,230,378	(1) \$ 5,000
Electronic Data Processing equipment	5,000,000	5,000
Valuable Papers	5,000,000	1,000
<b>General Liability - Great American Insurance Co.</b>		
Aggregate/Each Occurrence	2,000,000/1,000,000	
<b>Educator's Legal Liability-Darwin Advantage</b>	1,000,000	
Educators Legal		20,000
Employment Practices		25,000
<b>Commercial Automobile Liability - Great American Insurance Co.</b>		
Combined Single Limit	1,000,000	
Comprehensive		1,000
Collision		1,000
<b>Commercial Umbrella-Great American Insurance Company</b>	9,000,000	10,000
<b>Excess Liability-Fireman's Fund</b>	50,000,000	-
<b>Public Employees' Blanket Bond (Crime) - Selective Way Ins. Co.</b>		
Primary (Per Employee)	100,000	5,000
Blanket Employee Dishonesty - Excess	400,000	-
Forgery and Alterations	50,000	1,000
<b>Cyber Liability - Indian Harbor Insurance Co.</b>	2,000,000	
<b>Group Aggregate</b>	6,000,000	
<b>Environmental - ACE</b>	2,000,000	15,000
<b>Group Aggregate</b>	20,000,000	
<b>Public Official Bond-Treasurer - Selective Insurance Company</b>	250,000	-
<b>Public Official Bond-Business Administrator - Selective Insurance Co.</b>	250,000	-
<b>Workmen's Compensation - Reinsurance - Safety National Ins. Co.</b>	1,000,000	-
<b>Boiler &amp; Machinery - Great American Insurance Co.</b>	65,230,378	5,000
<b>Athletic Accident - Zurich Insurance Co. (80% Co-insurance)</b>	5,000,000	250
<b>Accident Policy for Volunteers (Chubb)</b>	250,000	-
<b>Flood- Selective Insurance Company</b>		
High School/Administration- Building	500,000	5,000
High School/Administration- Contents	500,000	5,000

Source: School District's records

(1) Pool limit

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

### INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle Brook Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Saddle Brook Board of Education’s basic financial statements and have issued our report thereon dated November 30, 2017.

#### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

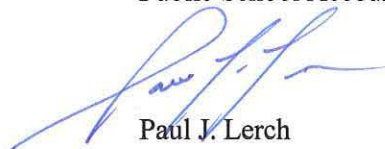
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Saddle Brook Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 30, 2017.

### **Purpose of this Report**

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



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 30, 2017





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

**INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the Saddle Brook Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Saddle Brook Board of Education's major federal and state programs for the fiscal year ended June 30, 2017. The Saddle Brook Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the Saddle Brook Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017.

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

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

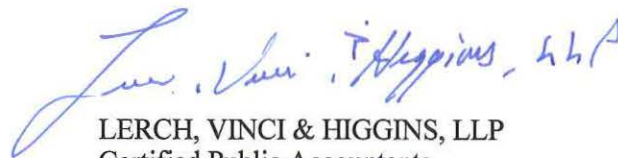
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle Brook Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated November 30, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch  
Public School Accountant  
PSA Number CS01118

Fair Lawn, New Jersey  
November 30, 2017

SADDLE BROOK BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	Balance, June 30, 2017			GAAP Receivable	
											(Account Receivable)	Unearned Revenue	Due to Grantor		
<b>U.S. Department of Education</b>															
<b>General Fund</b>															
Medicaid Assistance Program (SEMI)	93.778	1705NJ5MAP	7/1/16-6/30/17	\$ 10,950			\$ 10,950	\$ 10,950							-
ARRA-Medicaid Assistance Program (SEMI)	93.778	1705NJ5MAP	7/1/16-6/30/17	998			998	998							-
Medicaid Assistance Program (SEMI)	93.778	1605NJ5MAP	7/1/15-6/30/16	3,807	\$ (228)	-	228	-	-	-	-	-	-	-	-
Total U.S. Department of Education					(228)	-	12,176	11,948	-	-	-	-	-	-	-
<b>U.S. Department of Agriculture</b>															
<b>Passed-through State Department of Education</b>															
<b>National School Lunch Program</b>															
Non Cash Assistance	10.550	171NJ304N1099	9/1/16-6/30/17	27,923			27,923	27,923							-
Non Cash Assistance	10.550	16161NJ304N1099	9/1/15-6/30/16	24,013	759			759							-
Cash Assistance	10.555	171NJ304N1099	9/1/16-6/30/17	127,834			119,304	127,834			\$ (8,530)			\$ (8,530)	
Cash Assistance	10.555	16161NJ304N1099	9/1/15-6/30/16	122,790	(20,346)		20,346							-	
School Breakfast Program	10.553	171NJ304N1099	9/1/16-6/30/17	6,878			6,356	6,878			(522)			(522)	
School Breakfast Program	10.553	16161NJ304N1099	9/1/15-6/30/16	6,603	(1,315)	-	1,315	-	-	-	-	-	-	-	
Total U.S. Department of Agriculture- Cluster					(20,902)	-	175,244	163,394	-	-	(9,052)	-	-	(9,052)	
<b>U.S. Department of Education</b>															
<b>Passed-through State Department of Education</b>															
<b>NCLB Title I</b>															
NCLB Title I	84.010A	S010A160030	7/1/16-6/30/17	268,454			74,833	181,392	\$ 682		(193,621)	\$ 87,744		(193,621)	
NCLB Title I	84.010A	S010A150030	7/1/15-6/30/16	255,969	(99,796)		98,063		1,733					-	
<b>NCLB Title IIA</b>															
NCLB Title IIA	84.367A	S367B160029	7/1/16-6/30/17	49,494		\$ 1,350	10,593	31,041	230		(38,901)	20,033		(38,901)	
NCLB Title IIA	84.367A	S367A150029	7/1/15-6/30/16	36,559	(8,478)		8,478				-	-		-	
NCLB Title IIA	84.367A		7/1/14-6/30/15	38,246	1,350	(1,350)								-	
<b>I.D.E.A. Part B, Basic Regular</b>															
I.D.E.A. Part B, Basic Regular	84.027A	H027A160100	7/1/16-6/30/17	411,076			216,015	411,076			(195,061)			(195,061)	
I.D.E.A. Part B, Preschool	84.173A	H173A160114	7/1/16-6/30/17	15,848	-	-	-	15,848	-	-	(15,848)	-	-	(15,848)	
I.D.E.A. Part B, Basic Regular	84.027A	H027A150100	7/1/15-6/30/16	383,704	(50,831)		50,831							-	
I.D.E.A. Part B, Basic Regular	84.027A		9/1/11-8/31/12	377,056	(15,680)	-	-	-	-	-	(15,680)	-	-	(15,680)	
<b>IDEA Cluster Program</b>															
								426,924							
Total U.S. Department of Education					(173,435)	-	458,813	639,357	2,645	-	(459,111)	107,777	-	(459,111)	
<b>Total Federal Awards Subject to a Single Audit</b>					\$ (194,565)	\$ -	\$ 646,233	\$ 814,699	\$ 2,645	\$ -	\$ (468,163)	\$ 107,777	\$ -	\$ (468,163)	

Adjustment represents a prior year cancelled order.

SADDLE BROOK BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2016				Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2017			MEMO	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Carryover Amount				(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
<b>State Department of Education</b>															
<b>General Fund</b>															
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	\$ 964,917	\$ (56,847)			\$ 56,847								
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	957,677				894,485	\$ 957,677		\$ (63,192)				\$ 957,677	
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	18,383	(1,307)			1,307							-	
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	17,740				17,005	17,740		(735)				17,740	
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	39,026	(1,960)			1,960							-	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	43,806				40,867	43,806		(2,939)				43,806	
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	17,030	(1,307)			1,307							-	
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	17,030				16,295	17,030		(735)				17,030	
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	17,030	(1,307)			1,307							-	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	17,030				16,295	17,030		(735)				17,030	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	17,430				16,695	17,430		(735)				17,430	
Host District Aid	17-495-034-5120-102	7/1/16-6/30/17	2,419				2,419	2,419		-				2,419	
<i>State Aid Public Cluster</i>								<u>1,073,132</u>							
Extraordinary Aid	16-100-034-5120-044	7/1/15-6/30/16	239,317	(239,317)			239,317							-	
Extraordinary Aid	17-100-034-5120-044	7/1/16-6/30/17	304,482					304,482		(304,482)				304,482	
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	50,831	(2,614)			2,614							-	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	59,001				54,592	59,001		(4,409)				59,001	
Nonpublic Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	24,411	(24,411)			24,411							-	
Nonpublic Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	31,345					21,345		(21,345)				\$ (21,345)	21,345
<i>Transportation Aid Cluster</i>								<u>80,346</u>							
<b>On-Behalf Payments</b>															
<b>TPAF Pension and Annuity Aid</b>															
Normal	17-495-034-5094-002	7/1/16-6/30/17	1,371,832				1,371,832	1,371,832						1,371,832	
NCGI Premium	17-495-034-5094-004	7/1/16-6/30/17	49,705				49,705	49,705						49,705	
Post Retirement Medical Contribution	17-495-034-5094-001	7/1/16-6/30/17	1,184,463				1,184,463	1,184,463						1,184,463	
Long-Term Disability	17-495-034-5094-004	7/1/16-6/30/17	4,332				4,332	4,332						4,332	
TPAF Social Security	16-495-034-5094-003	7/1/15-6/30/16	943,709	(68,881)			68,881							-	
TPAF Social Security	17-495-034-5095-003	7/1/16-6/30/17	964,806				917,633	964,806		(47,173)				(47,173)	964,806
<b>Total General Fund</b>				<u>(397,951)</u>	-	-	-	<u>4,984,569</u>	<u>5,033,098</u>	-	<u>(446,480)</u>	-	-	<u>(68,518)</u>	<u>5,033,098</u>
<b>Special Revenue Fund</b>															
<b>Nonpublic Aid</b>															
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	971			\$ 122				\$ 122					
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	634				634	231					\$ 403	231	
Technology	16-100-034-5120-373	7/1/15-6/30/16	442							442				-	
Technology	17-100-034-5120-373	7/1/16-6/30/17	286				286							286	
Security	16-100-034-5120-509	7/1/15-6/30/16	425							175				-	
Security	17-100-034-5120-509	7/1/16-6/30/17	550				550							550	
Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	990				990	990						-	990
<b>Auxiliary Services</b>															
Compensatory Education	17-100-034-5120-067	7/1/15-6/30/17	4,211				4,211							4,211	
Compensatory Education	16-100-034-5120-067	7/1/15-6/30/16	1,692						1,692					-	
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	1,462				1,462	640						822	640
<i>Auxiliary Service Cluster</i>								<u>640</u>							
<b>Handicapped Services</b>															
Exam and Classification	16-100-034-5120-066	7/1/15-6/30/16	1,192				1,192			1,192				-	
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	1,883				1,883							1,883	
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	3,010				1,254			1,254				-	
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	2,385				2,385	1,855						530	1,855
<i>Handicapped Services Cluster</i>								<u>1,855</u>							
<b>Total Special Revenue Fund</b>				-	-	4,877	-	12,401	3,716	4,877	-	-	8,685	-	3,716

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

SADDLE BROOK BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2016			Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2017			MEMO		
				(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
<b>State Department of Agriculture</b>																
<b>Enterprise Fund</b>																
National School Lunch Program																
State Share	16-100-010-3350-023	9/1/15-6/30/16	\$ 4,838	\$ (760)	-	-	-	\$ 760	-	-	-	-	-	-	-	-
State Share	17-100-010-3350-023	9/1/16-6/30/17	4,688	-	-	-	-	4,374	\$ 4,688	-	\$ (314)	-	-	\$ (314)	\$ 4,688	
<b>Total Enterprise Fund</b>				<b>(760)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,134</b>	<b>4,688</b>	<b>-</b>	<b>(314)</b>	<b>-</b>	<b>-</b>	<b>(314)</b>	<b>4,688</b>	
<b>State Economic Development Authority</b>																
<b>Educational Facilities Construction and Financial Act</b>																
<b>Capital Projects Fund</b>																
HVAC at Middle/High School and Elementary Schools	4610-080-14-1002 4610-085-14-1003	N/A	\$ 189,840	\$ (189,840)	-	-	-	-	-	-	(189,840)	-	-	\$ (189,840)	\$ 189,840	
Various Improvements to All Schools	4610-090-14-1004 4610-050-14-1001		327,221	(327,221)	-	-	-	-	-	-	(327,221)	-	-	(327,221)	327,221	
<b>Total Capital Projects Fund</b>				<b>(517,061)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(517,061)</b>	<b>-</b>	<b>-</b>	<b>(517,061)</b>	<b>517,061</b>	
<b>Debt Service Fund</b>																
Debt Service Aid	17-495-034-5120-075	7/1/16-6/30/17	113,132	-	-	-	-	\$ 113,132	\$ 113,132	-	-	-	-	-	113,132	
<b>Total Debt Service Fund</b>				<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,132</b>	<b>113,132</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>113,132</b>
<b>Total State Financial Assistance- Determination for Single Audit</b>				<b>\$ (915,772)</b>	<b>\$ -</b>	<b>\$ 4,877</b>	<b>\$ -</b>	<b>\$ 5,115,236</b>	<b>\$ 5,154,634</b>	<b>\$ 4,877</b>	<b>\$ (963,855)</b>	<b>\$ -</b>	<b>\$ 8,685</b>	<b>\$ (585,893)</b>	<b>\$ 5,671,695</b>	
<b>Less: On-Behalf TPAF Pension System Contributions</b>									<b>2,610,332</b>							
<b>Total State Financial Assistance Subject to Major Program Determination</b>									<b>\$ 2,544,302</b>							

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

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 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 \$73,303 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 11,948	\$ 4,959,795	\$ 4,971,743
Special Revenue Fund	639,357	3,716	643,073
Debt Service Fund		113,132	113,132
Food Service Fund	<u>163,394</u>	<u>4,688</u>	<u>168,082</u>
Total Financial Assistance	<u>\$ 814,699</u>	<u>\$ 5,081,331</u>	<u>\$ 5,896,030</u>

**SADDLE BROOK BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$964,806 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, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$1,421,537, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,184,463 and TPAF Long-Term Disability Insurance in the amount of \$4,332 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance 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 BROOK BOARD OF EDUCATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part I – Summary of Auditor’s Results

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Significant deficiency(ies) identified that were not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Noncompliance material to the basic financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards Section**

Type of auditor's report on compliance for major programs: Unmodified

Internal Control over compliance:

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

2) Significant deficiency(ies) identified that were not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) Of U.S. Uniform Guidance \_\_\_\_\_ yes  X  none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027A/84.173A</u>	<u>H027A160100/ H173A160114</u>	<u>IDEA Basic and Preschool</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

SADDLE BROOK BOARD OF EDUCATION  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Type of auditor's report on compliance for major programs: Unmodified

Internal Control over compliance:

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

2) Significant deficiency(ies) identified that were not considered to be material weaknesses?            yes   X   none reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended?            yes   X   none reported

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

Auditee qualified as low-risk auditee?   X   yes            no

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
<u>495-034-5120-089</u>	<u>Special Education Aid</u>
<u>495-034-5120-078</u>	<u>Equalization Aid</u>
<u>495-034-5120-084</u>	<u>Security Aid</u>
<u>495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>495-034-5120-102</u>	<u>Host District Support Aid</u>
<u>495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contributions</u>

**SADDLE BROOK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

*Part 2 – Schedule of Financial Statement Findings*

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

THERE ARE NONE.

**SADDLE BROOK BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**CURRENT YEAR STATE AWARDS**

There are none.

**SADDLE BROOK BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and New Jersey OMB's Circular 15-08, as amended.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.