

SADDLE RIVER BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Saddle River, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Saddle River Board of Education

Saddle River, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

Business Office

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INTRODUCTORY SECTION

Saddle River Board of Education

Wandell School

97 East Allendale Road, Saddle River, New Jersey 07458

Tel (201) 327-0727

Fax (201) 327-0704

Louis DeLisio

Interim Superintendent/Principal

Dr. Frank Alfano

Interim Business Administrator/Board Secretary

October 24, 2017

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

Dear Board Members:

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

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

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

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

1) DESCRIPTION OF THE MUNICIPALITY: The Borough of Saddle River is located approximately 20 miles north of the George Washington Bridge in the northwestern section of Bergen County, New Jersey. Incorporated in 1894, the Borough is a small, suburban residential community, with a large number of commuters who take advantage of a reliable commuter transportation system. It is bounded on the north by Upper Saddle River, on the east by Woodcliff Lake and Hillsdale, on the south by Ho-Ho-Kus and Waldwick, and on the west by

Allendale. It touches Ramsey at its extreme northwest corner. The Borough of Saddle River encompasses 4.98 square miles with a density factor of approximately 643 persons per square mile, based upon the Borough's 2000 population of 3,201 persons.

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

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

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

The District completed the 2016-2017 fiscal year with an average daily enrollment of 150 students. The following details the changes in the student average daily enrollment of the District over the last five years.

Fiscal Year	Average Daily Enrollment	
	Student Enrollment	Percent Change
2016-17	150	(14.29%)
2015-16	175	(6.91%)
2014-15	188	(6.47%)
2013-14	201	(2.90%)
2012-13	207	(9.61%)

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

- Upgrading all classroom SMART Boards.
- Implementation of a Point of Sale system for the district food service, class trips and school functions.
- Enhancement of the instructional staff professional development programs.
- Purchase and implementation of a new English Language Arts (ELA) series/program in grades 3-5.
- Updating the district curriculum guides in science and math.
- Redesigning the district website.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

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

7) DEBT ADMINISTRATION: In the 2015-2016 school year, the District sold bonds in the amount of \$3,097,000 (Wandell Elementary School HVAC Upgrades). At June 30, 2017, the District had \$2,867,000 in principal debt outstanding.

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

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

10) OTHER INFORMATION:

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

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

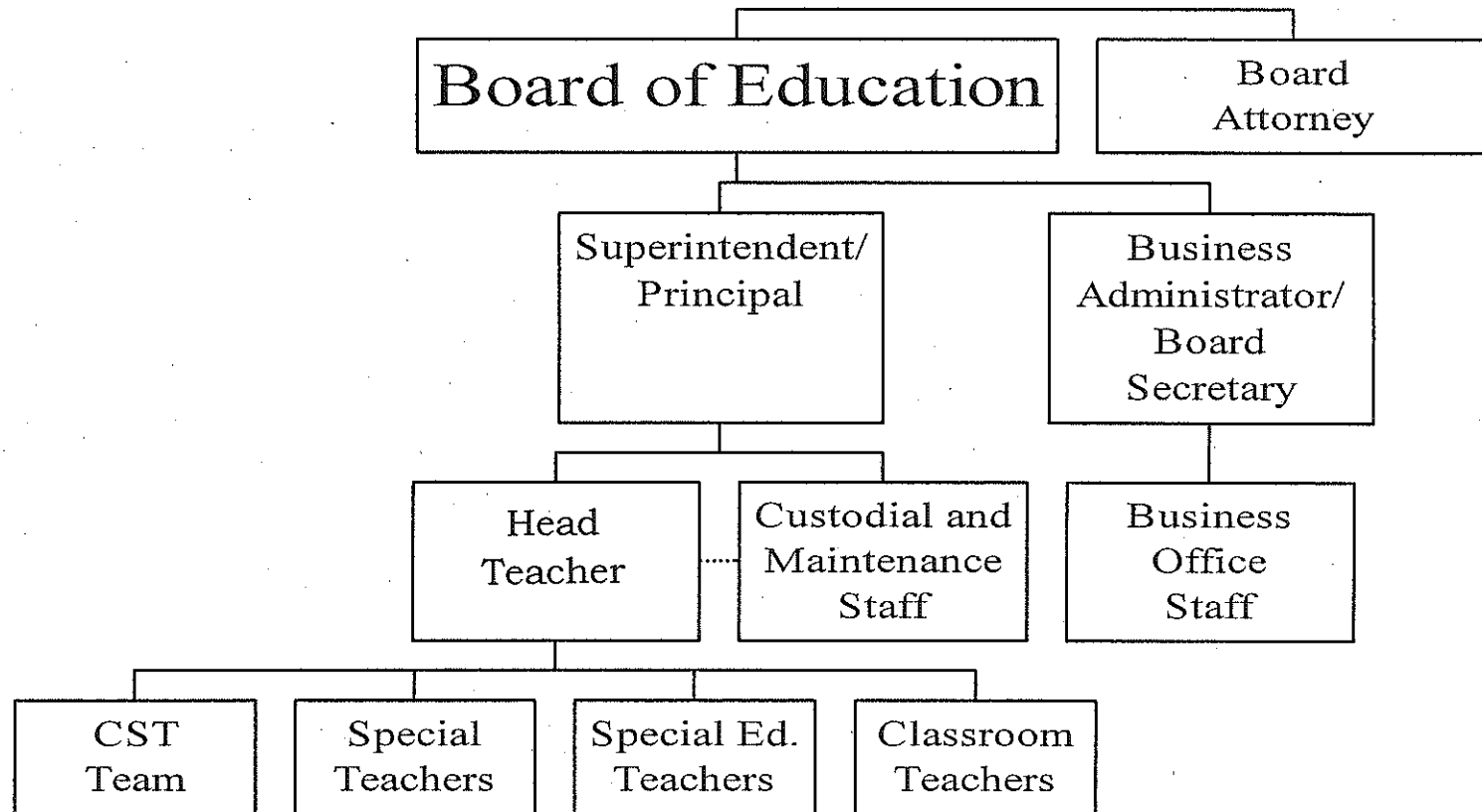
Respectfully submitted,



Louis DeLisio
Interim Superintendent

Dr. Frank Alfano
Frank Alfano, Ed.D
Interim Business Administrator

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



SADDLE RIVER BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2017

<u>Members of the Board of Education as of June 30, 2017</u>	<u>Term Expires</u>
Tom Weng, President	2018
Jennifer Connolly, Vice President	2018
John Lasalandra	2017
Paige Egan	2019
Tanya Valency	2019

Other Officials

Louis DeLisio, Interim Superintendent/Principal

Dr. Frank Alfano, Interim Business Administrator/Board Secretary

Linda Canavan, Treasurer

SADDLE RIVER BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

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

Official Depository

TD Bank
New Jersey

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

17-17 ROUTE 208 • FAIR LAWN, NJ 07410 • TELEPHONE (201) 791-7100 • FACSIMILE (201) 791-3035

WWW.LVHCPA.COM

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education as of June 30, 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

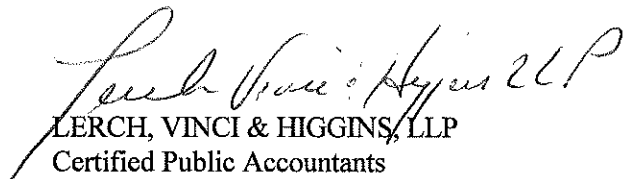
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saddle River Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Saddle River Board of Education.

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

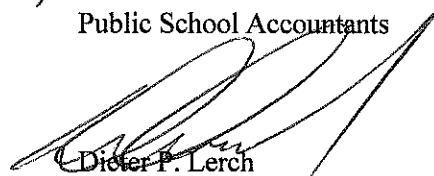
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2017 on our consideration of the Saddle River Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Saddle River 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 River Board of Education's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 1, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

Saddle River Board of Education

Saddle River, New Jersey

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2017

This section of the Saddle River Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2016-2017 fiscal year are as follows:

- The assets and deferred outflows of resources of the governmental activities of the Saddle River Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,670,229 (net position).
- The District's total net position for governmental activities increased by \$136,219.
- Overall governmental activities revenues were \$10,591,892. General revenues accounted for \$8,335,092, or 78% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,256,800 or 22% of total revenues.
- The school district had \$10,455,673 in expenses for governmental activities; only \$2,256,800 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$8,335,092 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,798,860. Of this amount, \$600,811 is restricted for capital reserve, \$356,486 is restricted for Capital Projects, \$263,100 has been appropriated in the 2017/2018 budget for taxpayer relief, \$381,183 is restricted for taxpayer relief in the 2018/2019 budget, and \$197,280 is available for spending at the District's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

Major Features of the District-Wide and Fund Financial Statements

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

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

The district has three kinds of funds:

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

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

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

The following provides a summary of the school district's net position for 2017 and 2016.

Net Position. The district's combined net position were \$1,683,230 and \$1,546,021 on June 30, 2017 and 2016, respectively.

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

Statement of Net Position
as of June 30, 2017 and 2016

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current Assets	\$ 2,141,082	\$ 2,190,367	\$ 6,721	\$ 8,352	\$ 2,147,803	\$ 2,198,719
Capital Assets	<u>4,951,324</u>	<u>4,909,290</u>	<u>9,552</u>	<u>7,451</u>	<u>4,960,876</u>	<u>4,916,741</u>
Total Assets	<u>7,092,406</u>	<u>7,099,657</u>	<u>16,273</u>	<u>15,803</u>	<u>7,108,679</u>	<u>7,115,460</u>
Deferred Amount on Net Pension Liability						
Total Deferred Outflows of Resources	<u>724,070</u>	<u>276,828</u>	<u>-</u>	<u>-</u>	<u>724,070</u>	<u>276,828</u>
Noncurrent Liabilities	5,708,048	5,299,522	-	-	5,708,048	5,299,522
Other Liabilities	<u>365,112</u>	<u>422,831</u>	<u>3,272</u>	<u>3,792</u>	<u>368,384</u>	<u>426,623</u>
Total Liabilities	<u>6,073,160</u>	<u>5,722,353</u>	<u>3,272</u>	<u>3,792</u>	<u>6,076,432</u>	<u>5,726,145</u>
Deferred Amount on Net Pension Liability						
Total Deferred Inflows of Resources	<u>73,087</u>	<u>120,122</u>	<u>-</u>	<u>-</u>	<u>73,087</u>	<u>120,122</u>
Net Investment in Capital Assets	2,084,324	1,812,290	9,552	7,451	2,093,876	1,819,741
Restricted	957,297	1,066,810			957,297	1,066,810
Unrestricted	<u>(1,371,392)</u>	<u>(1,345,090)</u>	<u>3,449</u>	<u>4,560</u>	<u>(1,367,943)</u>	<u>(1,340,530)</u>
Total Net Position	<u>\$ 1,670,229</u>	<u>\$ 1,534,010</u>	<u>\$ 13,001</u>	<u>\$ 12,011</u>	<u>\$ 1,683,230</u>	<u>\$ 1,546,021</u>

The following page shows changes in net position for fiscal years 2017 and 2016.

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

Change in Net Position
For The Fiscal Years Ended June 30, 2017 and 2016

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues						
Charges for Services	\$ 52,038	\$ 106,133	\$ 71,832	\$ 73,294	\$ 123,870	\$ 179,427
Operating and Capital Grants and Contributions	2,204,762	1,746,876			2,204,762	1,746,876
General Revenues						
Property Taxes	8,235,981	7,925,250			8,235,981	7,925,250
Unrestricted State Aid	85,689	3,991			85,689	3,991
Investment Earnings	2,213	2,592	2	50	2,215	2,642
Miscellaneous	11,209	68,313	-	-	11,209	68,313
Total Revenues	<u>10,591,892</u>	<u>9,853,155</u>	<u>71,834</u>	<u>73,344</u>	<u>10,663,726</u>	<u>9,926,499</u>
Expenses						
Instruction						
Regular	5,859,931	5,950,754			5,859,931	5,950,754
Special Education	906,186	834,586			906,186	834,586
Other Instruction	10,000	17,828			10,000	17,828
School Sponsored Activities and Athletics	13,781	32,837			13,781	32,837
Support Services						
Student and Instruction Related Services	2,142,416	1,680,990			2,142,416	1,680,990
General Administrative Services	66,680	72,575			66,680	72,575
School Administrative Services	55,279	75,632			55,279	75,632
Plant Operations and Maintenance	519,377	597,442			519,377	597,442
Pupil Transportation	515,661	509,828			515,661	509,828
Business Services	316,301	261,236			316,301	261,236
Interest on Long-Term Debt	50,061	50,942			50,061	50,942
Food Services	-	-	70,844	71,305	70,844	71,305
Total Expenses	<u>10,455,673</u>	<u>10,084,650</u>	<u>70,844</u>	<u>71,305</u>	<u>10,526,517</u>	<u>10,155,955</u>
Change in Net Position	136,219	(231,495)	990	2,039	137,209	(229,456)
Net Position, Beginning of Year	<u>1,534,010</u>	<u>1,765,505</u>	<u>12,011</u>	<u>9,972</u>	<u>1,546,021</u>	<u>1,775,477</u>
Net Position, End of Year	<u>\$ 1,670,229</u>	<u>\$ 1,534,010</u>	<u>\$ 13,001</u>	<u>\$ 12,011</u>	<u>\$ 1,683,230</u>	<u>\$ 1,546,021</u>

Saddle River Board of Education Saddle River, New Jersey

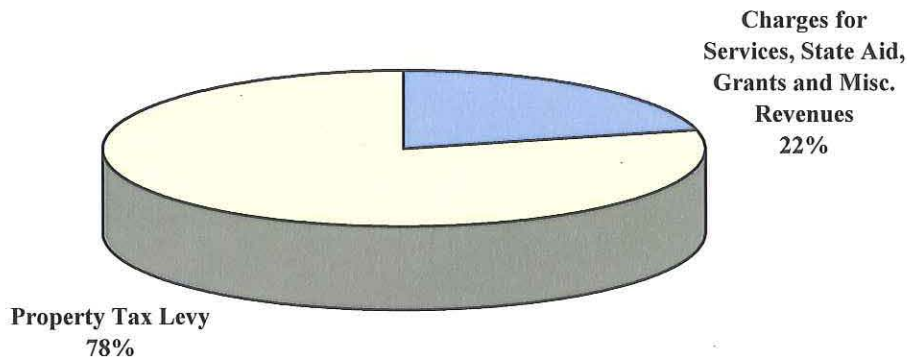
Management's Discussion and Analysis (continued) Fiscal Year Ended June 30, 2017

Governmental Activities. The District's total revenues were \$10,591,892. The local share of the revenues for property taxes amounted to \$8,235,981 or 78% of total revenues. Funding from program charges and state, federal and local sources amounted to \$2,290,451 or 21%. Revenues from charges for services amounted to \$52,038 or less than 1% of total revenues. The remaining revenues totaling \$13,422 less than 1% of total revenues includes investment earnings and other miscellaneous revenues.

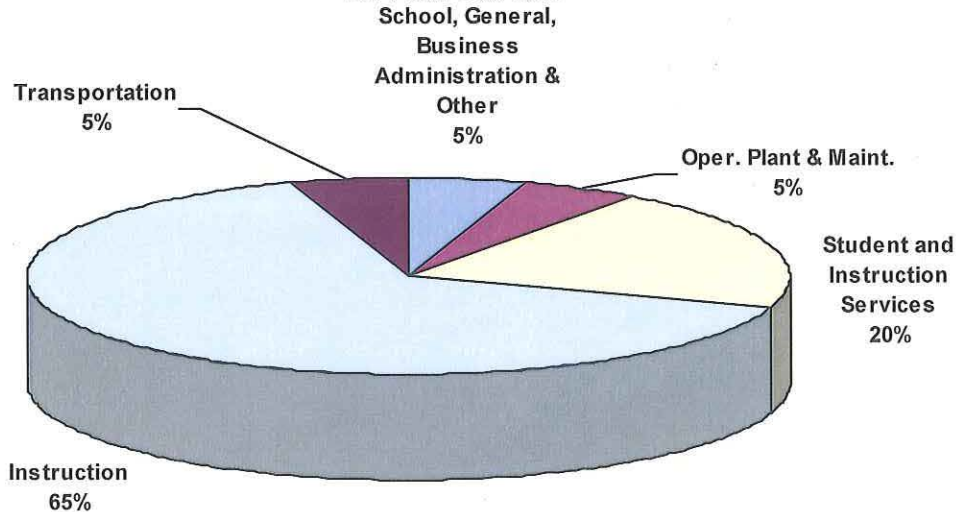
The District's total expenses of \$10,455,673 are predominantly related to instruction and support services. Instruction totaled \$6,789,898 (65%) and other support services exclusive of interest on long-term debt totaled \$3,615,714 (35%) of total expenditures.

Total governmental activities revenues surpassed expenses, increasing net position by \$136,219 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2017



Expenses by Function – Governmental Activities
For Fiscal Year 2017



Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

Total and Net Cost of Governmental Activities – The District's total cost of services was \$10,455,673 after applying program revenues, derived from: charges for services of \$52,038 and operating grants and contributions of \$2,204,762 the net cost of services of the District is \$8,198,873.

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

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Governmental Activities				
Instruction				
Regular	\$ 5,859,931	\$ 5,950,754	\$ 4,773,588	\$ 4,746,839
Special Education	906,186	834,586	566,458	502,275
Other Instruction	10,000	17,828	10,000	11,664
School Sponsored Activities and Athletics	13,781	32,837	13,781	22,571
Support Services				
Student and Instruction Related Services	2,142,416	1,680,990	1,481,621	1,515,454
General Administrative Services	66,680	72,575	66,680	72,575
School Administrative Services	55,279	75,632	38,002	51,381
Plant Operations and Maintenance	519,377	597,442	477,856	567,052
Pupil Transportation	515,661	509,828	430,972	429,652
Business Services	316,301	261,236	316,301	261,236
Interest	50,061	50,942	23,614	50,942
Total	\$ 10,455,673	\$ 10,084,650	\$ 8,198,873	\$ 8,231,641

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2017 was \$70,844. These costs were funded by charges for services (\$71,832) and investment earnings (\$2). The net cost of services for business-type activities was \$988.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

Governmental Funds (Continued)

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$1,798,860. At June 30, 2016, the fund balance was \$1,818,150.

Revenues and other financing sources for the District's governmental funds were \$9,608,143 while total expenditures were \$9,627,433 thereby decreasing fund balance by \$19,290.

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

The following schedule presents a summary of General Fund revenues.

General Fund Revenues

	Fiscal Year Ended <u>June 30, 2017</u>	Fiscal Year Ended <u>June 30, 2016</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Local Sources:				
Property Taxes	\$ 8,032,843	\$ 7,833,281	\$ 199,562	2.5%
Tuition	52,038	106,133	(54,095)	-51.0%
Investment Earnings	2,213	2,592	(379)	-14.6%
Miscellaneous	11,209	68,313	(57,104)	-83.6%
Intergovernmental				
Federal/State Sources	<u>824,598</u>	<u>778,454</u>	<u>46,144</u>	5.9%
 Total Revenues	 <u>\$ 8,922,901</u>	 <u>\$ 8,788,773</u>	 <u>\$ 134,128</u>	 1.5%

Total General Fund revenues increased by \$134,128 or 1.5% over the previous year.

Local property taxes increased by 2.5% over the previous year.

There was an increase of \$46,144 or 5.9% from the prior year in Federal/State sources revenues.

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017

General Fund Expenditures

	<u>Fiscal</u> <u>Year Ended</u> <u>June 30, 2017</u>	<u>Fiscal</u> <u>Year Ended</u> <u>June 30, 2016</u>	<u>Amount of</u> <u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Increase</u> <u>(Decrease)</u>
Instruction	\$ 5,773,430	\$ 5,907,787	\$ (134,357)	-2.3%
Student & Instruction Related	1,643,715	1,466,225	177,490	12.1%
School, General & Business Administration	377,025	376,060	965	0.3%
Plant Operations & Transportation	944,416	934,651	9,765	1.0%
Capital Outlay	<u>203,605</u>	<u>-</u>	<u>203,605</u>	
 Total Expenditures	 <u>\$ 8,942,191</u>	 <u>\$ 8,684,723</u>	 <u>\$ 257,468</u>	 3.0%

Total General Fund expenditures increased by \$257,468 or 3.0% from the previous year.

In 2016/2017, General Fund expenditures exceeded revenues by \$19,290. As a result, total fund balance decreased to \$1,442,374 at June 30, 2017. After deducting statutory restrictions and designations, the unassigned fund balance increased from \$158,536 at June 30, 2016 to \$182,661 at June 30, 2017.

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

Revenues of the Special Revenue Fund were \$377,457 for the year ended June 30, 2017. Local sources represented 48% of the total revenue for the year, state sources accounts for 26% and federal sources accounted for 26%.

Total Special Revenue Fund revenues increased \$55,182 or 17% from the previous year. State sources increased \$22,198 or 29%, Federal sources decreased \$24,509 or 20% and local sources increased \$57,493 or 47%.

Expenditures of the Special Revenue Fund were \$377,457. Instructional expenditures were \$181,224 or 48% of the expenditures. Student and instruction related services expenditures were \$81,519 or 22% of expenditures. Plant Operations and Maintenance expenditures were \$12,106 or 3% of expenditures. The remaining \$102,608 (27%) was expenditures for capital outlay.

Capital Projects Fund – There was no activity in the Capital Projects Fund during the 2016/2017 school year. The fund balance of \$356,486 remains as of June 30, 2017.

Proprietary Funds

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

Capital Assets. At the end of the fiscal year 2017, the school district's investment in land, land improvements, buildings, furniture, machinery and equipment for governmental activities amounts to \$4,951,324 and \$9,552 for business-type activities (net of accumulated depreciation).

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 3,483	\$ 3,483		
Land Improvements	443,493	428,493		
Building and Building Improvements	6,682,305	6,540,102		
Machinery and Equipment	<u>475,763</u>	<u>335,135</u>	<u>\$ 48,103</u>	<u>\$ 44,373</u>
 Total	 7,605,044	 7,307,213	 48,103	 44,373
 Less: Accumulated Depreciation	 <u>(2,653,720)</u>	 <u>(2,397,923)</u>	 <u>(38,551)</u>	 <u>(36,922)</u>
 Total Capital Assets, Net	 <u>\$ 4,951,324</u>	 <u>\$ 4,909,290</u>	 <u>\$ 9,552</u>	 <u>\$ 7,451</u>

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2017**

Debt Administration. As of June 30, 2017 the school district had outstanding long-term liabilities in the amount of \$5,708,048.

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

	<u>2017</u>	<u>2016</u>
Bonds Payable	\$ 2,867,000	\$ 3,097,000
Compensated Absences Payable	109,520	125,670
Net Pension Liability	<u>2,731,528</u>	<u>2,076,852</u>
 Total	 <u>\$ 5,708,048</u>	 <u>\$ 5,299,522</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

Many factors were considered by the District's administration during the process of developing the fiscal year 2016-2017 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were also considered when adopting the budget for fiscal year 2017-2018. Budgeted expenditures in the General Fund increased less than 1 percent to \$8,839,281 in fiscal year 2017-2018.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,123,225	\$ 5,257	\$ 2,128,482
Receivables, net			
Receivables from Other Governments	17,173		17,173
Other	684		684
Inventories		1,464	1,464
Capital Assets, Not Being Depreciated	3,483		3,483
Capital Assets, Net of Depreciation	<u>4,947,841</u>	<u>9,552</u>	<u>4,957,393</u>
Total Assets	<u>7,092,406</u>	<u>16,273</u>	<u>7,108,679</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>724,070</u>	-	<u>724,070</u>
Total Deferred Outflows of Resources	<u>724,070</u>	-	<u>724,070</u>
Total Deferred Outflows of Resources and Assets	<u>7,816,476</u>	<u>16,273</u>	<u>7,832,749</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	265,969	3,272	269,241
Payable to State Government	22,551		22,551
Unearned Revenue	53,702		53,702
Accrued Interest Payable	22,890		22,890
Noncurrent Liabilities			
Due Within One Year	285,000		285,000
Due Beyond One Year	<u>5,423,048</u>	-	<u>5,423,048</u>
Total Liabilities	<u>6,073,160</u>	<u>3,272</u>	<u>6,076,432</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>73,087</u>	-	<u>73,087</u>
Total Deferred Inflows of Resources	<u>73,087</u>	-	<u>73,087</u>
Total Deferred Inflows of Resources and Liabilities	<u>6,146,247</u>	<u>3,272</u>	<u>6,149,519</u>
NET POSITION			
Net Investment in Capital Assets	2,084,324	9,552	2,093,876
Restricted for			
Capital Projects	957,297		957,297
Unrestricted	<u>(1,371,392)</u>	<u>3,449</u>	<u>(1,367,943)</u>
Total Net Position	<u>\$ 1,670,229</u>	<u>\$ 13,001</u>	<u>\$ 1,683,230</u>

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

**SADDLE RIVER BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 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
Governmental Activities							
Instruction							
Regular	\$ 5,859,931	\$ 52,038	\$ 1,034,305		\$ (4,773,588)		\$ (4,773,588)
Special Education	906,186		339,728		(566,458)		(566,458)
Other Instruction	10,000		-		(10,000)		(10,000)
School Sponsored Activities and Athletics	13,781		-		(13,781)		(13,781)
Support Services							
Student and Instruction Related Services	2,142,416		660,795		(1,481,621)		(1,481,621)
General Administrative Services	66,680		-		(66,680)		(66,680)
School Administrative Services	55,279		17,277		(38,002)		(38,002)
Plant Operations and Maintenance	519,377		41,521		(477,856)		(477,856)
Pupil Transportation	515,661		84,689		(430,972)		(430,972)
Business Services	316,301		-		(316,301)		(316,301)
Interest	50,061	-	26,447	-	(23,614)	-	(23,614)
Total Governmental Activities	10,455,673	52,038	2,204,762	-	(8,198,873)	-	(8,198,873)
Business-Type Activities							
Food Service	70,844	71,832	-	-	-	\$ 988	988
Total Business-Type Activities	70,844	71,832	-	-	-	988	988
Total Primary Government	\$ 10,526,517	\$ 123,870	\$ 2,204,762	\$ -	(8,198,873)	988	(8,197,885)
General Revenues							
Property Taxes Levied for General Purpose					8,032,843		8,032,843
Property Taxes Levied for Debt Service					203,138		203,138
State Aid - Restricted for Debt Service					78,200		78,200
State Aid - Unrestricted					7,489		7,489
Investment Earnings					2,213	2	2,215
Miscellaneous Income					11,209	-	11,209
Total General Revenues					8,335,092	2	8,335,094
Change in Net Position					136,219	990	137,209
Net Position, Beginning of Year					1,534,010	12,011	1,546,021
Net Position, End of Year					\$ 1,670,229	\$ 13,001	\$ 1,683,230

FUND FINANCIAL STATEMENTS

**SADDLE RIVER 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>
ASSETS					
Cash and Cash Equivalents	\$ 1,681,862	\$ 84,877	\$ 356,486		\$ 2,123,225
Receivables					
Intergovernmental	12,818	4,355			17,173
Other	-	684	-	-	684
Total Assets	<u>\$ 1,694,680</u>	<u>\$ 89,916</u>	<u>\$ 356,486</u>	<u>\$ -</u>	<u>\$ 2,141,082</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 245,306	\$ 20,663			\$ 265,969
Payable to State Government		22,551			22,551
Unearned Revenue	7,000	46,702	-	-	53,702
Total Liabilities	<u>252,306</u>	<u>89,916</u>	<u>-</u>	<u>-</u>	<u>342,222</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus-Designated for Subsequent Year's Expenditures (2017/18 Budget)	134,796				134,796
Excess Surplus (2018/19 Budget)	381,183				381,183
Capital Reserve	600,811				600,811
Capital Projects			\$ 356,486		356,486
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures (2017/18 Budget)	128,304				128,304
Year-End Encumbrances	14,619				14,619
Unassigned Fund Balance	182,661	-	-	-	182,661
Total Fund Balances	<u>1,442,374</u>	<u>-</u>	<u>356,486</u>	<u>-</u>	<u>1,798,860</u>
Total Liabilities and Fund Balances	<u>\$ 1,694,680</u>	<u>\$ 89,916</u>	<u>\$ 356,486</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,605,044 and the accumulated depreciation is \$2,653,720. 4,951,324

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

Deferred Outflows of Resources	\$ 724,070	
Deferred Inflows of Resources	(73,087)	650,983

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (22,890)

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

General Obligation Bonds Payable	2,867,000	
Compensated Absences Payable	109,520	
Net Pension Liability	2,731,528	(5,708,048)

Net Position of Governmental Activities (Exhibit A-1) \$ 1,670,229

SADDLE RIVER 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>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 8,032,843			\$ 203,138	\$ 8,235,981
Tuition	52,038				52,038
Interest	2,213				2,213
Miscellaneous	11,209	\$ 181,070	-	-	192,279
Total - Local Sources	<u>8,098,303</u>	<u>181,070</u>	<u>-</u>	<u>203,138</u>	<u>8,482,511</u>
State Sources	824,598	97,869		104,647	1,027,114
Federal Sources	-	98,518	-	-	98,518
Total Revenues	<u>8,922,901</u>	<u>377,457</u>	<u>-</u>	<u>307,785</u>	<u>9,608,143</u>
EXPENDITURES					
Current					
Regular Instruction	4,984,650	122,182			5,106,832
Special Education Instruction	766,980	59,042			826,022
Other Instruction	10,000				10,000
School-Sponsored Activities and Athletics	11,800				11,800
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,643,715	81,519			1,725,234
General Administrative Services	57,238				57,238
School Administrative Services	41,275				41,275
Plant Operations and Maintenance	446,902	12,106			459,008
Pupil Transportation	497,514				497,514
Business Services	278,512				278,512
Capital Outlay	203,605	102,608			306,213
Debt Service					
Principal				230,000	230,000
Interest	-	-	-	77,785	77,785
Total Expenditures	<u>8,942,191</u>	<u>377,457</u>	<u>-</u>	<u>307,785</u>	<u>9,627,433</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(19,290)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,290)</u>
Fund Balance (Deficit), Beginning of Year	<u>1,461,664</u>	<u>-</u>	<u>356,486</u>	<u>-</u>	<u>1,818,150</u>
Fund Balance, End of Year	<u>\$ 1,442,374</u>	<u>\$ -</u>	<u>\$ 356,486</u>	<u>\$ -</u>	<u>\$ 1,798,860</u>

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

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (19,290)

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

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

Capital Outlays	\$ 306,213	
Depreciation Expense	<u>(264,179)</u>	42,034

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

Principal Repayments		
General Obligation Bonds	<u>230,000</u>	230,000

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

Decrease in Accrued Interest	27,724	
Net Decrease in Compensated Absences Payable	16,150	
Net Increase in Pension Expense	<u>(160,399)</u>	
		<u>(116,525)</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 136,219

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

		Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS		
Current Assets		
Cash	\$	5,257
Inventories		<u>1,464</u>
Total Current Assets		<u>6,721</u>
Capital Assets		
Machinery and Equipment		48,103
Less: Accumulated Depreciation		<u>38,551</u>
Total Capital Assets, Net of Depreciation		<u>9,552</u>
Total Assets		<u>16,273</u>
LIABILITIES		
Current Liabilities		
Accounts Payable		<u>3,272</u>
Total Liabilities		<u>3,272</u>
NET POSITION		
Investment in Capital Assets		9,552
Unrestricted		<u>3,449</u>
Total Net Position	\$	<u><u>13,001</u></u>

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

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

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 71,832
	<hr/>
Total Operating Revenues	71,832
	<hr/>
OPERATING EXPENSES	
Salaries and Benefits	25,203
Cost of Sales	32,116
Management Fee	8,000
Miscellaneous Expenses	3,658
Supplies and Materials	238
Depreciation Expense	1,629
	<hr/>
Total Operating Expenses	70,844
	<hr/>
Operating Income	988
	<hr/>
NONOPERATING REVENUES	
Interest and Investment Revenue	2
	<hr/>
Total Nonoperating Revenues	2
	<hr/>
Change in Net Position	990
	<hr/>
Net Position, Beginning of Year	12,011
	<hr/>
Net Position, End of Year	\$ 13,001
	<hr/> <hr/>

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

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

	Business-Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 71,832
Cash Payments to Employers for Salaries and Wages	(25,203)
Cash Payments to Suppliers for Goods and Services	<u>(44,536)</u>
Net Cash Provided by Operating Activities	<u>2,093</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>2</u>
Net Cash Provided by Investing Activities	<u>2</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition of Capital Assets	<u>(3,730)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(3,730)</u>
Net Decrease in Cash	(1,635)
Cash, Beginning of Year	<u>6,892</u>
Cash, End of Year	<u>\$ 5,257</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$ 988</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	1,629
Change in Assets and Liabilities	
(Increase)/Decrease in Inventories	(4)
Increase/(Decrease) in Accounts Payable	<u>(520)</u>
Total Adjustments	<u>1,105</u>
Net Cash Provided by Operating Activities	<u>\$ 2,093</u>

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

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

	<u>Unemployment Compensation Trust Fund</u>	<u>Education Foundation Donations Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash	\$ 41,832	\$ -	\$ 11,276
Due from Other Funds	<u>1,256</u>	<u>-</u>	<u>-</u>
Total Assets	<u>43,088</u>	<u>-</u>	<u>\$ 11,276</u>
LIABILITIES			
Due to Other Funds			\$ 1,256
Intergovernmental Payable - State	2,244		
Payroll Deductions and Withholdings			954
Reserved for Flexible Spending			7,124
Due to Student Groups	<u>-</u>	<u>-</u>	<u>1,942</u>
Total Liabilities	<u>2,244</u>	<u>-</u>	<u>\$ 11,276</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 40,844</u>	<u>\$ -</u>	

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

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

	<u>Unemployment Compensation Trust Fund</u>	<u>Education Foundation Donations Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 4,279	
Investment Earnings		
Interest	14	-
	<hr/>	<hr/>
Total Additions	4,293	-
	<hr/>	<hr/>
DEDUCTIONS		
Student and Instruction Related Expenses		320
Unemployment Claims and Contributions	10,502	-
	<hr/>	<hr/>
Total Deductions	10,502	320
	<hr/>	<hr/>
Change in Net Position	(6,209)	(320)
Net Position, Beginning of Year	47,053	320
	<hr/>	<hr/>
Net Position, End of Year	<u>\$ 40,844</u>	<u>\$ -</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 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 RIVER 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.

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 and internal service funds, while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

Additionally, the government reports the following fund types:

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

Food Service Fund inventories, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at 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	20
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

5. *Deferred Outflows/Inflows of Resources*

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

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. Compensated Absences

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

7. Pensions

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

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

8. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2016 audited excess surplus that was appropriated in the 2017/2018 original budget certified for taxes.

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.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

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

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

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

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

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

**SADDLE RIVER 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)

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$500,776. The increase was funded by capital reserve 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 RIVER 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		\$	710,324
Increased by			
Interest Earnings	\$	1,500	
Deposits Approved by Board Resolution		<u>30,987</u>	
			<u>32,487</u>
			742,811
Withdrawals			
Approved by Board Resolution			<u>(142,000)</u>
Balance, June 30, 2017		\$	<u>600,811</u>

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

C. Transfers to Capital Outlay

During the 2016/2017 school year, the district transferred \$142,000 to the non-equipment capital outlay accounts. The transfer was made from the capital reserve account to implement capital projects in the District's Long Range Facility Plan.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2017 is \$515,979. Of this amount, \$134,796 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$381,183 will be appropriated in the 2018/2019 original budget certified for taxes.

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

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 \$2,181,590 and bank and brokerage firm balances of the Board's deposits amounted to \$2,284,255. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 2,284,255
	<u>\$ 2,284,255</u>

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.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2017 for the district's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Receivables:			
Intergovernmental			
Federal		\$ 3,731	\$ 3,731
State	\$ 12,818	624	13,442
Other	-	684	684
Gross Receivables	12,818	5,039	17,857
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 12,818</u>	<u>\$ 5,039</u>	<u>\$ 17,857</u>

C. Unearned Revenue

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

General School	
Preschool Program Fees	\$ 7,000
Special Revenue Fund	
Unencumbered Grant Draw Downs	38,986
Grant Draw Downs Reserved for Encumbrances	<u>7,716</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 53,702</u>

**SADDLE RIVER 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</u>	Balance, <u>June 30, 2017</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 3,483	-	-	\$ 3,483
Total Capital Assets, Not Being Depreciated	<u>3,483</u>	<u>-</u>	<u>-</u>	<u>3,483</u>
Capital Assets, Being Depreciated:				
Land Improvements	428,493	15,000		443,493
Building and Building Improvements	6,540,102	142,203		6,682,305
Machinery and Equipment	<u>335,135</u>	<u>149,010</u>	\$ (8,382)	<u>475,763</u>
Total Assets Being Depreciated	<u>7,303,730</u>	<u>306,213</u>	<u>(8,382)</u>	<u>7,601,561</u>
Less Accumulated Depreciation for:				
Land Improvements	(319,299)	(23,091)		(342,390)
Building and Building Improvements	(1,810,244)	(215,978)		(2,026,222)
Machinery and Equipment	<u>(268,380)</u>	<u>(25,110)</u>	8,382	<u>(285,108)</u>
Total Accumulated Depreciation	<u>(2,397,923)</u>	<u>(264,179)</u>	<u>8,382</u>	<u>(2,653,720)</u>
Total Assets, Being Depreciated, Net	<u>4,905,807</u>	<u>42,034</u>	<u>-</u>	<u>4,947,841</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,909,290</u>	<u>\$ 42,034</u>	<u>\$ -</u>	<u>\$ 4,951,324</u>

**SADDLE RIVER 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 (Continued)

	Balance, <u>July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2017</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 44,373	3,730	-	\$ 48,103
Total Capital Assets Being Depreciated	<u>44,373</u>	<u>3,730</u>	<u>-</u>	<u>48,103</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(36,922)	\$ (1,629)	-	(38,551)
Total Accumulated Depreciation	<u>(36,922)</u>	<u>(1,629)</u>	<u>-</u>	<u>(38,551)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,451</u>	<u>2,101</u>	<u>-</u>	<u>9,552</u>
Business-Type Activities Capital Assets, Net	<u>\$ 7,451</u>	<u>\$ 2,101</u>	<u>\$ -</u>	<u>\$ 9,552</u>

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

Governmental Activities:

Instruction	
Regular	\$ 155,865
Special Education	18,493
Total Instruction	<u>174,358</u>
Support Services	
Student and Instruction Related Services	42,269
General Administrative Services	7,925
School Administrative Services	2,642
Operations and Maintenance of Plant	13,209
Pupil Transportation	13,209
Business Services	10,567
Total Support Services	<u>89,821</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 264,179</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 1,629</u>

**SADDLE RIVER 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>
Unemployment Compensation Trust Fund	Payroll Agency Fund	\$ 1,256

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

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

F. 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 issue:

\$3,097,000, 2015 Bonds, due in annual installments of \$285,000 to \$357,000 through July 15, 2025, interest at 1.25% to 2.00%	<u>\$2,867,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 285,000	\$ 48,159	\$ 333,159
2019	295,000	44,534	339,534
2020	300,000	40,440	340,440
2021	310,000	35,865	345,865
2022	315,000	30,390	345,390
2023-2026	<u>1,362,000</u>	<u>55,540</u>	<u>1,417,540</u>
Total	<u>\$ 2,867,000</u>	<u>\$ 254,928</u>	<u>\$ 3,121,928</u>

**SADDLE RIVER 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. Long-Term Debt (Continued)

Statutory Borrowing Power

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

2.5% of Equalized Valuation Basis (Municipal)		\$ 63,010,392
Less: Net Debt		
Issued	\$ 2,867,000	
Authorized But Not Issued	<u>91</u>	
		<u>2,867,091</u>
Remaining Borrowing Power		<u>\$ 60,143,301</u>

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	<u>Balance,</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance,</u> <u>June 30, 2017</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 3,097,000	\$ -	\$ 230,000	\$ 2,867,000	\$ 285,000
Compensated Absences	125,670	-	16,150	109,520	
Net Pension Liability	<u>2,076,852</u>	<u>736,610</u>	<u>81,934</u>	<u>2,731,528</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 5,299,522</u>	<u>\$ 736,610</u>	<u>\$ 328,084</u>	<u>\$ 5,708,048</u>	<u>\$ 285,000</u>

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

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Board</u> <u>Contribution</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2017	\$ -	\$ 4,279	\$ 10,502	\$ 40,844
2016	20,000	4,636		47,053
2015	20,000	4,767	7,822	22,334

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

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

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

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.

**SADDLE RIVER 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)

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

Other Pension Funds

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

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

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

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

Basis of Accounting

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

Investment Valuation

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

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

**SADDLE RIVER 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)

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.

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, 2016 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 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:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2017	\$ 81,934	\$ 205,042	None
2016	79,541	161,029	None
2015	80,772	113,637	None

In addition for fiscal year 2016/2017 the District contributed \$841 for PERS and the State contributed \$363 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.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$135,852 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 \$2,731,528 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 .00922 percent, which was a decrease of .00003 percent from its proportionate share measured as of June 30, 2015 of .00925 percent.

**SADDLE RIVER 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)

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$243,546 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 50,798	
Changes of Assumptions	565,827	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	104,156	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>3,289</u>	<u>\$ 73,087</u>
Total	<u>\$ 724,070</u>	<u>\$ 73,087</u>

At June 30, 2017, 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,	<u>Total</u>
2018	\$ 151,099
2019	151,099
2020	151,099
2021	148,170
2022	49,516
Thereafter	<u>-</u>
	<u>\$ 650,983</u>

**SADDLE RIVER 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)

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 RIVER 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 RIVER 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:

	1% Decrease <u>(2.98%)</u>	Current Discount Rate <u>(3.98%)</u>	1% Increase <u>(4.98%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ 3,347,169	\$ 2,731,528	\$ 2,223,263

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.

**SADDLE RIVER 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 \$1,188,791 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 \$15,821,840. 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 .02011 percent, which was a decrease of .00091 percent from its proportionate share measured as of June 30, 2015 of .02102 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 RIVER 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)

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 RIVER 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:

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 18,894,813	\$ 15,821,840	\$ 13,312,361

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 RIVER 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.

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.

**SADDLE RIVER 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 RIVER 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 \$170,847, \$191,741 and \$180,399, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 8,032,843		\$ 8,032,843	\$ 8,032,843	
Preschool Tuition	105,000		105,000	31,690	\$ (73,310)
Tuition from Individuals	-		-	20,348	20,348
Interest	500		500	713	213
Interest on Capital Reserve	1,500		1,500	1,500	-
Miscellaneous	15,500	-	15,500	11,209	(4,291)
Total Local Sources	8,155,343	-	8,155,343	8,098,303	(57,040)
State Sources					
Special Education Aid	101,297		101,297	101,297	
Transportation Aid	72,423		72,423	72,423	
Security Aid	29,320		29,320	29,320	
PARCC Readiness Aid	3,990		3,990	3,990	
Per Pupil Growth Aid	3,990		3,990	3,990	
Professional Learning Community Aid	3,860		3,860	3,860	
Additional Adjustment Aid	1		1	1	
Additional Nonpublic Transportation Aid	-		-	12,818	12,818
Extraordinary Aid	60,000	-	60,000	97,342	37,342
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				7,169	7,169
On-behalf TPAF Pension System Payments - Normal Cost (Non-Budget)				197,873	197,873
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				170,847	170,847
On-behalf TPAF Pension System Payments - Long-Term Disability Insurance (Non-Budget)				363	363
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	135,852	135,852
Total State Sources	274,881	-	274,881	837,145	562,264
Total Revenues	8,430,224	-	8,430,224	8,935,448	505,224
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	192,657	\$ (55,189)	137,468	136,703	765
Kindergarten	183,802	(74,168)	109,634	109,634	-
Grades 1-5	1,093,775	34,363	1,128,138	1,079,051	49,087
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		-			-
Purchased Professional and Technical Services		1,144	1,144	1,144	-
Purchased Professional/Educational Services	16,350	(13,659)	2,691	2,690	1
Purchased Technical Services	8,000	(1,683)	6,317	3,925	2,392
Other Purchased Services	24,900	-	24,900	20,336	4,564
General Supplies	45,508	(874)	44,634	33,795	10,839
Textbooks	-	-	-	-	-
Total Regular Programs	1,564,992	(110,066)	1,454,926	1,387,278	67,648

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

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room/Resource Center					
Salaries of Teachers	\$ 136,846	\$ 15	\$ 136,861	\$ 136,861	\$ -
General Supplies	189	50	239	238	1
Total Resource Room/Resource Center	<u>137,035</u>	<u>65</u>	<u>137,100</u>	<u>137,099</u>	<u>1</u>
Total Special Education	<u>137,035</u>	<u>65</u>	<u>137,100</u>	<u>137,099</u>	<u>1</u>
Basic Skills/Remedial Instruction					
Salaries of Teachers	-	-	-	-	-
General Supplies	100	(100)	-	-	-
Total Basic Skills/ Remedial	<u>100</u>	<u>(100)</u>	<u>-</u>	<u>-</u>	<u>-</u>
School Sponsored Co/Extracurricular Activities-Instruction					
Salaries	7,350	190	7,540	7,540	-
Total Co/Extracurricular Activities-Instruction	<u>7,350</u>	<u>190</u>	<u>7,540</u>	<u>7,540</u>	<u>-</u>
School Sponsored Athletics-Instruction					
Salaries	5,810	(3,474)	2,336	-	2,336
Purchased Services	11,000	(11,000)	-	-	-
Supplies and Materials	-	-	-	-	-
Other Objects	1,250	(1,250)	-	-	-
Total School Sponsored Athletics-Instruction	<u>18,060</u>	<u>(15,724)</u>	<u>2,336</u>	<u>-</u>	<u>2,336</u>
Total Instruction	<u>1,727,537</u>	<u>(125,635)</u>	<u>1,601,902</u>	<u>1,531,917</u>	<u>69,985</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	2,842,902	148,233	2,991,135	2,849,427	141,708
Tuition to Other LEAs Within the State - Special	238,617	24,940	263,557	225,091	38,466
Tuition to County Voc. School Dist. - Special	14,976	-	14,976	14,976	-
Tuition to CSSD & Reg. Day Schools	85,150	1,170	86,320	84,955	1,365
Tuition to Priv. School for the Disabled W/I State	201,500	(83,340)	118,160	110,212	7,948
Tuition to Priv. Sch. Disabled & Other LEAs- Special,O/S State	128,500	-	128,500	117,413	11,087
Tuition - Other	10,000	-	10,000	10,000	-
Total Undistributed Expenditures - Instruction	<u>3,521,645</u>	<u>91,003</u>	<u>3,612,648</u>	<u>3,412,074</u>	<u>200,574</u>

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

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance & Social Work					
Salaries	\$ 13,726	\$ -	\$ 13,726	\$ 13,725	\$ 1
Purchased Professional and Technical Services	6,750	(462)	6,288	6,288	-
Supplies and Materials	2,000	(1,000)	1,000	406	594
Total Attendance & Social Work	22,476	(1,462)	21,014	20,419	595
Health Services					
Salaries	\$ 68,080	\$ 817	\$ 68,897	\$ 68,897	\$ -
Purchased Professional and Technical Services	2,000	(200)	1,800	1,800	-
Other Purchased Services	410	(410)	-	-	-
Supplies and Materials	2,300	(59)	2,241	2,240	1
Other Objects	-	-	-	-	-
Total Health Services	72,790	148	72,938	72,937	1
Speech, OT, PT and Related Services					
Salaries	67,068	(32)	67,036	65,923	1,113
Purchased Professional-Educational Services	55,400	(4,815)	50,585	35,810	14,775
Supplies and Materials	300	(33)	267	150	117
Other Objects	210	-	210	-	210
Total Speech, OT, PT and Related Services	122,978	(4,880)	118,098	101,883	16,215
Other Support Serv. Students - Extra. Svcs.					
Salaries	226,720	(21,925)	204,795	202,558	2,237
Purchased Professional-Educational Services	23,159	53,988	77,147	43,271	33,876
Supplies and Materials	-	1,043	1,043	1,042	1
Total Other Support Serv. Students - Extra. Svcs.	249,879	33,106	282,985	246,871	36,114
Guidance					
Purchased Professional and Technical Services	2,000	(230)	1,770	-	1,770
Supplies and Materials	650	1,983	2,633	2,633	-
Total Guidance	2,650	1,753	4,403	2,633	1,770
Child Study Teams					
Salaries of Other Professional Staff	120,481	-	120,481	120,481	-
Salaries of Secretarial and Clerical Assistants	76,893	-	76,893	74,214	2,679
Purchased Professional/Educational Services	54,659	(1,148)	53,511	40,376	13,135
Other Purchased Professional and Tech. Services	-	-	-	-	-
Misc. Purchased Services	1,250	(712)	538	-	538
Supplies and Materials	6,050	(74)	5,976	1,363	4,613
Other Objects	800	(162)	638	638	-
Total Child Study Teams	260,133	(2,096)	258,037	237,072	20,965
Improvement of Instructional Services					
Salaries of Other Professional Staff	235,842	(2,508)	233,334	227,934	5,400
Salaries of Secr and Clerical Assist	79,542	-	79,542	77,002	2,540
Purchased Professional/Educational Services	800	-	800	756	44
Supplies and Materials	1,000	(500)	500	-	500
Other Objects	1,350	-	1,350	-	1,350
Total Improvement of Instructional Services	318,534	(3,008)	315,526	305,692	9,834

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

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 74,713	\$ 4,072	\$ 78,785	\$ 78,785	\$ -
Purchased Professional and Technical Services	69,627	-	69,627	55,000	14,627
Other Purchased Services	1,949	-	1,949	1,023	926
Supplies and Materials	900	-	900	851	49
Total Educational Media Serv./School Library	147,189	4,072	151,261	135,659	15,602
Instructional Staff Training Services					
Purchased Professional/Educational Services	-	-	-	-	-
Other Purchased Services	9,050	(1,000)	8,050	237	7,813
Total Instructional Staff Training Services	9,050	(1,000)	8,050	237	7,813
Support Services General Administration					
Salaries	5,775	-	5,775	5,775	-
Legal Services	5,000	5,095	10,095	8,684	1,411
Audit Fees	20,000	115	20,115	20,115	-
Purchased Technical Services	-	419	419	419	-
Other Purchased Professional Services	2,000	385	2,385	2,185	200
Communications/Telephone	4,900	(1,158)	3,742	2,449	1,293
BOE Other Purchased Services	1,500	(208)	1,292	1,291	1
Miscellaneous Purchased Services	3,150	1,188	4,338	1,771	2,567
General Supplies	520	469	989	988	1
BOE In-House Training/Meeting Supplies	600	(480)	120	120	-
Miscellaneous Expenditures	2,090	(243)	1,847	1,820	27
BOE Membership Dues and Fees	5,000	(68)	4,932	4,506	426
Total Support Services General Administration	50,535	5,514	56,049	50,123	5,926
Support Services School Administration					
Salaries of Principals/Assistant Principals	22,706	2,606	25,312	25,215	97
Other Purchased Services	300	319	619	619	-
Supplies and Materials	220	340	560	451	109
Other Objects	1,850	(757)	1,093	920	173
Total Support Services School Administration	25,076	2,508	27,584	27,205	379
Central Services					
Salaries	161,130	3,967	165,097	165,096	1
Purchased Professional Services	5,300	12,543	17,843	16,150	1,693
Misc. Purchased Services	1,940	(200)	1,740	1,631	109
Supplies and Materials	500	707	1,207	1,110	97
Miscellaneous Expenditures	1,300	-	1,300	1,240	60
Total Central Services	170,170	17,017	187,187	185,227	1,960

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

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance	\$ 37,357	\$ 15,184	\$ 52,541	\$ 36,175	\$ 16,366
General Supplies	13,900	(1,798)	12,102	4,895	7,207
Total Required Maintenance for School Fac.	51,257	13,386	64,643	41,070	23,573
Custodial Services					
Salaries	167,584	(3,967)	163,617	152,804	10,813
Salaries of Non-Instructional Aides	26,712	-	26,712	26,712	-
Cleaning, Repair, and Maintenance Svc.	750	(750)	-	-	-
Insurance	55,000	(3,936)	51,064	51,064	-
Misc. Purchased Services	-	31	31	30	1
General Supplies	23,400	(8,000)	15,400	12,494	2,906
Misc. Expenditures	500	(357)	143	-	143
Energy (Electricity)	63,000	2,461	65,461	65,461	-
Energy (Natural Gas)	10,000	(1,727)	8,273	8,272	1
Total Custodial Services	346,946	(16,245)	330,701	316,837	13,864
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Svc.	12,000	(8,374)	3,626	2,972	654
General Supplies	5,250	(200)	5,050	3,688	1,362
Total Care and Upkeep of Grounds	17,250	(8,574)	8,676	6,660	2,016
Security					
Cleaning, Repair, and Maintenance Svc.	2,000	-	2,000	300	1,700
Total Security	2,000	-	2,000	300	1,700
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & Sch) Regular	6,266	-	6,266	6,266	-
Salaries for Pupil Trans. (Other than Bet. Home & Sch.)	6,266	-	6,266	6,266	-
Salaries for Pupil Trans. (Bet. Home & Sch) - Nonpublic	6,266	-	6,266	6,266	-
Management Fee - ESC & CTSA Trans. Program	7,500	(414)	7,086	7,086	-
Contracted Services					
(Between Home and School) - Joint Agreements	315,000	7,000	322,000	318,630	3,370
Contracted Serv.-Aid in Lieu of Payments-Non Public Schools	60,000	(1,000)	59,000	51,979	7,021
Contracted Services (Spl. Ed. Students) -Joint Agree.	130,000	(6,000)	124,000	90,400	33,600
Other Objects	-	-	-	-	-
Total Student Transportation Services	531,298	(414)	530,884	486,893	43,991
Unallocated Benefits - Employee Benefits					
Social Security Contributions	70,000	-	70,000	63,530	6,470
Other Retirement Contributions - PERS	90,000	874	90,874	83,988	6,886
Unemployment Compensation	-	-	-	-	-
Workmen's Compensation	30,000	(1,133)	28,867	28,867	-
Health Benefits	942,500	(20,142)	922,358	848,353	74,005
Tuition Reimbursement	16,100	(1,130)	14,970	9,252	5,718
Other Employee Benefits	5,620	1,410	7,030	5,328	1,702
Unused Sick Payments to Terminated/ Retired Staff	-	21,000	21,000	21,000	-
Total Unallocated Benefits - Employee Benefits	1,154,220	879	1,155,099	1,060,318	94,781
On-behalf TPAF Pension System Payments -					
Non-Contributory Insurance (Non-Budget)	-	-	-	7,169	(7,169)
On-behalf TPAF Pension System Payments -	-	-	-	197,873	(197,873)
Normal Cost (Non-Budget)	-	-	-	-	-
On-behalf TPAF Pension System Payments -	-	-	-	170,847	(170,847)
Post-Retirement Medical Contribution	-	-	-	-	-
(Non-Budget)	-	-	-	-	-
On-behalf TPAF Pension System Payments -	-	-	-	363	(363)
Long-Term Disability Insurance (Non-Budget)	-	-	-	-	-
Reimbursed TPAF Social Security Payments	-	-	-	135,852	(135,852)
(Non-Budget)	-	-	-	-	-
Total On-Behalf Contributions/Reimbursements	-	-	-	512,104	(512,104)

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

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
CAPITAL OUTLAY					
Increase in Capital Reserve	\$ 1,500		\$ 1,500		\$ 1,500
Facilities Acquisition and Construction Serv.					
Architectural/ Engineering Services	-		-	-	-
Legal Services	-	375	375	375	-
Purchased Professional and Technical Services	-	3,775	3,775	3,775	-
Construction Services	-	211,045	211,045	180,058	30,987
Assessment for Debt Service on SDA Funding	3,852	-	3,852	3,852	-
Total Capital Outlay	<u>5,352</u>	<u>215,195</u>	<u>220,547</u>	<u>188,060</u>	<u>32,487</u>
Total Expenditures	<u>8,808,965</u>	<u>221,267</u>	<u>9,030,232</u>	<u>8,942,191</u>	<u>88,041</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(378,741)	(221,267)	(600,008)	(6,743)	593,265
Fund Balance, Beginning of Year	<u>1,566,616</u>	<u>-</u>	<u>1,566,616</u>	<u>1,566,616</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,187,875</u>	<u>\$ (221,267)</u>	<u>\$ 966,608</u>	<u>\$ 1,559,873</u>	<u>\$ 593,265</u>
Recapitulation of Fund Balance:					
Restricted Fund Balance					
Excess Surplus-Designated for Subsequent Year's Expenditures-2017/2018 Budget				\$ 134,796	
Excess Surplus-2018/2019 Budget				381,183	
Capital Reserve				600,811	
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures- 2017/2018 Budget				128,304	
Year-End Encumbrances				14,619	
Unassigned Fund Balance				<u>300,160</u>	
Reconciliation to Governmental Funds Statements (GAAP):				1,559,873	
Less: Extraordinary Aid Not Recognized on GAAP Basis			\$ (97,342)		
State Aid Not Recognized on GAAP Basis			<u>(20,157)</u>		
				<u>(117,499)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,442,374</u>	

**SADDLE RIVER 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>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 87,724	\$ 32,696	\$ 120,420	\$ 97,869	\$ (22,551)
Federal	88,935	20,951	109,886	98,518	(11,368)
Local Sources					
Miscellaneous	-	225,862	225,862	184,041	(41,821)
Total Revenues	<u>176,659</u>	<u>279,509</u>	<u>456,168</u>	<u>380,428</u>	<u>(75,740)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers		33,655	33,655	33,655	-
Purchased Professional/Technical Services	37,229	21,402	58,631	43,504	15,127
Tuition	44,657	6,528	51,185	51,185	-
Other Purchased Services		34,694	34,694	5,432	29,262
General Supplies	5,751	39,809	45,560	38,109	7,451
Textbooks	14,960	26	14,986	10,559	4,427
Total Instruction	<u>102,597</u>	<u>136,114</u>	<u>238,711</u>	<u>182,444</u>	<u>56,267</u>
Support Services					
Personal Services- Employee Benefits		1,576	1,576	1,575	1
Purchased Professional Educational Services		-	-	-	-
Other Purchased Professional and Technical Services	33,455	11,462	44,917	36,870	8,047
Purchased Property Services		8,200	8,200	6,303	1,897
Other Purchased Services	32,882	15,227	48,109	45,007	3,102
Supplies and Materials	-	15,587	15,587	9,161	6,426
Total Support Services	<u>66,337</u>	<u>52,052</u>	<u>118,389</u>	<u>98,916</u>	<u>19,473</u>
Facilities Acquisition and Construction					
Construction Services	7,725	16,775	24,500	24,500	-
Instructional Equipment		71,808	71,808	71,808	-
Non-instructional Equipment	-	2,760	2,760	2,760	-
Total Facilities Acq. and Construction	<u>7,725</u>	<u>91,343</u>	<u>99,068</u>	<u>99,068</u>	<u>-</u>
Total Expenditures	<u>176,659</u>	<u>279,509</u>	<u>456,168</u>	<u>380,428</u>	<u>75,740</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
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 RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 8,935,448	(C-2)	\$ 380,428
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized :				
Encumbrance, June 30, 2016				4,745
Encumbrance, June 30, 2017				(7,716)
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2015/2016 State Aid)		104,952		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2016/2017 State Aid)		<u>(117,499)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. (Exhibit B-2)		<u>\$ 8,922,901</u>		<u>\$ 377,457</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 8,942,191	(C-2)	\$ 380,428
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes -				
Encumbrance, June 30, 2016				4,745
Encumbrance, June 30, 2017		<u>-</u>		<u>(7,716)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds (Exhibit B-2)		<u>\$ 8,942,191</u>		<u>\$ 377,457</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

Public Employees Retirement System

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00922%	0.00925%	0.00979%	0.00976%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,731,528</u>	<u>\$ 2,076,852</u>	<u>\$ 1,834,424</u>	<u>\$ 1,866,405</u>
District's Covered-Employee Payroll	<u>\$ 620,553</u>	<u>\$ 623,898</u>	<u>\$ 612,691</u>	<u>\$ 649,412</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	440%	333%	299%	287%
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 RIVER 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	\$ 81,934	\$ 79,541	\$ 80,772	\$ 73,921
Contributions in Relation to the Contractually Required Contribution	<u>81,934</u>	<u>79,541</u>	<u>80,772</u>	<u>73,921</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 620,553</u>	<u>\$ 623,898</u>	<u>\$ 612,691</u>	<u>\$ 649,412</u>
Contributions as a Percentage of Covered-Employee Payroll	13%	13%	13%	11%

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

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

Teachers Pension and Annuity Fund

Last 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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>15,821,840</u>	<u>13,284,975</u>	<u>13,827,576</u>	<u>12,537,719</u>
Total	<u>\$ 15,821,840</u>	<u>\$ 13,284,975</u>	<u>\$ 13,827,576</u>	<u>\$ 12,537,719</u>
District's Covered-Employee Payroll	<u>\$ 2,008,027</u>	<u>\$ 2,052,982</u>	<u>\$ 1,962,745</u>	<u>\$ 2,121,244</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	788%	647%	705%	591%
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 RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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 4.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	IDEA Part B Basic	IDEA Part B Preschool	Nonpublic Technology	NCLB Title II-A	Nonpublic Textbooks	Nonpublic Nursing	Local Donations	Nonpublic Security	Nonpublic Auxiliary - Home Instr.	Nonpublic Auxiliary Services	Nonpublic Handicapped Services			Total	
										Compensatory Education	Corrective Speech	Exam. & Classification	Supplemental Instruction		
REVENUES															
Intergovernmental															
State			\$ 6,757		\$ 10,559	\$ 27,180		\$ 12,106	\$ 624	\$ 8,143	\$ 13,164	\$ 14,227	\$ 5,109	\$ 97,869	
Federal	\$ 89,485	\$ 5,583		\$ 3,450										98,518	
Local							\$ 184,041							184,041	
Total Revenues	\$ 89,485	\$ 5,583	\$ 6,757	\$ 3,450	\$ 10,559	\$ 27,180	\$ 184,041	\$ 12,106	\$ 624	\$ 8,143	\$ 13,164	\$ 14,227	\$ 5,109	\$ 380,428	
EXPENDITURES															
Instruction															
Salaries of Teachers							\$ 33,655							\$ 33,655	
Purchased Professional and Technical Services	\$ 1,900		\$ 337						\$ 624	\$ 8,143	\$ 13,164	\$ 14,227	\$ 5,109	43,504	
Tuition	51,185													51,185	
Other Purchased Services							5,432							5,432	
General Supplies	373	\$ 5,583	\$ 6,420				25,733							38,109	
Textbooks					\$ 10,559									10,559	
Total Instruction	53,458	5,583	6,757	-	10,559	-	64,820	-	624	8,143	13,164	14,227	5,109	182,444	
Support Services															
Personal Services- Employee Benefits							1,575							1,575	
Other Purchased Professional Educational Services															
Other Purchased Professional and Technical Services				\$ 3,450		\$ 27,180	6,240							36,870	
Purchased Property Services							6,303							6,303	
Other Purchased Services	36,027						100	8,880						45,007	
Supplies and Materials							5,935	3,226						9,161	
Total Support Services	36,027	-	-	3,450	-	27,180	20,153	12,106	-	-	-	-	-	98,916	
Facilities Acquisition and Construction															
Construction Services							24,500							24,500	
Instructional Equipment							71,808							71,808	
Non-instructional Equipment							2,760	\$ -	\$ -					2,760	
Total Facilities Acq. and Construction	-	-	-	-	-	-	99,068	-	-	-	-	-	-	99,068	
Total Expenditures	\$ 89,485	\$ 5,583	\$ 6,757	\$ 3,450	\$ 10,559	\$ 27,180	\$ 184,041	\$ 12,106	\$ 624	\$ 8,143	\$ 13,164	\$ 14,227	\$ 5,109	\$ 380,428	

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

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

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Balance, June 30, 2017</u>
Wandell School-HVAC Project	\$ 3,097,091	\$ 2,740,514	\$ -	\$ 356,577
	<u>\$ 3,097,091</u>	<u>\$ 2,740,514</u>	<u>\$ -</u>	<u>\$ 356,577</u>
Project Balance				\$ 356,577
Authorized But Not Issued				<u>(91)</u>
Fund Balance- GAAP Basis				<u>\$ 356,486</u>

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

Revenues and Other Financing Sources	
Other Financing Sources	
Bond Proceeds	\$ <u> -</u>
 Total Revenues and Other Financing Sources	 <u> -</u>
 Expenditures and Other Financing Uses	
Expenditures	
Salaries	
Purchased Professional and Technical Services	
Construction Services	
Construction Supplies	
Other Objects	<u> -</u>
 Total Expenditures and Other Financing Uses	 <u> -</u>
 Excess of Revenues Over Expenditures	 <u> -</u>
 Fund Balance - Beginning of Year	 <u> 356,486</u>
 Fund Balance - End of Year	 <u> \$ 356,486</u>

**SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2015 REFERENDUM - HVAC UPGRADES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

ENTERPRISE FUND

EXHIBIT G-1

**SADDLE RIVER BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 1,942	\$ 9,334	\$ 11,276
Total Assets	<u>\$ 1,942</u>	<u>\$ 9,334</u>	<u>\$ 11,276</u>
LIABILITIES			
Due to Other Fund		\$ 1,256	\$ 1,256
Payroll Deductions and Withholdings		954	954
Reserved for Flexible Spending		7,124	7,124
Due to Student Groups	<u>\$ 1,942</u>	<u>-</u>	<u>1,942</u>
Total Liabilities	<u>\$ 1,942</u>	<u>\$ 9,334</u>	<u>\$ 11,276</u>

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

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

	<u>Balance, July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2017</u>
Elementary School Wandell School	\$ 5,389	\$ 18,940	\$ 22,387	\$ 1,942
 Total All Schools	 <u>\$ 5,389</u>	 <u>\$ 18,940</u>	 <u>\$ 22,387</u>	 <u>\$ 1,942</u>

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

	Balance, July 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2017</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 1,041	\$ 1,459,746	\$ 1,459,833	\$ 954
Accrued Salaries and Wages		1,797,154	1,797,154	
Reserve for Flexible Spending	7,871	12,042	12,789	7,124
Due to Other Funds	<u>1,482</u>	<u>1,256</u>	<u>1,482</u>	<u>1,256</u>
 Total	 <u>\$ 10,394</u>	 <u>\$ 3,270,198</u>	 <u>\$ 3,271,258</u>	 <u>\$ 9,334</u>

LONG-TERM DEBT

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

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>					
General Improvements - 2015	7/15/2015	3,097,000	7/15/2017	\$ 285,000	1.250				
			7/15/2018	295,000	1.250				
			7/15/2019	300,000	1.500				
			7/15/2020	310,000	1.500				
			7/15/2021	315,000	2.000				
			7/15/2022	325,000	2.000				
			7/15/2023	335,000	2.000				
			7/15/2024	345,000	2.000				
			7/15/2025	357,000	2.000				
						<u>3,097,000</u>	\$ -	<u>230,000</u>	\$ <u>2,867,000</u>
						<u>\$ 3,097,000</u>	<u>\$ -</u>	<u>\$ 230,000</u>	<u>\$ 2,867,000</u>
								<u>\$ 230,000</u>	
									Paid by Budget Appropriation

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

NOT APPLICABLE

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

REVENUES	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Local Sources					
Local Property Tax Levy	\$ 203,138		\$ 203,138	\$ 203,138	
State Aid	104,647	-	104,647	104,647	-
Total Revenues	<u>307,785</u>	<u>-</u>	<u>307,785</u>	<u>307,785</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	230,000		230,000	230,000	
Interest	77,785	-	77,785	77,785	-
Total Expenditures	<u>307,785</u>	<u>-</u>	<u>307,785</u>	<u>307,785</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 2,581,652	\$ 2,615,927	\$ 2,618,318	\$ 2,534,255	\$ 2,528,451	\$ 2,510,135	\$ 2,642,341	\$ 2,722,286	\$ 1,812,290	\$ 2,084,324
Restricted	427,334	479,450	483,096	503,975	505,964	491,412	613,875	155,424	1,066,810	957,297
Unrestricted	<u>1,223,230</u>	<u>911,815</u>	<u>970,104</u>	<u>1,056,324</u>	<u>837,998</u>	<u>773,667</u>	<u>(1,085,257)</u>	<u>(1,112,205)</u>	<u>(1,345,090)</u>	<u>(1,371,392)</u>
Total Governmental Activities Net Position	\$ 4,232,216	\$ 4,007,192	\$ 4,071,518	\$ 4,094,554	\$ 3,872,413	\$ 3,775,214	\$ 2,170,959	\$ 1,765,505	\$ 1,534,010	\$ 1,670,229
Business-Type Activities										
Investment in Capital Assets	\$ 5,893	\$ 4,911	\$ 20,240	\$ 17,180	\$ 15,567	\$ 13,667	\$ 10,845	\$ 9,148	\$ 7,451	\$ 9,552
Restricted										
Unrestricted	<u>163</u>	<u>14,650</u>	<u>20,949</u>	<u>1,850</u>	<u>(3,245)</u>	<u>225</u>	<u>1,392</u>	<u>824</u>	<u>4,560</u>	<u>3,449</u>
Total Business-Type Activities Net Position	\$ 6,056	\$ 19,561	\$ 41,189	\$ 19,030	\$ 12,322	\$ 13,892	\$ 12,237	\$ 9,972	\$ 12,011	\$ 13,001
District-Wide										
Net Investment in Capital Assets	\$ 2,587,545	\$ 2,620,838	\$ 2,638,558	\$ 2,551,435	\$ 2,544,018	\$ 2,523,802	\$ 2,653,186	\$ 2,731,434	\$ 1,819,741	\$ 2,093,876
Restricted	427,334	479,450	483,096	503,975	505,964	491,412	613,875	155,424	1,066,810	957,297
Unrestricted	<u>1,223,393</u>	<u>926,465</u>	<u>991,053</u>	<u>1,058,174</u>	<u>834,753</u>	<u>773,892</u>	<u>(1,083,865)</u>	<u>(1,111,381)</u>	<u>(1,340,530)</u>	<u>(1,367,943)</u>
Total District Net Position	\$ 4,238,272	\$ 4,026,753	\$ 4,112,707	\$ 4,113,584	\$ 3,884,735	\$ 3,789,106	\$ 2,183,196	\$ 1,775,477	\$ 1,546,021	\$ 1,683,230

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

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

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,122,057	\$ 4,133,231	\$ 4,624,070	\$ 4,651,921	\$ 5,054,963	\$ 5,117,931	\$ 5,200,646	\$ 5,837,936	\$ 5,950,754	\$ 5,859,931
Special Education	780,672	784,403	604,098	646,322	679,598	818,572	827,952	751,348	834,586	906,186
Other Instruction		87,053	91		42,853				17,828	10,000
School Sponsored Activities And Athletics	32,740	40,634	54,132	42,226	63,734	47,481	22,193	29,032	32,837	13,781
Support Services:										
Student & Instruction Related Services	1,255,713	1,277,174	1,436,834	1,466,465	1,572,771	1,451,313	1,441,689	1,625,308	1,680,990	2,142,416
School Administrative Services	67,803	67,074	24,560	82,222	81,665	53,977	55,111	10,364	75,632	55,279
General Administration	164,932	165,648	123,582	155,121	176,256	133,223	165,918	113,806	72,575	66,680
Plant Operations And Maintenance	514,037	484,405	422,800	378,541	364,742	385,834	438,831	774,808	597,442	519,377
Pupil Transportation	464,698	512,740	416,787	405,483	432,772	478,702	455,916	497,004	509,828	515,661
Other Support Services	229,775	233,384	272,102	259,941	266,366	283,147	283,168	275,685	261,236	316,301
Interest On Long-Term Debt	31,687	27,817	23,949	20,015	16,078	12,141	8,203	4,266	50,942	50,061
Total Governmental Activities Expenses	7,664,114	7,813,563	8,003,005	8,108,257	8,751,798	8,782,321	8,899,627	9,919,557	10,084,650	10,455,673
Business-Type Activities:										
Food Service	64,415	69,054	72,961	104,424	98,810	80,293	78,315	73,321	71,305	70,844
Total Business-Type Activities Expense	64,415	69,054	72,961	104,424	98,810	80,293	78,315	73,321	71,305	70,844
Total District Expenses	\$ 7,728,529	\$ 7,882,617	\$ 8,075,966	\$ 8,212,681	\$ 8,850,608	\$ 8,862,614	\$ 8,977,942	\$ 9,992,878	\$ 10,155,955	\$ 10,526,517
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 104,940	\$ 91,560	\$ 151,411	\$ 131,796	\$ 134,306	\$ 114,500	\$ 106,292	\$ 124,525	\$ 106,133	\$ 52,038
Operating Grants And Contributions	1,029,313	938,002	1,053,589	855,832	1,067,363	1,136,874	1,259,394	1,601,062	1,746,876	2,204,762
Capital Grants And Contributions	11,440	-	-	-	-	6,413	-	-	-	-
Total Governmental Activities Program Revenues	1,145,693	1,029,562	1,205,000	987,628	1,201,669	1,257,787	1,365,686	1,725,587	1,853,009	2,256,800
Business-Type Activities:										
Charges For Services										
Food Service	61,650	82,338	75,962	82,089	92,076	76,498	77,087	71,011	73,294	71,832
Operating Grants And Contributions										
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	61,650	82,338	75,962	82,089	92,076	76,498	77,087	71,011	73,294	71,832
Total District Program Revenues	\$ 1,207,343	\$ 1,111,900	\$ 1,280,962	\$ 1,069,717	\$ 1,293,745	\$ 1,334,285	\$ 1,442,773	\$ 1,796,598	\$ 1,926,303	\$ 2,328,632
Net (Expense)/Revenue										
Governmental Activities	\$ (6,518,421)	\$ (6,784,001)	\$ (6,798,005)	\$ (7,120,629)	\$ (7,550,129)	\$ (7,524,534)	\$ (7,533,941)	\$ (8,193,970)	\$ (8,231,641)	\$ (8,198,873)
Business-Type Activities	(2,765)	13,284	3,001	(22,335)	(6,734)	(3,795)	(1,228)	(2,310)	1,989	988
Total District-Wide Net Expense	\$ (6,521,186)	\$ (6,770,717)	\$ (6,795,004)	\$ (7,142,964)	\$ (7,556,863)	\$ (7,528,329)	\$ (7,535,169)	\$ (8,196,280)	\$ (8,229,652)	\$ (8,197,885)

SADDLE RIVER 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
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied	\$ 6,413,100	\$ 6,532,092	\$ 6,787,780	\$ 7,117,487	\$ 7,253,666	\$ 7,392,647	\$ 7,608,694	\$ 7,754,933	\$ 7,925,250	\$ 8,235,981
State Aid - Restricted/Unrestricted	37,645	1,262		10,337	5,356	2,448	4,010	2,454	3,991	85,689
Investment Earnings	82,179	21,367	10,025	15,841	83,159	37,540	13,566	31,129	2,592	2,213
Miscellaneous Income	40,898	4,256	11,865						68,313	11,209
Transfers	-	-	-	-	-	(5,300)	(616)	-	-	-
Total Governmental Activities	<u>6,573,822</u>	<u>6,558,977</u>	<u>6,809,670</u>	<u>7,143,665</u>	<u>7,342,181</u>	<u>7,427,335</u>	<u>7,625,654</u>	<u>7,788,516</u>	<u>8,000,146</u>	<u>8,335,092</u>
Business-Type Activities:										
Investment Earnings	395	221	238	176	26	65	81	45	50	2
Transfers	-	-	-	-	-	5,300	616	-	-	-
Total Business-Type Activities	<u>395</u>	<u>221</u>	<u>238</u>	<u>176</u>	<u>26</u>	<u>5,365</u>	<u>697</u>	<u>45</u>	<u>50</u>	<u>2</u>
Total District-Wide	<u>\$ 6,574,217</u>	<u>\$ 6,559,198</u>	<u>\$ 6,809,908</u>	<u>\$ 7,143,841</u>	<u>\$ 7,342,207</u>	<u>\$ 7,432,700</u>	<u>\$ 7,626,351</u>	<u>\$ 7,788,561</u>	<u>\$ 8,000,196</u>	<u>\$ 8,335,094</u>
Change in Net Position										
Governmental Activities	\$ 55,401	\$ (225,024)	\$ 11,665	\$ 23,036	\$ (207,948)	\$ (97,199)	\$ 91,713	\$ (405,454)	\$ (231,495)	\$ 136,219
Business-Type Activities	(2,370)	13,505	3,239	(22,159)	(6,708)	1,570	(531)	(2,265)	2,039	990
Total District	<u>\$ 53,031</u>	<u>\$ (211,519)</u>	<u>\$ 14,904</u>	<u>\$ 877</u>	<u>\$ (214,656)</u>	<u>\$ (95,629)</u>	<u>\$ 91,182</u>	<u>\$ (407,719)</u>	<u>\$ (229,456)</u>	<u>\$ 137,209</u>

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 1,118,602	\$ 918,083	\$ 844,697							
Unreserved	782,452	724,993	828,507							
Restricted				\$ 944,594	\$ 965,975	\$ 874,504	\$ 991,534	\$ 993,955	\$ 1,130,757	\$ 1,116,790
Committed				17,100	17,400	17,750	-		73,195	-
Assigned				472,122	307,236	289,405	338,974	161,951	99,176	142,923
Unassigned	-	-	-	167,885	155,721	151,855	156,885	201,708	158,536	182,661
Total General Fund	\$ 1,901,054	\$ 1,643,076	\$ 1,673,204	\$ 1,601,701	\$ 1,446,332	\$ 1,333,514	\$ 1,487,393	\$ 1,357,614	\$ 1,461,664	\$ 1,442,374
All Other Governmental Funds										
Reserved										
Unreserved	\$ 2,934									
Restricted	-	-	-	-	-	-	-	\$ (330,002)	\$ 356,486	\$ 356,486
Total All Other Governmental Funds	\$ 2,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (330,002)	\$ 356,486	\$ 356,486

Source: District financial statements

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

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

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax Levy	\$ 6,413,100	\$ 6,532,092	\$ 6,787,780	\$ 7,117,487	\$ 7,253,666	\$ 7,392,647	\$ 7,608,694	\$ 7,754,933	\$ 7,925,250	\$ 8,235,981
Tuition Charges	104,940	91,560	151,411	131,796	134,306	114,500	106,292	124,525	106,133	52,038
Interest Earnings	82,179	21,367	10,025	10,337	5,356	2,448	4,010	2,454	2,592	2,213
Miscellaneous	70,184	96,192	100,054	66,579	194,812	157,429	271,433	76,085	191,890	192,279
State Sources	927,384	729,970	844,363	582,065	816,039	908,198	867,001	830,793	854,125	1,027,114
Federal Sources	121,728	117,358	121,037	223,029	139,671	108,787	134,526	94,897	123,027	98,518
Total Revenue	7,719,515	7,588,539	8,014,670	8,131,293	8,543,850	8,684,009	8,991,956	8,883,687	9,203,017	9,608,143
Expenditures										
Instruction										
Regular Instruction	4,119,895	4,083,703	4,520,067	4,705,330	4,962,513	5,082,535	5,113,947	5,232,466	5,251,071	5,106,832
Special Education Instruction	780,672	784,403	592,857	635,081	671,567	810,541	818,976	695,077	772,098	826,022
Other Instruction		87,053	91	-	42,853				14,336	10,000
School Sponsored Activities and Athletics	32,740	40,634	54,132	42,226	63,734	47,481	22,193	24,879	27,021	11,800
Support Services:										
Student and Inst. Related Services	1,255,713	1,277,174	1,413,102	1,442,733	1,554,414	1,432,956	1,421,172	1,532,492	1,615,228	1,725,234
General Administration	158,915	159,631	134,599	147,837	168,082	129,781	162,071	95,617	66,943	57,238
School Administrative Services	67,803	67,074	69,584	80,903	80,518	52,830	53,829	8,037	60,075	41,275
Plant Operations And Maintenance	513,857	484,225	414,933	370,674	359,006	380,098	432,419	768,586	582,830	459,008
Pupil Transportation	464,698	512,740	409,032	397,728	427,036	472,966	449,504	490,782	500,172	497,514
Other Support Services	229,775	233,384	251,192	255,178	261,777	278,558	263,506	285,240	249,042	278,512
Capital Outlay	117,430		9,393	13,450				114,386	2,278,694	306,213
Debt Service:										
Principal	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	230,000
Interest and Other Charges	33,300	29,430	25,560	21,656	17,719	13,781	9,844	5,906	1,969	77,785
Total Expenditures	7,864,798	7,849,451	7,984,542	8,202,796	8,699,219	8,791,527	8,837,461	9,343,468	11,509,479	9,627,433
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(145,283)	(260,912)	30,128	(71,503)	(155,369)	(107,518)	154,495	(459,781)	(2,306,462)	(19,290)
Other Financing Sources (Uses)										
Proceeds From Bond Sale									3,097,000	-
Transfers In	177,712				63,931					
Transfers Out	(177,712)	-	-	-	(63,931)	(5,300)	(616)	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	(5,300)	(616)	-	3,097,000	-
Net Change in Fund Balances	\$ (145,283)	\$ (260,912)	\$ 30,128	\$ (71,503)	\$ (155,369)	\$ (112,818)	\$ 153,879	\$ (459,781)	\$ 790,538	\$ (19,290)
Debt Service as a Percentage of Noncapital Expenditures	1.59%	1.52%	1.45%	1.36%	1.24%	1.18%	1.13%	1.04%	1.00%	3.30%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

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

	<u>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>
General Fund										
Interest on Investments	\$ 82,179	\$ 21,367	\$ 10,025	\$ 10,337	\$ 5,356	\$ 2,448	\$ 4,010	\$ 2,454	\$ 2,592	\$ 2,213
Prior Years' Refunds	272	1	3,900	7,581	4,961	10,883	9,053	17,865	16,502	3,157
Rentals	120	450	2,475	950	1,460	2,650	1,087	800	750	25
Activity Income Fee				4,400	3,950	5,850				
Insurance Refund									45,171	-
Miscellaneous	<u>40,506</u>	<u>3,805</u>	<u>5,490</u>	<u>2,910</u>	<u>8,857</u>	<u>18,157</u>	<u>3,426</u>	<u>12,464</u>	<u>5,890</u>	<u>8,027</u>
Total Miscellaneous	123,077	25,623	21,890	26,178	24,584	39,988	17,576	33,583	70,905	13,422
Tuition	<u>104,940</u>	<u>91,560</u>	<u>151,411</u>	<u>131,796</u>	<u>134,306</u>	<u>114,500</u>	<u>106,292</u>	<u>124,525</u>	<u>106,133</u>	<u>52,038</u>
Total General Fund	<u>\$ 228,017</u>	<u>\$ 117,183</u>	<u>\$ 173,301</u>	<u>\$ 157,974</u>	<u>\$ 158,890</u>	<u>\$ 154,488</u>	<u>\$ 123,868</u>	<u>\$ 158,108</u>	<u>\$ 177,038</u>	<u>\$ 65,460</u>

Source: District records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2008	\$ 66,353,600	\$ 2,009,672,700	\$ 9,025,500	\$ 102,400	\$ 57,162,400			\$ 2,142,316,600	\$ 893,153	\$ 2,143,209,753	\$ 2,578,946,855	\$ 0.301
2009	64,251,400	2,056,028,600	9,025,500	102,400	57,162,400			2,186,570,300	893,153	2,187,463,453	2,737,859,470	0.304
2010	69,334,700	2,048,153,200	9,025,500	102,400	57,162,400			2,183,778,200	1,199,512	2,184,977,712	2,738,099,205	0.318
2011	71,285,700	2,046,845,200	9,025,500	102,400	57,162,400			2,184,421,200	1,256,624	2,185,677,824	2,738,099,205	0.330
2012	69,845,300	2,052,794,400	9,025,500	133,600	57,119,200			2,188,918,000	1,330,844	2,190,248,844	2,614,548,606	0.330
2013	65,627,000	2,092,610,000	8,044,900	133,600	57,119,200			2,223,534,700		2,223,534,700	2,442,947,439	0.338
2014	63,539,000	2,132,744,100	8,044,900	133,600	57,119,200			2,261,580,800		2,261,580,800	2,450,250,054	0.340
2015	66,610,400	2,149,488,000	9,145,600	135,400	57,119,200			2,282,498,600		2,282,498,600	2,526,275,490	0.339
2016	66,255,200	2,147,673,100	8,062,600	135,400	57,119,200			2,279,245,500		2,279,245,500	2,557,770,266	0.361
2017	58,047,400	2,166,117,000	8,788,600	127,100	57,119,200			2,290,199,300		2,290,199,300	2,510,353,016	0.362

Source: County Abstract of Ratables

^a Tax rates are per \$100

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

Assessment <u>Year</u>	Saddle River School <u>District</u>	Borough <u>Saddle River</u>	Bergen <u>County</u>	<u>Total</u>
2008	0.3	\$0.36	\$0.22	\$0.88
2009	0.30	0.37	0.24	0.91
2010	0.32	0.38	0.25	0.94
2011	0.33	0.38	0.25	0.95
2012	0.33	0.39	0.24	0.96
2013	0.34	0.39	0.25	0.98
2014	0.340	0.384	0.253	0.977
2015	0.339	0.383	0.265	0.987
2016	0.361	0.383	0.275	1.019
2017	0.362	0.376	0.275	1.013

Source: Abstract of Ratables, County Board of Taxation

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

2017			2008		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
MIREF S.R.	\$ 17,836,000	0.007787968	Miref S.R. c/o K. Wartler	\$ 17,836,000	.83%
Grand Prix Saddle River, LLC	17,400,000	0.007597592	Innkeepers Inn/Marriott	17,400,000	.81%
Individual	11,891,600	0.005192387	Simmons, R & K	13,347,700	.62%
Individual	10,632,400	0.004642565	Walsh, Donna	11,891,600	.55%
Fox Hedge Manor, LLC	10,000,000	0.004366432	Tseytin, Ella	10,632,400	.50%
Prudence Group, LLC	9,984,500	0.004359664	Marriott/Brighton Gardens	8,372,500	.39%
Sunrise Senior Living, Inc.	8,372,500	0.003655795	Tice Assoc. & Mahoney Assoc.	6,900,000	.32%
Individual	7,375,000	0.003220244	Junkers, John & Sandra	6,512,500	.30%
Individual	7,256,700	0.003168589	Prudence Group, LLC	5,783,200	.27%
Individual	6,357,000	0.002775741	Alfano, John & Susan	4,960,000	.23%
	\$ 107,105,700	4.68%		\$ 103,635,900	4.84%

Source: Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 6,413,100	\$ 6,413,100	100.00%	
2009	6,532,092	6,532,092	100.00%	
2010	6,787,780	6,231,762	91.81%	\$ 556,018
2011	7,117,487	7,117,487	100.00%	
2012	7,253,666	7,253,666	100.00%	
2013	7,392,647	7,392,647	100.00%	
2014	7,608,694	7,608,694	100.00%	
2015	7,754,933	7,754,933	100.00%	
2016	7,925,250	7,925,250	100.00%	
2017	8,235,971	8,235,891	100.00%	

Source: District financial records.

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2008	\$ 720,000					\$ 720,000	3,771	\$ 191
2009	630,000					630,000	3,800	166
2010	540,000					540,000	3,165	171
2011	450,000					450,000	3,205	140
2012	360,000					360,000	3,232	111
2013	270,000					270,000	3,243	83
2014	180,000					180,000	3,246	55
2015	90,000					90,000	3,255	28
2016	3,097,000					3,097,000	3,237	957
2017	2,867,000					2,867,000	3,237 *	886

Source: District records

*Estimate.

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2008	\$ 720,000		\$ 720,000	0.03%	\$ 190
2009	630,000		630,000	0.03%	195
2010	540,000		540,000	0.02%	142
2011	450,000		450,000	0.02%	118
2012	360,000		360,000	0.02%	113
2013	270,000		270,000	0.01%	83
2014	180,000		180,000	0.01%	55
2015	90,000		90,000	0.004%	28
2016	3,097,000		3,097,000	0.136%	957
2017	2,867,000		2,867,000	0.125%	886

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**SADDLE RIVER BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
AS OF DECEMBER 31, 2016
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of Saddle River	\$ 13,367,268
Borough of Saddle River School District	<u>2,867,000</u>
Total Direct Debt	<u>16,234,268</u>
Overlapping Debt Apportioned to the Municipalities: (2)	
County of Bergen	<u>18,350,328</u>
Total Overlapping Debt	<u>18,350,328</u>
Total Direct and Overlapping Debt	<u>\$ 34,584,596</u>

Source:

(1) Borough of Saddle River's Annual Debt Statement - December 31, 2016

(2) Bergen County Annual Debt Statement - December 31, 2016

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

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis	
	2016	\$ 2,497,803,288
	2015	2,560,864,580
	2014	2,502,579,175
Average equalized valuation of taxable property		<u>\$ 2,520,415,681</u>

Debt Limit (2.5% of average equalized valuation)	63,010,392	a
Total Net Debt Applicable to Limit	<u>2,867,091</u>	
Legal Debt Margin	<u>\$ 60,143,301</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>
Debt Limit	\$ 71,140,658	\$ 76,110,397	\$ 66,533,773	\$ 67,484,412	\$ 65,153,842	\$ 62,359,074	\$ 60,668,803	\$ 60,966,306	\$ 62,270,615	\$ 63,010,392
Total Net Debt Applicable to Limit	<u>720,000</u>	<u>630,000</u>	<u>540,000</u>	<u>450,000</u>	<u>360,000</u>	<u>270,000</u>	<u>180,000</u>	<u>3,187,091</u>	<u>3,097,091</u>	<u>2,867,091</u>
Legal Debt Margin	<u>\$ 70,420,658</u>	<u>\$ 75,480,397</u>	<u>\$ 65,993,773</u>	<u>\$ 67,034,412</u>	<u>\$ 64,793,842</u>	<u>\$ 62,089,074</u>	<u>\$ 60,488,803</u>	<u>\$ 57,779,215</u>	<u>\$ 59,173,524</u>	<u>\$ 60,143,301</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	1.01%	0.83%	0.81%	0.67%	0.55%	0.43%	0.30%	5.23%	4.97%	4.55%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population(2)</u>
2007	2.70%	\$ 68,147	3,740
2008	3.50%	68,548	3,771
2009	6.40%	64,571	3,800
2010	6.50%	65,275	3,165
2011	6.40%	68,244	3,205
2012	6.50%	71,380	3,232
2013	7.00%	70,498	3,243
2014	3.00%	73,536	3,246
2015	3.30%	75,849	3,255
2016	3.10%	N/A	3,237

(1) Represents county information vs. municipality
(2) Represents estimates as of July 1
N/A Information not available

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

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

<u>Employer</u>	<u>2017</u>		<u>2008</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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										
Special Education										
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
										INFORMATION NOT AVAILABLE
Support Services:										
Student and Instruction Related Services										
General Administration										
School Administrative Services										
Other Administrative Services										
Central Services										
Administrative Information Technology										
Plant Operations And Maintenance										
Pupil Transportation										
Other Support Services										
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2008	230.0	\$ 7,624,068	\$ 33,148	1.13%	25	1:11		227.9	215	1.29%	94.52%
2009	228.0	7,730,021	33,904	2.28%	27	1:12		228.0	227	0.04%	99.56%
2010	234.0	7,859,589	33,588	-0.93%	27	1:09		234.0	223	2.63%	95.17%
2011	228.0	7,753,319	34,006	1.24%	25	1:09		228.0	223	-2.56%	97.81%
2012	229.0	8,297,984	36,236	6.56%	24	1:10		229.0	219	0.44%	95.63%
2013	207.1	8,410,058	40,609	12.07%	22	1:11		207.1	197	-9.56%	95.12%
2014	201.0	8,737,617	43,471	7.05%	22	1:09		198.0	189	-4.39%	95.45%
2015	187.0	9,133,176	48,841	12.35%	24	1:08		187.6	177	-5.25%	94.61%
2016	175.0	9,138,816	52,222	6.92%	23	1:08		175.4	168	-6.50%	95.78%
2017	150.0	9,013,435	60,090	15.07%	20	1:08		150.0	147	-14.48%	97.89%

Sources: District records

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
District Building										
<u>Elementary</u>										
Square Feet	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526
Enrollment	230.0	228.0	234.0	228.0	229.0	207.1	201.0	187.0	175.0	150.0

Number of Schools at June 30, 2017

- Elementary = 1
- Middle School = 0
- Senior High School = 0
- Other = 0

Source: District Records

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

	<u>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										
Wandell Elementary School	\$ 105,928	\$ 82,701	\$ 70,430	\$ 40,455	\$ 47,746	\$ 45,439	\$ 89,062	\$ 43,605	\$ 33,395	\$ 41,070
Grand Total	<u>\$ 105,928</u>	<u>\$ 82,701</u>	<u>\$ 70,430</u>	<u>\$ 40,455</u>	<u>\$ 47,746</u>	<u>\$ 45,439</u>	<u>\$ 89,062</u>	<u>\$ 43,605</u>	<u>\$ 33,395</u>	<u>\$ 41,070</u>

Source: School District's Financial Statements

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
Property - Blanket Building & Contents	\$ 12,995,673	\$ 5,000
Earthquake/Flood (outside Zones A & V)	5,000,000	50,000
Flood (Zones A & V)	1,000,000	500,000
Commercial General Liability - Each Occurrence	1,000,000	
Commercial General Liability - General Aggregate	2,000,000	
Comprehensive Automobile Liability	1,000,000	1,000
Employer's Liability	1,000,000	1,000
Commercial Umbrella	9,000,000	10,000
Employee Theft	100,000/400,000	5,000/1,000
Environmental	2,000,000/4,000,000	15,000
Excess Umbrella	50,000,000	
Cyber Liability	1,000,000/4,000,000	15,000
Workers Compensation	1,000,000	
Travel Accident	100,000	
Officials' Bonds -		
Treasurer of School Money	180,000	
School Business Administrator	100,000	

Source: District records.

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

SINGLE AUDIT SECTION



CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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ANDREW D. PARENTE, CPA, RMA, PSA

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RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Saddle River Board of Education's basic financial statements and have issued our report thereon dated November 1, 2017.

Internal Control Over Financial Reporting

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

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

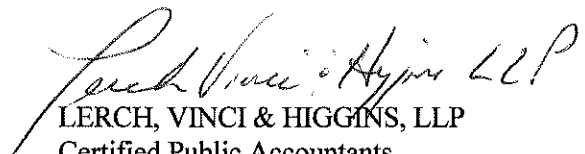
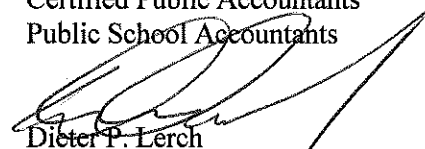
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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


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

Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 1, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS REQUIRED BY NEW
JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

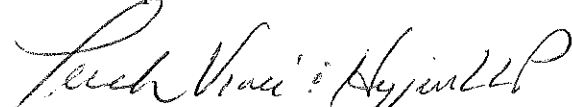
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

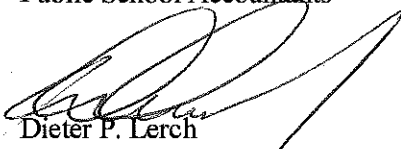
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education, as of and for the fiscal year ended June 30, 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 1, 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 state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
November 1, 2017

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

State Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	FAIN Number	Project Period	Award Amount	Balance, July 1, 2016	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment Carryover Receivables	Funds Released		Balance, June 30, 2017			Memo GAAP Receivable	
											Deferred Revenue	Receivable	(Accounts Receivable)	Unearned Revenue	Due to Grantor		
U.S. Department of Education Passed-through State Department of Education																	
Special Revenue Fund:																	
NCLB Title II-A	84.367	NCLB 4620-17	S367A160029	7/1/16-6/30/17	\$ 6,046		\$ 6,641	\$ 3,450	\$ 3,450	\$ (6,641)	\$ (3,191)	\$ 3,191	\$ (6,046)	\$ 6,046			
NCLB Title II-A	84.367	NCLB 4620-16	S367A150029	7/1/15-6/30/16	6,641		(6,641)			6,641							
IDEA Part B, Basic	84.027	IDEA-4620-17	H027A160100	7/1/16-6/30/17	89,574		135	85,754	89,485	(135)			(3,955)	224		\$ (3,731)	
IDEA Part B, Basic	84.027	IDEA-4620-16	H027A150100	7/1/15-6/30/16	94,258	\$ (10,499)	(135)	10,499		135							
IDEA Part B, Preschool	84.173	IDEA-4620-17	H173A160114	7/1/16-6/30/17	3,761		3,729	5,583	5,583	(3,729)			(1,907)	1,907			
IDEA Part B, Preschool	84.173	IDEA-4620-16	H173A150114	7/1/15-6/30/16	3,729		(3,729)			3,729							
Total Special Education (IDEA) Cluster						(10,499)		101,836	95,068				(5,862)	2,131		(3,731)	
Total Special Revenue Fund/Department of Education						(10,499)		105,286	98,518			(3,191)	3,191	(11,908)	8,177		(3,731)
Total Federal Awards						\$ (10,499)	\$ -	\$ 105,286	\$ 98,518	\$ -	\$ (3,191)	\$ 3,191	\$ (11,908)	\$ 8,177	\$ -	\$ (3,731)	

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

FAIN numbers are only applicable for current year grant awards.

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

State Grant or Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2016		Cash Received	Budgetary Expenditures	Repayment of Prior Years Balance	Balance, June 30, 2017		MEMO	
				(Accounts Receivable)	Unearned Revenue				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Due to Grantor
State Department of Education												
General Fund												
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	\$ 72,403			\$ 65,629	\$ 72,423		\$ (6,794)		\$	\$ 72,423
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	66,671	\$ (6,242)	6,242		12,818		(12,818)		\$	12,818
Additional Nonpublic Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	13,818			13,488						
Additional Nonpublic Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	13,488	(13,488)								
Total Transportation Aid Cluster				(19,730)	85,359	85,241	85,241		(19,612)			(12,818)
												85,241
State Aid Public												
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	101,297		91,795	101,297			(9,502)			101,297
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	104,971	(9,877)	9,877		29,320		(2,750)			29,320
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	29,320		28,570							
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	30,383	(2,845)	2,845							
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	1		1							1
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	3,990		3,616	3,990			(374)			3,990
PARCC Readiness Aid	16-495-034-5120-098	7/1/15-6/30/16	5,990	(374)	374		3,990		(374)			3,990
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	3,990		3,616	3,990						3,990
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	3,990	(374)	374		3,860		(62)			3,860
Professional Learning Comm. Aid	17-495-034-5120-101	7/1/16-6/30/17	3,860	(13,452)	142,516	142,516			(13,382)			142,516
Total State Aid Public Cluster				(88,290)	85,290	97,342	97,342		(97,342)			97,342
Extraordinary Special Education Costs Aid	17-100-034-5120-473	7/1/16-6/30/17	97,342									
Extraordinary Special Education Costs Aid	16-100-034-5120-473	7/1/15-6/30/16	85,290									
On-Behalf TPAF Pension Contributions - Non Contrib. Ins.	17-495-034-5094-004	7/1/16-6/30/17	7,169		7,169		7,169					7,169
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	197,873		197,873		197,873					197,873
On-Behalf TPAF Post Retirement Medical	17-495-034-5094-001	7/1/16-6/30/17	170,847		170,847		170,847					170,847
On-Behalf TPAF Long Term Disability Insurance			363		363		363					363
Total On-Behalf TPAF Contributions					376,252		376,252					376,252
Reimbursed TPAF Social Security Contribution	17-495-034-5094-003	7/1/16-6/30/17	135,852		135,852		135,852					135,852
Total General Fund				(118,440)	825,269	837,145	837,145		(130,316)			(12,818)
Special Revenue Funds:												
N.J. Nonpublic Aid												
Auxiliary Services	17-100-034-5120-067	7/1/16-6/30/17	17,916		17,916		8,145			9,773		8,145
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	624				624		(624)			624
Home Instruction												
Total Auxiliary Services (Chap. 193) Cluster					17,916	8,757	8,757		(624)	9,773		(624)
N.J. Nonpublic Aid												
Handicapped Services	17-100-034-5120-066	7/1/16-6/30/17	16,754		16,754		14,227			2,527		14,227
Examination & Classification	16-100-034-5120-066	7/1/15-6/30/16	17,723		5,111		5,111					5,111
Examination & Classification	17-100-034-5120-066	7/1/16-6/30/17	7,847		7,847		5,109			2,738		5,109
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	13,253		13,253		13,164			89		13,164
Corrective Speech	16-100-034-5120-066	7/1/15-6/30/16	13,377				3,762					3,762
Corrective Speech												
Total Handicapped Services (Chap. 193) Cluster					37,854	32,500	32,500		5,354			32,500
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	14,986		14,986		10,559			4,427		10,559
Textbook Aid	16-100-034-5120-064	7/1/15-6/30/16	14,960		3,850		3,850					3,850
Technology	17-100-034-5120-373	7/1/16-6/30/17	6,760		6,760		6,757			3		6,757
Technology	16-100-034-5120-373	7/1/15-6/30/16	6,812		13		13					13
Nursing	17-100-034-5120-070	7/1/16-6/30/17	27,180		27,180		27,180			2,994		27,180
Security	17-100-034-5120-509	7/1/16-6/30/17	15,100		15,100		12,106					12,106
Total Special Revenue Fund/Department of Education					119,796	97,869	97,869		(624)	22,551		(624)
Debt Service Fund												
Debt Service Aid - Type II	17-495-344-5120-017	7/1/16-6/30/17			104,647		104,647					104,647
Total State Financial Assistance Subject to Single Audit Determination				(118,440)	1,049,712	1,039,661	1,039,661		(130,940)	22,551		(13,442)
State Financial Assistance Not Subject to Major Program Determination												
General Fund												
Less: On-Behalf TPAF Pension Contribution					(205,042)		(205,042)					(205,042)
On-Behalf TPAF Post-Retirement Medical					(170,847)		(170,847)					(170,847)
On-Behalf TPAF Long Term Disability Insurance					(363)		(363)					(363)
Total State Financial Assistance Subject to Major Program Determination				(118,440)	673,460	663,409	663,409		(130,940)	22,551		(13,442)
												663,409

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

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of 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 \$12,547 for the general fund and a decrease of \$2,971 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 824,598	\$ 824,598
Special Revenue Fund	\$ 98,518	97,869	196,387
Debt Service Fund	-	104,647	104,647
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	\$ 98,518	\$ 1,027,114	\$ 1,125,632

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

TPAF Social Security contributions in the amount of \$135,852 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 \$205,042, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$170,847, and TPAF Long-Term Disability Insurance in the amount of \$363 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 RIVER 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:	<u>Unmodified</u>	
Internal control over financial reporting:		
1) Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
2) Were significant deficiencies identified that were not considered to be material weaknesses?	<u> </u> yes	<u> X </u> none reported
Noncompliance material to basic financial statements noted?	<u> </u> yes	<u> X </u> no

Federal Awards Section

Not Applicable

SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

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

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

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

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

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
17-495-034-5120-089	Special Education Aid
17-495-034-5120-084	Security Aid
17-495-034-5120-085	Additional Adjustment Aid
17-495-034-5120-098	PARCC Readiness Aid
17-495-034-5120-097	Per Pupil Growth Aid
17-495-034-5120-101	Professional Learning Community Aid

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

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

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 basic financial statements in accordance with *Government Auditing Standards*.

There are none.

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

There are none.

**SADDLE RIVER BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 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*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There are none