

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

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Upper Saddle River Board of Education**

**Upper Saddle River, New Jersey**

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

**Prepared by**

**Business Office**

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**INTRODUCTORY SECTION**

# Upper Saddle River Schools

## Administrative Offices

395 West Saddle River Road  
Upper Saddle River, New Jersey 07458  
201-961-6500 (voice) ~ 201-934-4923 (fax)



Dr. Monica M. Browne  
Superintendent of Schools

Dana Imbasciani  
Board Secretary/Business Administrator

August 31, 2017

Honorable President and  
Members of the Board of Education  
Upper Saddle River Board of Education  
Upper Saddle River, NJ 07458

Dear Board Members:

The comprehensive annual financial report of the Upper Saddle River Board of Education (the "Board" or "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 Upper Saddle River Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis and basic financial statements including the district-wide financial statements. The basic financial statements also include individual fund financial statements, Notes to Financial Statements and Required Supplementary 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 State Treasury OMB Circular Letter 15-08. Information related to this single audit, including the auditor's 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. REPORTING ENTITY AND ITS SERVICES:**

The Upper Saddle River Board of Education is an independent reporting entity. All funds of the District are included in this report. The Upper Saddle River Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade Levels K through 8. The District completed the 2016/17 fiscal year with an enrollment of 1,191, which is 33 students less than the previous year's enrollment. The following details the changes in the average daily enrollment of the District over the last ten years.

| <u>Fiscal Year</u> | <u>Average Daily Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------------|-----------------------|
| 2016/2017          | 1,191                           | (2.70%)               |
| 2015/2016          | 1,224                           | (2.00%)               |
| 2014/2015          | 1,249                           | (3.78%)               |
| 2013/2014          | 1,298                           | (3.71%)               |
| 2012/2013          | 1,348                           | (0.44%)               |
| 2011/2012          | 1,354                           | (1.81%)               |
| 2010/2011          | 1,379                           | (0.51%)               |
| 2009/2010          | 1,386                           | 0.22%                 |
| 2008/2009          | 1,383                           | 0.29%                 |
| 2007/2008          | 1,379                           | 2.30%                 |

**2. ECONOMIC CONDITION AND OUTLOOK:**

Development and expansion in the Upper Saddle River area has increased this year. The Upper Saddle River area is expected to continue to prosper.

**3. MAJOR INITIATIVES:**

The district committed to the following new programs/goals:

- Support for students in the area of language arts continued with all classroom and special education teachers participating in ongoing sessions to ensure that our curriculum and classroom practices meet the expectations of the NJ Student Learning Standards. In addition, Basic Skills Instruction (BSI) was provided for all students in grades K - 2 who were not on track to meeting the locally developed benchmarks. Students in grades 3-8 who needed additional targeted instruction to meet the NJ Student Learning Standards were provided with support in the form of an additional teacher for the 2016-2017 school year.
- Support for students in mathematics was provided in the form of professional development for all classroom and special education teachers in order to ensure that our programs meet the expectations of the NJ Student Learning Standards. In addition, BSI was provided for all students in grades kindergarten - 2 who were not on track to meeting the locally developed benchmarks. Students in

grades 3-8 who needed additional targeted instruction to meet the NJ Student Learning Standards were provided with support in the form of an additional teacher for the 2016-2017 school year.

- Support for teachers in science was provided in the form of professional development and curriculum writing sessions for all teachers of science in support of the new units of study in grades 6-8 and in anticipation of the implementation of the NJ Student Learning Standards in grades K-5 for the 2017-2018 school year.
- Support for teachers in science/technology/engineering/mathematics was provided in the form of professional development opportunities for all teachers in using our newly created STEM labs.
- The district continued its commitment to small elementary class size by maintaining an average of 18.56 students in all classes grades K-5.
- Given the expansion of the World Language program during the 2015-2016 school year to include a full-time teacher of Spanish for students in grades K-2, a comprehensive review of the scope and sequence of the Spanish curriculum K-8 continues as revisions are implemented to reflect the additional instructional time.
- The goals of the strategic plan continued to be addressed during the 2016-2017 school year through the work of four sub-committees. The initiatives focusing on student wellness included several speakers and an expanded Wellness Fair.

#### **4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure 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). The internal control structure 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 and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal 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. Annual appropriated budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

**7. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in the "Notes to the Financial Statements". 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) or New Jersey Cash Management Fund. 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, which the funds are secured in accordance with the Act or the New Jersey Cash Management Fund.

**8. 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.

**9. OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the State Treasury OMB Circular 15-08. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

**10. ACKNOWLEDGEMENTS:**

We would like to express our appreciation to the members of the Upper Saddle River Board of Education for the 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,

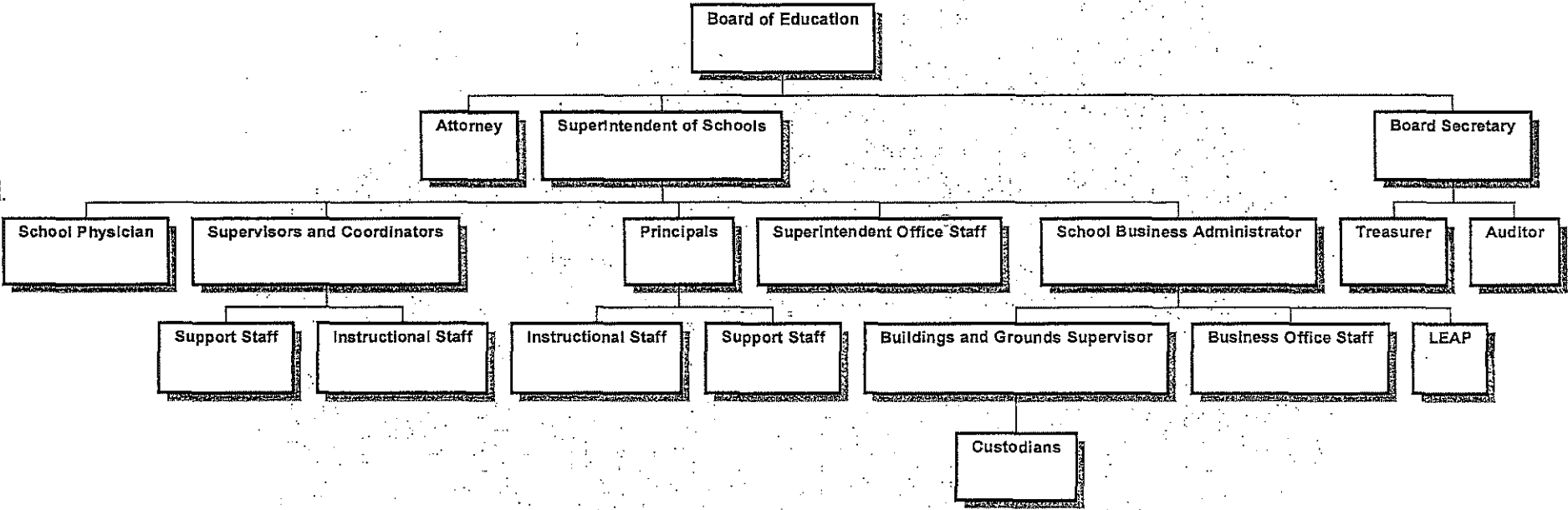


Monica M. Browne  
Superintendent of Schools



Dana Imbasciani  
Board Secretary/Business Administrator

**Upper Saddle River Schools  
Organizational Chart**



LA

**UPPER SADDLE RIVER BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2017**

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|---------------------|
| Jennifer Johnston, President             | 2017                |
| Kenneth Amano, Vice President            | 2017                |
| Karen Fusaro                             | 2018                |
| Susan Gandara                            | 2018                |
| Elizabeth Pittman                        | 2019                |
| Marc Prisco                              | 2018                |
| David Verducci                           | 2019                |

Other Officials

Monica Browne, Superintendent

Dana Imbasciani, Business Administrator/Board Secretary

Jennifer Pfohl, Treasurer

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

**Board Auditor**

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

**Board Attorney**

Fogarty & Hara  
16-00 Route 208 South  
Fair Lawn, NJ 07410

**Official Depository**

Capital One  
1300 Route 17 North  
Ramsey, NJ 07446

**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  
Upper Saddle River Board of Education  
Upper 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 Upper 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.

## *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 Upper 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 Upper Saddle River Board of Education's basic financial statements. The introductory section, combining and individual nonmajor 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 Upper Saddle River Board of Education.

The combining and individual nonmajor 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 and individual nonmajor 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 August 31, 2017 on our consideration of the Upper 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 Upper 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 Upper Saddle River Board of Education's internal control over financial reporting and compliance.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
August 31, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# Upper Saddle River Board of Education

## Management's Discussion and Analysis

This section of the Upper 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.

### FINANCIAL HIGHLIGHTS

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

- The assets and deferred outflows of resources of the Upper Saddle River Board of Education exceeded its liabilities and deferred inflows at the close of the fiscal year by \$7,577,528 (net position).
- The District's total net position decreased \$95,273.
- Overall district revenues were \$31,404,920. General revenues accounted for \$22,601,064 or 72% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8,769,509 or 28% of total revenues.
- The school district had \$31,078,930 in expenses (including loss on disposal of capital assets) for governmental activities; only \$8,341,652 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) 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 \$4,845,389. Of this amount, \$402,387 (GAAP Basis) is available for spending at the District's discretion (unreserved/undesignated fund balance – General Fund).
- The General Fund unassigned budgetary basis fund balance at June 30, 2017 was \$752,499, which represents an increase of \$22,036 compared to the ending unassigned budgetary basis fund balance at June 30, 2016 of \$730,463.

### 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 Upper 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 Upper Saddle River Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the Upper Saddle River Board of Education's operation in more detail than the district-wide statements.

## OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- 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 schedule below summarizes the major features of the Upper Saddle River Board of Education'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, and food service   | Activities the district operates similar to private businesses  |
| Required financial Statements  | Statements of Net Position<br>Statement of Activities   | Balance Sheet<br>Statement of Revenues, Expenditures and Changes in Fund Balances  | Statement of Net Position<br>Statement of Revenues, Expenses, and Changes in Fund Net Position                              |
| Accounting Basis and Measurement focus   | Accrual accounting and economic resources focus   | Modified accrual accounting and current financial focus  | Accrual accounting and economic resources focus   |
| Type of asset/deferred Inflows/outflows of resources and liability information | All assets, deferred outflows of resources, deferred inflows of resources and liabilities, both financial and capital, short-term and long-term | Generally assets and deferred outflows of resources expected to be used up and deferred inflows of resources and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets, deferred inflows/outflows of resource and liabilities, both financial and capital, and short-term and long-term |
| Type of inflow/outflow information   | All revenues and expenses during year, regardless of when cash is received or paid  | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.   | All revenues and expenses during the year, regardless of when cash is received or paid.                                     |

### District-Wide Statements

The district-wide statements report information about the Upper 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/inflows of resources and liabilities. 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.

## **District-Wide Statements (Continued)**

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, deferred outflows/inflows of resources and liabilities – 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, LEAP Program and Quad Tech Programs are 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).

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.

## Fund Financial Statements (Continued)

- *Fiduciary funds*- The District is the trustee, or fiduciary, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and 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 UPPER 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 acquisition and disposal of capital assets, and the depreciation of capital assets.

Below is a summary of the school district's net position as of June 30, 2017 along with comparative data for June 30, 2016.

|  | Governmental<br>Activities |                     | Business-Type<br>Activities |                   | Total               |                     |
|--|----------------------------|---------------------|-----------------------------|-------------------|---------------------|---------------------|
|  | 2017                       | 2016                | 2017                        | 2016              | 2017                | 2016                |
| <b>Assets</b>  |                            |                     |                             |                   |                     |                     |
| Current and Other Assets                                       | \$ 5,034,889               | \$ 5,251,229        | \$ 129,062                  | \$ 124,284        | \$ 5,163,951        | \$ 5,375,513        |
| Capital Assets   | 14,671,092                 | 14,533,133          | 2,179                       | -                 | 14,673,271          | 14,533,133          |
| <b>Total Assets</b>  | <u>19,705,981</u>          | <u>19,784,362</u>   | <u>131,241</u>              | <u>124,284</u>    | <u>19,837,222</u>   | <u>19,908,646</u>   |
| <b>Deferred Outflows of Resources</b>                          | <u>3,379,870</u>           | <u>1,584,826</u>    | <u>-</u>                    | <u>-</u>          | <u>3,379,870</u>    | <u>1,584,826</u>    |
| <b>Total Assets and Deferred<br/>Outflows of Resources</b>     | <u>23,085,851</u>          | <u>21,369,188</u>   | <u>131,241</u>              | <u>124,284</u>    | <u>23,217,092</u>   | <u>21,493,472</u>   |
| <b>Liabilities</b>   |                            |                     |                             |                   |                     |                     |
| Long-Term Liabilities  | 15,077,313                 | 13,070,020          |                             |                   | 15,077,313          | 13,070,020          |
| Other Liabilities  | 226,988                    | 221,530             | 259                         | -                 | 227,247             | 221,530             |
| <b>Total Liabilities</b>                                       | <u>15,304,301</u>          | <u>13,291,550</u>   | <u>259</u>                  | <u>-</u>          | <u>15,304,560</u>   | <u>13,291,550</u>   |
| <b>Deferred Inflows of Resources</b>                           | <u>335,004</u>             | <u>529,121</u>      | <u>-</u>                    | <u>-</u>          | <u>335,004</u>      | <u>529,121</u>      |
| <b>Total Liabilities and Deferred<br/>Inflows of Resources</b> | <u>15,639,305</u>          | <u>13,820,671</u>   | <u>259</u>                  | <u>-</u>          | <u>15,639,564</u>   | <u>13,820,671</u>   |
| <b>Net Position:</b>   |                            |                     |                             |                   |                     |                     |
| Net Investment in Capital Assets                               | 10,222,682                 | 8,984,318           | 2,179                       |                   | 10,224,861          | 8,984,318           |
| Restricted   | 1,977,677                  | 2,084,052           |                             |                   | 1,977,677           | 2,084,052           |
| Unrestricted   | (4,753,813)                | (3,519,853)         | 128,803                     | 124,284           | (4,625,010)         | (3,395,569)         |
| <b>Total Net Position</b>                                      | <u>\$ 7,446,546</u>        | <u>\$ 7,548,517</u> | <u>\$ 130,982</u>           | <u>\$ 124,284</u> | <u>\$ 7,577,528</u> | <u>\$ 7,672,801</u> |



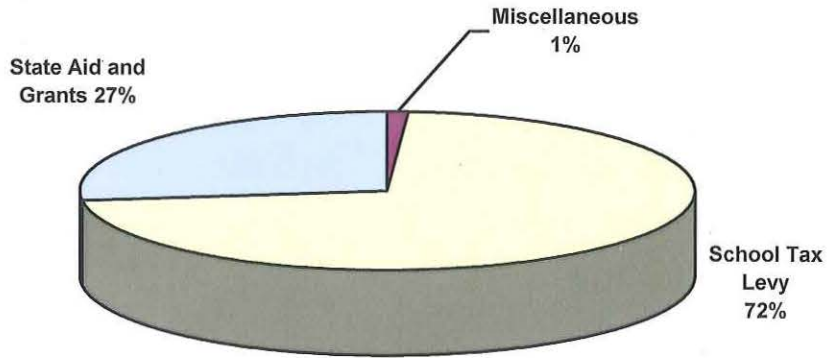
Below is a schedule of changes in net position for fiscal year ended June 30, 2017, along with comparative data for the prior fiscal year.

|                                       | <u>Governmental</u> |                     | <u>Business-Type</u> |                   | <u>Total</u>        |                     |
|---------------------------------------|---------------------|---------------------|----------------------|-------------------|---------------------|---------------------|
|                                       | <u>Activities</u>   |                     | <u>Activities</u>    |                   |                     |                     |
|                                       | <u>2017</u>         | <u>2016</u>         | <u>2017</u>          | <u>2016</u>       | <u>2017</u>         | <u>2016</u>         |
| <b>Revenues</b>                       |                     |                     |                      |                   |                     |                     |
| Program Revenues                      |                     |                     |                      |                   |                     |                     |
| Charges for Services                  | \$ 260,305          | \$ 196,405          | \$ 427,857           | \$ 438,185        | \$ 688,162          | \$ 634,590          |
| Operating Grants and Contributions    | 8,068,634           | 6,329,004           |                      |                   | 8,068,634           | 6,329,004           |
| Capital Grants and Contributions      | 12,713              |                     |                      |                   | 12,713              | -                   |
| General Revenues                      |                     |                     |                      |                   |                     |                     |
| Property Taxes                        | 22,222,151          | 21,806,063          |                      |                   | 22,222,151          | 21,806,063          |
| State Aid - Formula Grants            | 340,698             | 330,927             |                      |                   | 340,698             | 330,927             |
| Investment Earnings                   | 15,517              | 12,792              | 104                  | 393               | 15,621              | 13,185              |
| Miscellaneous and Other Items         | 22,594              | 73,007              | -                    | -                 | 22,594              | 73,007              |
| Other - Cancelled Capital Lease       | 34,347              | -                   | -                    | -                 | 34,347              | -                   |
| <b>Total Revenues</b>                 | <u>30,976,959</u>   | <u>28,748,198</u>   | <u>427,961</u>       | <u>438,578</u>    | <u>31,404,920</u>   | <u>29,186,776</u>   |
| <b>Expenses</b>                       |                     |                     |                      |                   |                     |                     |
| Instruction                           |                     |                     |                      |                   |                     |                     |
| Regular                               | 14,352,425          | 12,492,130          |                      |                   | 14,352,425          | 12,492,130          |
| Special Education                     | 3,757,293           | 3,647,796           |                      |                   | 3,757,293           | 3,647,796           |
| Other Instruction                     | 560,623             | 432,817             |                      |                   | 560,623             | 432,817             |
| School Sponsored Activities and Ath.  | 184,771             | 144,582             |                      |                   | 184,771             | 144,582             |
| Support Services                      |                     |                     |                      |                   |                     |                     |
| Student and Instruction Related Serv. | 4,997,725           | 4,344,731           |                      |                   | 4,997,725           | 4,344,731           |
| General Administrative Services       | 717,077             | 670,222             |                      |                   | 717,077             | 670,222             |
| School Administrative Services        | 1,564,850           | 1,389,737           |                      |                   | 1,564,850           | 1,389,737           |
| Plant Operations and Maintenance      | 3,513,763           | 3,279,385           |                      |                   | 3,513,763           | 3,279,385           |
| Pupil Transportation                  | 449,611             | 451,862             |                      |                   | 449,611             | 451,862             |
| Business Services                     | 698,737             | 614,330             |                      |                   | 698,737             | 614,330             |
| Food Services                         |                     |                     | 4,169                | 9,058             | 4,169               | 9,058               |
| LEAP Program                          |                     |                     | 55,755               | 47,275            | 55,755              | 47,275              |
| QUAD Tech Program                     |                     |                     | 361,339              | 346,570           | 361,339             | 346,570             |
| Interest on Long-Term Debt            | 185,226             | 216,137             | -                    | -                 | 185,226             | 216,137             |
| Loss on Disposal of Capital Assets    | 96,829              | -                   | -                    | -                 | 96,829              | -                   |
| <b>Total Expenses</b>                 | <u>31,078,930</u>   | <u>27,683,729</u>   | <u>421,263</u>       | <u>402,903</u>    | <u>31,500,193</u>   | <u>28,086,632</u>   |
| Change in Net Position                | (101,971)           | 1,064,469           | 6,698                | 35,675            | (95,273)            | 1,100,144           |
| Net Position, Beginning of Year       | <u>7,548,517</u>    | <u>6,484,048</u>    | <u>124,284</u>       | <u>88,609</u>     | <u>7,672,801</u>    | <u>6,572,657</u>    |
| Net Position, End of Year             | <u>\$ 7,446,546</u> | <u>\$ 7,548,517</u> | <u>\$ 130,982</u>    | <u>\$ 124,284</u> | <u>\$ 7,577,528</u> | <u>\$ 7,672,801</u> |

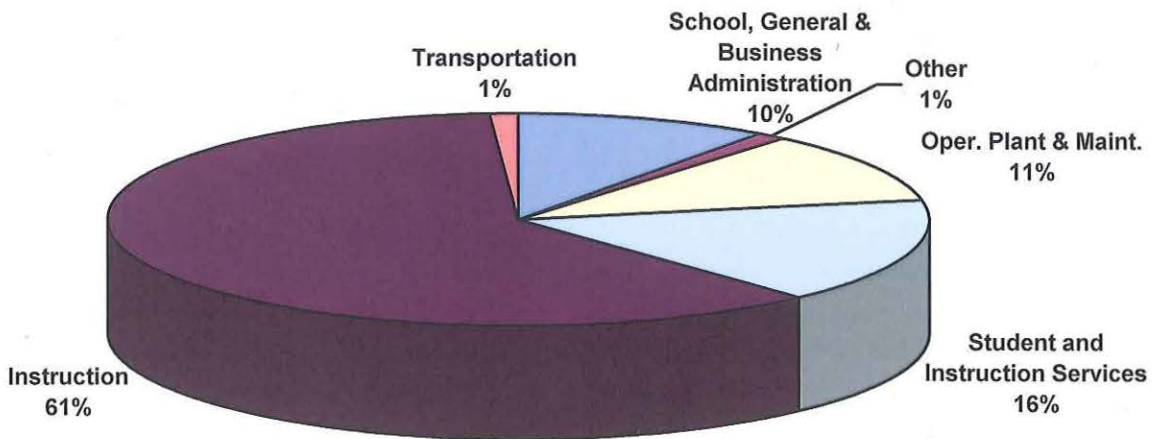
**Governmental Activities.** The District's total revenues were \$30,976,959. The local share of the revenues, that included property taxes, tuition, interest, and miscellaneous revenue, amounted to \$22,554,914 or 73% of total revenues. Funding from state and federal sources amounted to \$8,422,045 or 27%.

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$18,855,112 (61%) and student and other support services totaled \$11,941,763 (38%) of total expenditures.

Revenues by Sources – Governmental Activities



Expenditures by Function



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

| <u>Functions/Programs</u>                 | <u>Cost of Services</u>  |                          | <u>Net Cost of Services</u> |                          |
|---|--------------------------|--------------------------|-----------------------------|--------------------------|
|   | <u>2017</u>              | <u>2016</u>              | <u>2017</u>                 | <u>2016</u>              |
| Governmental Activities                   |                          |                          |                             |                          |
| Instruction                               |                          |                          |                             |                          |
| Regular                                   | \$ 14,352,425            | \$ 12,492,130            | \$ 9,745,949                | \$ 9,061,187             |
| Special Education                         | 3,757,293                | 3,647,796                | 2,356,602                   | 2,350,649                |
| Other Instruction                         | 560,623                  | 432,817                  | 321,893                     | 256,110                  |
| School Sponsored Activities and Athletics | 184,771                  | 144,582                  | 184,771                     | 144,582                  |
| Support Services                          |                          |                          |                             |                          |
| Student and Instruction Related Svcs.     | 4,997,725                | 4,344,731                | 3,679,643                   | 3,242,788                |
| General Administrative Services           | 717,077                  | 670,222                  | 618,638                     | 597,689                  |
| School Administrative Services            | 1,564,850                | 1,389,737                | 1,185,776                   | 1,115,895                |
| Plant Operations and Maintenance          | 3,513,763                | 3,279,385                | 3,375,552                   | 3,233,524                |
| Pupil Transportation                      | 449,611                  | 451,862                  | 402,531                     | 407,965                  |
| Business Services                         | 698,737                  | 614,330                  | 583,868                     | 531,794                  |
| Interest on Long-Term Debt                | <u>185,226</u>           | <u>216,137</u>           | <u>185,226</u>              | <u>216,137</u>           |
| <br>Total Governmental Activities         | <br><u>\$ 30,982,101</u> | <br><u>\$ 27,683,729</u> | <br><u>\$ 22,640,449</u>    | <br><u>\$ 21,158,320</u> |

**Business-Type Activities**

The cost of Business-Type Activities for the fiscal year ended June 30, 2017 was \$421,263. These costs were funded by program fees, charges for services, and investment earnings of \$427,961.

**General Fund**

The following schedule presents a summary of General Fund (GAAP Basis) revenues.

|                    | <u>Fiscal<br/>Year Ended<br/>June 30, 2017</u> | <u>Fiscal<br/>Year Ended<br/>June 30, 2016</u> | <u>Amount of<br/>Increase<br/>(Decrease)</u> | <u>Percent<br/>Change</u> |
|--------------------|--|--|--|---------------------------|
| Local Sources:     |  |  |  |                           |
| Property Taxes     | \$ 21,311,495                                  | \$ 20,893,623                                  | \$ 417,872                                   | 2.0%                      |
| Tuition            | 260,305  | 196,405  | 63,900                                       | 32.5%                     |
| Interest Earnings  | 15,517   | 12,792   | 2,725  | 21.3%                     |
| Miscellaneous      | 22,594   | 73,007   | (50,413)                                     | -69.1%                    |
| Intergovernmental  |  |  |  |                           |
| State Sources      | <u>3,455,590</u>                               | <u>3,138,705</u>                               | <u>316,885</u>                               | <u>10.1%</u>              |
| <br>Total Revenues | <br><u>\$ 25,065,501</u>                       | <br><u>\$ 24,314,532</u>                       | <br><u>\$ 750,969</u>                        | <br><u>3.1%</u>           |

The following schedule presents a summary of General Fund (GAAP Basis) expenditures.

|                        | <b>Fiscal<br/>Year Ended<br/><u>June 30, 2017</u></b> | <b>Fiscal<br/>Year Ended<br/><u>June 30, 2016</u></b> | <b>Amount of<br/>Increase<br/>(Decrease)</b> | <b>Percent<br/>Change</b> |
|------------------------|---|---|--|---------------------------|
| Instruction            | \$ 15,381,322   | \$ 14,139,398   | \$ 1,241,924                                 | 8.78%                     |
| Support Services       | 9,399,939   | 9,175,492   | 224,447                                      | 2.45%                     |
| Debt Service           | 165,498   | 51,359  | 114,139                                      | 222.24%                   |
| Capital Outlay         | <u>246,602</u>  | <u>83,344</u>   | <u>163,258</u>                               | 195.88%                   |
| <br>Total Expenditures | <br><u>\$ 25,193,361</u>                              | <br><u>\$ 23,449,593</u>                              | <br><u>\$ 1,743,768</u>                      | <br><u>7.44%</u>          |

**Capital Assets.** At June 30, 2017 and 2016, the school district had invested in land, buildings, furniture, machinery and equipment as stated below:

|                                   | <b>Governmental<br/>Activities</b> |                          |
|-----------------------------------|------------------------------------|--------------------------|
|                                   | <b><u>2017</u></b>                 | <b><u>2016</u></b>       |
| Land                              | \$ 100,820                         | \$ 100,820               |
| Construction in Progress          | 429,270                            | 79,109                   |
| Buildings                         | 20,971,918                         | 20,971,918               |
| Improvements Other Than Buildings | 3,571,223                          | 3,201,068                |
| Machinery and Equipment           | <u>2,550,087</u>                   | <u>2,424,522</u>         |
| <br>Total                         | <br>27,623,318                     | <br>26,777,437           |
| Less: Accumulated Depreciation    | <u>(12,952,226)</u>                | <u>(12,244,304)</u>      |
| <br>Total                         | <br><u>\$ 14,671,092</u>           | <br><u>\$ 14,533,133</u> |

**Debt Administration.** As of June 30, 2017 and 2016 the school district had long-term debt and outstanding long-term liabilities as follows:

|                                 | <b><u>2017</u></b>       | <b><u>2016</u></b>       |
|---------------------------------|--------------------------|--------------------------|
| Serial Bonds Payable, net       | \$ 4,586,087             | \$ 5,688,469             |
| Obligation Under Capital Leases | 460,270                  | 141,420                  |
| Compensated Absences Payable    | 804,024                  | 767,843                  |
| Net Pension Liability           | <u>9,226,932</u>         | <u>6,472,288</u>         |
| <br>Total                       | <br><u>\$ 15,077,313</u> | <br><u>\$ 13,070,020</u> |

## **General Fund Budgetary Highlights**

Over the course of the year, the District amended the annual operating budget in order to prevent over-expenditures in specific line item accounts. These budget revisions were related to:

- Salary accounts were adjusted to reflect changes in staff assignments, retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Unanticipated costs for related services for special education students.
- TPAF, which is the state's contribution to the pension funds and social security is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

## **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 Dana Imbasciani, School Business Administrator/Board Secretary, Upper Saddle River Board of Education, 395 West Saddle River Road, Upper Saddle River, New Jersey 07458.

**FINANCIAL STATEMENTS**

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

|   | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total</u>        |
|---|------------------------------------|-------------------------------------|---------------------|
| <b>ASSETS</b>                                       |                                    |                                     |                     |
| Cash and Cash Equivalents                           | \$ 4,850,200                       | \$ 129,062                          | \$ 4,979,262        |
| Receivables, net                                    | 184,689                            |                                     | 184,689             |
| Capital Assets                                      |                                    |                                     |                     |
| Not Being Depreciated                               | 530,090                            |                                     | 530,090             |
| Being Depreciated, Net                              | <u>14,141,002</u>                  | <u>2,179</u>                        | <u>14,143,181</u>   |
| Total Assets  | <u>19,705,981</u>                  | <u>131,241</u>                      | <u>19,837,222</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                                    |                                     |                     |
| Deferred Amount on Refunding Bonds                  | 214,805                            |                                     | 214,805             |
| Deferred Amounts on Net Pension Liability           | <u>3,165,065</u>                   | <u>-</u>                            | <u>3,165,065</u>    |
| Total Deferred Outflows of Resources                | <u>3,379,870</u>                   | <u>-</u>                            | <u>3,379,870</u>    |
| Total Assets and Deferred Outflows of Resources     | <u>23,085,851</u>                  | <u>131,241</u>                      | <u>23,217,092</u>   |
| <b>LIABILITIES</b>                                  |                                    |                                     |                     |
| Accrued Interest Payable                            | 37,488                             |                                     | 37,488              |
| Accounts Payable                                    | 189,500                            | 259                                 | 189,759             |
| Noncurrent Liabilities                              |                                    |                                     |                     |
| Due Within One Year                                 | 1,267,838                          |                                     | 1,267,838           |
| Due Beyond One Year                                 | <u>13,809,475</u>                  | <u>-</u>                            | <u>13,809,475</u>   |
| Total Liabilities                                   | <u>15,304,301</u>                  | <u>259</u>                          | <u>15,304,560</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                                    |                                     |                     |
| Deferred Amounts on Net Pension Liability           | <u>335,004</u>                     | <u>-</u>                            | <u>335,004</u>      |
| Total Deferred Inflows of Resources                 | <u>335,004</u>                     | <u>-</u>                            | <u>335,004</u>      |
| Total Liabilities and Deferred Inflows of Resources | <u>15,639,305</u>                  | <u>259</u>                          | <u>15,639,564</u>   |
| <b>NET POSITION</b>                                 |                                    |                                     |                     |
| Net Investment in Capital Assets                    | 10,222,682                         | 2,179                               | 10,224,861          |
| Restricted for:                                     |                                    |                                     |                     |
| Capital Projects                                    | 1,977,677                          |                                     | 1,977,677           |
| Unrestricted  | <u>(4,753,813)</u>                 | <u>128,803</u>                      | <u>(4,625,010)</u>  |
| Total Net Position                                  | <u>\$ 7,446,546</u>                | <u>\$ 130,982</u>                   | <u>\$ 7,577,528</u> |

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

UPPER 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<br>Changes in Net Position |                             | Total               |
|--|----------------------|-------------------------|--|--|--|-----------------------------|---------------------|
|  |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities |                     |
| Governmental Activities:                         |                      |                         |  |  |  |                             |                     |
| Instruction:                                     |                      |                         |  |  |  |                             |                     |
| Regular  | \$ 14,352,425        | \$ 260,305              | \$ 4,346,171                             |  | \$ (9,745,949)                                       |                             | \$ (9,745,949)      |
| Special Education                                | 3,757,293            |                         | 1,400,691                                |  | (2,356,602)  |                             | (2,356,602)         |
| Other Instruction                                | 560,623              |                         | 238,730                                  |  | (321,893)  |                             | (321,893)           |
| School Sponsored Activities and Athletics        | 184,771              |                         |  |  | (184,771)  |                             | (184,771)           |
| Support Services:                                |                      |                         |  |  |  |                             |                     |
| Student and Instruction Related Services         | 4,997,725            |                         | 1,318,082                                |  | (3,679,643)  |                             | (3,679,643)         |
| General Administrative Services                  | 717,077              |                         | 98,439                                   |  | (618,638)  |                             | (618,638)           |
| School Administrative Services                   | 1,564,850            |                         | 379,074                                  |  | (1,185,776)  |                             | (1,185,776)         |
| Plant Operations and Maintenance                 | 3,513,763            |                         | 125,498                                  | \$ 12,713                              | (3,375,552)  |                             | (3,375,552)         |
| Pupil Transportation                             | 449,611              |                         | 47,080                                   |  | (402,531)  |                             | (402,531)           |
| Business and Other Support Services              | 698,737              |                         | 114,869                                  |  | (583,868)  |                             | (583,868)           |
| Interest on Long-Term Debt                       | 185,226              | -                       | -  | -                                      | (185,226)  | -                           | (185,226)           |
| <b>Total Governmental Activities</b>             | <b>30,982,101</b>    | <b>260,305</b>          | <b>8,068,634</b>                         | <b>12,713</b>                          | <b>(22,640,449)</b>                                  | <b>-</b>                    | <b>(22,640,449)</b> |
| Business-Type Activities:                        |                      |                         |  |  |  |                             |                     |
| Food Service                                     | 4,169                | 6,510                   |  |  |  | \$ 2,341                    | 2,341               |
| LEAP Program                                     | 55,755               | 67,400                  |  |  |  | 11,645                      | 11,645              |
| Quad Tech Program                                | 361,339              | 353,947                 | -  | -                                      | -  | (7,392)                     | (7,392)             |
| <b>Total Business-Type Activities</b>            | <b>421,263</b>       | <b>427,857</b>          | <b>-</b>                                 | <b>-</b>                               | <b>-</b>   | <b>6,594</b>                | <b>6,594</b>        |
| <b>Total Primary Government</b>                  | <b>\$ 31,403,364</b> | <b>\$ 688,162</b>       | <b>\$ 8,068,634</b>                      | <b>\$ 12,713</b>                       | <b>(22,640,449)</b>                                  | <b>6,594</b>                | <b>(22,633,855)</b> |
| General Revenues:                                |                      |                         |  |  |  |                             |                     |
| Taxes:   |                      |                         |  |  |  |                             |                     |
| Property Taxes, levied for general purposes, net |                      |                         |  |  | 21,311,495   |                             | 21,311,495          |
| Property Taxes Levied for Debt Service           |                      |                         |  |  | 910,656  |                             | 910,656             |
| State Aid Restricted for Debt Service            |                      |                         |  |  | 304,425  |                             | 304,425             |
| Unrestricted State Aid                           |                      |                         |  |  | 36,273   |                             | 36,273              |
| Investment Earnings                              |                      |                         |  |  | 15,517   | 104                         | 15,621              |
| Miscellaneous Income                             |                      |                         |  |  | 22,594   |                             | 22,594              |
| Other Items                                      |                      |                         |  |  |  |                             |                     |
| Cancelled Capital Lease Payable                  |                      |                         |  |  | 34,347   |                             | 34,347              |
| Loss on Disposal of Capital Assets               |                      |                         |  |  | (96,829)   | -                           | (96,829)            |
| <b>Total General Revenues and Other Items</b>    |                      |                         |  |  | <b>22,538,478</b>                                    | <b>104</b>                  | <b>22,538,582</b>   |
| Change in Net Position                           |                      |                         |  |  | (101,971)  | 6,698                       | (95,273)            |
| Net Position, Beginning of Year                  |                      |                         |  |  | 7,548,517  | 124,284                     | 7,672,801           |
| Net Position, End of Year                        |                      |                         |  |  | <b>\$ 7,446,546</b>                                  | <b>\$ 130,982</b>           | <b>\$ 7,577,528</b> |



**FUND FINANCIAL STATEMENTS**

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

|  | <u>General<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <b>ASSETS</b>  |                         |                                     |                                      |                                  |   |
| Cash and Cash Equivalents  | \$ 4,324,381            |                                     | \$ 525,817                           | \$ 2                             | \$ 4,850,200                            |
| Receivables, Net   | 42,943                  | \$ 29,946                           | 110,869                              |                                  | 183,758                                 |
| Due from Other Funds   | <u>18,899</u>           | <u>-</u>                            | <u>-</u>                             | <u>-</u>                         | <u>18,899</u>                           |
| Total Assets   | <u>\$ 4,386,223</u>     | <u>\$ 29,946</u>                    | <u>\$ 636,686</u>                    | <u>\$ 2</u>                      | <u>\$ 5,052,857</u>                     |
| <b>LIABILITIES AND FUND BALANCES</b>                                   |                         |                                     |                                      |                                  |   |
| Liabilities  |                         |                                     |                                      |                                  |   |
| Accounts Payable   |                         | \$ 11,978                           | \$ 177,522                           |                                  | \$ 189,500                              |
| Due to Other Funds   | <u>\$ -</u>             | <u>17,968</u>                       | <u>-</u>                             | <u>\$ -</u>                      | <u>17,968</u>                           |
| Total Liabilities  | <u>-</u>                | <u>29,946</u>                       | <u>177,522</u>                       | <u>-</u>                         | <u>207,468</u>                          |
| Fund Balances  |                         |                                     |                                      |                                  |   |
| Restricted Fund Balance  |                         |                                     |                                      |                                  |   |
| Excess Surplus - Designated for<br>Subsequent Year's (2017/18) Budget  | \$ 1,000,939            |                                     |                                      |                                  | 1,000,939                               |
| Excess Surplus   | 1,116,701               |                                     |                                      |                                  | 1,116,701                               |
| Capital Reserve  | 1,218,513               |                                     |                                      |                                  | 1,218,513                               |
| Capital Reserve - Designated for Subsequent<br>Year's (2017/18) Budget | 300,000                 |                                     |                                      |                                  | 300,000                                 |
| Capital Projects   |                         |                                     | 459,164                              |                                  | 459,164                                 |
| Debt Service   |                         |                                     |                                      | \$ 2                             | 2                                       |
| Assigned Fund Balance  |                         |                                     |                                      |                                  |   |
| Designated for Subsequent Year's (2017/18) Budget                      | 257,267                 |                                     |                                      |                                  | 257,267                                 |
| Encumbrances   | 90,416                  |                                     |                                      |                                  | 90,416                                  |
| Unassigned Fund Balance  |                         |                                     |                                      |                                  |   |
| General Fund   | <u>402,387</u>          | <u>-</u>                            | <u>-</u>                             | <u>-</u>                         | <u>402,387</u>                          |
| Total Fund Balances  | <u>4,386,223</u>        | <u>-</u>                            | <u>459,164</u>                       | <u>2</u>                         | <u>4,845,389</u>                        |
| Total Liabilities and Fund Balances                                    | <u>\$ 4,386,223</u>     | <u>\$ 29,946</u>                    | <u>\$ 636,686</u>                    | <u>\$ 2</u>                      |   |

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

|   |                  |                     |
|---|------------------|---------------------|
| <b>Total Fund Balances (Exhibit B-1)</b>  |                  | 4,845,389           |
| <br>Amounts reported for <i>governmental activities</i> 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 \$27,623,318 and the accumulated depreciation is \$12,952,226.                    |                  | 14,671,092          |
| Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.   |                  | 214,805             |
| 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  | \$ 3,165,065     |                     |
| Deferred Inflows of Resources   | <u>(335,004)</u> |                     |
|   |                  | 2,830,061           |
| The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is:   |                  | (37,488)            |
| Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds (Note 2).   |                  | <u>(15,077,313)</u> |
| Net position of governmental activities   |                  | <u>\$ 7,446,546</u> |

**UPPER 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<br/>Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| <b>REVENUES</b>                                      |                         |                                     |                                      |                                  |   |
| Local Sources  |                         |                                     |                                      |                                  |   |
| Property Tax Levy                                    | \$ 21,311,495           |                                     |                                      | \$ 910,656                       | \$ 22,222,151                           |
| Interest   | 15,517                  |                                     |                                      |                                  | 15,517                                  |
| Tuition  | 260,305                 |                                     |                                      |                                  | 260,305                                 |
| Miscellaneous  | 22,594                  | \$ 103,214                          | -                                    | -                                | 125,808                                 |
| Total Local Sources                                  | <u>21,609,911</u>       | <u>103,214</u>                      | <u>-</u>                             | <u>910,656</u>                   | <u>22,623,781</u>                       |
| State Sources  | 3,455,590               |                                     | \$ 12,713                            | 304,425                          | 3,772,728                               |
| Federal Sources                                      | -                       | 353,161                             | -                                    | -                                | 353,161                                 |
| Total Revenues                                       | <u>25,065,501</u>       | <u>456,375</u>                      | <u>12,713</u>                        | <u>1,215,081</u>                 | <u>26,749,670</u>                       |
| <b>EXPENDITURES</b>                                  |                         |                                     |                                      |                                  |   |
| Current  |                         |                                     |                                      |                                  |   |
| Regular Instruction                                  | 11,580,935              |                                     |                                      |                                  | 11,580,935                              |
| Special Education Instruction                        | 3,255,330               |                                     |                                      |                                  | 3,255,330                               |
| Other Instruction                                    | 383,850                 | 75,658                              |                                      |                                  | 459,508                                 |
| School Sponsored Activities and Athletics            | 161,207                 |                                     |                                      |                                  | 161,207                                 |
| Support Services :                                   |                         |                                     |                                      |                                  |   |
| Student and Instruction Related Services             | 3,873,409               | 277,503                             |                                      |                                  | 4,150,912                               |
| General Administrative Services                      | 630,194                 |                                     |                                      |                                  | 630,194                                 |
| School Administrative Services                       | 1,236,982               |                                     |                                      |                                  | 1,236,982                               |
| Plant Operations and Maintenance                     | 2,631,047               | 1,986                               |                                      |                                  | 2,633,033                               |
| Pupil Transportation                                 | 449,611                 |                                     |                                      |                                  | 449,611                                 |
| Business and Other Support Services                  | 578,696                 |                                     |                                      |                                  | 578,696                                 |
| Debt Service:  |                         |                                     |                                      |                                  |   |
| Principal  | 160,303                 |                                     |                                      | 1,057,718                        | 1,218,021                               |
| Interest and Other Charges                           | 5,195                   |                                     |                                      | 157,362                          | 162,557                                 |
| Capital Outlay                                       | 246,602                 | 101,228                             | \$ 619,088                           | -                                | 966,918                                 |
| Total Expenditures                                   | <u>25,193,361</u>       | <u>456,375</u>                      | <u>619,088</u>                       | <u>1,215,080</u>                 | <u>27,483,904</u>                       |
| Excess (Deficiency) of Revenues<br>Over Expenditures | <u>(127,860)</u>        | <u>-</u>                            | <u>(606,375)</u>                     | <u>1</u>                         | <u>(734,234)</u>                        |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                         |                                     |                                      |                                  |   |
| Capital Lease Proceeds                               | 513,500                 |                                     | -                                    |                                  | 513,500                                 |
| Transfer In  |                         |                                     | 300,000                              |                                  | 300,000                                 |
| Transfer Out   | (300,000)               | -                                   | -                                    | -                                | (300,000)                               |
| Total Other Financing Sources and Uses               | <u>213,500</u>          | <u>-</u>                            | <u>300,000</u>                       | <u>-</u>                         | <u>513,500</u>                          |
| Net Change in Fund Balances                          | 85,640                  | -                                   | (306,375)                            | 1                                | (220,734)                               |
| Fund Balance, Beginning of Year                      | <u>4,300,583</u>        | <u>-</u>                            | <u>765,539</u>                       | <u>1</u>                         | <u>5,066,123</u>                        |
| Fund Balance, End of Year                            | <u>\$ 4,386,223</u>     | <u>\$ -</u>                         | <u>\$ 459,164</u>                    | <u>\$ 2</u>                      | <u>\$ 4,845,389</u>                     |

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

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

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ (220,734)**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

|                      |                |         |
|----------------------|----------------|---------|
| Depreciation Expense | \$ (732,130)   |         |
| Capital Outlay       | <u>966,918</u> | 234,788 |

The net effect of various transactions involving capital assets is to increase or decrease net assets. These transactions are reported in the governmental funds financial statements.

|                                    |  |          |
|------------------------------------|--|----------|
| Loss on Disposal of Capital Assets |  | (96,829) |
|------------------------------------|--|----------|

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

|                          |                  |         |
|--------------------------|------------------|---------|
| Capital Lease Proceeds   | (513,500)        |         |
| Lease Payable Cancelled  | 34,347           |         |
| Principal Repayments     |                  |         |
| Capital Leases           | 160,303          |         |
| General Obligation Bonds | <u>1,057,718</u> | 738,868 |

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

|  |               |          |
|--|---------------|----------|
| Amortization of Deferred Charge on Refunding Bonds | (66,269)      |          |
| Amortization of Premium                            | <u>44,664</u> | (21,605) |

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. (1,064)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) and pension expense are measured by the amounts earned or accrued during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).

|                                      |                  |           |
|--------------------------------------|------------------|-----------|
| Net Increase in Compensated Absences | (36,181)         |           |
| Increase in Pension Expense          | <u>(699,214)</u> | (735,395) |

**Change in Net Position of Governmental Activities (Exhibit A-2)** **\$ (101,971)**

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

|                                     | <b>Business-Type<br/>Activities</b>        |
|-------------------------------------|--|
|                                     | <b>Other Nonmajor<br/>Enterprise Funds</b> |
| <b>ASSETS</b>                       |  |
| Current Assets                      |  |
| Cash and Cash Equivalents           | \$ <u>129,062</u>                          |
| Capital Assets                      |  |
| Furniture, Machinery, and Equipment | 6,829                                      |
| Less: Accumulated Depreciation      | <u>(4,650)</u>                             |
| Total Capital Assets                | <u>2,179</u>                               |
| Total Assets                        | <u>131,241</u>                             |
| <b>LIABILITIES</b>                  |  |
| Current Liabilities                 |  |
| Accounts Payable                    | <u>259</u>                                 |
| Total Current Liabilities           | <u>259</u>                                 |
| <b>NET POSITION</b>                 |  |
| Investment in Capital Assets        | 2,179                                      |
| Unrestricted                        | <u>128,803</u>                             |
| Total Net Position                  | <u>\$ 130,982</u>                          |

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

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

|  | <b>Business-Type<br/>Activities</b>        |
|--|--|
|  | <b>Other Nonmajor<br/>Enterprise Funds</b> |
| <b>OPERATING REVENUES</b>              |  |
| Charges for Services                   |  |
| Daily Sales                            | \$ 6,510                                   |
| Program Fees                           | 421,347                                    |
|  | 427,857                                    |
| <b>OPERATING EXPENSES</b>              |  |
| Salaries and Wages                     | 340,317                                    |
| Personnel Services - Employee Benefits | 52,678                                     |
| Cost of Sales                          | 4,169                                      |
| Other Purchased Services               | 20,167                                     |
| Supplies and Materials                 | 3,932                                      |
|  | 421,263                                    |
| Total Operating Expenses               | 421,263                                    |
| Operating Income                       | 6,594                                      |
| <b>NONOPERATING REVENUES</b>           |  |
| Interest Revenue                       | 104  |
|  | 104  |
| Total Nonoperating Revenues            | 104  |
| Change in Net Position                 | 6,698                                      |
| Net Position, Beginning of Year        | 124,284                                    |
| Net Position, End of Year              | \$ 130,982                                 |

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

|  | <b>Business-Type<br/>Activities</b>        |
|--|--|
|  | <b>Other Nonmajor<br/>Enterprise Funds</b> |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |
| Received from Customers  | \$ 427,857                                 |
| Payments to Employees  | (393,545)                                  |
| Payments to Suppliers for Goods and Services   | <u>(28,009)</u>                            |
| Net Cash Provided by Operating Activities  | <u>6,303</u>                               |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>                                 |  |
| Payments to Other Funds  | <u>(15,655)</u>                            |
| Net Cash (Used by) Noncapital Financing Activities                                     | <u>(15,655)</u>                            |
| <b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>                                    |  |
| Payments for Capital Assets  | <u>(2,179)</u>                             |
| Net Cash (Used by) Capital Financing Activities  | <u>(2,179)</u>                             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |  |
| Interest on Investments  | <u>104</u>                                 |
| Net Cash Provided by Investing Activities  | <u>104</u>                                 |
| Net Change in Cash and Cash Equivalents  | (11,427)                                   |
| Cash and Cash Equivalents, Beginning of Year   | <u>140,489</u>                             |
| Cash and Cash Equivalents, End of Year   | <u>\$ 129,062</u>                          |
| <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b> |  |
| Operating Income   | \$ 6,594                                   |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities |  |
| Depreciation   | -  |
| Increase/(Decrease) in Due to Other Funds  | (550)                                      |
| Increase/(Decrease) in Accounts Payable  | <u>259</u>                                 |
| Total Adjustments  | <u>(291)</u>                               |
| Net Cash Provided by Operating Activities  | <u>\$ 6,303</u>                            |

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



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

|   | <b>Unemployment<br/>Compensation<br/><u>Trust Fund</u></b> | <b>Private Purpose<br/>Trust Fund</b> | <b><u>Agency Fund</u></b> |
|---|--|---------------------------------------|---------------------------|
| <b>ASSETS</b>   |  |                                       |                           |
| Cash and Cash Equivalents   | \$ 134,266   | \$ 33,470                             | \$ 563,524                |
| Total Assets  | <u>134,266</u>   | <u>33,470</u>                         | <u>\$ 563,524</u>         |
| <b>LIABILITIES</b>  |  |                                       |                           |
| Payroll Deductions and Withholdings   |  |                                       | \$ 39,034                 |
| Accrued Salaries and Wages  |  |                                       | 466,980                   |
| Other Liabilities   |  |                                       | 6,635                     |
| Due to Student Groups   |  |                                       | 49,944                    |
| Due to Other Funds  |  |                                       | 931                       |
| Due to State of New Jersey  | <u>10,239</u>  | <u>-</u>                              | <u>-</u>                  |
| Total Liabilities   | <u>10,239</u>  | <u>-</u>                              | <u>\$ 563,524</u>         |
| <b>NET POSITION</b>   |  |                                       |                           |
| Held In Trust For Unemployment<br>Compensation Claims and Other<br>Purposes | <u>\$ 124,027</u>  | <u>\$ 33,470</u>                      |                           |

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

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

|                                  | <b>Unemployment<br/>Compensation<br/><u>Trust Fund</u></b> | <b>Private Purpose<br/><u>Trust Fund</u></b> |
|----------------------------------|--|--|
| <b>ADDITIONS</b>                 |  |  |
| Contributions                    |  |  |
| Board Contribution               | \$ 13,312  |  |
| Employee Contribution            | 30,059   |  |
| Investment Earnings              |  |  |
| Interest                         | <u>102</u>   | <u>\$ 30</u>                                 |
| <br>Total Additions              | <br><u>43,473</u>  | <br><u>30</u>                                |
| <b>DEDUCTIONS</b>                |  |  |
| Unemployment Compensation Claims | <u>32,392</u>  | <u>-</u>                                     |
| <br>Total Deductions             | <br><u>32,392</u>  | <br><u>-</u>                                 |
| <br>Change in Net Position       | <br>11,081   | <br>30                                       |
| Net Position, Beginning of Year  | <u>112,946</u>   | <u>33,440</u>                                |
| Net Position, End of Year        | <u>\$ 124,027</u>  | <u>\$ 33,470</u>                             |

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

**NOTES TO THE FINANCIAL STATEMENTS**

**UPPER 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 Upper 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 seven 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 Upper Saddle River Board of Education this includes general operations, food service, the learning enrichment activities program (LEAP), quad technology program 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*.

UPPER 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.

**UPPER 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**

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.

**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 funds to be major funds and all of its enterprise funds to be nonmajor 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.

**UPPER 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 *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.

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

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

The District reports the following non-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 milk to students.

The *learning enrichment activities program (LEAP) fund* accounts for the activities of the District's enrichment program which provides students with various enrichment activities offered in the fall and winter.

The *quad technology program* accounts for the activities of the District's technology program which provides technology services to the Northern Highlands, Ho-Ho-Kus, Allendale and Upper Saddle River school districts.

Additionally, the government reports the following fund types:

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

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

**Reclassifications**

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

**UPPER 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**

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.

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.



**UPPER 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)**

**3. Inventories**

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

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

**4. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at 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           |
| Machinery and Equipment | 5-10         |
| 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 two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**UPPER 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 type of item, which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item 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 vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***7. Pensions***

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

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

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

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

UPPER 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)

8. *Long-Term Obligations (Continued)*

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

*Excess Surplus – Designated for Subsequent Year's Budget* - 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.

UPPER 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)

Restricted Fund Balance (Continued)

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

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

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

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

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

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, interest earnings and miscellaneous revenues.

UPPER 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)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

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

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

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

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

**NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details are as follows:

|  |                      |
|--|----------------------|
| Bonds Payable  | \$ 4,429,031         |
| Issuance Premium (to be amortized as interest expense)   | 157,056              |
| Capital Leases Payable   | 460,270              |
| Compensated Absences   | 804,024              |
| Net Pension Liability  | <u>9,226,932</u>     |
| Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities | <u>\$ 15,077,313</u> |

**NOTE 3 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. 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.

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 \$442,828. The increase was funded by additional surplus 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.

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

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

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. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

|   | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Unfavorable<br/>Variance</u> |
|---|-------------------------|---------------|---------------------------------|
| General Fund                                |                         |               |                                 |
| Unallocated Benefits – Employee<br>Benefits |                         |               |                                 |
| Social Security Contributions               | \$272,969               | \$278,626     | \$5,657                         |

The above variance was the result of an audit adjustment and was offset with other available resources.

**C. Capital Reserve**

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

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

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

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Capital Reserve (Continued)**

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

|   |                |                     |
|---|----------------|---------------------|
| Balance, July 1, 2016                   |                | \$ 1,318,513        |
| Increased by                            |                |                     |
| Interest Earnings                       | \$ 300         |                     |
| Transfer Authorized by Board Resolution | <u>500,000</u> |                     |
|   |                | 500,300             |
|   |                | 1,818,813           |
| Withdrawals                             |                |                     |
| Budgeted Withdrawal                     |                | <u>300,000</u>      |
| Balance, June 30, 2017                  |                | <u>\$ 1,518,813</u> |

**Analysis of Balance**

|   |  |                     |
|---|--|---------------------|
| Designated for Subsequent Year's (2017/18) Budget Capital Reserve |  | \$ 300,000          |
|   |  | <u>1,218,813</u>    |
|   |  | <u>\$ 1,518,813</u> |

**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 \$2,117,640. Of this amount, \$1,000,939 was designated and appropriated in the 2017/2018 original budget certified for taxes and the remaining amount of \$1,116,701 will be appropriated in the 2018/2019 original budget certified for taxes.

**NOTE 4 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.



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

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

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

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. 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 \$5,710,522 and bank and brokerage firm balances of the Board's deposits amounted to \$6,322,341. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured \$ 6,322,341

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 the Board had no deposits exposed to custodial credit risk.

Interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**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.

**B. Receivables**

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

|                                       | <u>General</u>   | <u>Special<br/>Revenue</u> | <u>Capital<br/>Projects</u> | <u>Total</u>      |
|---------------------------------------|------------------|----------------------------|-----------------------------|-------------------|
| Receivables:                          |                  |                            |                             |                   |
| Intergovernmental                     |                  |                            |                             |                   |
| State                                 | \$ 42,943        |                            | \$ 110,869                  | \$ 153,812        |
| Federal                               | -                | \$ 29,946                  | -                           | 29,946            |
| Gross Receivables                     | <u>42,943</u>    | <u>29,946</u>              | <u>110,869</u>              | <u>183,758</u>    |
| Less: Allowance for<br>Uncollectibles | <u>-</u>         | <u>-</u>                   | <u>-</u>                    | <u>-</u>          |
| Net Total Receivables                 | <u>\$ 42,943</u> | <u>\$ 29,946</u>           | <u>\$ 110,869</u>           | <u>\$ 183,758</u> |

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

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

**C. Capital Assets**

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

|  | <u>Balance</u><br><u>July 1, 2016</u> | <u>Increases</u>  | <u>Decreases</u>    | <u>Balance</u><br><u>June 30, 2017</u> |
|--|---------------------------------------|-------------------|---------------------|--|
| <b>Governmental Activities:</b>              |                                       |                   |                     |  |
| Capital Assets, Not Being Depreciated:       |                                       |                   |                     |  |
| Land   | \$ 100,820                            |                   |                     | \$ 100,820                             |
| Construction In Progress                     | 79,109                                | \$ 378,289        | \$ (28,128)         | 429,270                                |
| Total Capital Assets, Not Being Depreciated  | <u>179,929</u>                        | <u>378,289</u>    | <u>(28,128)</u>     | <u>530,090</u>                         |
| Capital Assets, Being Depreciated:           |                                       |                   |                     |  |
| Buildings                                    | 20,971,918                            |                   |                     | 20,971,918                             |
| Improvements Other Than Buildings            | 3,201,068                             | 370,155           |                     | 3,571,223                              |
| Machinery and Equipment                      | 2,424,522                             | 246,602           | (121,037)           | 2,550,087                              |
| Total Capital Assets Being Depreciated       | <u>26,597,508</u>                     | <u>616,757</u>    | <u>(121,037)</u>    | <u>27,093,228</u>                      |
| Less Accumulated Depreciation for:           |                                       |                   |                     |  |
| Buildings                                    | (8,964,627)                           | (269,298)         |                     | (9,233,925)                            |
| Improvements Other Than Buildings            | (1,509,506)                           | (300,701)         |                     | (1,810,207)                            |
| Machinery and Equipment                      | (1,770,171)                           | (162,131)         | 24,208              | (1,908,094)                            |
| Total Accumulated Depreciation               | <u>(12,244,304)</u>                   | <u>(732,130)</u>  | <u>24,208</u>       | <u>(12,952,226)</u>                    |
| Total Capital Assets, Being Depreciated, Net | <u>14,353,204</u>                     | <u>(115,373)</u>  | <u>(96,829)</u>     | <u>14,141,002</u>                      |
| Governmental Activities Capital Assets, Net  | <u>\$ 14,533,133</u>                  | <u>\$ 262,916</u> | <u>\$ (124,957)</u> | <u>\$ 14,671,092</u>                   |

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

|  | Balance<br><u>July 1, 2016</u> | <u>Increases</u> | <u>Decreases</u> | Balance<br><u>June 30, 2017</u> |
|--|--------------------------------|------------------|------------------|---------------------------------|
| <b>Business-Type Activities:</b>             |                                |                  |                  |                                 |
| Food Service Enterprise Fund                 |                                |                  |                  |                                 |
| Capital Assets, Being Depreciated:           |                                |                  |                  |                                 |
| Machinery and Equipment                      | \$ 4,650                       | \$ 2,179         | -                | \$ 6,829                        |
| Total Capital Assets, Being Depreciated      | <u>4,650</u>                   | <u>2,179</u>     | <u>-</u>         | <u>6,829</u>                    |
| Less Accumulated Depreciation for:           |                                |                  |                  |                                 |
| Machinery and Equipment                      | <u>(4,650)</u>                 | <u>-</u>         | <u>-</u>         | <u>(4,650)</u>                  |
| Total Accumulated Depreciation               | <u>(4,650)</u>                 | <u>-</u>         | <u>-</u>         | <u>(4,650)</u>                  |
| Total Capital Assets, Being Depreciated, Net | <u>-</u>                       | <u>2,179</u>     | <u>-</u>         | <u>2,179</u>                    |
| Business-Type Activities Capital Assets, Net | <u>\$ -</u>                    | <u>\$ 2,179</u>  | <u>\$ -</u>      | <u>\$ 2,179</u>                 |

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

**Governmental Activities:**

|  |                   |
|--|-------------------|
| Instruction  |                   |
| Regular  | \$ 23,164         |
| Support Services                                     |                   |
| Support Services-Students                            | 53,649            |
| School Administration                                | 46,484            |
| Operations and Maintenance of Plant                  | <u>608,833</u>    |
| Total Depreciation Expense - Governmental Activities | <u>\$ 732,130</u> |

**Business-Type Activities**

|                   |             |
|-------------------|-------------|
| Food Service Fund | <u>\$ -</u> |
|-------------------|-------------|

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

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

**C. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

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

| <u>Project</u>   | <u>Remaining<br/>Commitment</u> |
|--|---------------------------------|
| Partial Window Replacement at Cavallini Middle School - Phase IV | \$ 46,478                       |
| Emergency Generator at Cavallini Middle School                   | <u>91,736</u>                   |
|  | <u>\$ 138,214</u>               |

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

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

**Due To/From Other Funds**

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u>    |
|------------------------|---------------------|------------------|
| General Fund           | Special Revenue     | \$ 17,968        |
| General Fund           | Agency Fund         | <u>931</u>       |
| Total                  |                     | <u>\$ 18,899</u> |

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

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

**Interfund Transfers**

|               |                     |
|---------------|---------------------|
|               | <u>Transfer In:</u> |
|               | Capital             |
|               | <u>Projects</u>     |
| Transfer Out: |                     |
| General Fund  | <u>\$ 300,000</u>   |

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

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

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

**E. Leases**

**Capital Leases**

The District is leasing copiers totaling \$77,128 under capital leases. The leases are for terms of 5 years. The District is leasing chromebooks totaling \$513,500. The lease is for a four year term.

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

| <u>Fiscal<br/>Year Ending June 30</u>   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| 2018                                    | \$ 165,498                         |
| 2019                                    | 165,498                            |
| 2020                                    | <u>146,003</u>                     |
| Total Minimum Lease Payments            | 476,999                            |
| Less: Amount Representing Interest      | <u>(16,729)</u>                    |
| Present Value of Minimum Lease Payments | <u>\$ 460,270</u>                  |

**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 issues:

|   |                    |
|---|--------------------|
| \$6,480,000, 2004 Refunding Bonds, due in annual installments of \$665,000 to \$690,000 through December, 2019 interest at 3.75% to 4.00% | \$2,035,000        |
| \$715,775, 2009 School Bonds, due in annual installments of \$47,718 to \$47,719 through December, 2023, interest at 1.21%                | 334,031            |
| \$3,255,000, 2012 Refunding Bonds, due in annual installments of \$225,000 to \$380,000 through July, 2023 interest at 2.0% to 3.0        | <u>2,060,000</u>   |
| Total   | <u>\$4,429,031</u> |

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

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

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

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

**Governmental Activities:**

| <u>Fiscal Year</u><br><u>Ending June 30</u> | <u>Serial Bonds</u> |                   | <u>Total</u>        |
|---|---------------------|-------------------|---------------------|
|   | <u>Principal</u>    | <u>Interest</u>   |                     |
| 2018  | \$ 1,082,718        | \$ 119,372        | \$ 1,202,090        |
| 2019  | 1,107,718           | 81,901            | 1,189,619           |
| 2020  | 1,117,719           | 42,948            | 1,160,667           |
| 2021  | 272,719             | 19,496            | 292,215             |
| 2022  | 277,719             | 13,243            | 290,962             |
| 2023-2025                                   | <u>570,438</u>      | <u>10,705</u>     | <u>581,143</u>      |
|   | <u>\$ 4,429,031</u> | <u>\$ 287,665</u> | <u>\$ 4,716,696</u> |

**Statutory Borrowing Power**

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

|   |                      |
|---|----------------------|
| 3% of Equalized Valuation Basis (Municipal) | \$ 82,853,110        |
| Less: Net Debt                              | <u>4,429,031</u>     |
| Remaining Borrowing Power                   | <u>\$ 78,424,079</u> |

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

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

**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><br><u>July 1, 2016</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Balance</u><br><u>June 30, 2017</u> | <u>Due</u><br><u>Within</u><br><u>One Year</u> |
|--|---------------------------------------|---------------------|---------------------|--|--|
| <b>Governmental Activities:</b>                |                                       |                     |                     |  |  |
| Serial Bonds Payable                           | \$ 5,486,749                          |                     | \$ 1,057,718        | \$ 4,429,031                           | \$ 1,082,718                                   |
| Add:   |                                       |                     |                     |  |  |
| Unamortized Premium                            | <u>201,720</u>                        | <u>-</u>            | <u>44,664</u>       | <u>157,056</u>                         | <u>-</u>                                       |
|  | 5,688,469                             | -                   | 1,102,382           | 4,586,087                              | 1,082,718                                      |
| Capital Leases Payable                         | 141,420                               | \$ 513,500          | 194,650             | 460,270                                | 156,647  |
| Compensated Absences                           | 767,843                               | 64,654              | 28,473              | 804,024                                | 28,473   |
| Net Pension Liability                          | <u>6,472,288</u>                      | <u>3,031,412</u>    | <u>276,768</u>      | <u>9,226,932</u>                       | <u>-</u>                                       |
| Governmental Activity<br>Long-Term Liabilities | <u>\$ 13,070,020</u>                  | <u>\$ 3,609,566</u> | <u>\$ 1,602,273</u> | <u>\$ 15,077,313</u>                   | <u>\$ 1,267,838</u>                            |

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

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

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

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

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

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

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

| <u>Fiscal<br/>Year Ended<br/>June 30,</u> | <u>Board<br/>Contributions</u> | <u>Employee<br/>Contributions</u> | <u>Amount<br/>Reimbursed</u> | <u>Ending<br/>Balance</u> |
|---|--------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2017                                      | \$ 13,312                      | \$ 30,059                         | \$ 32,392                    | \$ 124,027                |
| 2016                                      | 8,229                          | 30,455                            | 22,421                       | 112,946                   |
| 2015                                      | 46,524                         | 29,062                            | 49,307                       | 96,321                    |

**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.



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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

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

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

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

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

**Other Pension Funds**

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

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

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

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Basis of Accounting**

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

**Investment Valuation**

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

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

**Funding Status and Funding Progress**

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

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

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

**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.

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

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

| Fiscal<br>Year Ended<br><u>June 30,</u> | <u>PERS</u> | On-Behalf<br><u>TPAF</u> | <u>DCRP</u> |
|---|-------------|--------------------------|-------------|
| 2017                                    | \$ 276,768  | \$ 1,043,553             | \$ 7,912    |
| 2016                                    | 247,881     | 709,316                  | 8,039       |
| 2015                                    | 248,869     | 482,374                  | 8,700       |

In addition for fiscal year 2016/17, the District contributed \$2,204 for PERS and the State contributed \$3,509 for TPAF-Long Term Disability Insurance Premiums (LTDD).

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 \$698,473 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.

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS)**

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$9,226,932 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 .03115 percent, which was an increase of .00232 percent from its proportionate share measured as of June 30, 2015 of .02883 percent.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$975,982 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>2016</u>                                   |  |
|--|---|--|
|  | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
| Difference Between Expected and Actual Experience  | \$ 171,593                                    |  |
| Changes of Assumptions   | 1,911,327                                     |  |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments                             | 351,831                                       |  |
| Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions | <u>730,314</u>                                | <u>\$ 335,004</u>                            |
| Total  | <u>\$ 3,165,065</u>                           | <u>\$ 335,004</u>                            |

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

| Fiscal Year<br>Ending<br><u>June 30,</u> | <u>Total</u>        |
|--|---------------------|
| 2018                                     | \$ 657,642          |
| 2019                                     | 657,642             |
| 2020                                     | 745,532             |
| 2021                                     | 587,282             |
| 2022                                     | 181,963             |
| Thereafter                               | <u>-</u>            |
|  | <u>\$ 2,830,061</u> |

***Actuarial Assumptions***

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

|                           |                            |
|---------------------------|----------------------------|
| Inflation Rate            | 3.08%                      |
| Salary Increases:         |                            |
| Through 2026              | 1.65-4.15%<br>Based on Age |
| Thereafter                | 2.65-5.15%<br>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.

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

**NOTE 5 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<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>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 for 2017 was 3.98% (measurement date June 30, 2016).

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

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

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return                      Through June 30, 2034

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

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

|   | <b>1%<br/>Decrease<br/><u>(2.98%)</u></b> | <b>Current<br/>Discount Rate<br/><u>(3.98%)</u></b> | <b>1%<br/>Increase<br/><u>(4.98%)</u></b> |
|---|---|---|---|
| District's Proportionate Share of<br>the PERS Net Pension Liability | <u>\$ 11,306,528</u>                      | <u>\$ 9,226,932</u>                                 | <u>\$ 7,510,045</u>                       |

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

***Pension Plan Fiduciary Net Position***

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

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

**NOTE 5 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 \$5,236,495 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 \$69,693,481. 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 .08859 percent, which was a decrease of .00063 percent from its proportionate share measured as of June 30, 2015 of .08922 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.

|                           |                               |
|---------------------------|-------------------------------|
| Inflation Rate            | 2.50%                         |
| Salary Increases:         |                               |
| 2012-2021                 | Varies based<br>on experience |
| Thereafter                | Varies based<br>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.



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

**NOTE 5 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<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>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%   |

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

**NOTE 5 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 for 2017 was 3.22% (measurement date June 30, 2016).

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<br>and Thereafter |

\* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 3.22% as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

|  | <b>1%<br/>Decrease<br/>(2.22%)</b> | <b>Current<br/>Discount Rate<br/>(3.22%)</b> | <b>1%<br/>Increase<br/>(4.22%)</b> |
|--|------------------------------------|--|------------------------------------|
| State's Proportionate Share of<br>the TPAF Net Pension Liability<br>Attributable to the District | <u>\$ 83,229,591</u>               | <u>\$ 69,693,481</u>                         | <u>\$ 58,639,500</u>               |

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

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

**NOTE 5 OTHER INFORMATION (Continued)**

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

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

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Pension Plan Fiduciary Net Position***

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

**E. Post-Retirement Medical Benefits**

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

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

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

**NOTE 5 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.

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

**NOTE 5 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 \$869,517, \$844,600 and \$765,770, 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**

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

EXHIBIT C-1

|   | Original<br>Budget | Adjustments     | Final<br>Budget   | Actual            | Variance<br>Final Budget<br>To Actual |
|---|--------------------|-----------------|-------------------|-------------------|---------------------------------------|
| <b>REVENUES</b>   |                    |                 |                   |                   |                                       |
| Local Sources   |                    |                 |                   |                   |                                       |
| Property Tax Levy   | \$ 21,311,495      |                 | \$ 21,311,495     | \$ 21,311,495     |                                       |
| Tuition from Individuals                                      | 162,500            |                 | 162,500           | 260,305           | \$ 97,805                             |
| Interest on Capital Reserve                                   | 300                |                 | 300               | 300               | -                                     |
| Interest on Deposits  |                    |                 |                   | 15,217            | 15,217                                |
| Miscellaneous   | 97,000             | -               | 97,000            | 22,594            | (74,406)                              |
| <b>Total Local Sources</b>                                    | <b>21,571,295</b>  | <b>-</b>        | <b>21,571,295</b> | <b>21,609,911</b> | <b>38,616</b>                         |
| State Sources   |                    |                 |                   |                   |                                       |
| Special Education Aid   | 447,379            |                 | 447,379           | 447,379           |                                       |
| Security Aid  | 22,454             |                 | 22,454            | 22,454            |                                       |
| Transportation Aid  | 39,526             |                 | 39,526            | 39,526            |                                       |
| PARCC Readiness Aid   | 12,770             |                 | 12,770            | 12,770            |                                       |
| Per Pupil Growth Aid  | 12,770             |                 | 12,770            | 12,770            |                                       |
| Professional Learning Community Aid                           | 11,780             |                 | 11,780            | 11,780            |                                       |
| Nonpublic School Transportation                               |                    |                 |                   | 7,830             | 7,830                                 |
| Extraordinary Aid   |                    |                 |                   | 297,373           | 297,373                               |
| On-Behalf TPAF (Non-Budget)                                   |                    |                 |                   |                   |                                       |
| Pension Contribution  |                    |                 |                   | 1,043,553         | 1,043,553                             |
| Post Retirement Medical Benefits                              |                    |                 |                   | 869,517           | 869,517                               |
| Long Term Disability Insurance                                |                    |                 |                   | 3,509             | 3,509                                 |
| Social Security Contribution                                  | -                  | -               | -                 | 698,473           | 698,473                               |
| <b>Total State Sources</b>                                    | <b>546,679</b>     | <b>-</b>        | <b>546,679</b>    | <b>3,466,934</b>  | <b>2,920,255</b>                      |
| <b>Total Revenues</b>   | <b>22,117,974</b>  | <b>-</b>        | <b>22,117,974</b> | <b>25,076,845</b> | <b>2,958,871</b>                      |
| <b>EXPENDITURES</b>   |                    |                 |                   |                   |                                       |
| CURRENT EXPENDITURES  |                    |                 |                   |                   |                                       |
| Instruction - Regular Programs                                |                    |                 |                   |                   |                                       |
| Salaries of Teachers  |                    |                 |                   |                   |                                       |
| Kindergarten  | 599,600            |                 | 599,600           | 592,240           | 7,360                                 |
| Grades 1-5  | 3,440,800          | \$ (2,655)      | 3,438,145         | 3,236,319         | 201,826                               |
| Grades 6-8  | 2,597,200          | -               | 2,597,200         | 2,569,568         | 27,632                                |
| Regular Programs - Home Instruction                           |                    |                 |                   |                   |                                       |
| Salaries of Teachers  | 5,000              |                 | 5,000             | 3,737             | 1,263                                 |
| Purchased Prof. - Ed. Services                                | 6,450              | 2,250           | 8,700             | 4,366             | 4,334                                 |
| Regular Programs - Undistributed Instruction                  |                    |                 |                   |                   |                                       |
| Other Salaries for Instruction                                | 206,700            | -               | 206,700           | 206,280           | 420                                   |
| Other Purchased Services                                      | 500                | -               | 500               | -                 | 500                                   |
| General Supplies  | 755,957            | 114,372         | 870,329           | 744,767           | 125,562                               |
| General Supplies Acquired Under Capital Leases (Non-Budgeted) |                    |                 |                   | 513,500           | (513,500)                             |
| Textbooks   | 40,650             | (38,850)        | 1,800             | -                 | 1,800                                 |
| <b>Total Instruction Regular Programs</b>                     | <b>7,652,857</b>   | <b>75,117</b>   | <b>7,727,974</b>  | <b>7,870,777</b>  | <b>(142,803)</b>                      |
| Learning and/or Language Disabilities                         |                    |                 |                   |                   |                                       |
| Salaries of Teachers  | 130,400            | (15,400)        | 115,000           | 111,359           | 3,641                                 |
| General Supplies  | 4,700              | (410)           | 4,290             | 3,152             | 1,138                                 |
| <b>Total Learning and/or Language Disabilities</b>            | <b>135,100</b>     | <b>(15,810)</b> | <b>119,290</b>    | <b>114,511</b>    | <b>4,779</b>                          |
| Resource Room   |                    |                 |                   |                   |                                       |
| Salaries of Teachers  | 778,900            | (13,900)        | 765,000           | 752,283           | 12,717                                |
| Other Salaries for Instruction                                | 322,500            | 24,500          | 347,000           | 344,133           | 2,867                                 |
| General Supplies  | 15,200             | 253             | 15,453            | 14,730            | 723                                   |
| Textbooks   | 765                | -               | 765               | 659               | 106                                   |
| <b>Total Resource Room</b>                                    | <b>1,117,365</b>   | <b>10,853</b>   | <b>1,128,218</b>  | <b>1,111,805</b>  | <b>16,413</b>                         |
| Preschool Disabilities - Part Time                            |                    |                 |                   |                   |                                       |
| Salaries of Teachers  | 161,930            | (44,930)        | 117,000           | 116,360           | 640                                   |
| General Supplies  | 1,200              | 4               | 1,204             | 1,196             | 8                                     |
| <b>Total Preschool Disabilities - Part Time</b>               | <b>163,130</b>     | <b>(44,926)</b> | <b>118,204</b>    | <b>117,556</b>    | <b>648</b>                            |



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

|   | Original<br>Budget | Adjustments | Final<br>Budget | Actual    | Variance<br>Final Budget<br>To Actual |
|---|--------------------|-------------|-----------------|-----------|---------------------------------------|
| <b>EXPENDITURES</b>   |                    |             |                 |           |                                       |
| CURRENT EXPENDITURES (Continued)                                    |                    |             |                 |           |                                       |
| Home Instruction  |                    |             |                 |           |                                       |
| Salaries of Teachers  | \$ 10,000          | -           | \$ 10,000       | \$ 700    | \$ 9,300                              |
| Purchased Professional - Educational Services                       | 87,280             | \$ (22,354) | 64,926          | 46,536    | 18,390                                |
| Total Home Instruction  | 97,280             | (22,354)    | 74,926          | 47,236    | 27,690                                |
| Total Special Education   | 1,512,875          | (72,237)    | 1,440,638       | 1,391,108 | 49,530                                |
| Basic Skills / Remedial - Instruction:                              |                    |             |                 |           |                                       |
| Salaries of Teachers  | 136,400            | 33,124      | 169,524         | 169,524   | -                                     |
| General Supplies  | 3,050              | (402)       | 2,648           | 2,648     | -                                     |
| Total Basic Skills/Remedial   | 139,450            | 32,722      | 172,172         | 172,172   | -                                     |
| Bilingual Education   |                    |             |                 |           |                                       |
| Salaries of Teachers  | 70,700             | -           | 70,700          | 70,680    | 20                                    |
| General Supplies  | 1,050              | -           | 1,050           | 887       | 163                                   |
| Total Bilingual Education   | 71,750             | -           | 71,750          | 71,567    | 183                                   |
| School Sponsored Co/Extra Curricular Activities                     |                    |             |                 |           |                                       |
| Salaries  | 50,000             | -           | 50,000          | 45,429    | 4,571                                 |
| Supplies and Materials  | 11,200             | -           | 11,200          | 5,620     | 5,580                                 |
| Total School Sponsored Co/Extra Curricular Activities               | 61,200             | -           | 61,200          | 51,049    | 10,151                                |
| School Sponsored Athletics - Instruction                            |                    |             |                 |           |                                       |
| Salaries  | 50,000             | (847)       | 49,153          | 45,550    | 3,603                                 |
| Purchased Services  | 6,270              | (358)       | 5,912           | 5,912     | -                                     |
| Supplies and Materials  | 9,850              | 1,205       | 11,055          | 11,055    | -                                     |
| Total School Sponsored Athletics                                    | 66,120             | -           | 66,120          | 62,517    | 3,603                                 |
| Total - Instruction   | 9,504,252          | 35,602      | 9,539,854       | 9,619,190 | (79,336)                              |
| Undistributed Expenditures  |                    |             |                 |           |                                       |
| Instruction   |                    |             |                 |           |                                       |
| Tuition to Other I.E.A.'s Within the State-Special                  | 882,300            | -           | 882,300         | 767,441   | 114,859                               |
| Tuition to Priv. Sch. For Disabled Within the State                 | 432,311            | (15,132)    | 417,179         | 344,530   | 72,649                                |
| Total Undistributed Expenditures - Instruction                      | 1,314,611          | (15,132)    | 1,299,479       | 1,111,971 | 187,508                               |
| Health Services   |                    |             |                 |           |                                       |
| Salaries  | 229,900            | 1,500       | 231,400         | 226,855   | 4,545                                 |
| Purchased Professional and Technical Services                       | 1,800              | -           | 1,800           | 1,800     | -                                     |
| Supplies and Materials  | 14,150             | 2,792       | 16,942          | 13,473    | 3,469                                 |
| Total Health Services   | 245,850            | 4,292       | 250,142         | 242,128   | 8,014                                 |
| Speech, OT, PT & Related Services                                   |                    |             |                 |           |                                       |
| Salaries  | 365,100            | (19,100)    | 346,000         | 345,117   | 883                                   |
| Purchased Professional - Educational Services                       | 168,060            | 163,778     | 331,838         | 255,757   | 76,081                                |
| Supplies and Materials  | 1,000              | -           | 1,000           | 836       | 164                                   |
| Total Speech, OT, PT & Related Services                             | 534,160            | 144,678     | 678,838         | 601,710   | 77,128                                |
| Other Support Services - Students - Extraordinary Svcs              |                    |             |                 |           |                                       |
| Salaries  | 180,000            | (88,240)    | 91,760          | 91,300    | 460                                   |
| Total Other Support Services - Students -<br>Extraordinary Services | 180,000            | (88,240)    | 91,760          | 91,300    | 460                                   |

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

EXHIBIT C-1

|   | Original<br>Budget | Adjustments | Final<br>Budget | Actual     | Variance<br>Final Budget<br>To Actual |
|---|--------------------|-------------|-----------------|------------|---------------------------------------|
| <b>EXPENDITURES</b>                             |                    |             |                 |            |                                       |
| CURRENT EXPENDITURES (Continued)                |                    |             |                 |            |                                       |
| Guidance  |                    |             |                 |            |                                       |
| Salaries of Other Professional Staff            | \$ 293,200         |             | \$ 293,200      | \$ 291,554 | \$ 1,646                              |
| Salaries of Secretarial and Clerical Assistants | 98,580             |             | 98,580          | 95,771     | 2,809                                 |
| Supplies and Materials                          | 7,700              | \$ 104      | 7,804           | 7,663      | 141                                   |
| Total Guidance                                  | 399,480            | 104         | 399,584         | 394,988    | 4,596                                 |
| Child Study Team                                |                    |             |                 |            |                                       |
| Salaries of Other Professional Staff            | 632,200            | (3,500)     | 628,700         | 545,974    | 82,726                                |
| Salaries of Secretarial and Clerical Assistants | 53,500             | -           | 53,500          | 52,780     | 720                                   |
| Purchased Professional - Educational Services   | 20,000             | -           | 20,000          | 13,936     | 6,064                                 |
| Other Purchased Prof. and Technical Services    | 30,000             | -           | 30,000          | 22,965     | 7,035                                 |
| Other Purchased Services                        | 1,000              | 257         | 1,257           | 1,257      | -                                     |
| Supplies and Materials                          | 22,325             | (257)       | 22,068          | 16,868     | 5,200                                 |
| Other Objects                                   | 3,500              | -           | 3,500           | 2,619      | 881                                   |
| Total Child Study Team                          | 762,525            | (3,500)     | 759,025         | 656,399    | 102,626                               |
| Improvement of Instructional Services           |                    |             |                 |            |                                       |
| Salaries of Other Professional Staff            | 120,900            | -           | 120,900         | 118,298    | 2,602                                 |
| Purchased Prof. - Ed. Services                  | 84,000             | -           | 84,000          | 81,809     | 2,191                                 |
| Supplies and Materials                          | 5,000              | -           | 5,000           | 719        | 4,281                                 |
| Total Improvement of Instructional Services     | 209,900            | -           | 209,900         | 200,826    | 9,074                                 |
| Educational Media Services/School Library       |                    |             |                 |            |                                       |
| Salaries  | 229,400            | -           | 229,400         | 172,761    | 56,639                                |
| Salaries of Technology Coordinators             | 156,000            | -           | 156,000         | 151,681    | 4,319                                 |
| Supplies and Materials                          | 43,300             | 20,177      | 63,477          | 59,924     | 3,553                                 |
| Total Educational Media Services/School Library | 428,700            | 20,177      | 448,877         | 384,366    | 64,511                                |
| Instructional Staff Training Services           |                    |             |                 |            |                                       |
| Salaries of Other Professional Staff            | 30,800             | -           | 30,800          | 11,859     | 18,941                                |
| Purchased Prof. - Ed. Services                  | 135,125            | -           | 135,125         | 48,327     | 86,798                                |
| Other Purchased Professional and Tech Services  | 73,000             | (3,710)     | 69,290          | 29,992     | 39,298                                |
| Other Purchased Services                        | 13,000             | (1,015)     | 11,985          | 6,726      | 5,259                                 |
| Supplies and Materials                          | 16,275             | 84          | 16,359          | 10,348     | 6,011                                 |
| Other Objects                                   | 1,553              | -           | 1,553           | 1,275      | 278                                   |
| Total Instructional Staff Training Services     | 269,753            | (4,641)     | 265,112         | 108,527    | 156,585                               |
| Support Services General Administration         |                    |             |                 |            |                                       |
| Salaries  | 244,800            | -           | 244,800         | 244,786    | 14                                    |
| Legal Services                                  | 50,000             | -           | 50,000          | 31,972     | 18,028                                |
| Audit Fees                                      | 30,000             | 26,500      | 56,500          | 24,429     | 32,071                                |
| Architectural/Engineering Services              | 26,000             | -           | 26,000          | 6,888      | 19,112                                |
| Other Purchased Professional Service            | 20,000             | 7,950       | 27,950          | 7,682      | 20,268                                |
| Purchased Technical Services                    | 70,250             | 1,050       | 71,300          | 50,188     | 21,112                                |
| Communications/Telephone                        | 108,779            | -           | 108,779         | 63,132     | 45,647                                |
| BOE Other Purchased Services                    | 12,000             | -           | 12,000          | 8,955      | 3,045                                 |
| Miscellaneous Purchased Services                | 25,000             | -           | 25,000          | 23,171     | 1,829                                 |
| General Supplies                                | 22,600             | -           | 22,600          | 8,023      | 14,577                                |
| Miscellaneous Expenditures                      | 31,950             | -           | 31,950          | 24,136     | 7,814                                 |
| Total Support Services General Administration   | 641,379            | 35,500      | 676,879         | 493,362    | 183,517                               |
| Support Services School Administration          |                    |             |                 |            |                                       |
| Salaries of Principals/Asst. Principals         | 551,700            | 6,671       | 558,371         | 558,371    | -                                     |
| Salaries of Secretarial and Clerical Assistants | 180,400            | (1,506)     | 178,894         | 178,894    | -                                     |
| Other Purchased Services                        | 61,450             | 2,374       | 63,824          | 63,468     | 356                                   |
| Supplies and Materials                          | 53,600             | (9,504)     | 44,096          | 44,096     | -                                     |
| Other Objects                                   | 6,600              | 883         | 7,483           | 6,196      | 1,287                                 |
| Total Support Services School Administration    | 853,750            | (1,082)     | 852,668         | 851,025    | 1,643                                 |

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

**EXHIBIT C-1**

|  | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final Budget<br/>To Actual</u> |
|--|----------------------------|--------------------|-------------------------|-------------------|--|
| <b>EXPENDITURES</b>  |                            |                    |                         |                   |  |
| CURRENT EXPENDITURES (Continued)                                 |                            |                    |                         |                   |  |
| Central Services   |                            |                    |                         |                   |  |
| Salaries   | \$ 360,600                 |                    | \$ 360,600              | \$ 357,669        | \$ 2,931                                       |
| Purchased Technical Services                                     | 10,500                     |                    | 10,500                  | 10,056            | 444  |
| Miscellaneous Purchased Services                                 | 1,500                      |                    | 1,500                   | 480               | 1,020  |
| General Supplies   | 10,000                     | \$ 1,365           | 11,365                  | 11,365            | -  |
| Miscellaneous Expenditures                                       | 5,550                      | (1,365)            | 4,185                   | 1,740             | 2,445  |
| <b>Total Central Services</b>                                    | <b>388,150</b>             | <b>-</b>           | <b>388,150</b>          | <b>381,310</b>    | <b>6,840</b>                                   |
| Required Maintenance for School Facilities                       |                            |                    |                         |                   |  |
| Salaries   | 92,400                     | 903                | 93,303                  | 93,303            |  |
| Cleaning, Repair, and Maint. Services                            | 413,100                    | 8,053              | 421,153                 | 395,711           | 25,442   |
| General Supplies   | 5,800                      | 60,080             | 65,880                  | 65,328            | 552  |
| <b>Total Required Maintenance of School Facilities</b>           | <b>511,300</b>             | <b>69,036</b>      | <b>580,336</b>          | <b>554,342</b>    | <b>25,994</b>                                  |
| Custodial Services   |                            |                    |                         |                   |  |
| Salaries   | 1,002,200                  | (10,903)           | 991,297                 | 956,473           | 34,824   |
| Cleaning, Repair, and Maintenance Services                       | 51,700                     | -                  | 51,700                  | 29,841            | 21,859   |
| Other Purchase Property Services                                 | 1,000                      | -                  | 1,000                   | 632               | 368  |
| Insurance  | 135,000                    | -                  | 135,000                 | 128,464           | 6,536  |
| Miscellaneous Purchased Services                                 |                            | 283                | 283                     | 283               | -  |
| General Supplies   | 149,500                    | (46,052)           | 103,448                 | 82,730            | 20,718   |
| Energy (Natural Gas)   | 145,000                    | -                  | 145,000                 | 106,693           | 38,307   |
| Energy (Electricity)   | 235,000                    | -                  | 235,000                 | 214,579           | 20,421   |
| Energy (Oil)   | 4,000                      | -                  | 4,000                   | 1,221             | 2,779  |
| Other Objects  | 8,900                      | (283)              | 8,617                   | 6,073             | 2,544  |
| <b>Total Custodial Services</b>                                  | <b>1,732,300</b>           | <b>(56,955)</b>    | <b>1,675,345</b>        | <b>1,526,989</b>  | <b>148,356</b>                                 |
| Student Transportation Services                                  |                            |                    |                         |                   |  |
| Contracted Services - Aid in Lieu Payments - Non Public Schools  | 50,000                     | -                  | 50,000                  | 39,637            | 10,363   |
| Contracted Services (Than Between Home & School) - Vendors       | 135,000                    | -                  | 135,000                 | 117,013           | 17,987   |
| Contracted Services (Other Than Between Home & School) - Vendors | 32,000                     | -                  | 32,000                  | 28,079            | 3,921  |
| Contracted Services (Special Education) - Joint Agreement        | 325,000                    | -                  | 325,000                 | 264,882           | 60,118   |
| <b>Total Student Transportation Services</b>                     | <b>542,000</b>             | <b>-</b>           | <b>542,000</b>          | <b>449,611</b>    | <b>92,389</b>                                  |
| Unallocated Benefits - Employee Benefits                         |                            |                    |                         |                   |  |
| Social Security Contributions                                    | 265,000                    | 7,969              | 272,969                 | 278,626           | (5,657)  |
| Other Retirement Contributions - PERS                            | 331,087                    | (2,471)            | 328,616                 | 290,588           | 38,028   |
| Unemployment Compensation  | 75,000                     | -                  | 75,000                  | 13,312            | 61,688   |
| Workmen's Compensation   | 130,000                    | (5,000)            | 125,000                 | 107,336           | 17,664   |
| Health Benefits  | 3,937,097                  | (5,499)            | 3,931,598               | 3,899,393         | 32,205   |
| Tuition Reimbursement  | 65,000                     | 9,408              | 74,408                  | 74,408            | -  |
| <b>Total Unallocated Benefits-Employee Benefits</b>              | <b>4,803,184</b>           | <b>4,407</b>       | <b>4,807,591</b>        | <b>4,663,663</b>  | <b>143,928</b>                                 |
| On-Behalf TPAF (Non-Budget)                                      |                            |                    |                         |                   |  |
| Pension Contribution - Normal Cost                               |                            |                    |                         | 1,043,553         | (1,043,553)                                    |
| Post Retirement Medical Benefits                                 |                            |                    |                         | 869,517           | (869,517)                                      |
| Long Term Disability Insurance                                   |                            |                    |                         | 3,509             | (3,509)  |
| Social Security Contr.   |                            |                    |                         | 698,473           | (698,473)                                      |
| <b>Total TPAF - On-Behalf</b>                                    |                            |                    |                         | <b>2,615,052</b>  | <b>(2,615,052)</b>                             |
| <b>Total Undistributed Expenditures</b>                          | <b>13,817,042</b>          | <b>108,644</b>     | <b>13,925,686</b>       | <b>15,327,569</b> | <b>(1,401,883)</b>                             |
| <b>Total Current Expenditures</b>                                | <b>23,321,294</b>          | <b>144,246</b>     | <b>23,465,540</b>       | <b>24,946,759</b> | <b>(1,481,219)</b>                             |

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

|   | Original<br>Budget | Adjustments  | Final<br>Budget | Actual               | Variance<br>Final Budget<br>To Actual |
|---|--------------------|--------------|-----------------|----------------------|---------------------------------------|
| <b>EXPENDITURES</b>   |                    |              |                 |                      |                                       |
| <b>CAPITAL OUTLAY</b>   |                    |              |                 |                      |                                       |
| Interest Deposit to Capital Reserve                                 | \$ 300             | -            | \$ 300          | -                    | \$ 300                                |
| Equipment   |                    |              |                 |                      |                                       |
| Undistributed Expenditures - Instruction                            | 113,000            | \$ 352       | 113,352         | \$ 113,352           | -                                     |
| Undistributed Expenditures - Custodial                              | 4,000              | 129,250      | 133,250         | 133,250              | -                                     |
| Total Undistributed Expenditures                                    | 117,000            | 129,602      | 246,602         | 246,602              | -                                     |
| Facilities Acquisition and Construction Services                    |                    |              |                 |                      |                                       |
| Supplies and Materials  | 25,000             | (25,000)     | -               | -                    | -                                     |
| Architectural/Engineering Services                                  | 30,000             | -            | 30,000          | -                    | 30,000                                |
| Land and Improvements   | 40,000             | (35,032)     | 4,968           | -                    | 4,968                                 |
| Total Facilities Acquisition and Construction Services              | 95,000             | (60,032)     | 34,968          | -                    | 34,968                                |
| Total Capital Outlay  | 212,300            | 69,570       | 281,870         | 246,602              | 35,268                                |
| Total General Fund Expenditures                                     | 23,533,594         | 213,816      | 23,747,410      | 25,193,361           | (1,445,951)                           |
| Excess (Deficiency) of Revenues<br>Over/(Under) Expenditures        | (1,415,620)        | (213,816)    | (1,629,436)     | (116,516)            | 1,512,920                             |
| Other Financing Sources and (Uses)                                  |                    |              |                 |                      |                                       |
| Capital Lease (Non-Budgeted)<br>Transfers Out                       | (300,000)          | -            | (300,000)       | 513,500<br>(300,000) | 513,500<br>-                          |
| Total Other Financing Sources                                       | (300,000)          | -            | (300,000)       | 213,500              | 513,500                               |
| Excess (Deficiency) of Revenues<br>Over/(Under) Expenditures        | (1,715,620)        | (213,816)    | (1,929,436)     | 96,984               | 2,026,420                             |
| Fund Balances, Beginning of Year                                    | 4,639,351          | -            | 4,639,351       | 4,639,351            | -                                     |
| Fund Balances, End of Year  | \$ 2,923,731       | \$ (213,816) | \$ 2,709,915    | \$ 4,736,335         | \$ 2,026,420                          |
| <b>Recapitulation</b>   |                    |              |                 |                      |                                       |
| Restricted Fund Balance:  |                    |              |                 |                      |                                       |
| Excess Surplus - Designated for Subsequent Year's (2017/18) Budget  |                    |              |                 | \$ 1,000,939         |                                       |
| Excess Surplus  |                    |              |                 | 1,116,701            |                                       |
| Capital Reserve   |                    |              |                 | 1,218,513            |                                       |
| Capital Reserve - Designated for Subsequent Year's (2017/18) Budget |                    |              |                 | 300,000              |                                       |
| Assigned Fund Balance:  |                    |              |                 |                      |                                       |
| Designated for Subsequent Year's (2017/18) Budget                   |                    |              |                 | 257,267              |                                       |
| Encumbrances  |                    |              |                 | 90,416               |                                       |
| Unassigned Fund Balance   |                    |              |                 | 752,499              |                                       |
|   |                    |              |                 | 4,736,335            |                                       |
| Reconciliation to Governmental Fund Statements (GAAP)               |                    |              |                 |                      |                                       |
| 2016/2017 State Aid Payments Not Recognized on a GAAP Basis         |                    |              |                 | 350,112              |                                       |
| Fund Balance per Governmental Funds (GAAP)                          |                    |              |                 | \$ 4,386,223         |                                       |

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

|  | <u>Original<br/>Budget</u> | <u>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u> | <u>Variance Final<br/>Budget to Actual</u> |
|--|----------------------------|--------------------|-------------------------|---------------|--|
| <b>REVENUES</b>  |                            |                    |                         |               |  |
| Local Sources  |                            | \$ 103,214         | \$ 103,214              | \$ 103,214    |  |
| Intergovernmental<br>Federal                                 | \$ 230,000                 | 125,798            | 355,798                 | 353,161       | \$ (2,637)                                 |
| Total Revenues   | 230,000                    | 229,012            | 459,012                 | 456,375       | (2,637)                                    |
| <b>EXPENDITURES</b>  |                            |                    |                         |               |  |
| Instruction  |                            |                    |                         |               |  |
| Salaries   | -                          | 63,680             | 63,680                  | 63,680        | -  |
| Total Instruction  | -                          | 63,680             | 63,680                  | 63,680        | -  |
| Support Services   |                            |                    |                         |               |  |
| Other Salaries for Instruction                               | 215,000                    | 35,201             | 250,201                 | 250,201       | -  |
| Employee Benefits  |                            | 14,615             | 14,615                  | 11,978        | 2,637                                      |
| Purchased Professional/Educational Services                  | 15,000                     | 12,302             | 27,302                  | 27,302        | -  |
| Cleaning, Repairs and Maintenance                            |                            | 1,736              | 1,736                   | 1,736         |  |
| General Supplies   | -                          | 250                | 250                     | 250           | -  |
| Total Support Services                                       | 230,000                    | 64,104             | 294,104                 | 291,467       | 2,637                                      |
| Facilities Acquisition and Construction Services             |                            |                    |                         |               |  |
| Non-Instructional Equipment                                  | -                          | 101,228            | 101,228                 | 101,228       | -  |
| Total Facilities Acq. and Construction Svcs                  | -                          | 101,228            | 101,228                 | 101,228       | -  |
| Total Expenditures   | 230,000                    | 229,012            | 459,012                 | 456,375       | 2,637                                      |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | -                          | -                  | -                       | -             | -  |
| Fund Balance, Beginning of Year                              | -                          | -                  | -                       | -             | -  |
| Fund Balance, End of Year                                    | \$ -                       | \$ -               | \$ -                    | \$ -          | \$ -                                       |

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

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund. 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 Funds 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.

|  | <b><u>General<br/>Fund</u></b> | <b><u>Special<br/>Revenue<br/>Fund</u></b> |
|--|--------------------------------|--|
| <b>Sources/Inflows of Resources</b>  |                                |  |
| Actual Revenues (budgetary basis)  |                                |  |
| budgetary comparison schedules   | \$ 25,076,845                  | \$ 456,375                                 |
| State Aid payments recognized for budgetary purposes,<br>not recognized for GAAP statements - Current Year                                       | (350,112)                      |  |
| State Aid payments recognized for GAAP statements,<br>not recognized for budgetary purposes - Prior Year   | <u>338,768</u>                 | <u>-</u>                                   |
| Total Revenues as reported on the Statement of Revenues,<br>Expenditures and Changes in Fund Balances -<br>Governmental Funds (Exhibit B-2)      | <u>\$ 25,065,501</u>           | <u>\$ 456,375</u>                          |
| <b>Uses/Outflows of Resources</b>  |                                |  |
| Actual expenditures (budgetary basis)  |                                |  |
| (Exhibits C-1 and C-2)   | <u>\$ 25,193,361</u>           | <u>\$ 456,375</u>                          |
| Total Expenditures as reported on the Statement of Revenues,<br>Expenditures, and Changes in Fund Balances -<br>Governmental Funds (Exhibit B-2) | <u>\$ 25,193,361</u>           | <u>\$ 456,375</u>                          |

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**UPPER 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)   | 0.03115 %    | 0.02883 %    | 0.03150 %    | 0.02806 %    |
| District's Proportionate Share of the Net Pension Liability (Asset)   | \$ 9,226,932 | \$ 6,472,288 | \$ 5,899,218 | \$ 5,362,966 |
| District's Covered-Employee Payroll   | \$ 2,292,382 | \$ 2,029,156 | \$ 2,026,624 | \$ 1,990,254 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 403%         | 319%         | 291%         | 269%         |
| 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.



**UPPER SADDLE RIVER BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Four Fiscal Years**

|  | <u>2017</u>    | <u>2016</u>    | <u>2015</u>    | <u>2014</u>    |
|--|----------------|----------------|----------------|----------------|
| Contractually Required Contribution                                      | \$ 276,768     | \$ 247,881     | \$ 248,869     | \$ 222,312     |
| Contributions in Relation to the<br>Contractually Required Contributions | <u>276,768</u> | <u>247,881</u> | <u>248,869</u> | <u>222,312</u> |
| Contribution Deficiency (Excess)   | -              | -              | -              | -              |
| District's Covered- Employee Payroll                                     | \$ 2,292,382   | \$ 2,029,156   | \$ 2,026,624   | \$ 1,990,254   |
| Contributions as a Percentage of<br>Covered-Employee Payroll             | 12.07%         | 12.22%         | 12.28%         | 11.17%         |

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.

**UPPER 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<br>Liability (Asset)  | - %                  | - %                  | - %                  | - %                  |
| District's Proportionate Share of the Net<br>Pension Liability (Asset)  | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| State's Proportionate Share of the Net<br>Pension Liability (Asset) Associated with<br>the District                       | <u>\$ 69,693,481</u> | <u>\$ 56,392,957</u> | <u>\$ 48,361,663</u> | <u>\$ 44,823,719</u> |
| Total   | <u>\$ 69,693,481</u> | <u>\$ 56,392,957</u> | <u>\$ 48,361,663</u> | <u>\$ 44,823,719</u> |
| District's Covered-Employee Payroll   | \$ 9,659,577         | \$ 9,185,713         | \$ 9,006,986         | \$ 9,071,340         |
| District's Proportionate Share of the Net<br>Pension Liability (Asset) as a Percentage<br>of its Covered-Employee Payroll | 0%                   | 0%                   | 0%                   | 0%                   |
| Plan Fiduciary Net Position as a<br>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.

**UPPER 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 contributions are presented in Note 5.

**SPECIAL REVENUE FUND**

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

|  | <u>N.C.L.B.</u>           |                            | <u>I.D.E.L.A. Part B</u> |                  | <u>Donations</u>                   |                |
|--|---------------------------|----------------------------|--------------------------|------------------|------------------------------------|----------------|
|  | <u>Title I<br/>Part A</u> | <u>Title II<br/>Part A</u> | <u>Basic</u>             | <u>Preschool</u> | <u>Miscellaneous<br/>Donations</u> | <u>Total</u>   |
| <b>REVENUES</b>  |                           |                            |                          |                  |                                    |                |
| Local Sources  |                           |                            |                          |                  | \$ 103,214                         | \$ 103,214     |
| Intergovernmental  |                           |                            |                          |                  |                                    |                |
| Federal  | \$ 75,658                 | \$ 27,302                  | \$ 237,608               | \$ 12,593        | -                                  | 353,161        |
| Total Revenues   | <u>75,658</u>             | <u>27,302</u>              | <u>237,608</u>           | <u>12,593</u>    | <u>103,214</u>                     | <u>456,375</u> |
| <b>EXPENDITURES</b>  |                           |                            |                          |                  |                                    |                |
| Instruction  |                           |                            |                          |                  |                                    |                |
| Salaries of Teachers   | 63,680                    | -                          | -                        | -                | -                                  | 63,680         |
| Total Support Services                                       | <u>63,680</u>             | <u>-</u>                   | <u>-</u>                 | <u>-</u>         | <u>-</u>                           | <u>63,680</u>  |
| Support Services   |                           |                            |                          |                  |                                    |                |
| Other Salaries for Instruction                               |                           |                            | 237,608                  | 12,593           |                                    | 250,201        |
| Employee Benefits  | 11,978                    |                            |                          |                  |                                    | 11,978         |
| Purchased Prof. Ed. Services                                 |                           | 27,302                     |                          |                  |                                    | 27,302         |
| Cleaning, Repairs and Maintenance                            |                           |                            |                          |                  | 1,736                              | 1,736          |
| General Supplies   | -                         | -                          | -                        | -                | 250                                | 250            |
| Total Support Services                                       | <u>11,978</u>             | <u>27,302</u>              | <u>237,608</u>           | <u>12,593</u>    | <u>1,986</u>                       | <u>291,467</u> |
| Facilities Acquisition and Construction Services             |                           |                            |                          |                  |                                    |                |
| Non-Instructional Equipment                                  | -                         | -                          | -                        | -                | 101,228                            | 101,228        |
| Total Facilities Acquisition and Construction Services       | <u>-</u>                  | <u>-</u>                   | <u>-</u>                 | <u>-</u>         | <u>101,228</u>                     | <u>101,228</u> |
| Total Expenditures   | <u>75,658</u>             | <u>27,302</u>              | <u>237,608</u>           | <u>12,593</u>    | <u>103,214</u>                     | <u>456,375</u> |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures |                           |                            |                          |                  |                                    |                |
| Fund Balance, Beginning of Year                              | -                         | -                          | -                        | -                | -                                  | -              |
| Fund Balance, End of Year                                    | <u>\$ -</u>               | <u>\$ -</u>                | <u>\$ -</u>              | <u>\$ -</u>      | <u>\$ -</u>                        | <u>\$ -</u>    |

**CAPITAL PROJECTS FUND**

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

| <u>Project Title</u>  | <u>Appropriation</u> | <u>Cancelled</u>  | <u>Expended</u>   |                     | <u>Balance<br/>June 30, 2017</u> |
|---|----------------------|-------------------|-------------------|---------------------|----------------------------------|
|   |                      |                   | <u>Prior Year</u> | <u>Current Year</u> |                                  |
| Replace Curtain Wall and Partial Window<br>Replacement at Cavallini Middle School | \$ 634,398           | \$ 142,890        | \$ 245,390        |                     | \$ 246,118                       |
| Partial Window Replacement at Cavallini<br>Middle School - Phase II               | 300,000              |                   | 272,927           |                     | 27,073                           |
| Partial Window Replacement at Cavallini<br>Middle School - Phase III              | 268,927              |                   | 28,128            | 240,799             | -                                |
| Partial Window Replacement at Cavallini<br>Middle School - Phase IV               | 296,861              |                   |                   | 202,624             | 94,237                           |
| Emergency Generator at Cavallini Middle School                                    | <u>353,382</u>       | <u>-</u>          | <u>85,981</u>     | <u>175,665</u>      | <u>91,736</u>                    |
|   | <u>\$ 1,853,568</u>  | <u>\$ 142,890</u> | <u>\$ 632,426</u> | <u>\$ 619,088</u>   | <u>\$ 459,164</u>                |

**Recapitulation of Fund Balance**

|  |                   |
|--|-------------------|
| Restricted for Capital Projects:                     |                   |
| Encumbrances   | \$ 143,112        |
| Available for Capital Projects                       | <u>316,052</u>    |
| Total Fund Balance - Restricted for Capital Projects | <u>\$ 459,164</u> |

**UPPER 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                        |                    |
| Transfer from Capital Reserve                  | \$ <u>300,000</u>  |
| <br>Total Revenues and Other Financing Sources | <br><u>300,000</u> |

**Expenditures**

|                                       |                       |
|---------------------------------------|-----------------------|
| Architect/Engineering Fees            | 55,182                |
| Construction Services                 | 563,906               |
| Cancellation of Grant Receivable      | <u>142,890</u>        |
| <br>Total Expenditures                | <br><u>761,978</u>    |
| <br>Excess Revenues Over Expenditures | <br>(461,978)         |
| <br>Fund Balance, Beginning of Year   | <br><u>921,142</u>    |
| <br>Fund Balance, End of Year         | <br><u>\$ 459,164</u> |



**UPPER SADDLE RIVER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
REPLACE CURTAIN WALL AND PARTIAL WINDOW REPLACEMENT AT CAVALLINI MIDDLE SCHOOL  
FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2017**

|   | <u>Prior Periods</u> | <u>Current Period</u> | <u>Totals</u>     | <u>Revised<br/>Authorized<br/>Cost</u> |
|---|----------------------|-----------------------|-------------------|--|
| <b>REVENUES AND OTHER FINANCING SOURCES</b>               |                      |                       |                   |  |
| SDA Grant   | \$ 253,759           | \$ (142,890)          | \$ 110,869        | \$ 110,869                             |
| Transfer from Capital Outlay                              | 225,000              |                       | 225,000           | 225,000                                |
| Transfer from Capital Reserve                             | 155,639              | -                     | 155,639           | 155,639                                |
|   | <u>634,398</u>       | <u>(142,890)</u>      | <u>491,508</u>    | <u>491,508</u>                         |
| <b>EXPENDITURES AND OTHER FINANCING SOURCES</b>           |                      |                       |                   |  |
| Construction Services                                     | 245,390              | -                     | 245,390           | 491,508                                |
|   | <u>245,390</u>       | <u>-</u>              | <u>245,390</u>    | <u>491,508</u>                         |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 389,008</u>    | <u>\$ (142,890)</u>   | <u>\$ 246,118</u> | <u>\$ -</u>                            |

Additional Project Information:

|  |                   |
|--|-------------------|
| Project Number                               | #5330-050-14-1001 |
| Grant Date                                   | May 21, 2014      |
| Bond Authorization Date                      | N/A               |
| Bonds Authorized                             | N/A               |
| Bonds Issued                                 | N/A               |
| SDA Grant Authorized                         | \$ 253,759        |
| Capital Outlay                               | 225,000           |
| Capital Reserve                              | 155,639           |
| Original Authorized Cost                     | 634,398           |
| Increase/(Decrease)                          | (142,890)         |
| Revised Authorized Cost                      | 491,508           |
| <br>   |                   |
| Percentage Increase/(Decrease) Over Original |                   |
| Authorized Cost                              | -22.52%           |
| Percentage Completion                        | 100.00%           |
| Original Target Completion Date              | June 30, 2015     |
| Revised Completion Date                      | June 30, 2015     |

**UPPER SADDLE RIVER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
PARTIAL WINDOW REPLACEMENT AT CAVALLINI MIDDLE SCHOOL - PHASE II  
FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2017**

|   | <u>Prior Periods</u> | <u>Current Period</u> | <u>Totals</u>    | <u>Revised<br/>Authorized<br/>Cost</u> |
|---|----------------------|-----------------------|------------------|--|
| <b>REVENUES AND OTHER FINANCING SOURCES</b>               |                      |                       |                  |  |
| Transfer from Capital Reserve                             | \$ 300,000           | -                     | \$ 300,000       | \$ 300,000                             |
| Total Revenues  | <u>300,000</u>       | <u>-</u>              | <u>300,000</u>   | <u>300,000</u>                         |
| <b>EXPENDITURES AND OTHER FINANCING SOURCES</b>           |                      |                       |                  |  |
| Architect and Engineering Fees                            | 6,427                | \$ -                  | 6,427            | 6,437                                  |
| Construction Services                                     | <u>266,500</u>       | <u>-</u>              | <u>266,500</u>   | <u>293,563</u>                         |
| Total Expenditures and Other Financing Uses               | <u>272,927</u>       | <u>-</u>              | <u>272,927</u>   | <u>300,000</u>                         |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 27,073</u>     | <u>\$ -</u>           | <u>\$ 27,073</u> | <u>\$ -</u>                            |
| Additional Project Information:                           |                      |                       |                  |  |
| Project Number  | N/A                  |                       |                  |  |
| SDA Grant Authorized                                      | N/A                  |                       |                  |  |
| Capital Outlay  |                      |                       |                  |  |
| Capital Reserve   | \$ 300,000           |                       |                  |  |
| Original Authorized Cost                                  | 300,000              |                       |                  |  |
| Increase/(Decrease)                                       |                      |                       |                  |  |
| Revised Authorized Cost                                   | 300,000              |                       |                  |  |
| Percentage Increase Over Original                         |                      |                       |                  |  |
| Authorized Cost   | 0.00%                |                       |                  |  |
| Percentage Completion                                     | 100.00%              |                       |                  |  |
| Original Target Completion Date                           | June 30, 2016        |                       |                  |  |
| Revised Completion Date                                   | June 30, 2016        |                       |                  |  |

**UPPER SADDLE RIVER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
PARTIAL WINDOW REPLACEMENT AT CAVALLINI MIDDLE SCHOOL - PHASE III  
FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2017**

|   | <u>Prior Periods</u> | <u>Current Period</u> | <u>Totals</u>  | <u>Revised<br/>Authorized<br/>Cost</u> |
|---|----------------------|-----------------------|----------------|--|
| <b>REVENUES AND OTHER FINANCING SOURCES</b>               |                      |                       |                |  |
| Transfer from Capital Reserve                             | \$ 266,900           | \$ 2,027              | \$ 268,927     | \$ 268,927                             |
| Total Revenues  | <u>266,900</u>       | <u>2,027</u>          | <u>268,927</u> | <u>268,927</u>                         |
| <b>EXPENDITURES AND OTHER FINANCING SOURCES</b>           |                      |                       |                |  |
| Architect and Engineering Fees                            | 28,128               | 20,399                | 48,527         | 48,527                                 |
| Construction Services                                     | <u>-</u>             | <u>220,400</u>        | <u>220,400</u> | <u>220,400</u>                         |
| Total Expenditures and Other Financing Uses               | <u>28,128</u>        | <u>240,799</u>        | <u>268,927</u> | <u>268,927</u>                         |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 238,772</u>    | <u>\$ (238,772)</u>   | <u>\$ -</u>    | <u>\$ -</u>                            |

## Additional Project Information:

|  |                   |
|--|-------------------|
| Project Number                                       | N/A               |
| SDA Grant Authorized                                 | N/A               |
| Capital Reserve                                      | \$ 300,000        |
| Original Authorized Cost                             | \$ 300,000        |
| Increase/(Decrease)                                  | (31,073)          |
| Revised Authorized Cost                              | 268,927           |
| Percentage Increase Over Original<br>Authorized Cost | -10.36%           |
| Percentage Completion                                | 100.00%           |
| Original Target Completion Date                      | December 31, 2016 |
| Revised Completion Date                              | June 30, 2017     |

**UPPER SADDLE RIVER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
PARTIAL WINDOW REPLACEMENT AT CAVALLINI MIDDLE SCHOOL - PHASE IV  
FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2017**

|   | <u>Prior Periods</u> | <u>Current Period</u> | <u>Totals</u> | <u>Revised<br/>Authorized<br/>Cost</u> |
|---|----------------------|-----------------------|---------------|--|
| <b>REVENUES AND OTHER FINANCING SOURCES</b>               |                      |                       |               |  |
| Transfer from Capital Reserve                             | -                    | \$ 296,861            | \$ 296,861    | \$ 296,861                             |
| Total Revenues  | -                    | 296,861               | 296,861       | 296,861                                |
| <b>EXPENDITURES AND OTHER FINANCING SOURCES</b>           |                      |                       |               |  |
| Architect and Engineering Fees                            |                      | 25,102                | 25,102        | 30,000                                 |
| Construction Services                                     | -                    | 177,522               | 177,522       | 266,861                                |
| Total Expenditures and Other Financing Uses               | -                    | 202,624               | 202,624       | 296,861                                |
| Excess (deficiency) of Revenues over (under) Expenditures | \$ -                 | \$ 94,237             | \$ 94,237     | \$ -                                   |

## Additional Project Information:

|  |                   |
|--|-------------------|
| Project Number                                       | N/A               |
| SDA Grant Authorized                                 | N/A               |
| Capital Reserve                                      | \$ 300,000        |
| Original Authorized Cost                             | \$ 300,000        |
| Increase/(Decrease)                                  | (3,139)           |
| Revised Authorized Cost                              | 296,861           |
| Percentage Increase Over Original<br>Authorized Cost | -1.05%            |
| Percentage Completion                                | 68.26%            |
| Original Target Completion Date                      | December 31, 2017 |
| Revised Completion Date                              | December 31, 2017 |

**UPPER SADDLE RIVER BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
EMERGENCY GENERATOR PROJECT AT CAVALLINI MIDDLE SCHOOL  
FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2017**

|   | <u>Prior Periods</u> | <u>Current Period</u> | <u>Totals</u>    | <u>Revised<br/>Authorized<br/>Cost</u> |
|---|----------------------|-----------------------|------------------|--|
| <b>REVENUES AND OTHER FINANCING SOURCES</b>               |                      |                       |                  |  |
| Transfer from Capital Outlay                              | \$ 319,170           | \$ 1,112              | \$ 320,282       | \$ 320,282                             |
| Transfer from Capital Reserve                             | <u>33,100</u>        | <u>-</u>              | <u>33,100</u>    | <u>33,100</u>                          |
| Total Revenues  | <u>352,270</u>       | <u>1,112</u>          | <u>353,382</u>   | <u>353,382</u>                         |
| <b>EXPENDITURES AND OTHER FINANCING SOURCES</b>           |                      |                       |                  |  |
| Architect and Engineering Fees                            | 31,981               | 9,681                 | 41,662           | 41,662                                 |
| Construction Services                                     | <u>54,000</u>        | <u>165,984</u>        | <u>219,984</u>   | <u>311,720</u>                         |
| Total Expenditures and Other Financing Uses               | <u>85,981</u>        | <u>175,665</u>        | <u>261,646</u>   | <u>353,382</u>                         |
| Excess (deficiency) of Revenues over (under) Expenditures | <u>\$ 266,289</u>    | <u>\$ (174,553)</u>   | <u>\$ 91,736</u> | <u>\$ -</u>                            |
| Additional Project Information:                           |                      |                       |                  |  |
| Project Number  | N/A                  |                       |                  |  |
| SDA Grant Authorized                                      | N/A                  |                       |                  |  |
| Capital Outlay  | \$ 319,170           |                       |                  |  |
| Capital Reserve   | 33,100               |                       |                  |  |
| Original Authorized Cost                                  | \$ 256,000           |                       |                  |  |
| Increase/(Decrease)                                       | 97,382               |                       |                  |  |
| Revised Authorized Cost                                   | 353,382              |                       |                  |  |
| Percentage Increase Over Original<br>Authorized Cost      | 38.04%               |                       |                  |  |
| Percentage Completion                                     | 74.04%               |                       |                  |  |
| Original Target Completion Date                           | December 31, 2016    |                       |                  |  |
| Revised Completion Date                                   | December 31, 2017    |                       |                  |  |

**ENTERPRISE FUNDS**

**UPPER SADDLE RIVER BOARD OF EDUCATION  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2017**

|                                     | <u>Food Service</u> | <u>LEAP<br/>Program</u> | <u>QUAD<br/>Tech Program</u> | <u>Total<br/>NonMajor<br/>Enterprise<br/>Funds</u> |
|-------------------------------------|---------------------|-------------------------|------------------------------|--|
| <b>ASSETS</b>                       |                     |                         |                              |  |
| Current Assets                      |                     |                         |                              |  |
| Cash and Cash Equivalents           | \$ 1,507            | \$ 111,709              | \$ 15,846                    | \$ 129,062   |
| Capital Assets                      |                     |                         |                              |  |
| Furniture, Machinery, and Equipment | 6,829               |                         |                              | 6,829  |
| Less: Accumulated Depreciation      | <u>(4,650)</u>      | <u>-</u>                | <u>-</u>                     | <u>(4,650)</u>                                     |
| Total Capital Assets                | <u>2,179</u>        | <u>-</u>                | <u>-</u>                     | <u>2,179</u>                                       |
| Total Assets                        | <u>3,686</u>        | <u>111,709</u>          | <u>15,846</u>                | <u>131,241</u>                                     |
| <b>LIABILITIES</b>                  |                     |                         |                              |  |
| Current Liabilities                 |                     |                         |                              |  |
| Accounts Payable                    | <u>259</u>          | <u>-</u>                | <u>-</u>                     | <u>259</u>   |
| Total Current Assets                | <u>259</u>          | <u>-</u>                | <u>-</u>                     | <u>259</u>   |
| <b>NET POSITION</b>                 |                     |                         |                              |  |
| Investment in Capital Assets        | 2,179               |                         |                              | 2,179  |
| Unrestricted                        | <u>1,248</u>        | <u>111,709</u>          | <u>15,846</u>                | <u>128,803</u>                                     |
| Total Net Position                  | <u>\$ 3,427</u>     | <u>\$ 111,709</u>       | <u>\$ 15,846</u>             | <u>\$ 130,982</u>                                  |

**UPPER SADDLE RIVER BOARD OF EDUCATION  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

|  | <u>Food Service</u> | <u>LEAP<br/>Program</u> | <u>QUAD<br/>Tech Program</u> | <u>Total<br/>NonMajor<br/>Enterprise<br/>Funds</u> |
|--|---------------------|-------------------------|------------------------------|--|
| <b>OPERATING REVENUES</b>              |                     |                         |                              |  |
| Charges for Services                   |                     |                         |                              |  |
| Daily Sales                            | \$ 6,510            |                         |                              | \$ 6,510   |
| Program Fees                           | -                   | \$ 67,400               | \$ 353,947                   | 421,347  |
|  | <u>6,510</u>        | <u>67,400</u>           | <u>353,947</u>               | <u>427,857</u>                                     |
| Total Operating Revenues               |                     |                         |                              |  |
| <b>OPERATING EXPENSES</b>              |                     |                         |                              |  |
| Salaries and Wages                     |                     | 32,364                  | 307,953                      | 340,317  |
| Personnel Services - Employee Benefits |                     |                         | 52,678                       | 52,678   |
| Cost of Sales                          | 4,169               |                         |                              | 4,169  |
| Other Purchase Services                |                     | 19,459                  | 708                          | 20,167   |
| Supplies and Materials                 | -                   | 3,932                   | -                            | 3,932  |
|  | <u>4,169</u>        | <u>55,755</u>           | <u>361,339</u>               | <u>421,263</u>                                     |
| Total Operating Expenses               |                     |                         |                              |  |
| Operating Income (Loss)                | <u>2,341</u>        | <u>11,645</u>           | <u>(7,392)</u>               | <u>6,594</u>                                       |
| <b>NONOPERATING REVENUES</b>           |                     |                         |                              |  |
| Interest Revenue                       | -                   | 104                     | -                            | 104  |
|  | <u>-</u>            | <u>104</u>              | <u>-</u>                     | <u>104</u>   |
| Total Nonoperating Revenues            |                     |                         |                              |  |
| Change in Net Position                 | 2,341               | 11,749                  | (7,392)                      | 6,698  |
| Net Position, Beginning of Year        | <u>1,086</u>        | <u>99,960</u>           | <u>23,238</u>                | <u>124,284</u>                                     |
| Net Position, End of Year              | <u>\$ 3,427</u>     | <u>\$ 111,709</u>       | <u>\$ 15,846</u>             | <u>\$ 130,982</u>                                  |



**UPPER SADDLE RIVER BOARD OF EDUCATION  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

|  | <u>Food Service</u> | <u>LEAP<br/>Program</u> | <u>QUAD<br/>Tech Program</u> | <u>Total<br/>NonMajor<br/>Enterprise<br/>Funds</u> |
|--|---------------------|-------------------------|------------------------------|--|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |                         |                              |  |
| Received from Customers  | \$ 6,510            | \$ 67,400               | \$ 353,947                   | \$ 427,857   |
| Payments for Employees Salaries  | -                   | (32,914)                | (360,631)                    | (393,545)  |
| Payments to Suppliers for Goods and Services   | <u>(3,910)</u>      | <u>(23,391)</u>         | <u>(708)</u>                 | <u>(28,009)</u>                                    |
| Net Cash Provided by (Used by) Operating Activities  | <u>2,600</u>        | <u>11,095</u>           | <u>(7,392)</u>               | <u>6,303</u>                                       |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING<br/>ACTIVITIES</b>   |                     |                         |                              |  |
| Payments to Other Funds  | <u>-</u>            | <u>(15,655)</u>         | <u>-</u>                     | <u>(15,655)</u>                                    |
| Net Cash (Used by) Noncapital Financing Activities   | <u>-</u>            | <u>(15,655)</u>         | <u>-</u>                     | <u>(15,655)</u>                                    |
| <b>CASH FLOWS FROM CAPITAL FINANCING<br/>ACTIVITIES</b>  |                     |                         |                              |  |
| Payments for Capital Assets  | <u>(2,179)</u>      | <u>-</u>                | <u>-</u>                     | <u>(2,179)</u>                                     |
| Net Cash (Used by) Capital Financing Activities  | <u>(2,179)</u>      | <u>-</u>                | <u>-</u>                     | <u>(2,179)</u>                                     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                         |                              |  |
| Interest on Investments  | <u>-</u>            | <u>104</u>              | <u>-</u>                     | <u>104</u>   |
| Net Cash Provided by Investing Activities  | <u>-</u>            | <u>104</u>              | <u>-</u>                     | <u>104</u>   |
| Net Change in Cash and Cash Equivalents  | 421                 | (4,456)                 | (7,392)                      | (11,427)   |
| Cash and Cash Equivalents, Beginning of Year   | <u>1,086</u>        | <u>116,165</u>          | <u>23,238</u>                | <u>140,489</u>                                     |
| Cash and Cash Equivalents, End of Year   | <u>\$ 1,507</u>     | <u>\$ 111,709</u>       | <u>\$ 15,846</u>             | <u>\$ 129,062</u>                                  |
| <b>RECONCILIATION OF OPERATING INCOME<br/>(LOSS) TO NET CASH PROVIDED BY (USED FOR)<br/>OPERATING ACTIVITIES</b> |                     |                         |                              |  |
| Operating Income (Loss)  | <u>\$ 2,341</u>     | <u>\$ 11,645</u>        | <u>\$ (7,392)</u>            | <u>\$ 6,594</u>                                    |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided by (Used by) Operating Activities       |                     |                         |                              |  |
| Change in Assets and Liabilities   |                     |                         |                              |  |
| Increase/(Decrease) in Due to Other Funds  |                     | (550)                   |                              | (550)  |
| Increase/(Decrease) in Accounts Payable  | <u>259</u>          | <u>-</u>                | <u>-</u>                     | <u>259</u>   |
| Total Adjustments  | <u>259</u>          | <u>(550)</u>            | <u>-</u>                     | <u>(291)</u>                                       |
| Net Cash Provided by (Used by) Operating Activities  | <u>\$ 2,600</u>     | <u>\$ 11,095</u>        | <u>\$ (7,392)</u>            | <u>\$ 6,303</u>                                    |

**FIDUCIARY FUNDS**

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

|                                     | <u>Student</u>   | <u>Agency</u>     |                   |
|-------------------------------------|------------------|-------------------|-------------------|
|                                     | <u>Activity</u>  | <u>Payroll</u>    | <u>Total</u>      |
| <b>ASSETS</b>                       |                  |                   |                   |
| Cash                                | \$ 49,944        | \$ 513,580        | \$ 563,524        |
| Total Assets                        | <u>\$ 49,944</u> | <u>\$ 513,580</u> | <u>\$ 563,524</u> |
| <b>LIABILITIES</b>                  |                  |                   |                   |
| Payroll Deductions and Withholdings |                  | \$ 39,034         | \$ 39,034         |
| Accrued Salaries and Wages          |                  | 466,980           | 466,980           |
| Other Liabilities                   |                  | 6,635             | 6,635             |
| Due to Other Funds                  |                  | 931               | 931               |
| Due to Student Groups               | \$ 49,944        | -                 | 49,944            |
| Total Liabilities                   | <u>\$ 49,944</u> | <u>\$ 513,580</u> | <u>\$ 563,524</u> |

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

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

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

| <u>School</u> | <u>Balance<br/>July 1, 2016</u> | <u>Cash<br/>Receipts</u> | <u>Cash<br/>Disbursements</u> | <u>Balance,<br/>June 30, 2017</u> |
|---------------|---------------------------------|--------------------------|-------------------------------|-----------------------------------|
| Bogert        | \$ 13,358                       | \$ 47,149                | \$ 41,954                     | \$ 18,553                         |
| Reynolds      | 18,685                          | 13,271                   | 13,839                        | 18,117                            |
| Cavallini     | <u>19,010</u>                   | <u>43,049</u>            | <u>48,785</u>                 | <u>13,274</u>                     |
| Total         | <u>\$ 51,053</u>                | <u>\$ 103,469</u>        | <u>\$ 104,578</u>             | <u>\$ 49,944</u>                  |

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

|                                     | <u>Balance,<br/>July 1,<br/>2016</u> | <u>Cash<br/>Receipts</u> | <u>Cash<br/>Disbursements</u> | <u>Balance,<br/>June 30,<br/>2017</u> |
|-------------------------------------|--------------------------------------|--------------------------|-------------------------------|---------------------------------------|
| <b>ASSETS</b>                       |                                      |                          |                               |                                       |
| Cash                                | \$ 511,619                           | \$ 15,636,325            | \$ 15,634,364                 | \$ 513,580                            |
| Totals                              | <u>\$ 511,619</u>                    | <u>\$ 15,636,325</u>     | <u>\$ 15,634,364</u>          | <u>\$ 513,580</u>                     |
| <b>LIABILITIES</b>                  |                                      |                          |                               |                                       |
| Payroll Deductions and Withholdings | \$ 34,287                            | \$ 7,352,540             | \$ 7,347,793                  | \$ 39,034                             |
| Accrued Salaries and Wages          | 469,835                              | 8,283,716                | 8,286,571                     | 466,980                               |
| Due to Other Funds                  | 868                                  | 63                       |                               | 931                                   |
| Other Liabilities                   | <u>6,629</u>                         | <u>6</u>                 | <u>-</u>                      | <u>6,635</u>                          |
| Totals                              | <u>\$ 511,619</u>                    | <u>\$ 15,636,325</u>     | <u>\$ 15,634,364</u>          | <u>\$ 513,580</u>                     |

**LONG-TERM DEBT**

UPPER SADDLE RIVER BOARD OF EDUCATION  
 SCHEDULE OF SERIAL BONDS PAYABLE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

| <u>Issue</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>Retirements</u>  | <u>Balance, June 30, 2017</u> |
|---------------------|----------------------|------------------------|--------------------------|---------------|----------------------|------------------------------|---------------|---------------------|-------------------------------|
|                     |                      |                        | <u>Date</u>              | <u>Amount</u> |                      |                              |               |                     |                               |
| Refunding Bonds     | 12/15/2004           | \$ 6,480,000           | 12/15/2017               | \$ 665,000    | 3.750 %              | \$ 2,680,000                 |               | \$ 645,000          | \$ 2,035,000                  |
|                     |                      |                        | 12/15/2018               | 680,000       | 3.875                |                              |               |                     |                               |
|                     |                      |                        | 12/15/2019               | 690,000       | 4.000                |                              |               |                     |                               |
| School Bonds (BCIA) | 7/7/2009             | 715,775                | 12/15/2017-2018          | 47,718        | 1.21                 | 381,749                      |               | 47,718              | 334,031                       |
|                     |                      |                        | 12/15/2019-2023          | 47,719        |                      |                              |               |                     |                               |
| Refunding Bonds     | 11/29/2012           | 3,255,000              | 7/15/2017                | 370,000       | 3.00                 | 2,425,000                    | -             | 365,000             | 2,060,000                     |
|                     |                      |                        | 7/15/2018-2019           | 380,000       | 3.00                 |                              |               |                     |                               |
|                     |                      |                        | 7/15/2020                | 225,000       | 3.00                 |                              |               |                     |                               |
|                     |                      |                        | 7/15/2021                | 230,000       | 2.00                 |                              |               |                     |                               |
|                     |                      |                        | 7/15/2022                | 235,000       | 2.00                 |                              |               |                     |                               |
|                     |                      |                        | 7/15/2023                | 240,000       | 2.00                 |                              |               |                     |                               |
|                     |                      |                        |                          |               |                      | <u>2,425,000</u>             | <u>-</u>      | <u>365,000</u>      | <u>2,060,000</u>              |
|                     |                      |                        |                          |               |                      | <u>\$ 5,486,749</u>          | <u>\$ -</u>   | <u>\$ 1,057,718</u> | <u>\$ 4,429,031</u>           |

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

|  | <u>Original<br/>Budget</u> | <u>Budget<br/>Adjustments</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Final to<br/>Actual</u> |
|--|----------------------------|-------------------------------|-------------------------|------------------|---|
| <b>REVENUES</b>  |                            |                               |                         |                  |   |
| Local Sources  |                            |                               |                         |                  |   |
| Property Tax Levy  | \$ 910,656                 |                               | \$ 910,656              | \$ 910,656       |   |
| State Sources  |                            |                               |                         |                  |   |
| Debt Service Aid   | 304,425                    | -                             | 304,425                 | 304,425          | -                                       |
| Total Revenues   | <u>1,215,081</u>           | <u>-</u>                      | <u>1,215,081</u>        | <u>1,215,081</u> | <u>-</u>                                |
| <b>EXPENDITURES</b>  |                            |                               |                         |                  |   |
| Regular Debt Service   |                            |                               |                         |                  |   |
| Principal  | 1,057,719                  |                               | 1,057,719               | 1,057,718        | \$ 1                                    |
| Interest   | 157,362                    | -                             | 157,362                 | 157,362          | -                                       |
| Total Expenditures   | <u>1,215,081</u>           | <u>-</u>                      | <u>1,215,081</u>        | <u>1,215,080</u> | <u>1</u>                                |
| Excess (Deficiency) of Revenues<br>Over/(Under) Expenditures   | -                          | -                             | -                       | 1                | 1                                       |
| Other Financing Sources  |                            |                               |                         |                  |   |
| Transfer In  | -                          | -                             | -                       | -                | -                                       |
| Total Other Financing Sources                                  | <u>-</u>                   | <u>-</u>                      | <u>-</u>                | <u>-</u>         | <u>-</u>                                |
| Net Change in Fund Balance                                     | -                          | -                             | -                       | 1                | 1                                       |
| Fund Balance, Beginning of Year                                | <u>1</u>                   | <u>-</u>                      | <u>1</u>                | <u>1</u>         | <u>-</u>                                |
| Fund Balance, End of Year                                      | <u>\$ 1</u>                | <u>\$ -</u>                   | <u>\$ 1</u>             | <u>\$ 2</u>      | <u>\$ 1</u>                             |
| Recapitulation of Fund Balance:<br>Restricted for Debt Service |                            |                               |                         | <u>\$ 2</u>      |   |

**UPPER SADDLE RIVER BOARD OF EDUCATION  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

| <u>Series</u> | <u>Interest Rate</u> | <u>Amount of Original Issue</u> | <u>Balance, July 1, 2016</u> | <u>Additions</u>  | <u>Retirements/ Cancellations</u> | <u>Balance, June 30, 2017</u> |
|---------------|----------------------|---------------------------------|------------------------------|-------------------|-----------------------------------|-------------------------------|
| 2013- Copiers | Various              | 80,724                          | \$ 34,347                    |                   | \$ 34,347                         |                               |
| 2014-Copiers  | Various              | 152,302                         | 107,073                      |                   | 29,945                            | \$ 77,128                     |
| Chromebooks   | 1.699%               | 513,500                         | -                            | \$ 513,500        | 130,358                           | 383,142                       |
|               |                      |                                 | <u>\$ 141,420</u>            | <u>\$ 513,500</u> | <u>\$ 194,650</u>                 | <u>\$ 460,270</u>             |



## STATISTICAL SECTION

This part of the Upper 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.

UPPER 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<br>(1)         | 2012                | 2013                | 2014                | 2015                | 2016                | 2017                |
| <b>Governmental Activities</b>                    |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets                  | \$ 3,916,045               | \$ 4,595,911        | \$ 4,749,158        | \$ 5,005,659        | \$ 5,440,930        | \$ 6,875,092        | \$ 7,438,818        | \$ 8,157,043        | \$ 8,984,318        | \$ 10,222,682       |
| Restricted  | 339,755                    | 240,942             | 248,520             | 894,298             | 1,688,399           | 1,090,083           | 1,500,463           | 1,701,918           | 2,084,052           | 1,977,677           |
| Unrestricted                                      | 486,551                    | 458,871             | 1,100,250           | 1,236,119           | 1,852,310           | 2,059,799           | 2,105,866           | (3,374,913)         | (3,519,853)         | (4,753,813)         |
| <b>Total Governmental Activities Net Position</b> | <b>\$ 4,742,351</b>        | <b>\$ 5,295,724</b> | <b>\$ 6,097,928</b> | <b>\$ 7,136,076</b> | <b>\$ 8,981,639</b> | <b>\$10,024,974</b> | <b>\$11,045,147</b> | <b>\$ 6,484,048</b> | <b>\$ 7,548,517</b> | <b>\$ 7,446,546</b> |
| <b>Business-Type Activities</b>                   |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Investment in Capital Assets                      | \$ 3,328                   | \$ 3,011            | \$ 2,694            | \$ 4,443            | \$ 3,513            | \$ 2,583            | \$ 1,653            | \$ 723              |                     | \$ 2,179            |
| Unrestricted                                      | 833                        | 5,438               | 41,754              | 43,003              | 52,656              | 67,729              | 82,453              | 87,886              | \$ 124,284          | 128,803             |
| <b>Total Business-Type Activities Net Assets</b>  | <b>\$ 4,161</b>            | <b>\$ 8,449</b>     | <b>\$ 44,448</b>    | <b>\$ 47,446</b>    | <b>\$ 56,169</b>    | <b>\$ 70,312</b>    | <b>\$ 84,106</b>    | <b>\$ 88,609</b>    | <b>\$ 124,284</b>   | <b>\$ 130,982</b>   |
| <b>District-Wide</b>                              |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net Investment in Capital Assets                  | \$ 3,919,373               | \$ 4,598,922        | \$ 4,751,852        | \$ 5,010,102        | \$ 5,444,443        | \$ 6,877,675        | \$ 7,440,471        | \$ 8,157,766        | \$ 8,984,318        | \$ 10,224,861       |
| Restricted  | 339,755                    | 240,942             | 248,520             | 894,298             | 1,688,399           | 1,090,083           | 1,500,463           | 1,701,918           | 2,084,052           | 1,977,677           |
| Unrestricted                                      | 487,384                    | 464,309             | 1,142,004           | 1,279,122           | 1,904,966           | 2,127,528           | 2,188,319           | (3,287,027)         | (3,395,569)         | (4,625,010)         |
| <b>Total District Net Position</b>                | <b>\$ 4,746,512</b>        | <b>\$ 5,304,173</b> | <b>\$ 6,142,376</b> | <b>\$ 7,183,522</b> | <b>\$ 9,037,808</b> | <b>\$10,095,286</b> | <b>\$11,129,253</b> | <b>\$ 6,572,657</b> | <b>\$ 7,672,801</b> | <b>\$ 7,577,528</b> |

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".

UPPER 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                 |
| <b>Expenses</b>  |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Governmental Activities</b>                         |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Instruction  |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Regular  | \$ 9,637,823               | \$ 9,086,495         | \$ 9,399,908         | \$ 9,271,906         | \$ 8,964,853         | \$ 9,881,525         | \$ 10,113,325        | \$ 11,680,775        | \$ 12,492,130        | \$ 14,352,425        |
| Special Education                                      | 3,388,312                  | 3,413,326            | 3,628,533            | 3,409,545            | 3,346,003            | 3,368,583            | 3,201,829            | 3,665,144            | 3,647,796            | 3,757,293            |
| Other Instruction                                      | 212,034                    | 249,749              | 247,671              | 131,803              | 124,625              | 137,514              | 168,694              | 187,415              | 432,817              | 560,623              |
| School Sponsored Activities And Athletics              | 110,284                    | 107,340              | 112,202              | 124,692              | 139,724              | 110,029              | 140,718              | 158,503              | 144,582              | 184,771              |
| Support Services:                                      |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Student And Instruction Related Services               | 2,883,730                  | 2,903,425            | 3,016,212            | 2,972,735            | 3,206,907            | 3,490,179            | 3,646,526            | 4,117,657            | 4,344,731            | 4,997,725            |
| General Administration                                 | 692,752                    | 614,368              | 562,959              | 684,539              | 550,256              | 728,332              | 704,781              | 713,830              | 670,222              | 717,077              |
| School Administrative Services                         | 1,023,266                  | 1,027,017            | 1,071,839            | 1,127,290            | 1,163,359            | 1,217,660            | 1,166,331            | 1,341,332            | 1,389,737            | 1,564,850            |
| Plant Operations And Maintenance                       | 2,478,070                  | 2,492,157            | 2,660,729            | 2,800,157            | 2,852,597            | 2,956,625            | 2,948,702            | 3,116,097            | 3,279,385            | 3,513,763            |
| Pupil Transportation                                   | 551,772                    | 588,412              | 545,657              | 462,360              | 462,418              | 416,143              | 387,319              | 450,242              | 451,862              | 449,611              |
| Business And Other Support Services                    | 408,931                    | 438,273              | 481,288              | 490,719              | 512,838              | 523,520              | 544,643              | 582,981              | 614,330              | 698,737              |
| Interest On Long-Term Debt                             | 449,997                    | 417,104              | 549,943              | 501,379              | 475,877              | 416,959              | 412,023              | 253,353              | 216,137              | 185,226              |
| <b>Total Governmental Activities Expenses</b>          | <b>21,836,971</b>          | <b>21,337,666</b>    | <b>22,276,941</b>    | <b>21,977,125</b>    | <b>21,799,455</b>    | <b>23,227,069</b>    | <b>23,434,891</b>    | <b>26,267,309</b>    | <b>27,683,729</b>    | <b>30,982,101</b>    |
| <b>Business-Type Activities:</b>                       |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Food Service   | 10,113                     | 17,223               | 8,677                | 17,269               | 12,512               | 12,630               | 10,099               | 14,531               | 9,058                | 4,169                |
| LEAP Program   |                            |                      | 48,840               | 44,208               | 35,264               | 41,843               | 37,253               | 43,000               | 47,275               | 55,755               |
| QUAD Tech Program                                      |                            |                      |                      |                      |                      |                      |                      | 249,687              | 346,570              | 361,339              |
| <b>Total Business-Type Activities Expense</b>          | <b>10,113</b>              | <b>17,223</b>        | <b>57,517</b>        | <b>61,477</b>        | <b>47,776</b>        | <b>54,473</b>        | <b>47,352</b>        | <b>307,218</b>       | <b>402,903</b>       | <b>421,263</b>       |
| <b>Total District Expenses</b>                         | <b>\$ 21,847,084</b>       | <b>\$ 21,354,889</b> | <b>\$ 22,334,458</b> | <b>\$ 22,038,602</b> | <b>\$ 21,847,231</b> | <b>\$ 23,281,542</b> | <b>\$ 23,482,243</b> | <b>\$ 26,574,527</b> | <b>\$ 28,086,632</b> | <b>\$ 31,403,364</b> |
| <b>Program Revenues</b>                                |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Governmental Activities:</b>                        |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges For Services:                                  |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Regular Education                                      | \$ 69,920                  | \$ 59,475            | \$ 69,807            | \$ 141,746           | \$ 214,800           | \$ 206,385           | \$ 174,405           | \$ 135,475           | \$ 196,405           | \$ 260,305           |
| Special Education                                      | 43,985                     | 14,013               | 3,346                | 2,640                | 40,352               | -                    | 37,500               | 32,813               | -                    | -                    |
| Operating Grants And Contributions                     | 3,017,293                  | 2,404,328            | 2,884,663            | 1,911,075            | 2,529,151            | 2,945,486            | 2,734,848            | 5,148,326            | 6,329,004            | 8,068,634            |
| Capital Grants And Contributions                       | 37,384                     | -                    | -                    | -                    | -                    | -                    | -                    | 98,156               | -                    | 12,713               |
| <b>Total Governmental Activities Program Revenues</b>  | <b>3,168,582</b>           | <b>2,477,816</b>     | <b>2,957,816</b>     | <b>2,055,461</b>     | <b>2,784,303</b>     | <b>3,151,871</b>     | <b>2,946,753</b>     | <b>5,414,770</b>     | <b>6,525,409</b>     | <b>8,341,652</b>     |
| <b>Business-Type Activities:</b>                       |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges For Services:                                  |                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Food Service   | 3,020                      | 13,980               | 13,879               | 12,973               | 11,692               | 12,203               | 11,079               | 10,155               | 7,738                | 6,510                |
| LEAP Program   |                            |                      | 59,793               | 53,737               | 44,515               | 56,030               | 49,615               | 51,536               | 60,639               | 67,400               |
| QUAD Tech Program                                      |                            |                      |                      |                      |                      |                      |                      | 249,687              | 369,808              | 353,947              |
| Operating Grants And Contributions                     | 6,397                      | 7,426                |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>Total Business Type Activities Program Revenues</b> | <b>9,417</b>               | <b>21,406</b>        | <b>73,672</b>        | <b>66,710</b>        | <b>56,207</b>        | <b>68,233</b>        | <b>60,694</b>        | <b>311,378</b>       | <b>438,185</b>       | <b>427,857</b>       |
| <b>Total District Program Revenues</b>                 | <b>\$ 3,177,999</b>        | <b>\$ 2,499,222</b>  | <b>\$ 3,031,488</b>  | <b>\$ 2,122,171</b>  | <b>\$ 2,840,510</b>  | <b>\$ 3,220,104</b>  | <b>\$ 3,007,447</b>  | <b>\$ 5,726,148</b>  | <b>\$ 6,963,594</b>  | <b>\$ 8,769,509</b>  |

**UPPER 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                   |
| <b>Net (Expense)/Revenue</b>                              |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities                                   | \$ (18,668,389)            | \$ (18,859,850)        | \$ (19,319,125)        | \$ (19,921,664)        | \$ (19,015,152)        | \$ (20,075,198)        | \$ (20,488,138)        | \$ (20,852,539)        | \$ (21,158,320)        | \$ (22,640,449)        |
| Business-Type Activities                                  | (696)                      | 4,183                  | 16,155                 | 5,233                  | 8,431                  | 13,760                 | 13,342                 | 4,160                  | 35,282                 | 6,594                  |
| <b>Total District-Wide Net Expense</b>                    | <u>\$ (18,669,085)</u>     | <u>\$ (18,855,667)</u> | <u>\$ (19,302,970)</u> | <u>\$ (19,916,431)</u> | <u>\$ (19,006,721)</u> | <u>\$ (20,061,438)</u> | <u>\$ (20,474,796)</u> | <u>\$ (20,848,379)</u> | <u>\$ (21,123,038)</u> | <u>\$ (22,633,855)</u> |
| <b>General Revenues And Other Changes In Net Position</b> |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities:                                  |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Property Taxes  |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Levied For General Purposes                               | \$ 17,560,199              | \$ 18,262,609          | \$ 18,670,605          | \$ 19,378,221          | \$ 19,422,319          | \$ 19,713,654          | \$ 20,082,298          | \$ 20,483,944          | \$ 20,893,623          | \$ 21,311,495          |
| Levied For Debt Service                                   | 755,836                    | 752,059                | 1,078,388              | 952,599                | 1,060,039              | 980,396                | 915,295                | 898,438                | 912,440                | 910,656                |
| Unrestricted Grants And Contributions                     | 127,106                    | 42,448                 |                        |                        |                        |                        | 32                     | 22,986                 | 25,540                 | 36,273                 |
| State Aid Restricted For Debt Service                     | 292,640                    | 291,741                | 290,479                | 415,494                | 293,733                | 324,124                | 321,062                | 283,587                | 305,387                | 304,425                |
| Donations Of Capital Assets                               |                            |                        |                        |                        |                        |                        | 10,000                 |                        |                        |                        |
| Investment Earnings                                       | 98,659                     | 29,130                 | 24,375                 | 23,168                 | 8,672                  | 12,321                 | 13,995                 | 10,154                 | 12,792                 | 15,517                 |
| Miscellaneous Income                                      | 12,484                     | 35,236                 | 37,482                 | 190,330                | 75,952                 | 88,038                 | 165,629                | 22,503                 | 73,007                 | 22,594                 |
| Other Items   |                            |                        |                        |                        |                        |                        |                        |                        |                        | 34,347                 |
| Loss on Disposal of Capital Assets                        |                            |                        |                        |                        |                        |                        |                        | (67,206)               |                        | (96,829)               |
| <b>Total Governmental Activities</b>                      | <u>18,846,924</u>          | <u>19,413,223</u>      | <u>20,121,329</u>      | <u>20,959,812</u>      | <u>20,860,715</u>      | <u>21,118,533</u>      | <u>21,508,311</u>      | <u>21,654,406</u>      | <u>22,222,789</u>      | <u>22,538,478</u>      |
| Business-Type Activities:                                 |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Investment Earnings                                       | 53                         | 105                    | 373                    | 459                    | 292                    | 383                    | 452                    | 343                    | 393                    | 104                    |
| Loss on Disposal of Asset                                 |                            |                        |                        | (2,694)                |                        |                        |                        |                        |                        |                        |
| <b>Total Business-Type Activities</b>                     | <u>53</u>                  | <u>105</u>             | <u>373</u>             | <u>(2,235)</u>         | <u>292</u>             | <u>383</u>             | <u>452</u>             | <u>343</u>             | <u>393</u>             | <u>104</u>             |
| <b>Total District-Wide</b>                                | <u>\$ 18,846,977</u>       | <u>\$ 19,413,328</u>   | <u>\$ 20,121,702</u>   | <u>\$ 20,957,577</u>   | <u>\$ 20,861,007</u>   | <u>\$ 21,118,916</u>   | <u>\$ 21,508,763</u>   | <u>\$ 21,654,749</u>   | <u>\$ 22,223,182</u>   | <u>\$ 22,538,582</u>   |
| <b>Change In Net Position</b>                             |                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities                                   | \$ 178,535                 | \$ 553,373             | \$ 802,204             | \$ 1,038,148           | \$ 1,845,563           | \$ 1,043,335           | \$ 1,020,173           | \$ 801,867             | \$ 1,064,469           | \$ (101,971)           |
| Business-Type Activities                                  | (643)                      | 4,288                  | 16,528                 | 2,998                  | 8,723                  | 14,143                 | 13,794                 | 4,503                  | 35,675                 | 6,698                  |
| <b>Total District</b>                                     | <u>\$ 177,892</u>          | <u>\$ 557,661</u>      | <u>\$ 818,732</u>      | <u>\$ 1,041,146</u>    | <u>\$ 1,854,286</u>    | <u>\$ 1,057,478</u>    | <u>\$ 1,033,967</u>    | <u>\$ 806,370</u>      | <u>\$ 1,100,144</u>    | <u>\$ (95,273)</u>     |

**UPPER 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                                  | \$ 918,278                 | \$ 1,103,287        | \$ 1,255,044        |                     |                     |                     |                     |                     |                     |                     |
| Unreserved                                | 441,122                    | 460,211             | 684,482             |                     |                     |                     |                     |                     |                     |                     |
| Restricted                                |                            |                     |                     | \$ 1,780,231        | \$ 3,087,116        | \$ 3,009,269        | \$ 3,229,617        | \$ 3,337,281        | \$ 3,413,883        | \$ 3,636,153        |
| Committed                                 |                            |                     |                     | 83,317              | 47,949              | 54,900              | 98,877              |                     |                     |                     |
| Assigned                                  |                            |                     |                     | 280,897             | 492,484             | 246,750             | 294,684             | 331,706             | 495,005             | 347,683             |
| Unassigned                                |                            |                     |                     | 398,410             | 360,900             | 370,623             | 376,056             | 385,827             | 391,695             | 402,387             |
| <b>Total General Fund</b>                 | <b>\$ 1,359,400</b>        | <b>\$ 1,563,498</b> | <b>\$ 1,939,526</b> | <b>\$ 2,542,855</b> | <b>\$ 3,988,449</b> | <b>\$ 3,681,542</b> | <b>\$ 3,999,234</b> | <b>\$ 4,054,814</b> | <b>\$ 4,300,583</b> | <b>\$ 4,386,223</b> |
| All Other Governmental Funds              |                            |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Reserved                                  | \$ 1,182                   | \$ 1,681,435        | \$ 26,945           |                     |                     |                     |                     |                     |                     |                     |
| Unreserved                                | 102,190                    | (2,000,116)         | 245,212             |                     |                     |                     |                     |                     |                     |                     |
| Restricted                                |                            |                     |                     | \$ 239,658          | \$ 189,660          | \$ 135,931          | \$ 401,950          | \$ 533,405          | \$ 765,540          | \$ 459,164          |
| Assigned                                  | -                          | -                   | -                   | 5,901               | 50,000              | 50,000              | -                   | -                   | -                   | -                   |
| <b>Total All Other Governmental Funds</b> | <b>\$ 103,372</b>          | <b>\$ (318,681)</b> | <b>\$ 272,157</b>   | <b>\$ 245,559</b>   | <b>\$ 239,660</b>   | <b>\$ 185,931</b>   | <b>\$ 401,950</b>   | <b>\$ 533,405</b>   | <b>\$ 765,540</b>   | <b>\$ 459,164</b>   |

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.

**UPPER 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                |
|--|--------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-------------------|-------------------|-------------------|---------------------|
| <b>Revenues</b>  |                    |                     |                   |                   |                     |                     |                   |                   |                   |                     |
| Property Tax Levy  | \$ 18,316,035      | \$ 19,014,668       | \$ 19,748,993     | \$ 20,330,820     | \$ 20,482,358       | \$ 20,694,050       | \$ 20,997,593     | \$ 21,382,382     | \$ 21,806,063     | \$ 22,222,151       |
| Tuition Charges  | 113,905            | 73,488              | 73,153            | 144,386           | 255,152             | 206,385             | 211,905           | 168,288           | 196,405           | 260,305             |
| Interest Earnings  | 98,659             | 29,130              | 24,375            | 23,168            | 8,672               | 12,321              | 13,995            | 10,154            | 12,792            | 15,517              |
| Miscellaneous  | 12,484             | 35,236              | 57,482            | 190,330           | 75,952              | 88,038              | 165,629           | 22,503            | 196,347           | 125,808             |
| State Sources  | 3,158,517          | 2,445,501           | 2,654,958         | 2,012,287         | 2,497,619           | 2,992,555           | 2,759,351         | 3,150,544         | 3,444,092         | 3,772,728           |
| Federal Sources  | 278,522            | 293,016             | 520,184           | 314,282           | 325,265             | 277,055             | 296,591           | 282,573           | 358,517           | 353,161             |
| <b>Total Revenue</b>   | <b>21,978,122</b>  | <b>21,891,039</b>   | <b>23,079,145</b> | <b>23,015,273</b> | <b>23,645,018</b>   | <b>24,270,404</b>   | <b>24,445,064</b> | <b>25,016,444</b> | <b>26,014,216</b> | <b>26,749,670</b>   |
| <b>Expenditures</b>  |                    |                     |                   |                   |                     |                     |                   |                   |                   |                     |
| <b>Instruction</b>   |                    |                     |                   |                   |                     |                     |                   |                   |                   |                     |
| Regular Instruction  | 9,471,914          | 9,109,569           | 9,397,296         | 9,179,194         | 8,924,721           | 9,857,895           | 10,034,942        | 10,367,659        | 10,702,372        | 11,580,935          |
| Special Education Instruction                                      | 3,368,015          | 3,421,222           | 3,640,286         | 3,387,021         | 3,338,815           | 3,370,370           | 3,192,598         | 3,417,671         | 3,348,691         | 3,255,330           |
| Other Instruction  | 212,034            | 249,749             | 247,671           | 131,803           | 124,623             | 137,514             | 167,472           | 179,429           | 379,216           | 459,508             |
| School Sponsored Activities And Athletics                          | 110,284            | 107,340             | 112,202           | 124,692           | 139,724             | 110,029             | 140,718           | 153,320           | 138,358           | 161,207             |
| <b>Support Services:</b>   |                    |                     |                   |                   |                     |                     |                   |                   |                   |                     |
| Student And Inst. Related Services                                 | 2,869,296          | 2,897,483           | 2,991,137         | 2,971,734         | 3,186,664           | 3,467,674           | 3,620,140         | 3,719,730         | 3,809,181         | 4,150,912           |
| General Administration   | 692,752            | 607,102             | 562,959           | 555,877           | 561,769             | 659,707             | 712,047           | 665,072           | 622,242           | 630,194             |
| School Administrative Services                                     | 1,004,384          | 994,366             | 1,040,713         | 1,083,194         | 1,127,850           | 1,178,980           | 1,158,298         | 1,156,880         | 1,164,936         | 1,236,982           |
| Plant Operations And Maintenance                                   | 2,122,342          | 2,114,466           | 2,171,496         | 2,334,303         | 2,364,146           | 2,355,724           | 2,401,832         | 2,506,379         | 2,619,002         | 2,633,033           |
| Pupil Transportation   | 551,772            | 588,412             | 545,657           | 462,360           | 462,418             | 416,143             | 387,319           | 450,242           | 451,862           | 449,611             |
| Business And Other Support Services                                | 408,517            | 438,332             | 467,745           | 489,713           | 512,351             | 526,007             | 534,016           | 532,550           | 553,977           | 578,696             |
| Capital Outlay   | 62,674             | 605,117             | 3,064,992         | 309,920           | 185,821             | 1,221,990           | 109,674           | 549,421           | 477,290           | 966,918             |
| <b>Debt Service:</b>   |                    |                     |                   |                   |                     |                     |                   |                   |                   |                     |
| Principal  | 747,757            | 698,237             | 913,518           | 943,036           | 972,656             | 1,006,400           | 1,051,032         | 1,042,500         | 1,067,720         | 1,218,021           |
| Bond Issuance Costs  |                    |                     | 93,909            |                   |                     | 68,625              |                   |                   |                   |                     |
| Advance Refunding Escrow   |                    |                     |                   |                   |                     |                     |                   |                   |                   |                     |
| Interest And Other Charges   | 419,299            | 386,265             | 506,703           | 478,015           | 439,587             | 373,330             | 401,265           | 240,858           | 201,465           | 162,557             |
| <b>Total Expenditures</b>  | <b>22,041,040</b>  | <b>22,217,660</b>   | <b>25,756,284</b> | <b>22,450,862</b> | <b>22,341,145</b>   | <b>24,750,388</b>   | <b>23,911,353</b> | <b>24,981,711</b> | <b>25,536,312</b> | <b>27,483,904</b>   |
| Excess (Deficiency) Of Revenues<br>Over (Under) Expenditures       | (62,918)           | (326,621)           | (2,677,139)       | 564,411           | 1,303,873           | (479,984)           | 533,711           | 34,733            | 477,904           | (734,234)           |
| <b>Other Financing Sources (Uses)</b>                              |                    |                     |                   |                   |                     |                     |                   |                   |                   |                     |
| Original Issue Premium   |                    |                     |                   |                   |                     | 284,828             |                   |                   |                   |                     |
| Capital Leases (Non-Budgeted)                                      |                    | 108,666             | 80,575            | 12,320            | 135,822             | 80,724              |                   | 152,302           |                   | 513,500             |
| Bond Proceeds  |                    |                     | 3,563,430         |                   |                     |                     |                   |                   |                   |                     |
| Proceeds From Refunding  |                    |                     |                   |                   |                     | 3,255,000           |                   |                   |                   |                     |
| Payments To Escrow Agent   |                    |                     |                   |                   |                     | (3,501,204)         |                   |                   |                   |                     |
| Transfers In   |                    |                     | 7,653             | 239,646           |                     |                     | 380,639           | 328,687           | 619,170           | 300,000             |
| Transfers Out  |                    |                     | (7,653)           | (239,646)         |                     |                     | (380,639)         | (328,687)         | (619,170)         | (300,000)           |
| <b>Total Other Financing Sources (Uses)</b>                        | <b>-</b>           | <b>108,666</b>      | <b>3,644,005</b>  | <b>12,320</b>     | <b>135,822</b>      | <b>119,348</b>      | <b>-</b>          | <b>152,302</b>    | <b>-</b>          | <b>513,500</b>      |
| <b>Net Change In Fund Balances</b>                                 | <b>\$ (62,918)</b> | <b>\$ (217,955)</b> | <b>\$ 966,866</b> | <b>\$ 576,731</b> | <b>\$ 1,439,695</b> | <b>\$ (360,636)</b> | <b>\$ 533,711</b> | <b>\$ 187,035</b> | <b>\$ 477,904</b> | <b>\$ (220,734)</b> |
| <b>Debt Service As A Percentage Of<br/>Noncapital Expenditures</b> | 5.31%              | 5.02%               | 6.26%             | 6.42%             | 6.37%               | 5.86%               | 6.10%             | 5.25%             | 5.06%             | 5.21%               |

\* Noncapital expenditures are total expenditures less capital outlay.

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

| <b>Fiscal Year<br/>Ended<br/>June 30</b> | <b><u>Tuition</u></b> | <b><u>Interest on<br/>Investments</u></b> | <b><u>Interlocal<br/>Payroll<br/>Service</u></b> | <b><u>Energy<br/>Rebate</u></b> | <b><u>Rental</u></b> | <b><u>Misc.</u></b> | <b><u>Total</u></b> |
|--|-----------------------|---|--|---------------------------------|----------------------|---------------------|---------------------|
| 2008                                     | \$ 113,905            | \$ 98,429                                 |  |                                 | \$ 1,730             | \$ 10,754           | \$ 224,818          |
| 2009                                     | 73,488                | 29,081                                    |  |                                 |                      | 35,236              | 137,805             |
| 2010                                     | 73,153                | 24,375                                    | \$ 22,000  |                                 |                      | 35,482              | 155,010             |
| 2011                                     | 144,386               | 23,168                                    |  | \$ 144,663                      |                      | 45,667              | 357,884             |
| 2012                                     | 255,152               | 8,672                                     |  | 58,790                          | 4,358                | 12,804              | 339,776             |
| 2013                                     | 206,385               | 12,321                                    |  | 38,500                          | 2,790                | 46,748              | 306,744             |
| 2014                                     | 211,905               | 13,995                                    |  | 23,100                          | -                    | 142,529             | 391,529             |
| 2015                                     | 168,288               | 10,154                                    |  |                                 | 465                  | 22,038              | 200,945             |
| 2016                                     | 196,405               | 12,792                                    |  |                                 | 1,140                | 71,867              | 282,204             |
| 2017                                     | 260,305               | 15,517                                    |  |                                 | 830                  | 21,764              | 298,416             |

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

| Fiscal<br>Year<br>Ended<br>June 30, | Vacant Land   | Residential      | Commercial     | Industrial   | Apartment     | Total Assessed Value | Public Utilities | Net Valuation Taxable | Estimated Actual<br>(County Equalized)<br>Value | Total Direct<br>School Tax<br>Rate <sup>a</sup> |
|-------------------------------------|---------------|------------------|----------------|--------------|---------------|----------------------|------------------|-----------------------|---|---|
| 2008                                | \$ 18,827,700 | \$ 1,935,156,800 | \$ 195,207,300 | \$ 6,217,700 | \$ 18,551,000 | \$ 2,173,960,500     | \$ 1,599,169     | \$ 2,175,559,669      | \$ 3,155,404,809                                | \$ 0.858  |
| 2009                                | 16,559,700    | 1,959,049,800    | 194,907,300    | 6,217,700    | 18,551,000    | 2,195,285,500        | 1,801,944        | 2,197,087,444         | 3,208,779,034                                   | 0.882   |
| 2010                                | 16,017,500    | 1,969,127,300    | 180,407,600    | 6,217,700    | 18,551,000    | 2,190,321,100        | 1,890,346        | 2,192,211,446         | 3,081,471,003                                   | 0.914   |
| 2011                                | 16,079,800    | 1,975,814,000    | 174,353,200    | 6,217,000    | 18,551,000    | 2,191,015,000        | 1,972,027        | 2,191,015,700         | 2,954,810,904                                   | 0.931   |
| 2012                                | 15,715,400    | 1,982,729,000    | 171,623,500    | 6,217,700    | 18,551,000    | 2,194,836,600        | 1,998,282        | 2,196,834,882         | 2,920,759,989                                   | 0.938   |
| 2013                                | 16,726,500    | 1,986,761,100    | 171,223,500    | 6,217,700    | 18,551,000    | 2,199,479,800        | 100,000          | 2,199,579,800         | 2,827,191,218                                   | 0.948   |
| 2014                                | 15,437,400    | 1,996,173,700    | 171,223,500    | 6,217,700    | 18,551,000    | 2,207,603,300        | 100,000          | 2,207,703,300         | 2,794,042,727                                   | 0.960   |
| 2015                                | 15,472,600    | 2,002,788,500    | 171,123,500    | 6,217,700    | 18,551,000    | 2,214,153,300        | 100,000          | 2,214,253,300         | 2,757,653,408                                   | 0.975   |
| 2016                                | 16,007,400    | 2,013,563,300    | 170,132,500    | 6,217,700    | 18,551,000    | 2,224,471,900        | 100,000          | 2,224,571,900         | 2,767,210,718                                   | 0.990   |
| 2017                                | 24,891,200    | 2,030,685,200    | 127,765,000    | 6,217,700    | 18,551,000    | 2,208,110,100        | 100,000          | 2,208,210,100         | 2,776,753,610                                   | 1.018   |

Source: County Abstract of Ratables

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



**UPPER SADDLE RIVER BOARD OF EDUCATION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
(Unaudited)  
(rate per \$100 of assessed value)**

| Calendar<br>Year | <u>Overlapping Rates</u> |                            |              |          | Total Direct<br>and Overlapping<br>Tax Rate |
|------------------|--------------------------|----------------------------|--------------|----------|---|
|                  | Local<br>School          | Regional<br>High<br>School | Municipality | County   |   |
| 2008             | \$ 0.858                 | \$ 0.495                   | \$ 0.344     | \$ 0.268 | \$ 1.965                                    |
| 2009             | 0.882                    | 0.497                      | 0.351        | 0.281    | 2.011                                       |
| 2010             | 0.914                    | 0.505                      | 0.362        | 0.276    | 2.057                                       |
| 2011             | 0.931                    | 0.536                      | 0.370        | 0.280    | 2.117                                       |
| 2012             | 0.938                    | 0.540                      | 0.367        | 0.293    | 2.138                                       |
| 2013             | 0.948                    | 0.557                      | 0.364        | 0.296    | 2.165                                       |
| 2014             | 0.960                    | 0.567                      | 0.375        | 0.296    | 2.198                                       |
| 2015             | 0.975                    | 0.590                      | 0.374        | 0.299    | 2.238                                       |
| 2016             | 0.990                    | 0.600                      | 0.375        | 0.306    | 2.271                                       |
| 2017             | 1.018                    | 0.624                      | 0.385        | 0.315    | 2.342                                       |

Source: Abstract of Ratables, County Board of Taxation

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

| Taxpayer                           | 2017                         |  |
|------------------------------------|------------------------------|--|
|                                    | Taxable<br>Assessed<br>Value | % of Total<br>District Net<br>Assessed Value |
| Mountainview Realty, LLC           | \$ 16,000,000                | 0.72%  |
| Mack-Cali Realty, LP               | 10,855,500                   | 0.49%  |
| Upper Saddle River Developers, LLC | 10,600,600                   | 0.48%  |
| Whitney Associates                 | 8,353,800                    | 0.38%  |
| USR Developers, LLC %Pinnacle      | 7,950,400                    | 0.36%  |
| GAGA Realty                        | 7,500,000                    | 0.34%  |
| Porven Real Estate, Inc            | 6,421,500                    | 0.29%  |
| Upper Saddle River Project LLC     | 6,071,000                    | 0.27%  |
| Birdie Investments, LLC            | 5,580,300                    | 0.25%  |
| 2 Park Way Assoc., LLC             | 4,200,000                    | 0.19%  |
|                                    | <u>\$ 83,533,100</u>         | <u>3.78%</u>                                 |

|                                    | 2008                         |  |
|------------------------------------|------------------------------|--|
|                                    | Taxable<br>Assessed<br>Value | % of Total<br>District Net<br>Assessed Value |
| Mack-Cali Realty, LP               | \$ 65,000,000                | 2.99%  |
| Mountainview Realty, LLC           | 16,000,000                   | 0.74%  |
| Upper Saddle River Developers, LLC | 10,600,600                   | 0.49%  |
| Pentek Management Corp.            | 8,600,000                    | 0.40%  |
| Whitney Associates                 | 8,353,800                    | 0.38%  |
| USR Developers, LLC % Pinnacle     | 7,950,400                    | 0.37%  |
| Upper Saddle River Project LLC     | 6,571,000                    | 0.30%  |
| Porven Real Estate, Inc            | 6,421,500                    | 0.30%  |
| Skymark Holdings                   | 6,309,300                    | 0.29%  |
| Clinton D. Carlough Properties, LP | 5,994,900                    | 0.28%  |
|                                    | <u>\$ 141,801,500</u>        | <u>6.52%</u>                                 |

Source: Municipal Tax Assessor

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

| Fiscal<br>Year<br>Ended<br>June 30, | Taxes Levied for<br>the Fiscal Year | Collected within the Fiscal Year<br>of the Levy |                       | Collections in<br>Subsequent<br>Years |
|-------------------------------------|-------------------------------------|---|-----------------------|---------------------------------------|
|                                     |                                     | Amount  | Percentage<br>of Levy |                                       |
| 2008                                | \$ 18,316,035                       | \$ 18,316,035                                   | 100.00%               | N/A                                   |
| 2009                                | 19,014,668                          | 19,014,668                                      | 100.00%               | N/A                                   |
| 2010                                | 19,748,993                          | 19,748,993                                      | 100.00%               | N/A                                   |
| 2011                                | 20,330,820                          | 20,330,820                                      | 100.00%               | N/A                                   |
| 2012                                | 20,482,358                          | 20,482,358                                      | 100.00%               | N/A                                   |
| 2013                                | 20,694,050                          | 20,694,050                                      | 100.00%               | N/A                                   |
| 2014                                | 20,997,593                          | 20,997,593                                      | 100.00%               | N/A                                   |
| 2015                                | 21,382,382                          | 21,382,382                                      | 100.00%               | N/A                                   |
| 2016                                | 21,806,063                          | 21,806,063                                      | 100.00%               | N/A                                   |
| 2017                                | 22,222,151                          | 22,222,151                                      | 100.00%               | N/A                                   |

Source: Board's financial statements

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

| Fiscal<br>Year<br>Ended<br>June 30, | <u>Governmental Activities</u> |                   |            | Total School<br>District | Population   | Per Capita |
|-------------------------------------|--------------------------------|-------------------|------------|--------------------------|--------------|------------|
|                                     | General<br>Obligation<br>Bonds | Capital<br>Leases | Loans      |                          |              |            |
| 2008                                | \$ 9,017,000                   | \$ 97,630         | \$ 284,464 | \$ 9,399,094             | 8,412        | \$ 1,117   |
| 2009                                | 8,397,000                      | 171,663           | 240,860    | 8,809,523                | 8,480        | 1,039      |
| 2010                                | 11,138,906                     | 205,239           | 195,865    | 11,540,010               | 8,220        | 1,404      |
| 2011                                | 10,286,319                     | 148,937           | 149,372    | 10,584,628               | 8,281        | 1,278      |
| 2012                                | 9,406,406                      | 179,919           | 101,305    | 9,687,630                | 8,317        | 1,165      |
| 2013                                | 8,462,965                      | 188,734           | 51,542     | 8,703,241                | 8,351        | 1,042      |
| 2014                                | 7,507,185                      | 145,024           | -          | 7,652,209                | 8,339        | 918        |
| 2015                                | 6,509,467                      | 186,422           | -          | 6,695,889                | 8,379        | 799        |
| 2016                                | 5,486,749                      | 141,420           |            | 5,628,169                | 8,326        | 676        |
| 2017                                | 4,429,031                      | 460,270           |            | 4,889,301                | 8,326 (Est.) | 587        |

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

| Fiscal<br>Year<br>Ended<br>June 30, | General Bonded Debt Outstanding |                           |            | Net General<br>Bonded Debt<br>Outstanding | Percentage of<br>Actual Taxable<br>Value of<br>Property | Per Capita |
|-------------------------------------|---------------------------------|---------------------------|------------|---|---|------------|
|                                     | General<br>Obligation<br>Bonds  | Intergovernmental<br>Loan | Deductions |   |   |            |
| 2008                                | \$ 9,017,000                    | \$ 284,464                |            | \$ 9,301,464                              | 0.43%   | \$ 1,106   |
| 2009                                | 8,397,000                       | 240,860                   |            | 8,637,860                                 | 0.39%   | 1,019      |
| 2010                                | 11,138,906                      | 195,865                   |            | 11,334,771                                | 0.52%   | 1,379      |
| 2011                                | 10,286,319                      | 149,372                   |            | 10,435,691                                | 0.48%   | 1,260      |
| 2012                                | 9,406,406                       | 101,305                   |            | 9,507,711                                 | 0.43%   | 1,143      |
| 2013                                | 8,462,965                       | 51,542                    |            | 8,514,507                                 | 0.39%   | 1,020      |
| 2014                                | 7,507,185                       |                           |            | 7,507,185                                 | 0.34%   | 900        |
| 2015                                | 6,509,467                       |                           |            | 6,509,467                                 | 0.29%   | 777        |
| 2016                                | 5,486,749                       |                           |            | 5,486,749                                 | 0.25%   | 659        |
| 2017                                | 4,429,031                       |                           |            | 4,429,031                                 | 0.20%   | 532        |

**UPPER SADDLE RIVER BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2016  
(Unaudited)**

|   | <u>Gross Debt</u>        |
|---|--------------------------|
| Municipal Debt:   |                          |
| Upper Saddle River Board of Education                                       | \$ 4,429,031             |
| Northern Highlands Regional High School -<br>Upper Saddle River's Share (1) | 5,535,613                |
| Borough of Upper Saddle River (1)   | <u>14,072,208</u>        |
|   | 24,036,852               |
| Overlapping Debt Apportioned to the Municipality:                           |                          |
| Bergen County:  |                          |
| County of Bergen (2)  | <u>19,852,927</u>        |
| <br>Total Direct and Overlapping Debt                                       | <br><u>\$ 43,889,779</u> |

## Source:

- (1) Borough of Upper Saddle River's 2016 Annual Debt Statement
- (2) Bergen County's 2016 Annual Debt Statement

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

|   | Fiscal Year Ended June 30, |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2008                       | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 |
| Debt Limit  | \$ 86,030,642              | \$ 91,873,015        | \$ 93,268,506        | \$ 91,944,079        | \$ 89,331,539        | \$ 86,686,851        | \$ 85,012,947        | \$ 83,375,789        | \$ 82,713,770        | \$ 82,853,110        |
| Total Net Debt Applicable to Limit                                      | 9,301,464                  | 12,201,290           | 11,334,771           | 10,435,691           | 9,507,711            | 8,514,507            | 7,507,185            | 6,509,467            | 5,486,749            | 4,429,031            |
| Legal Debt Margin   | <u>\$ 76,729,178</u>       | <u>\$ 79,671,725</u> | <u>\$ 81,933,735</u> | <u>\$ 81,508,388</u> | <u>\$ 79,823,828</u> | <u>\$ 78,172,344</u> | <u>\$ 77,505,762</u> | <u>\$ 76,866,322</u> | <u>\$ 77,227,021</u> | <u>\$ 78,424,079</u> |
| Total Net Debt Applicable to the Limit<br>as a Percentage of Debt Limit | 10.81%                     | 13.28%               | 12.15%               | 11.35%               | 10.64%               | 9.82%                | 8.83%                | 7.81%                | 6.63%                | 5.35%                |

**Legal Debt Margin Calculation June 30, 2017**

|   |                         |
|---|-------------------------|
| Equalized Valuation Basis                       |                         |
| 2016  | \$ 2,792,107,318        |
| 2015  | 2,749,134,964           |
| 2014  | <u>2,744,068,738</u>    |
|   | <u>\$ 8,285,311,020</u> |
| Average Equalized Valuation of Taxable Property | \$ 2,761,770,340        |
| Debt Limit (3 % of average equalization value)  | 82,853,110              |
| Total Net Debt Applicable to Limit              | <u>4,429,031</u>        |
| Legal Debt Margin                               | <u>\$ 78,424,079</u>    |

Source: Municipal Annual Debt Statements

**UPPER SADDLE RIVER BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

| <u>Year</u> | <u>Population</u> | <u>County Per<br/>Capita Personal<br/>Income</u> | <u>Unemployment<br/>Rate</u> |
|-------------|-------------------|--|------------------------------|
| 2008        | 8,412             | \$ 68,548  | 5.0%                         |
| 2009        | 8,480             | 64,571   | 9.0%                         |
| 2010        | 8,220             | 65,275   | 9.2%                         |
| 2011        | 8,281             | 68,244   | 9.0%                         |
| 2012        | 8,317             | 71,380   | 9.2%                         |
| 2013        | 8,351             | 70,498   | 6.0%                         |
| 2014        | 8,339             | 73,536   | 4.1%                         |
| 2015        | 8,379             | 75,849   | 3.3%                         |
| 2016        | 8,326             | 75,849 (Est)                                     | 3.2%                         |
| 2017        | 8,326 (Est.)      | 75,849 (Est.)                                    | 3.2% (Est.)                  |

Source: New Jersey State Department of Education



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

| Employer | 2017      |  | 2008      |  |
|----------|-----------|--|-----------|--|
|          | Employees | Percentage of Total Municipal Employment | Employees | Percentage of Total Municipal Employment |

INFORMATION NOT AVAILABLE

**UPPER 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                                | 91          | 92          | 90          | 88          | 88          | 88          | 89          | 89          | 89          | 89          |
| Special Education                      | 43          | 44          | 44          | 44          | 44          | 44          | 45          | 45          | 46          | 46          |
| Other Special Education                | 2           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           |
| Support Services:                      |             |             |             |             |             |             |             |             |             |             |
| Student & Instruction Related Services | 21          | 23          | 22          | 29          | 30          | 30          | 33          | 34          | 35          | 38          |
| General Administration                 | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| School Administrative Services         | 9           | 9           | 9           | 9           | 9           | 9           | 9           | 9           | 9           | 9           |
| Other Administrative Services          |             |             |             |             |             |             |             |             |             |             |
| Central Services                       | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           | 4           |
| Plant Operations And Maintenance       | 19          | 19          | 19          | 18          | 18          | 18          | 22          | 22          | 22          | 22          |
| <b>Total</b>                           | <u>191</u>  | <u>197</u>  | <u>194</u>  | <u>198</u>  | <u>199</u>  | <u>199</u>  | <u>208</u>  | <u>209</u>  | <u>211</u>  | <u>214</u>  |

Source: District Personnel Records

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

| Fiscal Year | Enrollment <sup>a</sup> | Operating Expenditures <sup>b</sup> | Cost Per Pupil <sup>c</sup> | Percentage Change | Teaching Staff | Pupil/Teacher Ratio |               | Average Daily Enrollment (ADE) | Average Daily Attendance (ADA) | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|----------------|---------------------|---------------|--------------------------------|--------------------------------|--------------------------------------|-------------------------------|
|             |                         |                                     |                             |                   |                | Elementary          | Middle School |                                |                                |                                      |                               |
| 2008        | 1,384                   | \$ 20,811,310                       | \$ 15,037                   | 1.71%             | 140            | 19.8/1              | 24.9/1        | 1,379                          | 1,321                          | 2.30%                                | 95.79%                        |
| 2009        | 1,384                   | 20,528,041                          | 14,832                      | -1.36%            | 140            | 19/1                | 25/1          | 1,383                          | 1,330                          | 0.29%                                | 96.17%                        |
| 2010        | 1,391                   | 21,177,162                          | 15,224                      | 2.64%             | 138            | 19/1                | 24.6/1        | 1,386                          | 1,333                          | 0.22%                                | 96.18%                        |
| 2011        | 1,374                   | 20,719,891                          | 15,080                      | -0.95%            | 136            | 20/1                | 25/1          | 1,379                          | 1,334                          | -0.51%                               | 96.74%                        |
| 2012        | 1,339                   | 20,743,081                          | 15,491                      | 2.73%             | 136            | 20/1                | 24.9/1        | 1,354                          | 1,313                          | -1.81%                               | 96.97%                        |
| 2013        | 1,336                   | 22,080,043                          | 16,527                      | 6.68%             | 139            | 19.3/1              | 25.7/1        | 1,348                          | 1,293                          | -0.44%                               | 95.92%                        |
| 2014        | 1,308                   | 22,349,382                          | 17,087                      | 3.39%             | 139.5          | 19/1                | 24.6/1        | 1,298                          | 1,244                          | -3.71%                               | 95.84%                        |
| 2015        | 1,248                   | 23,148,932                          | 18,549                      | 8.56%             | 140.5          | 18/1                | 24/1          | 1,249                          | 1,201                          | -3.78%                               | 96.16%                        |
| 2016        | 1,223                   | 23,789,837                          | 19,452                      | 4.87%             | 141.5          | 17.7/1              | 23.6/1        | 1,224                          | 1,177                          | -2.00%                               | 96.16%                        |
| 2017        | 1,191                   | 25,136,408                          | 21,105                      | 8.50%             | 141.0          | 17.5/1              | 24.7/1        | 1,191                          | 1,144                          | -2.70%                               | 96.05%                        |

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.

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

|                                    | Fiscal Year Ended June 30, |        |        |        |        |        |        |        |        |        |
|------------------------------------|----------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                    | 2008                       | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
| <b>District Building</b>           |                            |        |        |        |        |        |        |        |        |        |
| <u>Elementary</u>                  |                            |        |        |        |        |        |        |        |        |        |
| Robert Reynolds Elementary (1960)  |                            |        |        |        |        |        |        |        |        |        |
| Square Feet                        | 40,503                     | 40,503 | 40,503 | 40,503 | 40,503 | 40,503 | 40,503 | 40,503 | 40,503 | 40,503 |
| Capacity (students)                | 421                        | 421    | 421    | 421    | 421    | 421    | 421    | 421    | 421    | 421    |
| Enrollment                         | 436                        | 447    | 461    | 461    | 426    | 399    | 369    | 369    | 370    | 355    |
| Edith Bogert Elementary (1950)     |                            |        |        |        |        |        |        |        |        |        |
| Square Feet                        | 67,221                     | 67,221 | 67,221 | 67,221 | 67,221 | 67,221 | 67,221 | 67,221 | 67,221 | 67,221 |
| Capacity (students)                | 429                        | 429    | 429    | 429    | 429    | 429    | 429    | 429    | 429    | 429    |
| Enrollment                         | 448                        | 449    | 462    | 462    | 453    | 458    | 453    | 426    | 391    | 380    |
| <u>Middle School</u>               |                            |        |        |        |        |        |        |        |        |        |
| Square Feet                        | 97,704                     | 97,704 | 97,704 | 97,704 | 97,704 | 97,704 | 97,704 | 97,704 | 97,704 | 97,704 |
| Capacity (students)                | 452                        | 452    | 452    | 452    | 452    | 452    | 452    | 452    | 452    | 452    |
| Enrollment                         | 463                        | 475    | 468    | 468    | 473    | 490    | 468    | 479    | 472    | 470    |
| <u>Other</u>                       |                            |        |        |        |        |        |        |        |        |        |
| Administration Building            |                            |        |        |        |        |        |        |        |        |        |
| Square Feet                        | 1,372                      | 1,372  | 1,372  | 1,372  | 1,372  | 1,372  | 1,372  | 1,372  | 1,372  | 1,372  |
| Science Center                     |                            |        |        |        |        |        |        |        |        |        |
| Square Feet                        | 1,100                      | 1,100  | 1,100  | 1,100  | 1,100  | 1,100  | 1,100  | 1,100  | 1,100  | 1,100  |
| Number of Schools at June 30, 2016 |                            |        |        |        |        |        |        |        |        |        |
| Elementary = 2                     |                            |        |        |        |        |        |        |        |        |        |
| Middle School = 1                  |                            |        |        |        |        |        |        |        |        |        |
| Other = 1                          |                            |        |        |        |        |        |        |        |        |        |

Source: District Office

Note: Year of original construction is shown in parenthesis. Enrollment is based on the annual October district count.

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

|                          | Fiscal Year Ended June 30, |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|--------------------------|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                          | <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>           |
| <b>School Facilities</b> |                            |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Cavallini School         | \$ 109,155                 | \$ 125,318            | \$ 127,810            | \$ 153,307            | \$ 170,798            | \$ 158,731            | \$ 135,966            | \$ 214,002            | \$ 199,098            | \$ 218,491            |
| Bogert School            | 119,015                    | 112,224               | 99,361                | 169,777               | 93,681                | 171,686               | 147,403               | 139,909               | 149,140               | 130,500               |
| Reynolds School          | 130,963                    | 129,144               | 107,860               | 167,823               | 174,306               | 177,755               | 155,164               | 117,756               | 160,886               | 185,024               |
| Administration           | 21,654                     | 16,601                | 26,273                | 18,490                | 26,020                | 25,810                | 22,016                | 28,742                | 28,047                | 20,327                |
| <br>Grand Total          | <br><u>\$ 380,787</u>      | <br><u>\$ 383,287</u> | <br><u>\$ 361,304</u> | <br><u>\$ 509,397</u> | <br><u>\$ 464,805</u> | <br><u>\$ 533,982</u> | <br><u>\$ 460,549</u> | <br><u>\$ 500,409</u> | <br><u>\$ 537,171</u> | <br><u>\$ 554,342</u> |

Source: District Records

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

|  | <u>Coverage</u>                 | <u>Deductible</u>      |
|--|---------------------------------|------------------------|
| <b><u>School Package Policy - Selective Insurance Group</u></b>        |                                 |                        |
| Property Blanket Building & Contents                                   | \$47,190,831                    | \$5,000                |
| Comprehensive General Liability  |                                 |                        |
| General Aggregate  | 2,000,000                       |                        |
| Products Completed Operations  | 2,000,000                       |                        |
| Personal & Advertising Injury  | 1,000,000                       |                        |
| Each Occurrence  | 1,000,000                       |                        |
| Fire Legal Liability   | 1,000,000                       |                        |
| Medical expense  | 5,000                           |                        |
| <b><u>Commercial Automobile Policy - Selective Insurance Group</u></b> |                                 |                        |
|  | 1,000,000                       | 1,000 (Comp/Collision) |
| <b><u>Excess Liability Policy - American Alternative Ins. Co.</u></b>  |                                 |                        |
|  | 9,000,000                       |                        |
| <b><u>Excess Liability Policy - Firemen's Fund</u></b>                 |                                 |                        |
|  | 50,000,000                      |                        |
|  | (Shared limit among all Boards) |                        |
| <b><u>Boiler &amp; Machinery - Selective Insurance Company</u></b>     |                                 |                        |
|  | 47,190,831                      | 5,000                  |
| <b><u>Bonds- RLI Surety</u></b>  |                                 |                        |
| Public Official Bond - Bus. Admin                                      | 50,000                          |                        |
| Public Official Bond - Treasurer of School Monies                      | 250,000                         |                        |
| <b><u>Environmental Impairment Liability - American Safety</u></b>     |                                 |                        |
|  | 20,000,000                      |                        |
|  | (Group Aggregate)               |                        |
| Each Impairment:   | 2,000,000                       | 15,000                 |
| Aggregate Per Impairment:  | 4,000,000                       |                        |
| <b><u>School Board Legal Liability - Darwin National</u></b>           |                                 |                        |
| Employment Related Practices Liability (Included)                      | 1,000,000                       | 5,000                  |
|  |                                 | 15,000                 |
| <b><u>Crime - Selective Insurance Company</u></b>                      |                                 |                        |
| Employee Dishonesty  | 100,000 per employee            | 5,000                  |
|  | 400,000 per loss                | 100,000                |
| Forgery & Alteration   | 50,000                          | 1,000                  |
| <b><u>Workers' Compensation- Star Insurance Company</u></b>            |                                 |                        |
| Each Accident  | 1,000,000                       |                        |
| Each Employee (Disease)  | 1,000,000                       |                        |
| Policy Limit (Disease)   | 1,000,000                       |                        |
| Employers Liability Retained Limit                                     | 500,000                         |                        |

Source: School Insurance Records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

**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  
Upper Saddle River Board of Education  
Upper 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 Upper 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 Upper Saddle River Board of Education's basic financial statements and have issued our report thereon dated August 31, 2017.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Upper 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 Upper Saddle River Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Upper 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.

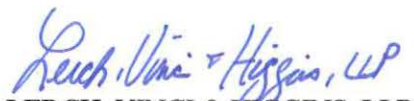
***Compliance and Other Matters***


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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Upper Saddle River Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated August 31, 2017.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Upper 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 Upper 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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
August 31, 2017



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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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MARK SACO, CPA  
SHERYL M. NICOLOSI, CPA, PSA

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

**INDEPENDENT AUDITOR’S REPORT**

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

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

We have audited the Upper 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 Upper Saddle River Board of Education’s major state programs for the fiscal year ended June 30, 2017. The Upper 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 Upper Saddle River Board of Education’s major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and 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 Upper 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 Upper Saddle River Board of Education's compliance.

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

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

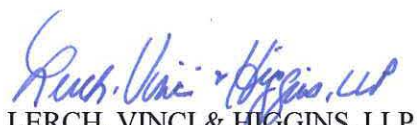
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 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 Upper 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 August 31, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
August 31, 2017

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

| Federal/Grantor/Pass-Through Grantor/<br>Program Title  | Federal<br>CFDA<br>Number | Federal<br>FAIN<br>Number | Grant or<br>State Project<br>Number | Grant Period   | Balance at July 1, 2016 |                          |                     |                              |                                  | Balance at June 30, 2017 |                           |                          |                     |                   | Memo<br>GAAP<br>Receivable |
|---|---------------------------|---------------------------|-------------------------------------|----------------|-------------------------|--------------------------|---------------------|------------------------------|----------------------------------|--------------------------|---------------------------|--------------------------|---------------------|-------------------|----------------------------|
|   |                           |                           |                                     |                | Award<br>Amount         | (Accounts<br>Receivable) | Unearned<br>Revenue | (A/R)<br>Carryover<br>Amount | Def. Rev.<br>Carryover<br>Amount | Cash<br>Received         | Budgetary<br>Expenditures | (Accounts<br>Receivable) | Unearned<br>Revenue | Due to<br>Grantor |                            |
| U.S. Department of Education<br>Passed-Through State Department<br>of Education<br>Special Revenue Fund |                           |                           |                                     |                |                         |                          |                     |                              |                                  |                          |                           |                          |                     |                   |                            |
| N.C.L.B. Title I  | 84.010A                   | S010A160030               | NCLB533017                          | 7/1/16-6/30/17 | \$ 78,295               |                          |                     |                              |                                  | \$ 55,712                | \$ 75,658                 | \$ (22,583)              | \$ 2,637            |                   | \$ (19,946)                |
| N.C.L.B. Title I  | 84.010A                   | S010A150030               | NCLB533016                          | 7/1/15-6/30/16 | 80,609                  | \$ (14,506)              | -                   | -                            | -                                | 14,506                   | -                         | -                        | -                   | -                 | -                          |
| Total N.C.L.B. Title I  |                           |                           |                                     |                |                         | (14,506)                 | -                   | -                            | -                                | 70,218                   | 75,658                    | (22,583)                 | 2,637               | -                 | (19,946)                   |
| N.C.L.B. Title II   | 84.367A                   | S367A150029               | NCLB533016                          | 7/1/15-6/30/16 | 22,405                  | \$ (18,555)              | \$ 6,667            | \$ 6,667                     | \$ (6,667)                       | 11,888                   |                           | -                        |                     |                   | -                          |
| N.C.L.B. Title II   | 84.367A                   | S367A160029               | NCLB533017                          | 7/1/16-6/30/17 | 20,635                  | -                        | -                   | (6,667)                      | 6,667                            | 17,302                   | 27,302                    | (10,000)                 | -                   | -                 | (10,000)                   |
| Total N.C.L.B. Title II   |                           |                           |                                     |                |                         | (18,555)                 | 6,667               | -                            | -                                | 29,190                   | 27,302                    | (10,000)                 | -                   | -                 | (10,000)                   |
| I.D.E.I.A. Part B, Basic  | 84.027A                   | H027A160100               | IDEA533017                          | 7/1/16-6/30/17 | 237,608                 |                          |                     |                              |                                  | 237,608                  | 237,608                   |                          |                     |                   |                            |
| I.D.E.I.A. Part B, Basic  | 84.027A                   | H027A150100               | IDEA533016                          | 7/1/15-6/30/16 | 249,656                 | (50,204)                 |                     |                              |                                  | 50,204                   |                           |                          |                     |                   |                            |
| I.D.E.I.A. Part B, Preschool  | 84.173A                   | H173A160114               | IDEA533017                          | 7/1/16-6/30/17 | 12,593                  |                          |                     |                              |                                  | 12,593                   | 12,593                    |                          |                     |                   |                            |
| I.D.E.I.A. Part B, Preschool  | 84.173A                   | H173A150114               | IDEA533016                          | 7/1/15-6/30/16 | 12,514                  | (2,487)                  | -                   | -                            | -                                | 2,487                    | -                         | -                        | -                   | -                 | -                          |
| Total I.D.E.I.A.  |                           |                           |                                     |                |                         | (52,691)                 | -                   | -                            | -                                | 302,892                  | 250,201                   | -                        | -                   | -                 | -                          |
| Total Special Revenue Fund  |                           |                           |                                     |                |                         | (85,752)                 | 6,667               | -                            | -                                | 402,300                  | 353,161                   | (32,583)                 | 2,637               | -                 | (29,946)                   |
| Total Federal Awards  |                           |                           |                                     |                |                         | \$ (85,752)              | \$ 6,667            | \$ -                         | \$ -                             | \$ 402,300               | \$ 353,161                | \$ (32,583)              | \$ 2,637            | \$ -              | \$ (29,946)                |

This schedule was not subject to Single Audit in accordance with U.S. Uniform Guidance

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

| State Grantor/Program Title  | Grant or State Project Number | Grant Period   | Award Received | Balance, July 1, 2016 |                   |                |                  |                     | Balance, June 30, 2017 |                  |                       | MEMO             |                |                     |
|--|-------------------------------|----------------|----------------|-----------------------|-------------------|----------------|------------------|---------------------|------------------------|------------------|-----------------------|------------------|----------------|---------------------|
|  |                               |                |                | (Accounts Receivable) | Unearned Revenue  | Due to Grantor | Carryover Amount | Cash Received       | Budgetary Expenditures | Adjustment       | (Accounts Receivable) | Unearned Revenue | Due to Grantor | GAAP Receivable     |
| <b>State Department of Education</b>   |                               |                |                |                       |                   |                |                  |                     |                        |                  |                       |                  |                |                     |
| <b>General Fund</b>  |                               |                |                |                       |                   |                |                  |                     |                        |                  |                       |                  |                |                     |
| Special Education Aid  | 16-495-034-5120-089           | 7/1/15-6/30/16 | \$ 451,270     | \$ (45,129)           |                   |                |                  | \$ 45,129           |                        |                  |                       |                  |                | *                   |
| Special Education Aid  | 17-495-034-5120-089           | 7/1/16-6/30/17 | 447,379        |                       |                   |                |                  | 404,220             | \$ 447,379             |                  | \$ (43,159)           |                  |                | *                   |
| Security Aid   | 16-495-034-5120-084           | 7/1/15-6/30/16 | 19,961         | (1,996)               |                   |                |                  | 1,996               |                        |                  |                       |                  |                | *                   |
| Security Aid   | 17-495-034-5120-084           | 7/1/16-6/30/17 | 22,454         |                       |                   |                |                  | 20,288              | 22,454                 |                  | (2,166)               |                  |                | *                   |
| PARCC Readiness Aid  | 16-495-034-5120-098           | 7/1/15-6/30/16 | 12,770         | (1,277)               |                   |                |                  | 1,277               |                        |                  |                       |                  |                | *                   |
| PARCC Readiness Aid  | 17-495-034-5120-098           | 7/1/16-6/30/17 | 12,770         |                       |                   |                |                  | 11,538              | 12,770                 |                  | (1,232)               |                  |                | *                   |
| Per Pupil Growth Aid   | 16-495-034-5120-097           | 7/1/15-6/30/16 | 12,770         | (1,277)               |                   |                |                  | 1,277               |                        |                  |                       |                  |                | *                   |
| Per Pupil Growth Aid   | 17-495-034-5120-097           | 7/1/16-6/30/17 | 12,770         |                       |                   |                |                  | 11,538              | 12,770                 |                  | (1,232)               |                  |                | *                   |
| Professional Learning Community Aid  | 17-495-034-5120-101           | 7/1/16-6/30/17 | 11,780         |                       |                   |                |                  | 10,643              | 11,780                 |                  | (1,137)               |                  |                | *                   |
| <b>Total State Aid Public</b>  |                               |                |                | <b>(49,679)</b>       | <b>-</b>          | <b>-</b>       | <b>-</b>         | <b>507,906</b>      | <b>507,153</b>         | <b>-</b>         | <b>(48,926)</b>       | <b>-</b>         | <b>-</b>       | <b>-</b>            |
| Extraordinary Aid  | 16-100-034-5120-044           | 7/1/15-6/30/16 | 285,552        | (285,552)             |                   |                |                  | 285,552             |                        |                  |                       |                  |                | *                   |
| Extraordinary Aid  | 17-100-034-5120-044           | 7/1/16-6/30/17 | 297,373        |                       |                   |                |                  |                     | 297,373                |                  | (297,373)             |                  |                | *                   |
| Transportation Aid   | 16-495-034-5120-014           | 7/1/15-6/30/16 | 35,371         | (3,537)               |                   |                |                  | 3,537               |                        |                  |                       |                  |                | *                   |
| Transportation Aid   | 17-495-034-5120-014           | 7/1/16-6/30/17 | 39,526         |                       |                   |                |                  | 35,713              | 39,526                 |                  | (3,813)               |                  |                | *                   |
| Non Public Transportation Reimb.   | N/A                           | 7/1/15-6/30/16 | 8,526          | (8,526)               |                   |                |                  | 8,526               |                        |                  |                       |                  |                | *                   |
| Non Public Transportation Reimb.   | N/A                           | 7/1/16-6/30/17 | 7,830          |                       |                   |                |                  |                     | 7,830                  |                  | (7,830)               |                  |                | *                   |
| <b>TPAF Pension</b>  |                               |                |                |                       |                   |                |                  |                     |                        |                  |                       |                  |                |                     |
| Normal Cost  | 17-495-034-5094-002           | 7/1/16-6/30/17 | 1,007,065      |                       |                   |                |                  | 1,007,065           | 1,007,065              |                  |                       |                  |                | *                   |
| NCGI Premium   | 17-495-034-5094-004           | 7/1/16-6/30/17 | 36,488         |                       |                   |                |                  | 36,488              | 36,488                 |                  |                       |                  |                | *                   |
| Post Retirement Medical Benefits   | 17-495-034-5094-001           | 7/1/16-6/30/17 | 869,517        |                       |                   |                |                  | 869,517             | 869,517                |                  |                       |                  |                | *                   |
| Long Term Disability Insurance   | 17-495-034-5094-004           | 7/1/16-6/30/17 | 3,509          |                       |                   |                |                  | 3,509               | 3,509                  |                  |                       |                  |                | *                   |
| TPAF Social Security Contributions   | 17-495-034-5094-003           | 7/1/16-6/30/17 | 698,473        |                       |                   |                |                  | 663,360             | 698,473                |                  | (35,113)              |                  |                | *                   |
| <b>Total General Fund</b>  |                               |                |                | <b>(347,294)</b>      | <b>-</b>          | <b>-</b>       | <b>-</b>         | <b>3,421,173</b>    | <b>3,466,934</b>       | <b>-</b>         | <b>(393,055)</b>      | <b>-</b>         | <b>-</b>       | <b>(42,943)</b>     |
| <b>Debt Service Fund</b>   |                               |                |                |                       |                   |                |                  |                     |                        |                  |                       |                  |                |                     |
| Type II Debt Service Aid   | 17-495-034-5120-075           | 7/1/16-6/30/17 | 304,425        |                       |                   |                |                  | 304,425             | 304,425                |                  |                       |                  |                | *                   |
| <b>Total Debt Service Fund</b>   |                               |                |                | <b>-</b>              | <b>-</b>          | <b>-</b>       | <b>-</b>         | <b>304,425</b>      | <b>304,425</b>         | <b>-</b>         | <b>-</b>              | <b>-</b>         | <b>-</b>       | <b>-</b>            |
| <b>State Economic Development Authority</b>                                    |                               |                |                |                       |                   |                |                  |                     |                        |                  |                       |                  |                |                     |
| <b>Educational Facilities Construction and Financing Act</b>                   |                               |                |                |                       |                   |                |                  |                     |                        |                  |                       |                  |                |                     |
| <b>Capital Projects Fund</b>   |                               |                |                |                       |                   |                |                  |                     |                        |                  |                       |                  |                |                     |
| Replace Curtain Wall and Partial Window Replacement at Cavallini Middle School | 5330-050-14-1001              | N/A            | 253,759        | (253,759)             | \$ 155,603        |                |                  |                     |                        | 12,713           | (110,869)             | \$ -             |                | *                   |
| <b>Total Capital Projects Fund</b>   |                               |                |                | <b>(253,759)</b>      | <b>155,603</b>    | <b>-</b>       | <b>-</b>         | <b>-</b>            | <b>-</b>               | <b>12,713</b>    | <b>(110,869)</b>      | <b>-</b>         | <b>-</b>       | <b>(110,869)</b>    |
| <b>Total State Financial Assistance Subject to Single Audit Determination</b>  |                               |                |                | <b>(601,053)</b>      | <b>155,603</b>    | <b>-</b>       | <b>-</b>         | <b>3,725,598</b>    | <b>3,771,359</b>       | <b>12,713</b>    | <b>(503,924)</b>      | <b>-</b>         | <b>-</b>       | <b>(153,812)</b>    |
| <b>State Financial Assistance Not Subject to Major Program Determination</b>   |                               |                |                |                       |                   |                |                  |                     |                        |                  |                       |                  |                |                     |
| TPAF Pension Contributions - Normal Cost                                       | 17-495-034-5094-002           | 7/1/16-6/30/17 |                |                       |                   |                |                  | (1,007,065)         | (1,007,065)            |                  |                       |                  |                | *                   |
| TPAF Pension - NCGI Premiums   | 17-495-034-5094-004           | 7/1/16-6/30/17 |                |                       |                   |                |                  | (36,488)            | (36,488)               |                  |                       |                  |                | *                   |
| TPAF Post Retirement Medical Benefits  | 17-495-034-5094-001           | 7/1/16-6/30/17 |                |                       |                   |                |                  | (869,517)           | (869,517)              |                  |                       |                  |                | *                   |
| TPAF Long Term Disability Insurance  | 17-495-034-5094-004           | 7/1/16-6/30/17 |                |                       |                   |                |                  | (3,509)             | (3,509)                |                  |                       |                  |                | *                   |
| <b>Total State Financial Assistance for Major Program Determination</b>        |                               |                |                | <b>\$ (601,053)</b>   | <b>\$ 155,603</b> | <b>\$ -</b>    | <b>\$ -</b>      | <b>\$ 1,809,019</b> | <b>\$ 1,854,780</b>    | <b>\$ 12,713</b> | <b>\$ (503,924)</b>   | <b>\$ -</b>      | <b>\$ -</b>    | <b>\$ (153,812)</b> |

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

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting. 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 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 \$11,344 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

|                            | <u>Federal</u>    | <u>State</u>        | <u>Total</u>        |
|----------------------------|-------------------|---------------------|---------------------|
| General Fund               |                   | \$ 3,455,590        | \$ 3,455,590        |
| Special Revenue Fund       | \$ 353,161        |                     | 353,161             |
| Capital Projects Fund      |                   | 12,713              | 12,713              |
| Debt Service Fund          | -                 | 304,425             | 304,425             |
|                            | <hr/>             | <hr/>               | <hr/>               |
| Total Financial Assistance | <u>\$ 353,161</u> | <u>\$ 3,772,728</u> | <u>\$ 4,125,889</u> |

**UPPER 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 \$698,473 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$1,043,553, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$869,517 and TPAF Long Term Disability Insurance Contributions in the amount of \$3,509 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 and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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



UPPER 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 auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

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

2) Significant deficiencies identified that are not considered to be material weaknesses?            yes   X   none reported

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

**Federal Awards Section** Not Applicable

**UPPER 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*

**State Awards Section**

Dollar threshold used to determine Type A programs: \$ 750,000

Auditee qualified as low-risk auditee?  X  yes   no

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

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

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:

| GMIS Number(s)                             | Name of State Program      |
|--|----------------------------|
| <u>Special Education Aid</u>               | <u>17-495-034-5120-089</u> |
| <u>Security Aid</u>                        | <u>17-495-034-5120-084</u> |
| <u>PARCC Readiness Aid</u>                 | <u>17-495-034-5120-098</u> |
| <u>Per Pupil Growth Aid</u>                | <u>17-495-034-5120-097</u> |
| <u>Professional Learning Community Aid</u> | <u>17-495-034-5120-101</u> |
| <u> </u>                                   | <u> </u>                   |

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

*Part 2 - Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

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

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 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.

**UPPER SADDLE RIVER BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
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 Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.