

RIVER EDGE BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

River Edge, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

River Edge Board of Education

River Edge, New Jersey

For The Fiscal Year Ended June 30, 2018

Prepared by:

Business Office

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INTRODUCTORY SECTION

River Edge Elementary Schools

410 Bogert Road, River Edge, New Jersey 07661
201-261-3408 201-261-3404
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"Building Bright Futures Together"

Dr. Tova Ben-Dov
Superintendent of Schools

Louise A. Napolitano
Board Secretary/Business Administration

January 24, 2019

Honorable President and
Members of the Board of Education
River Edge School District
River Edge, NJ 07661

Dear Board Members:

The comprehensive annual financial report of the River Edge School District for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board. 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 result of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the Districts' financial activities have been included.

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the "Independent Auditor's Report", management's discussion and analysis (MD&A), the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the 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 provisions of the New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to the State 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: River Edge School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The River Edge 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 6. These include regular, as well as special education for handicapped youngsters. The District completed the 2017-2018 fiscal year with an enrollment of 1,205 students, which is 22 additional students than the previous year's enrollment. The following details show the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017/18	1,205	1.8
2016/17	1,183	1.1
2015/16	1,170	(2.9)
2014/15	1,205	3.5
2013/14	1,164	(3.2)
2012/13	1,202	2.0
2011/12	1,179	(1.5)
2010/11	1,197	(.7)
2009/10	1,206	4.1
2008/09	1,158	.3

2.) ECONOMIC CONDITION AND OUTLOOK: The River Edge area is a stable community with a growing number of new residences each year. In anticipation of increased enrollment due to new development in town the BOE engaged in a new demographic study and commissioned the architects to evaluate the current use of facilities and make recommendations for optimal use of space. While no action was taken to change grade configurations, school enrollment lines, or initiate a referendum the district remains vigilant about the enrollment situation. The Mayor and Council are actively engaged in developing plans for the redevelopment of the business district which will include additional housing. A new luxury apartment complex was slated for completion in September 2018. It will have 69 units including 7 senior living spaces and 26-1 bedroom and 36-2 bedroom. As of October 29, 2018, this project has not yet reached completion but is anticipated by year end.

3.) MAJOR INITIATIVES:

The River Edge Public School District continues to strive to educate all children within the district. Beginning in September 2007 when New Bridge Center was opened, the building has housed the Early Childhood wing and several special education classes. 2011-2012 brought the creation of a third special education class that serves a slightly different student population. These classes are educationally appropriate for the students and have provided the district with cost savings. In addition, the classes are a source of revenue by accepting students from other districts to join the classes on a tuition basis. In 2012-2013 River Edge implemented a full day Kindergarten that has been very successful and is currently serving 156 students in 9 classes. Due to the increase in K enrollment starting in the 2014-15 school year the Kindergarten classes were transferred to their home schools (RS and CHS) thus relieving some classroom space for the growing enrollment in CHS.

Our community continues to attract new residents seeking an excellent school system. Curriculum and staff development are guided by a district administration and the Supervisor of Curriculum and Instruction. The River Edge Schools have also included the position of a Literacy Coach/Supervisor to guide the implementation of Reading/Writing Workshop programs and implement the NJ Student Learning Standards as well as a Math and Science Coach/Supervisor to increase rigor in these subject areas. During the 2012-13 school year River Edge updated its technology Infra Structure and added technological devices to better prepare students for the 21st Century. During the 2013-14 School year the River Edge School District has also upgraded its safety provisions and protocols for students, including the addition of safety cameras in school buildings. We also began a one-on-one technology initiative of ChromeBooks for 6th grade. The Board of Education continues to support professional development efforts in order to maintain instructional excellence in the district. During 2014-17 we continued to augment our one-on-one technology initiative by adding individual devices for younger students. During the 2017-2018 River Edge students in grades K-6 were able to use individual devices. We also added a position of a second technology coach to help guide teachers and students. We updated and improved our curriculum to include 21st Century and Technology skills and integrated them into the curriculum. For the 2015-16 school year the technology labs were converted to

classrooms as they were no longer needed due to our one-on-one initiative. This also freed up to classrooms to accommodate enrollment.

Math and Social Studies online resources were added and we prepared for the transition from Common Core State Standard (CCSS) to the NJSLs. At the same time instructional efforts were increased to add rigor to the math curriculum and to enhance students' higher-order thinking in all areas of the curriculum. It was supported and implemented again with modifications during the 2016-18 school years.

The River Edge School district is committed to a philosophy and practice of differentiation. During the 2015-16 school year the Post-dismissal Instructional Academy was added to help struggling students to reach their academic potential. This program was improved and continued to serve students during 2017-18.

Students in River Edge enjoy a wide variety of educational experiences that extend and broaden the curriculum. During the 2016-17 school year we began to develop and implement our STEAM program. To this end we started the conversion of two Discovery Labs to STEAM Labs and provided PD for teachers to support the development of the program in grades K-6. The project was completed during the 2017-18 school year. We have also formed an active partnership with Liberty Science Center to pursue STEAM Goals. Students enjoy an excellent fine arts program that includes general music instruction for all and instrumental music opportunities for older students. Several performance opportunities for Chorus and Band groups are offered each year. Musically talented and art talented students are given special opportunities to develop their skills through club programs that meet at lunchtime. The physical education program develops students' physical skills and introduces them to lifelong activities that will contribute to their physical well-being in the future. Developmental physical education is offered to students who need extra time and attention to demonstrate good skill development.

Character development is an important part of the school program. Pupil Assistance Counselors provide social/emotional support to students in crisis and design proactive programs for building students' self-confidence and resiliency. The school nurses and principals work closely with the counselors to identify students and design intervention and Anti-bullying programs that are proactive, meaningful, and appropriate. Mindfulness and flexible seating also became part of our program supporting the mind and body connection during the 2017-18 school year. Multiculturalism became an important staple of our program. It was integrated and pursued through literature, lessons, and activities. Special programs were held for students and families new to the district.

Teachers and students from the River Edge Schools are often recognized for excellence by national, state and local educational agencies. During multiple years from 2009-17 students were recognized for achievements in the New Jersey Stock Market Game and the County Poster Contest. In subsequent years students ranked very high in the NJ Math Olympics. Student art work is often displayed at local cultural centers and musical groups perform for local community groups. Teachers lead staff development courses, teach at universities in the area and serve as consultants to other districts on science and authentic assessment topics. In addition, our administrators serve on the executive boards of their local professional organizations.

Parents are actively involved in our schools; Parent Teacher Organizations take an active role in supporting instructional decisions and activities by communicating school goals and programs to parents and by fundraising to help finance field trips, assemblies, and the purchase of additional instructional, enrichment materials and technological devices. In addition, parents serve on committees to consider new programs or initiatives for the district, to establish school goals, and to provide valuable input for technology decisions, Wellness, School Climate, and the development of security procedures for the schools.

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 accounting principles generally accepted in the United States of America (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 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 each District has complied with applicable laws and regulations.

5.) BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General, Special Revenue and Debt Service Funds. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

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

7.) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "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"). GUDPA was enacted in 1970 to protect Government Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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, CPAs, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of a single audit in accordance with New Jersey OMB Circular 15-08. The auditor's report on the basic financial statements and individual fund financial statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11.) ACKNOWLEDGMENTS:

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

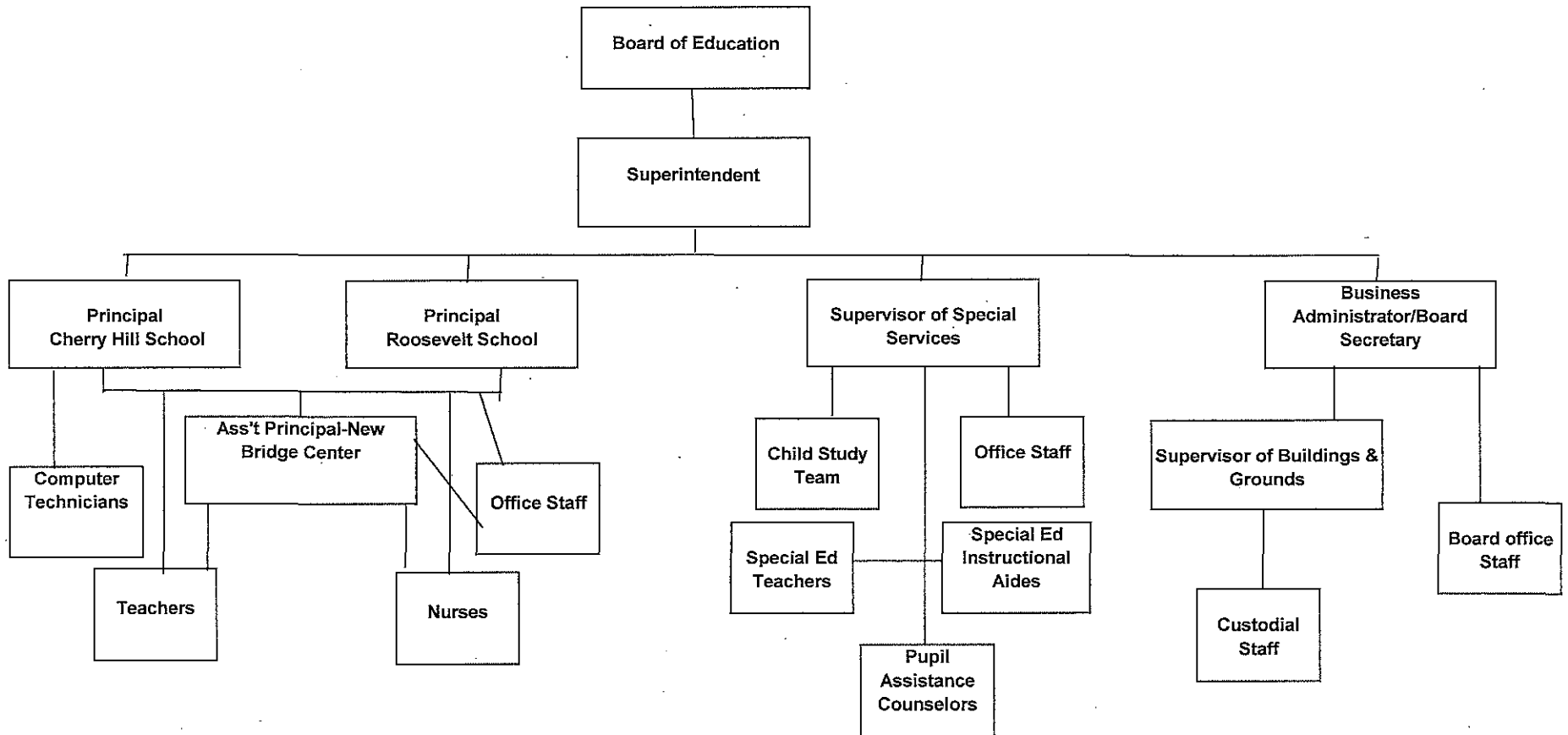
Respectfully submitted,


Dr. Tova Ben-Dov
Superintendent of Schools


Louise A. Napolitano
Board Secretary/Business Administrator

RIVER EDGE BOARD OF EDUCATION

ORGANIZATIONAL CHART



RIVER EDGE BOARD OF EDUCATION

**ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Terms Expires January</u>
Paris Myers – President	2019
Gyuchang Sim – Vice President	2018
Sheli Dansky	2020
Michael Koth	2018
Caleb Herbst	2019
Colin Busteed	2018
Elizabeth Brown	2020

Other Officials

Dr. Tova Ben-Dov – Superintendent

Louise Napolitano – Business Administrator

Antoinette Kelly - Treasurer

**RIVER EDGE BOARD OF EDUCATION
Consultants and Advisors**

Audit Firm

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

Attorney

Stephen Fogarty, Esq.
Fogarty & Hara
16-00 Route 208 S
Fair Lawn, NJ 07410

Official Depository

Columbia Bank
5-22 Saddle River Road
Fair Lawn, NJ 07410

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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
River Edge Board of Education
River Edge, 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 River Edge Board of Education, as of and for the fiscal year ended June 30, 2018 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 River Edge Board of Education as of June 30, 2018, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the River Edge Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

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, pension information and other postemployment benefits 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 River Edge 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 River Edge 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.

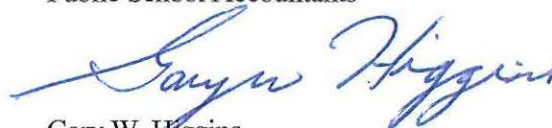
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2019 on our consideration of the River Edge 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 River Edge 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 River Edge Board of Education’s internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 24, 2019

REQUIRED SUPPLEMENTARY INFORMATION - PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

**Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2018**

This discussion and analysis of the River Edge School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements including the notes to the financial statements to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2018 is as follows:

- General revenues accounted for \$16,931,246 or 64 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$9,377,963 or 36 percent of total revenues of \$26,309,209.
- The School District had \$26,882,165 in expenses; only \$9,377,963 of these expenses are offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$16,931,246 were adequate to provide for these programs.
- Among governmental funds, the General Fund had \$19,494,099 in revenues and \$19,697,891 in expenditures. The General Fund's fund balance (modified accrual) decreased by \$203,792 from the fiscal year ended June 30, 2017.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2018

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provides information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at significant funds with all other non-major funds presented in one total column. The General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and ask the question, "How did we do financially during the fiscal year ended June 30, 2018?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, liabilities and deferred outflows/inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those positions. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2018

Reporting the School District as a Whole (Continued)

Statement of Net Position and the Statement of Activities (Continued)

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental activities – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type activities – These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Summer Enrichment Program enterprise funds are reported as business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's funds. The District's governmental funds include the General, Special Revenue, Capital Projects and Debt Service Funds. The District's Enterprise Funds include the Food Service Fund and Summer Enrichment Program Fund.

Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Funds

The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2018

The District as a Whole

The Statement of Net Position provides one perspective of the District as a whole.

Table 1 provides a summary of the District's net position as of June 30, 2018 and 2017.

Table 1
Net Position

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets						
Current and other assets	\$ 2,513,062	\$ 2,505,588	\$ 94,595	\$ 85,268	\$ 2,607,657	\$ 2,590,856
Capital assets, net	<u>18,934,463</u>	<u>19,472,128</u>	<u>-</u>	<u>-</u>	<u>18,934,463</u>	<u>19,472,128</u>
Total assets	<u>21,447,525</u>	<u>21,977,716</u>	<u>94,595</u>	<u>85,268</u>	<u>21,542,120</u>	<u>22,062,984</u>
Deferred Outflow of Resources						
Deferred Amount on Refunding of Debt	885,137	992,303			885,137	992,303
Deferred Amounts on Net Pension Liability	<u>2,852,393</u>	<u>3,454,319</u>	<u>-</u>	<u>-</u>	<u>2,852,393</u>	<u>3,454,319</u>
Total Deferred Outflow of Resources	<u>3,737,530</u>	<u>4,446,622</u>	<u>-</u>	<u>-</u>	<u>3,737,530</u>	<u>4,446,622</u>
Total Assets and Deferred Outflow of Resources	<u>25,185,055</u>	<u>26,424,338</u>	<u>94,595</u>	<u>85,268</u>	<u>25,279,650</u>	<u>26,509,606</u>
Liabilities						
Long-term liabilities	24,975,148	27,744,834			24,975,148	27,744,834
Other liabilities	<u>640,981</u>	<u>290,553</u>	<u>60,882</u>	<u>55,917</u>	<u>701,863</u>	<u>346,470</u>
Total liabilities	<u>25,616,129</u>	<u>28,035,387</u>	<u>60,882</u>	<u>55,917</u>	<u>25,677,011</u>	<u>28,091,304</u>
Deferred Inflow of Resources						
Deferred Amounts on Net Pension Liability	<u>1,757,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,757,293</u>	<u>-</u>
Total Deferred Inflow of Resources	<u>1,757,293</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,757,293</u>	<u>-</u>
Total Liabilities and Deferred Inflow of Resources	<u>27,373,422</u>	<u>28,035,387</u>	<u>60,882</u>	<u>55,917</u>	<u>27,434,304</u>	<u>28,091,304</u>
Net Position						
Net Investment in Capital Assets	\$ 3,599,095	\$ 3,302,158			\$ 3,599,095	\$ 3,302,158
Restricted	862,532	1,026,840			862,532	1,026,840
Unrestricted	<u>(6,649,994)</u>	<u>(5,940,047)</u>	<u>\$ 33,713</u>	<u>\$ 29,351</u>	<u>(6,616,281)</u>	<u>(5,910,696)</u>
Total net position	<u>\$ (2,188,367)</u>	<u>\$ (1,611,049)</u>	<u>\$ 33,713</u>	<u>\$ 29,351</u>	<u>\$ (2,154,654)</u>	<u>\$ (1,581,698)</u>

The District's combined net position were \$(2,154,654) and \$(1,581,698) as of June 30, 2018 and 2017, respectively.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2018

Table 2 shows changes in net position for fiscal years ended June 30, 2018 and 2017.

**Table 2
Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program revenues						
Charges for services	\$ 769,231	\$ 693,242	\$ 63,688	\$ 68,402	\$ 832,919	\$ 761,644
Operating grants and contributions	8,545,044	7,676,017			8,545,044	7,676,017
General revenues						
Property Taxes	16,303,874	15,923,313			16,303,874	15,923,313
Other revenues	627,330	392,716	42	65	627,372	392,781
Total revenues	<u>26,245,479</u>	<u>24,685,288</u>	<u>63,730</u>	<u>68,467</u>	<u>26,309,209</u>	<u>24,753,755</u>
Program Expenses						
Instruction	17,131,468	16,364,609			17,131,468	16,364,609
Support services						
Student and Instructional Related Services	3,564,459	3,174,664			3,564,459	3,174,664
General administration, school administration, business/central	2,875,346	2,684,220			2,875,346	2,684,220
Plant Operation and Maintenance	2,531,844	2,427,827			2,531,844	2,427,827
Pupil Transportation	153,042	111,639			153,042	111,639
Interest on debt	566,638	596,212			566,638	596,212
Food service and summer enrichment	-	-	59,368	63,548	59,368	63,548
Total expenses	<u>26,822,797</u>	<u>25,359,171</u>	<u>59,368</u>	<u>63,548</u>	<u>26,882,165</u>	<u>25,422,719</u>
Change in net position	(577,318)	(673,883)	4,362	4,919	(572,956)	(668,964)
Net Position Beginning of Year	<u>(1,611,049)</u>	<u>(937,166)</u>	<u>29,351</u>	<u>24,432</u>	<u>(1,581,698)</u>	<u>(912,734)</u>
Net Position End of Year	<u>\$ (2,188,367)</u>	<u>\$ (1,611,049)</u>	<u>\$ 33,713</u>	<u>\$ 29,351</u>	<u>\$ (2,154,654)</u>	<u>\$ (1,581,698)</u>

Governmental Activities

The unique nature of property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 62 and 65 percent of revenues for governmental activities for the River Edge School District in fiscal years 2018 and 2017, respectively. The District's total revenues were \$26,245,479 and \$24,685,288 for the fiscal years ended June 30, 2018 and 2017, respectively. Federal, state, and local grants accounted for 34 and 32 percent of revenue for 2018 and 2017, respectively. The total cost of all programs and services was \$26,822,797 and \$25,359,171 for the fiscal years ended June 30, 2018 and 2017, respectively. Instruction comprises 64 and 65 percent of District expenses for the fiscal years ended June 30, 2018 and 2017, respectively.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2018

Business-Type Activities

Revenues for the District's business-type activities (Food Service Fund and Summer Enrichment Program Fund) were comprised of charges for services.

- Total business-type activities revenues exceeded expenses by \$4,362 in fiscal year 2017/2018.
- Charges for services of \$63,688 represent 99 percent of revenue. This represents amounts paid for daily milk service and for summer enrichment program services.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

Total Cost and Net Cost of Services

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction	\$ 17,131,468	\$ 16,364,609	\$ 9,298,669	\$ 8,833,540
Support services				
Student and Instructional Related Services	3,564,459	3,174,664	2,880,736	2,838,668
General administration, school administration, Business/Central	2,875,346	2,684,220	2,219,283	2,186,410
Plant Operation and Maintenance	2,531,844	2,427,827	2,403,126	2,427,827
Pupil Transportation	153,042	111,639	140,070	107,255
Interest and fiscal charges	<u>566,638</u>	<u>596,212</u>	<u>566,638</u>	<u>596,212</u>
 Total Expenses	 <u>\$ 26,822,797</u>	 <u>\$ 25,359,171</u>	 <u>\$ 17,508,522</u>	 <u>\$ 16,989,912</u>

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2018

Governmental Activities (Continued)

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

Student and instructional related services include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business/central services include expenses associated with administration and financial supervision of the District.

Plant operation and maintenance involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$21,973,602 and \$20,882,389 and expenditures were \$22,324,629 and \$20,828,857 during the fiscal years ended June 30, 2018 and 2017, respectively.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2018 and 2017.

	<u>Year Ended June 30,</u>		Amount of	Percent
	<u>2018</u>	<u>2017</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Increase</u> <u>(Decrease)</u>
Local Sources	\$ 17,219,726	\$ 16,743,295	\$ 476,431	2.85%
State Sources	4,284,684	3,606,474	678,210	18.81%
Federal Sources	<u>469,192</u>	<u>532,620</u>	<u>(63,428)</u>	-11.91%
 Total Revenues	 <u>\$ 21,973,602</u>	 <u>\$ 20,882,389</u>	 <u>\$ 1,091,213</u>	 5.23%

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2018

The District's Funds (Continued)

The following schedule represents a summary of governmental fund expenditures for the fiscal years ended June 30, 2018 and 2017.

	<u>Year Ended June 30,</u>		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2018</u>	<u>2017</u>		
Current:				
Instruction	\$ 13,686,295	\$ 12,881,556	\$ 804,739	6.25%
Undistributed Expenditures	6,990,054	6,496,150	493,904	7.60%
Capital Outlay	238,967	38,770	200,197	516.37%
Debt Service:				
Principal	865,000	840,000	25,000	2.98%
Interest and Other Charges	<u>544,313</u>	<u>572,381</u>	<u>(28,068)</u>	-4.90%
 Total Expenditures	 <u>\$ 22,324,629</u>	 <u>\$ 20,828,857</u>	 <u>\$ 1,495,772</u>	 7.18%

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over expenditures in specific line item accounts.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2018

Capital Assets

At the end of fiscal years 2018 and 2017, the District had \$18,934,463 and \$19,472,128 (net of depreciation), respectively, in land, construction in progress, buildings, furniture, equipment and vehicles. Table 4 shows the capital assets balances, net of depreciation at June 30, 2018 and 2017.

Table 4
Capital Assets at June 30, 2018 and 2017

	Governmental Activities		Business-Type Activities		Totals	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 28,106	\$ 28,106			\$ 28,106	\$ 28,106
Construction in Progress		35,610			-	35,610
Improvements Other Than Buildings	21,000	21,000			21,000	21,000
Buildings and Building Improvements	28,339,843	28,167,575			28,339,843	28,167,575
Machinery and Equipment	<u>454,237</u>	<u>436,700</u>	<u>\$ 2,589</u>	<u>\$ 2,589</u>	<u>456,826</u>	<u>439,289</u>
	28,843,186	28,688,991	2,589	2,589	28,845,775	28,691,580
Less Accumulated Depreciation	<u>(9,908,723)</u>	<u>(9,216,863)</u>	<u>(2,589)</u>	<u>(2,589)</u>	<u>(9,911,312)</u>	<u>(9,219,452)</u>
Capital Assets, Net	<u>\$ 18,934,463</u>	<u>\$ 19,472,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,934,463</u>	<u>\$ 19,472,128</u>

Additional information relating to the District's capital assets can be found in Note 3 to the financial statements.

Debt Administration

At June 30, 2018 and 2017, the District had \$24,975,148 and \$27,744,834 of outstanding long-term liabilities, respectively.

Table 5 shows an analysis of the outstanding liabilities.

	<u>2018</u>	<u>2017</u>
Bonds Payable (Including Unamortized Premium)	\$ 16,220,505	\$ 17,162,273
Net Pension Liability	<u>8,754,643</u>	<u>10,582,561</u>
	<u>\$ 24,975,148</u>	<u>\$ 27,744,834</u>

At June 30, 2018, the District's overall legal remaining debt margin was \$27,169,914.

Additional information pertaining to the District's long term debt can be found in Note 3 to the financial statements.

**RIVER EDGE BOARD OF EDUCATION
RIVER EDGE, NEW JERSEY**

Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2018

For the Future

Currently, the District is in sound financial condition. Everyone associated with the River Edge School District is grateful for the community support of the schools. The District's major concerns are continued enrollment growth and the ability to maintain optimum class sizes and excellent services. This, in an environment of uncertain state aid support, means an ever-increasing reliance on local property taxes.

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

Contacting the District's Financial Management

If you have questions about this report or need additional information, contact the School Business Administrator at the River Edge Board of Education, 410 Bogert Road, River Edge, NJ 07661.

FINANCIAL STATEMENTS

RIVER EDGE BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,936,540	\$ 94,595	\$ 2,031,135
Receivables, net			
Receivables from Other Governments	87,351		87,351
Other	45,571		45,571
Due From Other Funds	443,600		443,600
Capital Assets, net			
Not Being Depreciated	28,106		28,106
Being Depreciated	<u>18,906,357</u>	<u>-</u>	<u>18,906,357</u>
Total Assets	<u>21,447,525</u>	<u>94,595</u>	<u>21,542,120</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amount on Refunding of Debt	885,137		885,137
Deferred Amounts on Net Pension Liability	<u>2,852,393</u>	<u>-</u>	<u>2,852,393</u>
Total Deferred Outflow of Resources	<u>3,737,530</u>	<u>-</u>	<u>3,737,530</u>
Total Assets and Deferred Outflows of Resources	<u>25,185,055</u>	<u>94,595</u>	<u>25,279,650</u>
LIABILITIES			
Accounts Payable and Accrued Salaries	392,230		392,230
Payable to State Government	34,844		34,844
Accrued Interest Payable	150,119		150,119
Unearned Revenue	63,788	60,882	124,670
Noncurrent Liabilities			
Due within one year	900,000		900,000
Due beyond one year	<u>24,075,148</u>	<u>-</u>	<u>24,075,148</u>
Total Liabilities	<u>25,616,129</u>	<u>60,882</u>	<u>25,677,011</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,757,293</u>	<u>-</u>	<u>1,757,293</u>
Total Deferred Inflows of Resources	<u>1,757,293</u>	<u>-</u>	<u>1,757,293</u>
Total Liabilities and Deferred Inflows of Resources	<u>27,373,422</u>	<u>60,882</u>	<u>27,434,304</u>
NET POSITION			
Net Investment in Capital Assets	3,599,095		3,599,095
Restricted for			
Capital Projects	786,619		786,619
Other Purposes	75,913		75,913
Unrestricted	<u>(6,649,994)</u>	<u>33,713</u>	<u>(6,616,281)</u>
Total Net Position	<u>\$ (2,188,367)</u>	<u>\$ 33,713</u>	<u>\$ (2,154,654)</u>

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

RIVER EDGE BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 10,519,387	\$ 46,095	\$ 3,636,605		\$ (6,836,687)		\$ (6,836,687)
Special Education	5,047,628	723,136	2,566,157		(1,758,335)		(1,758,335)
Other Instruction	1,564,453		860,806		(703,647)		(703,647)
Support Services							
Student and Instruction Related Services	3,564,459		683,723		(2,880,736)		(2,880,736)
General Administration Services	809,409		229,573		(579,836)		(579,836)
School Administration Services	1,419,337		294,078		(1,125,259)		(1,125,259)
Business/Central Services	646,600		132,412		(514,188)		(514,188)
Plant Operations and Maintenance	2,531,844		128,718		(2,403,126)		(2,403,126)
Pupil Transportation	153,042		12,972		(140,070)		(140,070)
Interest and Other Charges on Debt	566,638	-	-	-	(566,638)	-	(566,638)
Total Governmental Activities	26,822,797	769,231	8,545,044	-	(17,508,522)	-	(17,508,522)
Business-Type Activities							
Food Service	10,135	11,971				\$ 1,836	1,836
Summer Enrichment Program	49,233	51,717				2,484	2,484
Total Business-Type Activities	59,368	63,688	-	-	-	4,320	4,320
Total Primary Government	\$ 26,882,165	\$ 832,919	\$ 8,545,044	\$ -	(17,508,522)	4,320	(17,504,202)
General Revenues							
Property Taxes, levied for General Purposes					15,106,738		15,106,738
Property Taxes, levied for Debt Service					1,197,136		1,197,136
State Aid Restricted for Debt Service					209,954		209,954
State Aid - Unrestricted					277,149		277,149
Investment Earnings					15,131	42	15,173
Miscellaneous income					125,096	-	125,096
Total General Revenues					16,931,204	42	16,931,246
Change in Net Position					(577,318)	4,362	(572,956)
Net Position, Beginning of Year					(1,611,049)	29,351	(1,581,698)
Net Position, End of Year					\$ (2,188,367)	\$ 33,713	\$ (2,154,654)

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

FUND FINANCIAL STATEMENTS

**RIVER EDGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,861,991	\$ 55,171	\$ 19,378		\$ 1,936,540
Receivables, Net					
Due from Other Funds	443,600				443,600
Receivables from Other Governments	28,510	58,841			87,351
Other Receivables	42,001	3,570	-	-	45,571
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,376,102</u>	<u>\$ 117,582</u>	<u>\$ 19,378</u>	<u>\$ -</u>	<u>\$ 2,513,062</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable and Accrued Salaries	\$ 369,280	\$ 22,950			\$ 392,230
Payable to State Government		34,844			34,844
Unearned Revenue	4,000	59,788	-	-	63,788
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>373,280</u>	<u>117,582</u>	<u>-</u>	<u>-</u>	<u>490,862</u>
Fund Balances					
Restricted:					
Capital Reserve	315,241				315,241
Capital Reserve - Designated for Subsequent Year's Expenditures	452,000				452,000
Maintenance Reserve	75,913				75,913
Excess Surplus - Designated for Subsequent Year's Expenditures	500,000				500,000
Excess Surplus	500,000				500,000
Capital Projects Fund			\$ 19,378		19,378
Assigned:					
Year-end Encumbrances	8,725				8,725
Unassigned					
General Fund	150,943	-	-	-	150,943
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>2,002,822</u>	<u>-</u>	<u>19,378</u>	<u>-</u>	<u>2,022,200</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 2,376,102</u>	<u>\$ 117,582</u>	<u>\$ 19,378</u>	<u>\$ -</u>	<u>-</u>

**RIVER EDGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2018**

Total Fund Balances (Exhibit B-1) \$ 2,022,200

Amounts reported for governmental activities in the statement of net assets (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 \$28,843,186 and the accumulated depreciation is \$9,908,723. 18,934,463

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (150,119)

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. 885,137

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	\$	2,852,393	
Deferred Inflows of Resources		<u>(1,757,293)</u>	1,095,100

Long-term liabilities, including bonds payable, 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. These items are as follows:

Bonds Payable	\$	(15,560,000)	
Add: Unamortized Premium		(660,505)	
Net Pension Liability		<u>(8,754,643)</u>	<u>(24,975,148)</u>

Net Position of Governmental Activities (Exhibit A-1) \$ (2,188,367)

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

**RIVER EDGE BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Taxes	\$ 15,106,738			\$ 1,197,136	\$ 16,303,874
Tuition	769,231				769,231
Interest	15,131				15,131
Miscellaneous	125,096	\$ 6,394	-	-	131,490
Total - Local Sources	<u>16,016,196</u>	<u>6,394</u>	<u>-</u>	<u>1,197,136</u>	<u>17,219,726</u>
State Sources	3,477,903	596,827		209,954	4,284,684
Federal Sources	-	469,192	-	-	469,192
Total Revenues	<u>19,494,099</u>	<u>1,072,413</u>	<u>-</u>	<u>1,407,090</u>	<u>21,973,602</u>
EXPENDITURES					
Current					
Regular Instruction	8,263,892	71,481			8,335,373
Special Education Instruction	3,841,066	188,048			4,029,114
Other Instruction	860,099	461,709			1,321,808
Support Services and Undistributed Costs					
Student and Instruction Related Services	2,621,463	351,175			2,972,638
General Administration Services	669,832				669,832
School Administration Services	1,127,880				1,127,880
Business/Central Services	521,206				521,206
Plant Operations and Maintenance	1,567,824				1,567,824
Pupil Transportation	130,674				130,674
Debt Service					
Principal				865,000	865,000
Interest				544,313	544,313
Capital Outlay	93,955	-	\$ 145,012	-	238,967
Total Expenditures	<u>19,697,891</u>	<u>1,072,413</u>	<u>145,012</u>	<u>1,409,313</u>	<u>22,324,629</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(203,792)</u>	<u>-</u>	<u>(145,012)</u>	<u>(2,223)</u>	<u>(351,027)</u>
Fund Balance, Beginning of Year	<u>2,206,614</u>	<u>-</u>	<u>164,390</u>	<u>2,223</u>	<u>2,373,227</u>
Fund Balance, End of Year	<u>\$ 2,002,822</u>	<u>\$ -</u>	<u>\$ 19,378</u>	<u>\$ -</u>	<u>\$ 2,022,200</u>

**RIVER EDGE BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (351,027)

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

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

Capital Outlays	\$	238,967	
Depreciation Expense		<u>(722,274)</u>	(483,307)

In the statement of activities, only the loss on the disposal of capital assets is reported.

Thus, the change in net position differs from the change in fund balance by the cost of the capital assets disposed. (54,358)

The Issuance of Long Term Debt (e.g. bonds, leases) provides current financial resources to governmental funds while the repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Principal Repayments			
Bonds Payable			865,000

Governmental Funds report the effect of issuance costs, premiums and deferred amounts on refundings pertaining to bonds issued when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Premium		76,768	
Amortization of Deferred Amount on Refunding of Debt		<u>(107,166)</u>	(30,398)

In the statement of activities, certain operating expenses - pension expense is measured by the amounts accrued during the year. In the governmental funds, however, expenditures for this item is measured by the amount of financial resources used (paid):

Increase in Pension Expense			(531,301)
-----------------------------	--	--	-----------

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

Decrease in accrued interest			<u>8,073</u>
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Change in net position of governmental activities (Exhibit A-2) \$ (577,318)

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

**RIVER EDGE BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2018**

	Non-Major Enterprise Funds <u>Totals</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 94,595
Total Current Assets	94,595
Capital Assets	
Machinery and Equipment	2,589
Less: Accumulated Depreciation	(2,589)
Total Capital Assets	-
Total Assets	94,595
LIABILITIES	
Unearned Revenue	60,882
Total Liabilities	60,882
NET POSITION	
Unrestricted	33,713
Total Net Position	\$ 33,713

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

**RIVER EDGE BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Non-Major Enterprise Funds <u>Totals</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales/Program Fees	\$ 63,688
	63,688
Total Operating Revenues	63,688
OPERATING EXPENSES	
Salaries and Wages	49,233
Cost of Sales	10,135
	59,368
Total Operating Expenses	59,368
Operating Income	4,320
NON-OPERATING REVENUES	
Interest Earned on Investments	42
	42
Total Non-Operating Revenues	42
Change in Net Position	4,362
Net Position Beginning of Year	29,351
Net Position End of Year	\$ 33,713

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

**RIVER EDGE BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Non-Major Enterprise Funds <u>Totals</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 68,653
Cash Payments for Employees Salaries and Benefits	(49,233)
Cash Payments to Suppliers for Goods and Services	<u>(10,135)</u>
Net Cash Provided by Operating Activities	<u>9,285</u>
Cash Flows from Investing Activities	
Interest on Deposits	<u>42</u>
Net Cash Provided by Investing Activities	<u>42</u>
Net Increase in Cash and Cash Equivalents	9,327
Cash and Cash Equivalents, Beginning of Year	<u>85,268</u>
Cash and Cash Equivalents, End of Year	<u>\$ 94,595</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$ 4,320</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities	
Increase in Unearned Revenue	<u>4,965</u>
Total Adjustments	<u>4,965</u>
Net Cash Provided by Operating Activities	<u>\$ 9,285</u>

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

**RIVER EDGE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>	<u>Trust and Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 44,996	\$ 200,868	\$ 96,330
Intergovernmental Receivable - Other Governments	<u>1,811,001</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,855,997</u>	<u>200,868</u>	<u>\$ 96,330</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 88,811
Accrued Salaries and Wages			1,064
Due to Student Groups			6,455
Other Current Liabilities	1,061,575	5,274	
Due to Other Funds	<u>443,600</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>1,505,175</u>	<u>5,274</u>	<u>\$ 96,330</u>
NET POSITION			
Held in Trust for:			
Other Purposes	<u>\$ 350,822</u>		
Unemployment Claims		<u>\$ 195,594</u>	

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

**RIVER EDGE BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Private Purpose Trust Fund</u>	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS		
Contributions		
Employees		\$ 36,509
Other Governments	\$ 11,943,160	
Investment Earnings	4,282	8
Other	16,203	-
	<hr/>	<hr/>
Total Additions	11,963,645	36,517
DEDUCTIONS		
Transportation and Special Education	11,897,383	
Unemployment Claims and Contributions		39,062
Miscellaneous	26,575	-
	<hr/>	<hr/>
Total Deductions	11,923,958	39,062
Change in Net Position	39,687	(2,545)
Net Position Beginning of Year	311,135	198,139
	<hr/>	<hr/>
Net Position End of Year	\$ 350,822	\$ 195,594
	<hr/>	<hr/>

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

NOTES TO THE FINANCIAL STATEMENTS

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The River Edge 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 River Edge Board of Education this includes general operations, food service, summer enrichment 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 2018, the District adopted the following GASB statements as required:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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. 85, *Omnibus 2017*. 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*. 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.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 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. 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.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

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

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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 *summer enrichment program fund* accounts for the activities of the District's summer enrichment program.

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for Region V related activities. All resources of the funds, 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.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets (Continued)

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>
Building and Building Improvements	20-45
Improvements Other than Buildings	20
Machinery and Equipment	5-20

5. Deferred Outflows/Inflows of Resources

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

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 that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. Payments to employees based upon resignations and retirements are restricted to amounts available and established per contract and the current annual budget appropriation.

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. Losses resulting from debt refundings are classified as deferred outflows of resources. Bond premiums are deferred and amortized over the life of the bonds using the effective interest method. 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 with the unamortized portion of the original issue bond premium.

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.

RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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.

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2017 audited excess surplus that was appropriated in the 2018/2019 original budget certified for taxes.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

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

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

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

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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, State aid restricted for debt service, unrestricted state aid, investment earnings and miscellaneous revenues.

2. Property Taxes

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

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 2016-2017 and 2017-2018 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.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and the summer enrichment program 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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 1, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$598,424. The increase was funded by additional state aid appropriated, a transfer of maintenance reserve funds, additional 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.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 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 appropriation resulted in an unfavorable variance.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Instruction			
Tuition to CSSD & Reg. Day Schools	\$7,038	\$7,554	\$(516)

The above variance 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.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

The activity of the capital reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017		\$ 750,227
Increased by:		
Interest Earnings	\$ 550	
Deposits of Unexpended Capital Outlay	6,045	
Deposits Approved by Board Resolution	<u>110,419</u>	
Total Increases		<u>117,014</u>
Withdrawals:		
Approved in District Budget		<u>100,000</u>
Balance, June 30, 2018		<u>\$ 767,241</u>

\$452,000 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

D. Maintenance Reserve

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2018 is as follows:

Balance, July 1, 2017	\$ 110,000
Increased by:	
Interest Earnings	<u>50</u>
	110,050
Withdrawals:	
Approved by Board Resolution	<u>34,137</u>
Balance, June 30, 2018	<u>\$ 75,913</u>

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$946,202. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$1,000,000. Of this amount, \$500,000 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$500,000 will be appropriated in the 2019/2020 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.

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, 2018, the book value of the Board's deposits were \$2,373,329 and bank and brokerage firm balances of the Board's deposits amounted to \$6,869,548. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>6,869,548</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board has no bank balance exposed to custodial credit risk.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

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

B. Receivables

Receivables as of June 30, 2018 for the district's individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Private Purpose Trust</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 58,605		\$ 58,605
State	\$ 28,510	236		28,746
Other			\$ 1,811,001	1,811,001
Other	-	3,570	-	3,570
Gross Receivables	28,510	62,411	1,811,001	1,901,922
Less: Allowance for Uncollectibles	-	-	-	-
Net Total Receivables	<u>\$ 28,510</u>	<u>\$ 62,411</u>	<u>\$ 1,811,001</u>	<u>\$ 1,901,922</u>

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Unearned Revenue

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

General Fund		
Tuition Charges Prepaid	\$	4,000
Special Revenue		
Unencumbered Grant Draw Downs		<u>59,788</u>
 Total Unearned Revenue for Governmental Funds	\$	<u>63,788</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance, July 1, 2017	Increases	Decreases	Transfers	Balance, June 30, 2018
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 28,106				\$ 28,106
Construction in Progress	<u>35,610</u>	-	-	\$ (35,610)	-
Total capital assets, not being depreciated	<u>63,716</u>	-	-	<u>(35,610)</u>	<u>28,106</u>
Capital assets, being depreciated:					
Improvements other than buildings	21,000				21,000
Buildings and Building Improvements	28,167,575	\$ 166,830	\$ (30,172)	35,610	28,339,843
Machinery and equipment	<u>436,700</u>	<u>72,137</u>	<u>(54,600)</u>	-	<u>454,237</u>
Total capital assets being depreciated	<u>28,625,275</u>	<u>238,967</u>	<u>(84,772)</u>	<u>35,610</u>	<u>28,815,080</u>
Less accumulated depreciation for:					
Improvements other than buildings	(21,000)				(21,000)
Buildings and building improvements	(8,833,432)	(700,280)			(9,533,712)
Machinery and equipment	<u>(362,431)</u>	<u>(21,994)</u>	<u>30,414</u>	-	<u>(354,011)</u>
Total accumulated depreciation	<u>(9,216,863)</u>	<u>(722,274)</u>	<u>30,414</u>	-	<u>(9,908,723)</u>
Total capital assets, being depreciated, net	<u>19,408,412</u>	<u>(483,307)</u>	\$ <u>(54,358)</u>	\$ <u>35,610</u>	<u>18,906,357</u>
Governmental activities capital assets, net	\$ <u>19,472,128</u>	\$ <u>(483,307)</u>	\$ <u>(54,358)</u>	\$ -	\$ <u>18,934,463</u>

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Business-type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 2,589	-	-	\$ 2,589
Total capital assets being depreciated	<u>2,589</u>	<u>-</u>	<u>-</u>	<u>2,589</u>
Less accumulated depreciation for:				
Machinery and equipment	(2,589)	-	-	(2,589)
Total accumulated depreciation	<u>(2,589)</u>	<u>-</u>	<u>-</u>	<u>(2,589)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Governmental activities:	
Instruction	
Regular	\$ 632
Total Instruction	<u>632</u>
Support Services	
Student and Instruction Related Services	1,516
School Administration Services	8,523
Plant Operations and Maintenance	706,086
Pupil Transportation	5,517
Total Support Services	<u>721,642</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 722,274</u>

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has other significant commitment at June 30, 2018 as follows:

<u>Purpose</u>	<u>Remaining Commitment</u>
Retro pay for 2017/2018 School Year relating to employees under the River Edge Education Association Bargaining Agreement	<u>\$ 278,119</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Private Purpose Trust Fund	<u>\$ 443,600</u>

The above balance is the result of covering a portion of the cash balance which was in an overdraft position.

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

F. Leases

Operating Leases

The District leases copiers under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2018 were \$44,160. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 44,160
2020	<u>3,680</u>
Total	<u>\$ 47,840</u>

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2018 are comprised of the following issues:

\$2,820,000, 2011 Refunding Bonds, due in annual installments of \$275,000 to \$285,000 through December 1, 2021, interest at 4.00%	\$1,120,000
\$8,515,000, 2012 Refunding Bonds, due in annual installments of \$400,000 to \$635,000 through February 1, 2031, interest at 3.000% to 4.000%	7,355,000
\$7,325,000, 2014 Refunding Bonds, due in annual installments of \$215,000 to \$905,000 through October 15, 2031, interest at 3.000% to 4.000%	<u>7,085,000</u>
Total	<u>\$15,560,000</u>

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Bonds Payable</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 900,000	\$ 512,800	\$ 1,412,800
2020	940,000	476,700	1,416,700
2021	975,000	444,425	1,419,425
2022	1,005,000	411,100	1,416,100
2023	1,045,000	377,850	1,422,850
2024-2028	5,795,000	1,350,063	7,145,063
2029-2032	<u>4,900,000</u>	<u>337,287</u>	<u>5,237,287</u>
Total	<u>\$ 15,560,000</u>	<u>\$ 3,910,225</u>	<u>\$ 19,470,225</u>

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

2.5% of Equalized Valuation Basis (Municipal)	\$ 42,729,914
Less: Net Debt	<u>15,560,000</u>
Remaining Borrowing Power	<u>\$ 27,169,914</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance, <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2018</u>	Due Within <u>One Year</u>
Governmental activities:					
Bonds payable	\$ 16,425,000		\$ 865,000	\$ 15,560,000	\$ 900,000
Add: Unamortized Premium	<u>737,273</u>	-	<u>76,768</u>	<u>660,505</u>	-
Net Bonds Payable	<u>17,162,273</u>	-	<u>941,768</u>	<u>16,220,505</u>	<u>900,000</u>
Net Pension Liability	<u>10,582,561</u>	-	<u>1,827,918</u>	<u>8,754,643</u>	-
Governmental activity Long-term liabilities	<u>\$ 27,744,834</u>	<u>\$ -</u>	<u>\$ 2,769,686</u>	<u>\$ 24,975,148</u>	<u>\$ 900,000</u>

For the governmental activities, the liability is generally liquidated by the general fund.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG or Group). The Group is a risk sharing public entity pool, established for the purpose of insuring against various risks.

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

NESBIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance 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 Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018		\$ 36,509	\$ 39,062	\$ 195,594
2017		36,614	33,927	198,139
2016	\$ 30,000	34,203	35,213	195,092

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, 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, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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. PERS is a cost sharing multiple employer defined benefit pension plan.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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 (“Division”), 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.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 billion, respectively.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress (Continued)

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, 2016 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 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple 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.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, 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 Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 348,402	\$ 1,152,984	\$ 21,749
2017	317,431	841,981	18,220
2016	260,627	629,178	12,853

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$6,023 and \$2,609, respectively for PERS and the State contributed \$2,159 and \$2,178 respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$549,058 during the fiscal year ended June 30, 2018 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 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits ("Division") administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$8,754,643 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the District's proportionate share was .03760 percent, which was an increase of .00187 percent from its proportionate share measured as of June 30, 2016 of .03573 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$879,703 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 206,142	
Changes of Assumptions	1,763,759	\$ 1,757,293
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	59,613	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>822,879</u>	<u>-</u>
Total	<u>\$ 2,852,393</u>	<u>\$ 1,757,293</u>

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

At June 30, 2018, 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:

Year Ending June 30,	<u>Total</u>
2019	\$ 448,861
2020	540,026
2021	375,805
2022	(132,844)
2023	(136,748)
Thereafter	-
	<u>\$ 1,095,100</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2040

Municipal Bond Rate * From July 1, 2040
and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 5.00%, 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 10,860,729</u>	<u>\$ 8,754,643</u>	<u>\$ 7,000,013</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. 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.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,496,344 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. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$50,470,552. 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, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .07485 percent, which was a decrease of .00373 percent from its proportionate share measured as of June 30, 2016 of .07858 percent.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
2017	June 30, 2016	3.22%

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

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2036
Municipal Bond Rate *	From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.25%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	1% Decrease <u>(3.25%)</u>	Current Discount Rate <u>(4.25%)</u>	1% Increase <u>(5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 59,960,599</u>	<u>\$ 50,470,552</u>	<u>\$ 42,652,610</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts. As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) 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 employer 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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
 Total	 <u>366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 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.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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, 2016, 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.

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, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

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, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$744,688, \$701,563 and \$749,177, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,673,205. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$34,630,468. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .06456 percent, which was an increase of .00039 percent from its proportionate share measured as of June 30, 2016 of .06417 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>37,110,975</u>
Changes Recognized for the Fiscal Year:	
Service Cost	2,062,243
Interest on the Total OPEB Liability	1,090,541
Changes of Assumptions	(4,575,186)
Gross Benefit Payments	(1,098,557)
Contributions from the Member	<u>40,452</u>
Net Changes	<u>(2,480,507)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>34,630,468</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State’s proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State’s proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

**RIVER EDGE BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	Healthcare Cost Trend <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>28,480,212</u>	\$ <u>34,630,468</u>	\$ <u>42,797,935</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For River Edge Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 15,106,738		\$ 15,106,738	\$ 15,106,738	
Tuition	680,885		680,885	769,231	\$ 88,346
Interest	4,000		4,000	14,531	10,531
Interest - Maintenance Reserve Fund	50		50	50	
Interest - Capital Reserve Fund	550		550	550	
Miscellaneous	153,367	-	153,367	125,096	(28,271)
Total Local Sources	15,945,590	-	15,945,590	16,016,196	70,606
State Sources					
Categorical Special Education Aid	406,566		406,566	406,566	
Categorical Security Aid	19,965		19,965	19,965	
Categorical Transportation Aid	3,005		3,005	3,005	
Categorical Equalization Aid		\$ 265,812	265,812	265,812	
Under Adequacy Aid	23,482		23,482	23,482	
PARCC Readiness	11,260		11,260	11,260	
Per Pupil Growth	11,260		11,260	11,260	
Extraordinary Aid	130,000		130,000	311,107	181,107
Professional Learning Community Aid	11,400		11,400	11,400	
Non Public Transportation Aid Reimbursement				2,030	2,030
Lead Testing for Schools Aid				1,425	1,425
On-behalf TPAF Pension System Payments Normal Cost (Non-Budget)				1,125,667	1,125,667
On-behalf TPAF Pension System Payments NCGI Premium (Non-Budget)				27,317	27,317
On-behalf TPAF Post-Retirement Medical (Non-Budget)				744,688	744,688
On-behalf TPAF Long-Term Disability Insurance (Non-Budget)				2,159	2,159
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	549,058	549,058
Total State Sources	616,938	265,812	882,750	3,516,201	2,633,451
Total Revenues	16,562,528	265,812	16,828,340	19,532,397	2,704,057
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	62,883	2,284	65,167	65,167	
Kindergarten	592,751	(50,585)	542,166	542,166	
Grades 1-5	3,504,291	85,748	3,590,039	3,590,036	3
Grades 6-8	754,720	(132,735)	621,985	621,985	
Regular Program - Home Instruction					
Salaries of Teachers	2,000	(2,000)			
Other Salaries for Instruction	54,450	(6,897)	47,553	47,553	
Purchased Professional - Educational Services	18,758	(18,758)			
General Supplies	2,350		2,350	1,327	1,023
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	55,185	24,073	79,258	79,258	
Purchased Technical Services	20,000	(20,000)			
Other Purchased Services	112,761	15,899	128,660	124,273	4,387
General Supplies	139,441	175,731	315,172	301,095	14,077
Textbooks	125,093	82,269	207,362	144,743	62,619
Other Objects	90,200	25,566	115,766	85,350	30,416
Total Regular Programs	5,534,883	180,595	5,715,478	5,602,953	112,525

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Multiple Disabilities					
Salaries of Teachers	\$ 280,970	\$ (9,351)	\$ 271,619	\$ 271,619	
Other Salaries for Instruction	1,240,643	(12,916)	1,227,727	1,088,901	\$ 138,826
Purchased Technical Services	60,000	(6,338)	53,662	43,534	10,128
General Supplies	11,100	(57)	11,043	10,921	122
Other Objects	3,000	845	3,845	3,845	-
Total Multiple Disabilities	1,595,713	(27,817)	1,567,896	1,418,820	149,076
Resource Room/Resource Center					
Salaries of Teachers	517,798	9,445	527,243	526,573	670
General Supplies	6,450	57	6,507	5,958	549
Total Resource Room/Resource Center	524,248	9,502	533,750	532,531	1,219
Autism					
Salaries of Teachers	78,623	2,072	80,695	80,695	
Other Salaries for Instruction	337,292	26,442	363,734	363,734	
Purchased Professional - Educational Services	5,000	(5,000)			-
General Supplies	2,510	98	2,608	2,608	-
Other Objects	-	-	-	-	-
Total Autism	423,425	23,612	447,037	447,037	-
Preschool Disabilities - Part-Time					
General Supplies	-	875	875	875	-
Total Preschool Disabilities - Part-Time	-	875	875	875	-
Home Instruction					
Salaries of Teachers	500	-	500	-	500
Total Home Instruction	500	-	500	-	500
Total Special Education	2,543,886	6,172	2,550,058	2,399,263	150,795
Basic Skills/Remedial					
Salaries of Teachers	351,500	8,651	360,151	360,151	
General Supplies	4,080	(123)	3,957	3,273	684
Textbooks	1,440	(920)	520	407	113
Total Basic Skills/Remedial	357,020	7,608	364,628	363,831	797
Bilingual Education					
Salaries of Teachers	193,418	22,143	215,561	195,296	20,265
General Supplies	3,100	123	3,223	3,173	50
Total Bilingual Education	196,518	22,266	218,784	198,469	20,315
School Spon. Co/Extra Curr. Actvt.s-Inst					
Salaries	24,600	-	24,600	-	24,600
Total School Spon. Co/Extra Curr. Actvt.s-Inst	24,600	-	24,600	-	24,600
Total Instruction	8,656,907	216,641	8,873,548	8,564,516	309,032
Undistributed Expenditures					
Instruction					
Tuition to CSSD & Reg Day Schools		7,038	7,038	7,554	(516)
Tuition to Priv. Sch. For Disabled - W.I. State		99,218	99,218	99,218	
Tuition to Priv. Sch. For the Disabled & Oth LEAs - Spl. O/S St	144,756	(59,756)	85,000	85,000	-
Total Undistributed Expenditures - Instruction	144,756	46,500	191,256	191,772	(516)

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Attendance and Social Work Services					
Salaries	\$ 500		\$ 500	\$ 500	
Purchased Professional and Technical Services	12,500	\$ 1,212	13,712	13,712	
Supplies and Materials	10,000	(10,000)			
Other Objects	3,500	(3,500)	-	-	-
Total Attendance and Social Work Services	26,500	(12,288)	14,212	14,212	-
Health Services					
Salaries	180,991	5,001	185,992	185,992	
Supplies and Materials	6,195	(439)	5,756	5,756	-
Total Health Services	187,186	4,562	191,748	191,748	-
Speech, OT, PT & Related Services					
Salaries	168,843	511	169,354	169,354	
Purchased Professional - Educational Services	30,000	14,724	44,724	44,724	
Supplies and Materials	4,400	502	4,902	4,213	\$ 689
Other Objects	15,000	14,978	29,978	29,978	-
Total Other Support Serv. Students - Related Services	218,243	30,715	248,958	248,269	689
Other Support Services-Extra Services					
Salaries	228,685	37,349	266,034	266,034	
Other Objects	-	-	-	-	-
Total Other Support Services - Students - Extra Services	228,685	37,349	266,034	266,034	-
Other Support Services-Students-Guidance					
Salaries of Other Professional Staff	154,340	(1,765)	152,575	152,575	
Other Salaries	3,500	1,953	5,453	5,453	
Supplies and Materials	3,243	(2,751)	492	492	-
Total Other Support Services - Students - Guidance	161,083	(2,563)	158,520	158,520	-
Other Support Services-Students-Child Study Team					
Salaries of Other Professional Staff	409,803	2,770	412,573	412,573	
Salaries of Secretarial and Clerical Assistants	52,096	(3,034)	49,062	48,167	895
Purchased Professional - Educational Services	16,965		16,965	16,965	
Supplies and Materials	27,000	(2,921)	24,079	15,770	8,309
Other Objects	-	200	200	200	-
Total Other Support Services - Students - Child Study Team	505,864	(2,985)	502,879	493,675	9,204
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	82,293	2,780	85,073	85,073	
Other Salaries of Instruction		23,290	23,290	22,700	590
Purchased Professional - Educational Services		18,554	18,554	16,978	1,576
Other Purchased Svcs		3,000	3,000	3,000	
Supplies and Materials	10,000	(9,922)	78	78	-
Total Improvement of Instructional Services	92,293	37,702	129,995	127,829	2,166

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 124,075	\$ 1,404	\$ 125,479	\$ 125,479	
Salaries of Technology Coordinators	120,372	(642)	119,730	119,730	
Supplies and Materials	11,505	(761)	10,744	9,898	\$ 846
Total Educational Media Serv./School Library	255,952	1	255,953	255,107	846
Staff Training Services					
Salaries of Other Professional Staff	46,000	(323)	45,677	45,677	
Purchased Professional - Educational Services	30,000	1,971	31,971	9,044	22,927
Other Purchased Services	4,000	(4,000)	-	-	-
Total Staff Training Services	80,000	(2,352)	77,648	54,721	22,927
Support Services General Administration					
Salaries	310,766	8,746	319,512	319,512	
Legal Services	25,000	(5,269)	19,731	16,237	3,494
Audit Fees	23,000	6,224	29,224	29,224	
Architectural/Engineering Services	6,000	20,875	26,875	21,025	5,850
Other Purchased Professional Services	5,700	6,380	12,080	12,080	
Purchased Technical Services	3,000	598	3,598	1,400	2,198
Communications/Telephone	23,000	(3,248)	19,752	19,330	422
Travel Expenditures		4,850	4,850	4,850	
Miscellaneous Purchased Services	31,200	(7,771)	23,429	22,993	436
General Supplies	16,000	2,510	18,510	17,785	725
Miscellaneous Expenditures	13,000	540	13,540	13,236	304
BOE Membership Dues and Fees	6,000	(4,081)	1,919	1,373	546
Total Support Services General Administration	462,666	30,354	493,020	479,045	13,975
Support Services School Administration					
Salaries of Principal/Asst. Principals	313,509		313,509	313,509	
Salaries of Other Professional Staff	168,743	(4,061)	164,682	164,672	10
Salaries of Secretarial and Clerical Assistants	179,871	(2,895)	176,976	176,976	
Other Salaries	67,122	2,567	69,689	69,653	36
Travel		3,203	3,203	3,203	
Supplies and Materials	20,700	8,251	28,951	28,951	
Other Objects	1,000	(800)	200	200	-
Total Support Services School Administration	750,945	6,265	757,210	757,164	46
Support Services Central Services					
Salaries	305,189	15,105	320,294	320,294	
Misc. Purchased Services	3,000	(1,928)	1,072	1,072	
Supplies and Materials	15,846	4,957	20,803	19,143	1,660
Total Support Services Central Services	324,035	18,134	342,169	340,509	1,660
Admin. Info. Technology					
Other Purchased Services	16,479	3,139	19,618	16,743	2,875
Total Admin. Info. Technology	16,479	3,139	19,618	16,743	2,875

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Required Maintenance for School Facilities					
Salaries	\$ 90,000	\$ (10,000)	\$ 80,000	\$ 80,000	
Cleaning, Repair and Maintenance	150,000	50,894	200,894	189,989	\$ 10,905
General Supplies	2,000	(1,010)	990	990	-
Total Required Maintenance for School Fac.	242,000	39,884	281,884	270,979	10,905
Custodial Services					
Salaries	529,267	(1,196)	528,071	528,071	
Salaries for Non-Instructional Aides		33,658	33,658	33,658	
Purchased Professional and Technical Services	29,930	(29,930)			
Cleaning, Repair and Maintenance	39,500	(36,425)	3,075	3,075	
Other Purchased Property Services	11,800	1,100	12,900	12,745	155
Insurance	65,000	2,935	67,935	67,935	
Miscellaneous Purchased Services	5,000	(4,996)	4	4	
General Supplies	45,000	29,901	74,901	74,901	
Energy (Natural Gas)	105,150	(34,902)	70,248	70,248	
Energy (Electricity)	210,000	(24,777)	185,223	185,223	
Other Objects	6,000	(1,181)	4,819	4,819	-
Total Custodial Services	1,046,647	(65,813)	980,834	980,679	155
Student Transportation Services					
Salaries for Non-Instructional Aides	18,100	1,263	19,363	19,363	
Salaries for Pupil Transportation (Bet Home & Sch) Sp Ed	28,000	117	28,117	28,117	
Contracted Services-Aid in Lieu Pymts - Non Pub	12,000	(6,000)	6,000	6,000	
Contracted Services (Spl. Ed. Students) - Vendors	42,000	2,592	44,592	44,592	
Other Objects	7,000	2,210	9,210	9,210	-
Total Student Transportation Services	107,100	182	107,282	107,282	-
Unallocated Benefits - Employee Benefits					
Social Security Contributions	300,000	24,106	324,106	324,106	
Other Retirement Contributions - PERS	325,000	29,425	354,425	354,425	
Other Retirement Contributions - Regular	11,000	10,749	21,749	21,749	
Workmen's Compensation	115,000	(58,794)	56,206	56,206	
Health Benefits	2,722,720	102,294	2,825,014	2,803,371	21,643
Tuition Reimbursement	8,500	3,500	12,000	12,000	
Other Employee Benefits	88,801	(87,981)	820	820	
Unused Sick Payment to Terminated/Retired Staff	30,000	5,000	35,000	35,000	-
Total Unallocated Benefits - Employee Benefits	3,601,021	28,299	3,629,320	3,607,677	21,643
Interest Earned on Maintenance Reserve	50	-	50	-	50
On-behalf TPAF Pension System Payments Normal Cost (Non-Budget)				1,125,667	(1,125,667)
On-behalf TPAF Pension System Payments NCGI Premium (Non-Budget)				27,317	(27,317)
On-behalf TPAF Post-Retirement Medical (Non-Budget)				744,688	(744,688)
On-behalf TPAF Long-Term Disability Insurance (Non-Budget)				2,159	(2,159)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	549,058	(549,058)
Total Undistributed Expenditures	8,451,505	197,085	8,648,590	11,010,854	(2,362,264)
Total Expenditures - Current Expenditures	17,108,412	413,726	17,522,138	19,575,370	(2,053,232)

RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Construction Services	\$ 15,000	\$ (8,955)	\$ 6,045		\$ 6,045
Other Objects	85,000	8,955	93,955	\$ 93,955	
Assessment for Debt Service on SDA Funding	19,483	-	19,483	19,483	-
Total Facilities Acquis. and Const. Services	119,483	-	119,483	113,438	6,045
Interest Deposit on Capital Reserve	550	-	550	-	550
Total Capital Outlay	120,033	-	120,033	113,438	6,595
Transfer of Funds to Charter School	9,083	-	9,083	9,083	-
Total Expenditures	17,237,528	413,726	17,651,254	19,697,891	(2,046,637)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(675,000)	(147,914)	(822,914)	(165,494)	657,420
Fund Balance, Beginning of Year	2,545,490	-	2,545,490	2,545,490	-
Fund Balance, End of Year	\$ 1,870,490	\$ (147,914)	\$ 1,722,576	\$ 2,379,996	\$ 657,420
Recapitulation of Fund Balance					
Restricted:					
Capital Reserve				\$ 315,241	
Capital Reserve - Designated in Subsequent Year's Expenditures				452,000	
Maintenance Reserve				75,913	
Excess Surplus- Designated in Subsequent Year's Expenditures				500,000	
Excess Surplus				500,000	
Assigned:					
Year-End Encumbrances				8,725	
Unassigned				528,117	
Reconciliation to Governmental Funds Statements (GAAP):				2,379,996	
Less: State Aid Payments not Recognized on Budgetary Basis:					
Deferred State Aid Payments				(66,067)	
Extraordinary Aid				(311,107)	
Fund Balance Per Governmental Funds (GAAP)				\$ 2,002,822	

EXHIBIT C-1a

**RIVER EDGE BOARD OF EDUCATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

NOT APPLICABLE

EXHIBIT C-1b

**BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

**RIVER EDGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 587,725	\$ 43,946	\$ 631,671	\$ 596,827	\$ (34,844)
Federal	429,014	109,587	538,601	461,007	(77,594)
Other	-	31,165	31,165	6,394	(24,771)
Total Revenues	<u>1,016,739</u>	<u>184,698</u>	<u>1,201,437</u>	<u>1,064,228</u>	<u>(137,209)</u>
EXPENDITURES					
Instruction					
Salaries	51,746	2,881	54,627	49,653	4,974
Purchased Prof./Technical Services	19,365	39,799	59,164	51,040	8,124
Tuition	334,237	(203,747)	130,490	123,300	7,190
Other Purchased Services	369,248	8,328	377,576	351,600	25,976
General Supplies	46,364	78,555	124,919	91,840	33,079
Textbooks	50,319	(4,359)	45,960	45,620	340
Total Instruction	<u>871,279</u>	<u>(78,543)</u>	<u>792,736</u>	<u>713,053</u>	<u>79,683</u>
Support Services					
Salaries		11,113	11,113	11,113	-
Purchased Prof./Technical Services		25,684	25,684	22,399	3,285
Other Purchased Services	145,460	224,488	369,948	315,796	54,152
Other Objects	-	1,956	1,956	1,867	89
Total Support Services	<u>145,460</u>	<u>263,241</u>	<u>408,701</u>	<u>351,175</u>	<u>57,526</u>
Total Expenditures	<u>1,016,739</u>	<u>184,698</u>	<u>1,201,437</u>	<u>1,064,228</u>	<u>137,209</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**RIVER EDGE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibit C-1 and C-2)	\$ 19,532,397	\$ 1,064,228
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. (Prior Year)		8,185
Grant accounting budgetary basis differs from GAAP in that State Aid payments recognized for GAAP statements, not recognized for GAAP statements (Current Year)	(377,174)	
State Aid payments recognized for GAAP statements, not recognized for budgetary statements (prior year)	<u>338,876</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2).	<u>\$ 19,494,099</u>	<u>\$ 1,072,413</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1 and C-2)	\$ 19,697,891	\$ 1,064,228
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized. (Prior Year)	<u>-</u>	<u>8,185</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 19,697,891</u>	<u>\$ 1,072,413</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION
AND
OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Five Fiscal Years *

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03760 %	0.03573 %	0.03456 %	0.03268 %	0.03037 %
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 8,754,643</u>	<u>\$ 10,582,561</u>	<u>\$ 7,758,672</u>	<u>\$ 6,118,767</u>	<u>\$ 5,804,444</u>
District's Covered-Employee Payroll	<u>\$ 2,633,343</u>	<u>\$ 2,563,059</u>	<u>\$ 2,406,632</u>	<u>\$ 2,275,030</u>	<u>\$ 2,203,935</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	332%	413%	322%	269%	263%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	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.

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Five Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 348,402	\$ 317,431	\$ 260,627	\$ 269,417	\$ 228,837
Contributions in Relation to the Contractually Required Contributions	<u>348,402</u>	<u>317,431</u>	<u>260,627</u>	<u>269,417</u>	<u>228,837</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 2,633,343</u>	<u>\$ 2,563,059</u>	<u>\$ 2,406,632</u>	<u>\$ 2,275,030</u>	<u>\$ 2,203,935</u>
Contributions as a Percentage of Covered-Employee Payroll	13.23%	12.38%	10.83%	11.84%	10.38%

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.

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

**TEACHERS PENSION AND ANNUITY FUND
Last Five Fiscal Years ***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	\$ <u>50,470,552</u>	\$ <u>61,819,569</u>	\$ <u>50,399,597</u>	\$ <u>38,293,955</u>	\$ <u>38,852,868</u>
Total	\$ <u>50,470,552</u>	\$ <u>61,819,569</u>	\$ <u>50,399,597</u>	\$ <u>38,293,955</u>	\$ <u>38,852,868</u>
District's Covered-Employee Payroll	\$ <u>7,951,060</u>	\$ <u>7,601,792</u>	\$ <u>7,641,947</u>	\$ <u>7,722,649</u>	\$ <u>7,576,844</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	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.

**RIVER EDGE 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, 2018**

Change of Benefit Terms:

None.

Change of Assumptions:

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

**RIVER EDGE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 2,062,243
Interest on Total OPEB Liability	1,090,541
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(4,575,186)
Gross Benefit Payments	(1,098,557)
Contribution from the Member	40,452
Net Change in Total OPEB Liability	(2,480,507)
Total OPEB Liability - Beginning	37,110,975
Total OPEB Liability - Ending	\$ 34,630,468
District's Proportionate Share of OPEB Liability	\$0
State's Proportionate Share of OPEB Liability	34,630,468
Total OPEB Liability - Ending	\$ 34,630,468
District's Covered-Employee Payroll	\$ 10,584,403
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*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. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**RIVER EDGE BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

RIVER EDGE BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Title IA</u>	<u>Title IIA</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Title IV</u>	<u>IDEA Part B Basic</u>	<u>IDEA Part B Preschool</u>	<u>Local Donations</u>	<u>Home Instruction</u>	<u>Total Exhibit E-1A</u>	<u>Total</u>
REVENUES											
Intergovernmental											
State									\$ 236	\$ 596,591	\$ 596,827
Federal	\$ 75,845	\$ 22,399	\$ 17,976	\$ 3,817	\$ 8,967	\$ 319,323	\$ 12,680			-	461,007
Other	-	-	-	-	-	-	-	\$ 6,394	-	-	6,394
Total Revenues	\$ 75,845	\$ 22,399	\$ 17,976	\$ 3,817	\$ 8,967	\$ 319,323	\$ 12,680	\$ 6,394	\$ 236	\$ 596,591	\$ 1,064,228
EXPENDITURES											
Instruction											
Salaries	\$ 49,653										\$ 49,653
Purchased Prof./Technical Services						\$ 38,360	\$ 12,680				51,040
Tuition						123,300					123,300
Other Purchased Services									\$ 236	\$ 351,364	351,600
General Supplies	14,579		\$ 15,476	\$ 1,950	\$ 8,967	13,708		\$ 6,394		30,766	91,840
Textbooks	-	-	-	-	-	-	-	-	-	45,620	45,620
Total Instruction	64,232	-	15,476	1,950	8,967	175,368	12,680	6,394	236	427,750	713,053
Support Services											
Salaries	11,113										11,113
Purchased Prof./Technical Services		\$ 22,399									22,399
Other Purchased Services	500		2,500			143,955				168,841	315,796
Other Objects	-	-	-	1,867	-	-	-	-	-	-	1,867
Total Support Services	11,613	22,399	2,500	1,867	-	143,955	-	-	-	168,841	351,175
Total Expenditures	\$ 75,845	\$ 22,399	\$ 17,976	\$ 3,817	\$ 8,967	\$ 319,323	\$ 12,680	\$ 6,394	\$ 236	\$ 596,591	\$ 1,064,228

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RIVER EDGE BOARD OF EDUCATION
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Nonpublic <u>Technology</u>	Nonpublic <u>Nursing</u>	Nonpublic <u>Textbooks</u>	Nonpublic <u>Security</u>	Chapter 192		Chapter 193		Sub-Total	
					Compensatory <u>Education</u>	ESL	Corrective <u>Speech</u>	Exam. & <u>Classification</u>		Supplemental <u>Instruction</u>
REVENUES										
Intergovernmental										
State	\$ 30,766	\$ 85,340	\$ 45,620	\$ 83,501	\$ 46,918	\$ 9,034	\$ 84,013	\$ 130,677	\$ 80,722	\$ 596,591
Total Revenues	<u>\$ 30,766</u>	<u>\$ 85,340</u>	<u>\$ 45,620</u>	<u>\$ 83,501</u>	<u>\$ 46,918</u>	<u>\$ 9,034</u>	<u>\$ 84,013</u>	<u>\$ 130,677</u>	<u>\$ 80,722</u>	<u>\$ 596,591</u>
EXPENDITURES										
Instruction										
Other Purchased Services					\$ 46,918	\$ 9,034	\$ 84,013	\$ 130,677	\$ 80,722	\$ 351,364
General Supplies	\$ 30,766									30,766
Textbooks			\$ 45,620							45,620
Total Instruction	<u>30,766</u>	<u>-</u>	<u>45,620</u>	<u>-</u>	<u>46,918</u>	<u>9,034</u>	<u>84,013</u>	<u>130,677</u>	<u>80,722</u>	<u>427,750</u>
Support Services										
Other Purchased Services		\$ 85,340		\$ 83,501						168,841
Total Support Services	<u>-</u>	<u>85,340</u>	<u>-</u>	<u>83,501</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>168,841</u>
Total Expenditures	<u>\$ 30,766</u>	<u>\$ 85,340</u>	<u>\$ 45,620</u>	<u>\$ 83,501</u>	<u>\$ 46,918</u>	<u>\$ 9,034</u>	<u>\$ 84,013</u>	<u>\$ 130,677</u>	<u>\$ 80,722</u>	<u>\$ 596,591</u>

CAPITAL PROJECTS FUND

**RIVER EDGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Issue/Project Title</u>	<u>Original</u>	<u>Modified</u>	<u>Expenditures to Date</u>		<u>Unexpended</u>
	<u>Amount</u>		<u>Authorization</u>	<u>Prior Years</u>	
	<u>Authorized</u>				<u>Balance,</u>
					<u>June 30, 2018</u>
STEM Lab for Cherry Hill School	\$ 90,000	\$ 90,000	\$ 13,526	\$ 65,940	\$ 10,534
STEM Lab for Roosevelt School	110,000	110,000	22,084	79,072	8,844
	<u>200,000</u>	<u>200,000</u>	<u>35,610</u>	<u>145,012</u>	<u>19,378</u>

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Analysis of Balance
Available for Capital Projects \$ 19,378

RIVER EDGE 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, 2018

Expenditures and Other Financing Uses	
Construction Services	\$ 4,729
Equipment	<u>140,283</u>
Total Expenditures and Other Financing Uses	<u>145,012</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources and Uses	(145,012)
Fund Balance, Beginning of Year	<u>164,390</u>
Fund Balance - End of Year	<u>\$ 19,378</u>

**RIVER EDGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
STEM LAB FOR CHERRY HILL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Local Share - Transfer from Capital Reserve	\$ 90,000	-	\$ 90,000	\$ 90,000
Total Revenues	<u>90,000</u>	<u>-</u>	<u>90,000</u>	<u>90,000</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Architectural/Engineering Services	470		470	5,000
Other Purchased Professional and Technical Services	1,764		1,764	5,000
Construction Services	6,014	\$ 1,542	7,556	40,000
Equipment	5,278	64,398	69,676	40,000
Total Expenditures and other Financing Sources	<u>13,526</u>	<u>65,940</u>	<u>79,466</u>	<u>90,000</u>
Excess (deficiency) of Revenues over (under) Expenditures	\$ 76,474	\$ (65,940)	\$ 10,534	\$ -

Additional Project Information:

Project Number	# 4410-030-16-1000
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	90,000
Additional Authorized Cost/(Cancellation)	-
Revised Authorized Cost	90,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	6/30/2018
Revised Target Completion Date	6/30/2018

**RIVER EDGE BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
STEM LAB FOR ROOSEVELT SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Local Share - Transfer from Capital Reserve	\$ 110,000	-	\$ 110,000	\$ 110,000
Total Revenues	<u>110,000</u>	<u>-</u>	<u>110,000</u>	<u>110,000</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Architectural/Engineering Services	471		471	5,000
Other Purchased Professional and Technical Services	1,764		1,764	5,000
Construction Services	14,600	\$ 3,187	17,787	60,000
Equipment	<u>5,249</u>	<u>75,885</u>	<u>81,134</u>	<u>40,000</u>
Total Expenditures and other Financing Sources	<u>22,084</u>	<u>79,072</u>	<u>101,156</u>	<u>110,000</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 87,916</u>	<u>\$ (79,072)</u>	<u>\$ 8,844</u>	<u>\$ -</u>

Additional Project Information:

Project Number	# 4410-050-16-1000
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	110,000
Additional Authorized Cost/(Cancellation)	-
Revised Authorized Cost	110,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	6/30/2018
Revised Target Completion Date	6/30/2018

ENTERPRISE FUND

**RIVER EDGE BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

	Food Service Fund	Summer Enrichment Program Fund	Non-Major Enterprise Funds Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 3,306	\$ 91,289	\$ 94,595
Total Current Assets	<u>3,306</u>	<u>91,289</u>	<u>94,595</u>
Capital Assets			
Machinery and Equipment	2,589		2,589
Less: Accumulated Depreciation	<u>(2,589)</u>	<u>-</u>	<u>(2,589)</u>
Total Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>3,306</u>	<u>91,289</u>	<u>94,595</u>
LIABILITIES			
Unearned Revenue	<u>-</u>	<u>60,882</u>	<u>60,882</u>
Total Liabilities	<u>-</u>	<u>60,882</u>	<u>60,882</u>
NET POSITION			
Unrestricted	<u>3,306</u>	<u>30,407</u>	<u>33,713</u>
Total Net Position	<u>\$ 3,306</u>	<u>\$ 30,407</u>	<u>\$ 33,713</u>

**RIVER EDGE BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Food Service Fund	Summer Enrichment Program Fund	Non-Major Enterprise Funds Total
OPERATING REVENUES			
Local Sources			
Daily Sales / Program Fees - Non-reimbursable	\$ 11,971	\$ 51,717	\$ 63,688
Total Operating Revenues	<u>11,971</u>	<u>51,717</u>	<u>63,688</u>
OPERATING EXPENSES			
Salaries and Wages		49,233	49,233
Cost of Sales - Non-reimbursable	10,135	-	10,135
Total Operating Expenses	<u>10,135</u>	<u>49,233</u>	<u>59,368</u>
Operating Income	<u>1,836</u>	<u>2,484</u>	<u>4,320</u>
NON-OPERATING REVENUES			
Interest on Investments	-	42	42
Total Non-Operating Revenues	<u>-</u>	<u>42</u>	<u>42</u>
Change in Net Position		2,526	4,362
Total Net Position Beginning of Year	<u>1,470</u>	<u>27,881</u>	<u>29,351</u>
Total Net Position End of Year	<u>\$ 3,306</u>	<u>\$ 30,407</u>	<u>\$ 33,713</u>

**RIVER EDGE BOARD OF EDUCATION
ENTERPRISE FUNDS - NON-MAJOR
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Food Service Fund	Summer Enrichment Program Fund	Non-Major Enterprise Funds Total
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 11,971	\$ 56,682	\$ 68,653
Cash Payments for Employees			
Salaries and Benefits		(49,233)	(49,233)
Cash Payments to Suppliers for Goods and Services	<u>(10,135)</u>	<u>-</u>	<u>(10,135)</u>
Net Cash Provided by Operating Activities	<u>1,836</u>	<u>7,449</u>	<u>9,285</u>
Cash Flows from Investing Activities			
Interest on Deposits	<u>-</u>	<u>42</u>	<u>42</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>42</u>	<u>42</u>
Net Increase in Cash and Cash Equivalents	1,836	7,491	9,327
Cash and Cash Equivalents, Beginning of Year	<u>1,470</u>	<u>83,798</u>	<u>85,268</u>
Cash and Cash Equivalents, End of Year	<u>\$ 3,306</u>	<u>\$ 91,289</u>	<u>\$ 94,595</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ 1,836	\$ 2,484	\$ 4,320
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities			
Change in Liabilities			
Increase in Unearned Revenue	<u>-</u>	<u>4,965</u>	<u>4,965</u>
Total Adjustments	<u>-</u>	<u>4,965</u>	<u>4,965</u>
Net Cash Provided by Operating Activities	<u>\$ 1,836</u>	<u>\$ 7,449</u>	<u>\$ 9,285</u>

FIDUCIARY FUNDS

**RIVER EDGE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,455	\$ 89,875	\$ 96,330
Total Assets	<u>\$ 6,455</u>	<u>\$ 89,875</u>	<u>\$ 96,330</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 88,811	\$ 88,811
Accrued Salaries and Wages		1,064	1,064
Due to Student Groups	<u>\$ 6,455</u>	<u>-</u>	<u>6,455</u>
Total Liabilities	<u>\$ 6,455</u>	<u>\$ 89,875</u>	<u>\$ 96,330</u>

**RIVER EDGE BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Balance, July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2018</u>
Elementary Schools				
Cherry Hill	\$ 2,736	\$ 2,154	\$ 1,494	\$ 3,396
Roosevelt	<u>4,887</u>	<u>4,451</u>	<u>6,279</u>	<u>3,059</u>
 Total All Schools	 <u>\$ 7,623</u>	 <u>\$ 6,605</u>	 <u>\$ 7,773</u>	 <u>\$ 6,455</u>

**RIVER EDGE BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2018</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 4,399	\$ 5,370,804	\$ 5,286,392	\$ 88,811
Accrued Salaries and Wages	<u>4,828</u>	<u>7,406,591</u>	<u>7,410,355</u>	<u>1,064</u>
 Total	 <u>\$ 9,227</u>	 <u>\$ 12,777,395</u>	 <u>\$ 12,696,747</u>	 <u>\$ 89,875</u>

LONG-TERM DEBT

**RIVER EDGE BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Matured</u>	<u>Balance, June 30, 2018</u>						
			<u>Date</u>	<u>Amount</u>										
Refunding School Issue	3/17/2011	\$ 2,820,000	12/1/2018	\$ 285,000	4.000%	\$ 1,405,000	\$ 285,000	\$ 1,120,000						
			12/1/2019-2020	280,000	4.000%									
			12/1/2021	275,000	4.000%									
Refunding School Issue	9/27/2012	8,515,000	2/1/2019	400,000	4.000%	7,725,000	370,000	7,355,000						
			2/1/2020	435,000	3.000%									
			2/1/2021	460,000	3.000%									
			2/1/2022	485,000	3.000%									
			2/1/2023	630,000	3.000%									
			2/1/2024	625,000	3.000%									
			2/1/2025	620,000	3.000%									
			2/1/2026	635,000	3.000%									
			2/1/2027	630,000	3.000%									
			2/1/2028	620,000	3.000%									
			2/1/2029	615,000	3.000%									
			2/1/2030	605,000	3.000%									
			2/1/2031	595,000	3.000%									
			Refunding School Issue	11/25/2014	7,325,000				10/15/2018	215,000	4.000%	7,295,000	210,000	7,085,000
									10/15/2019	225,000	4.000%			
10/15/2020	235,000	3.000%												
10/15/2021	245,000	4.000%												
10/15/2022	415,000	4.000%												
10/15/2023	455,000	3.000%												
10/15/2024	500,000	3.125%												
10/15/2025	520,000	4.500%												
10/15/2026	570,000	3.500%												
10/15/2027	620,000	3.500%												
10/15/2028	675,000	3.500%												
10/15/2029	725,000	3.500%												
10/15/2030	780,000	3.500%												
10/15/2031	905,000	3.500%												
						<u>7,295,000</u>	<u>210,000</u>	<u>7,085,000</u>						
						<u>\$ 16,425,000</u>	<u>\$ 865,000</u>	<u>\$ 15,560,000</u>						
						Budget Appropriation	<u>\$ 865,000</u>							

**RIVER EDGE BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,197,136		\$ 1,197,136	\$ 1,197,136	
Debt Service Aid	209,954	\$ -	209,954	209,954	-
Total Revenues	<u>1,407,090</u>	<u>-</u>	<u>1,407,090</u>	<u>1,407,090</u>	<u>-</u>
 EXPENDITURES					
Regular Debt Service					
Principal	865,000		865,000	865,000	
Interest	544,313	-	544,313	544,313	-
Total Expenditures	<u>1,409,313</u>	<u>-</u>	<u>1,409,313</u>	<u>1,409,313</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,223)</u>	<u>-</u>	<u>(2,223)</u>	<u>(2,223)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>2,223</u>	<u>-</u>	<u>2,223</u>	<u>2,223</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

This part of the River Edge 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.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 2,492,185	\$ 2,494,727	\$ 2,287,210	\$ 2,299,398	\$ 2,248,154	\$ 2,706,552	\$ 3,085,602	\$ 3,171,066	\$ 3,302,158	\$ 3,599,095
Restricted	100,403	146,290	192,189	267,939	378,813	621,003	771,228	1,059,966	1,026,840	862,532
Unrestricted	<u>736,691</u>	<u>840,139</u>	<u>737,452</u>	<u>867,590</u>	<u>1,153,834</u>	<u>(4,790,997)</u>	<u>(4,795,691)</u>	<u>(5,168,198)</u>	<u>(5,940,047)</u>	<u>(6,649,994)</u>
Total Governmental Activities Net Position	\$ 3,329,279	\$ 3,481,156	\$ 3,216,851	\$ 3,434,927	\$ 3,780,801	\$ (1,463,442)	\$ (938,861)	\$ (937,166)	\$ (1,611,049)	\$ (2,188,367)
Business-Type Activities										
Net Investment in Capital Assets	\$ 1,035	\$ 517								
Unrestricted	<u>5,219</u>	<u>6,731</u>	<u>7,876</u>	<u>9,547</u>	<u>6,439</u>	<u>11,473</u>	<u>23,401</u>	<u>24,432</u>	<u>29,351</u>	<u>33,713</u>
Total Business-Type Activities Net Position	\$ 6,254	\$ 7,248	\$ 7,876	\$ 9,547	\$ 6,439	\$ 11,473	\$ 23,401	\$ 24,432	\$ 29,351	\$ 33,713
District-Wide										
Net Investment in Capital Assets	\$ 2,493,220	\$ 2,495,244	\$ 2,287,210	\$ 2,299,398	\$ 2,248,154	\$ 2,706,552	\$ 3,085,602	\$ 3,171,066	\$ 3,302,158	\$ 3,599,095
Restricted	100,403	146,290	192,189	267,939	378,813	621,003	771,228	1,059,966	1,026,840	862,532
Unrestricted	<u>741,910</u>	<u>846,870</u>	<u>745,328</u>	<u>877,137</u>	<u>1,160,273</u>	<u>(4,779,524)</u>	<u>(4,772,290)</u>	<u>(5,143,766)</u>	<u>(5,910,696)</u>	<u>(6,616,281)</u>
Total District Net Position	\$ 3,335,533	\$ 3,488,404	\$ 3,224,727	\$ 3,444,474	\$ 3,787,240	\$ (1,451,969)	\$ (915,460)	\$ (912,734)	\$ (1,581,698)	\$ (2,154,654)

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

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 6,558,610	\$ 6,602,547	\$ 6,849,342	\$ 6,881,874	\$ 7,138,658	\$ 6,861,154	\$ 8,435,228	\$ 9,430,279	\$ 9,955,637	\$ 10,519,387
Special Education	2,032,761	2,108,586	2,600,471	2,840,848	3,189,561	3,355,024	3,738,680	4,062,713	4,963,621	5,047,628
Other Instruction	651,899	973,052	888,181	978,354	1,048,138	1,082,954	1,311,920	1,392,555	1,445,351	1,564,453
Support Services:										
Student and Instruction Related Services	2,292,069	2,367,205	2,367,895	2,206,225	2,286,215	2,341,688	2,529,563	2,681,295	3,174,664	3,564,459
General Administration Services	582,616	612,461	507,008	565,502	689,068	551,565	641,985	608,418	776,820	809,409
School Administration Services	729,642	791,451	745,602	852,329	908,472	886,780	1,047,441	1,156,852	1,356,528	1,419,337
Business/ Central Services	324,566	343,502	361,676	365,252	455,388	428,759	529,266	611,193	550,872	646,600
Plant Operations And Maintenance	1,906,011	1,949,954	1,982,410	1,967,932	1,955,808	1,966,031	2,009,615	2,191,767	2,427,827	2,531,844
Pupil Transportation	150,910	100,786	93,119	46,463	50,201	49,428	84,448	99,234	111,639	153,042
Interest On Long-Term Debt	927,367	902,494	833,366	831,774	680,039	725,695	632,999	625,235	596,212	566,638
Total Governmental Activities Expenses	16,156,451	16,752,038	17,229,070	17,536,553	18,401,548	18,249,078	20,961,055	22,859,541	25,359,171	26,822,797
Business-Type Activities:										
Food Service	17,293	15,312	16,445	15,273	16,848	16,452	14,222	19,509	11,428	10,135
Summer Enrichment Program	58,503	63,503	57,701	56,416	55,096	53,046	47,955	50,349	52,120	49,233
Total Business-Type Activities Expense	75,796	78,815	74,146	71,689	71,944	69,498	62,177	69,858	63,548	59,368
Total District Expenses	\$ 16,232,247	\$ 16,830,853	\$ 17,303,216	\$ 17,608,242	\$ 18,473,492	\$ 18,318,576	\$ 21,023,232	\$ 22,929,399	\$ 25,422,719	\$ 26,882,165
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular										\$ 46,095
Special Education	\$ 192,403	\$ 500,413	\$ 466,579	\$ 484,142	\$ 777,275	\$ 790,310	\$ 929,139	\$ 835,142	\$ 693,242	\$ 723,136
Operating Grants And Contributions	2,375,836	2,488,154	2,200,419	2,584,964	3,083,986	2,891,826	4,875,937	5,999,315	7,676,017	8,545,044
Capital Grants And Contributions	-	55,000	-	90,000	65,296	41,669	150,586	9,593	-	-
Total Governmental Activities Program Revenues	2,568,239	3,043,567	2,666,998	3,159,106	3,926,557	3,723,805	5,955,662	6,844,050	8,369,259	9,314,275
Business-Type Activities:										
Charges For Services										
Food Service	\$ 16,775	\$ 16,079	\$ 16,445	\$ 16,519	\$ 15,602	\$ 16,452	\$ 14,222	\$ 20,240	\$ 12,167	\$ 11,971
Summer Enrichment Program	57,960	63,730	58,330	56,841	53,105	57,943	59,763	50,530	56,235	51,717
Total Business Type Activities Program Revenues	74,735	79,809	74,775	73,360	68,707	74,395	73,985	70,770	68,402	63,688
Total District Program Revenues	\$ 2,642,974	\$ 3,123,376	\$ 2,741,773	\$ 3,232,466	\$ 3,995,264	\$ 3,798,200	\$ 6,029,647	\$ 6,914,820	\$ 8,437,661	\$ 9,377,963
Net (Expense)/Revenue										
Governmental Activities	\$ (13,588,212)	\$ (13,708,471)	\$ (14,562,072)	\$ (14,377,447)	\$ (14,474,991)	\$ (14,525,273)	\$ (15,005,393)	\$ (16,015,491)	\$ (16,989,912)	\$ (17,508,522)
Business-Type Activities	(1,061)	994	629	1,671	(3,237)	4,897	11,808	912	4,854	4,320
Total District-Wide Net Expense	\$ (13,589,273)	\$ (13,707,477)	\$ (14,561,443)	\$ (14,375,776)	\$ (14,478,228)	\$ (14,520,376)	\$ (14,993,585)	\$ (16,014,579)	\$ (16,985,058)	\$ (17,504,202)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes	\$ 11,776,036	\$ 12,237,477	\$ 12,867,707	\$ 12,983,676	\$ 13,243,350	\$ 13,508,217	\$ 13,850,746	\$ 14,308,961	\$ 14,707,943	\$ 15,106,738
Property Taxes Levied For Debt Service	625,109	1,217,792	1,256,360	1,255,573	1,211,928	1,186,228	1,188,351	1,200,950	1,215,370	1,197,136
Federal and State Aid - Unrestricted	-	-	-	-	-	-	-	-	-	209,954
Federal and State Aid - Restricted	260,213	311,216	219,274	217,099	233,024	243,431	272,955	274,243	269,763	277,149
Investment Earnings	47,849	28,352	25,860	10,334	9,626	8,556	5,046	4,595	6,387	15,131
Miscellaneous Income	43,026	65,511	76,730	128,841	122,937	139,042	202,276	228,437	116,566	125,096
Donated Capital Assets	-	-	-	-	-	-	10,600	-	-	-
Accrued Interest on Sale of Bonds	-	-	-	-	-	-	-	-	-	-
Loss on Disposition of Capital Assets	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	12,752,233	13,860,348	14,445,931	14,595,523	14,820,865	15,085,474	15,529,974	16,017,186	16,316,029	16,931,204
Total Business-Type Activities	-	-	-	-	129	137	120	119	65	42
Total District-Wide	\$ 12,752,233	\$ 13,860,348	\$ 14,445,931	\$ 14,595,523	\$ 14,820,994	\$ 15,085,611	\$ 15,530,094	\$ 16,017,305	\$ 16,316,094	\$ 16,931,246
Change in Net Position										
Governmental Activities	\$ (835,979)	\$ 151,877	\$ (116,141)	\$ 218,076	\$ 345,874	\$ 560,201	\$ 524,581	\$ 1,695	\$ (673,883)	\$ (577,318)
Business-Type Activities	(1,061)	994	629	1,671	(3,108)	5,034	11,928	1,031	4,919	4,362
Total District	\$ (837,040)	\$ 152,871	\$ (115,512)	\$ 219,747	\$ 342,766	\$ 565,235	\$ 536,509	\$ 2,726	\$ (668,964)	\$ (572,956)

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Restricted			\$ 700,240	\$ 1,089,260	\$ 1,386,409	\$ 1,139,063	\$ 1,696,038	\$ 2,128,666	\$ 1,935,227	\$ 1,843,154
Assigned			279,046	191,156	125,808	213,100	154,208	42,540	113,777	8,725
Unassigned			144,604	125,766	126,986	134,713	136,602	142,189	157,610	150,943
Reserved	\$ 844,903	\$ 875,666								
Unreserved	<u>245,990</u>	<u>358,893</u>	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ 1,090,893</u>	<u>\$ 1,234,559</u>	<u>\$ 1,123,890</u>	<u>\$ 1,406,182</u>	<u>\$ 1,639,203</u>	<u>\$ 1,486,876</u>	<u>\$ 1,986,848</u>	<u>\$ 2,313,395</u>	<u>\$ 2,206,614</u>	<u>\$ 2,002,822</u>
All Other Governmental Funds										
Restricted			\$ 129,334	\$ 88,892	\$ 49,539	\$ 337,697	\$ 81,431	\$ 6,300	\$ 166,613	\$ 19,378
Assigned				20,147	34,463					
Reserved										
Unreserved	\$ 321,858	\$ 84,610	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 321,858</u>	<u>\$ 84,610</u>	<u>\$ 129,334</u>	<u>\$ 109,039</u>	<u>\$ 84,002</u>	<u>\$ 337,697</u>	<u>\$ 81,431</u>	<u>\$ 6,300</u>	<u>\$ 166,613</u>	<u>\$ 19,378</u>

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.

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 12,401,145	\$ 13,455,269	\$ 14,124,067	\$ 14,239,249	\$ 14,455,278	\$ 14,694,445	\$ 15,039,097	\$ 15,509,911	\$ 15,923,313	\$ 16,303,874
Tuition Charges	192,403	500,413	466,579	484,142	777,275	790,310	929,139	835,142	693,242	769,231
Interest Earnings	47,849	28,352	25,860	10,334	9,626	8,556	5,046	4,595	6,387	15,131
Miscellaneous	43,026	69,818	76,730	128,841	122,937	139,132	204,514	240,118	120,553	131,490
Other Local Sources										
State Sources	2,296,077	2,379,371	1,886,552	2,371,786	2,935,002	2,758,367	3,248,237	3,334,193	3,608,474	4,284,684
Federal Sources	339,972	474,999	533,141	520,277	447,304	418,469	419,537	489,106	532,620	469,192
Total Revenues	15,320,472	16,908,222	17,112,929	17,754,629	18,747,422	18,809,279	19,845,570	20,413,065	20,882,389	21,973,602
Expenditures										
Instruction										
Regular Instruction	6,558,160	6,602,097	6,849,342	6,964,044	7,138,658	6,861,154	7,276,076	7,688,490	7,760,867	8,335,373
Special Education Instruction	2,032,761	2,108,586	2,600,471	2,840,848	3,189,561	3,355,024	3,503,625	3,649,064	3,907,483	4,029,114
Other Instruction	651,899	973,052	888,181	978,354	1,048,138	1,082,954	1,181,662	1,202,944	1,213,206	1,321,808
Support Services:										
Student and Inst. Related Services	2,288,112	2,364,628	2,365,318	2,203,648	2,280,698	2,336,171	2,489,188	2,566,126	2,710,142	2,972,638
General Administration Services	582,616	612,461	507,008	565,502	572,140	551,565	523,122	585,023	638,475	669,832
School Administration Services	729,642	791,451	745,602	852,329	908,472	886,780	961,048	1,010,852	1,087,474	1,127,880
Business/ Central Services	324,566	343,502	361,676	365,252	455,388	428,759	458,049	495,774	448,738	521,206
Plant Operations And Maintenance	1,247,459	1,284,563	1,316,657	1,302,179	1,279,978	1,281,421	1,289,024	1,438,780	1,519,343	1,567,824
Pupil Transportation	150,910	100,786	93,119	46,463	50,201	49,428	77,859	90,116	91,978	130,674
Capital Outlay	188,016	343,112	22,672	149,138	108,713	380,509	412,049	22,002	38,770	238,967
Debt Service:										
Principal	545,000	570,000	595,000	620,000	797,467	804,317	770,000	815,000	840,000	865,000
Interest and Other Charges	926,890	903,259	833,828	813,839	710,014	689,829	615,162	597,478	572,381	544,313
Cost of Issuance of Refunding Bonds			69,079		116,928		111,175			
Payments to Refunding Escrow Agent	-	-	121,256	-	802,275	-	-	-	-	-
Total Expenditures	16,226,031	16,997,497	17,369,209	17,701,596	19,458,631	18,707,911	19,668,039	20,161,649	20,828,857	22,324,629
Excess (Deficiency) of Revenues Over (Under) Expenditures	(905,559)	(89,275)	(256,280)	53,033	(711,209)	101,368	177,531	251,416	53,532	(351,027)
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)				208,954						
Cancellation of Grant Receivable		(4,307)								
Accrued Interest on Sale of Bonds							7,325,000			
Bond Proceeds							(7,746,275)			
Payments to Refunding Escrow Agent			(2,698,000)		(8,085,000)					
Refunding Bond Proceeds			2,820,000		8,515,000					
Premium on Issuance of Refunding Bond			68,335		489,203		487,450			
Transfers In	5,182	880	472	5,593	113	301,245	-	86,947	200,000	-
Transfers Out	(5,182)	(880)	(472)	(5,593)	(113)	(301,245)	-	(86,947)	(200,000)	-
Total Other Financing Sources (Uses)	-	(4,307)	190,335	208,954	919,203	-	66,175	-	-	-
Net Change in Fund Balances	\$ (905,559)	\$ (93,582)	\$ (65,945)	\$ 261,987	\$ 207,994	\$ 101,368	\$ 243,706	\$ 251,416	\$ 53,532	\$ (351,027)
Debt Service as a Percentage of Noncapital Expenditures	9.18%	8.85%	9.33%	8.17%	8.18%	8.15%	7.77%	7.01%	6.75%	6.38%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Misc.</u>	<u>Total</u>
2009	\$ 192,403	\$ 42,667	\$ 43,026	\$ 278,096
2010	500,413	27,472	69,818	597,703
2011	466,579	25,388	76,730	568,697
2012	484,142	10,074	128,841	623,057
2013	777,275	9,513	122,937	909,725
2014	790,310	8,322	139,042	937,674
2015	929,139	5,046	202,276	1,136,461
2016	835,142	4,595	228,437	1,068,174
2017	693,242	6,387	116,566	816,195
2018	769,231	15,131	125,096	909,458

Source: School Districts' Financial Statements

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate *
2009	\$ 11,167,500	\$ 1,421,404,500	N/A	N/A	\$ 105,142,400	\$ 11,978,000	\$ 70,523,500	\$ 1,620,215,900	\$ 6,952,327	\$ 1,627,168,227	\$ 1,920,855,215	\$ 0.83
2010	11,257,500	1,423,100,600	N/A	N/A	111,031,000	11,770,500	70,523,500	1,627,683,100	7,502,187	1,635,185,287	1,842,825,877	0.86
2011	11,268,700	1,424,860,900	N/A	N/A	109,821,000	11,628,300	70,523,500	1,628,102,400	6,992,114	1,635,094,514	1,845,519,614	0.87
(1) 2012	7,651,800	1,230,634,900	N/A	N/A	101,710,100	11,109,500	79,154,600	1,430,260,900	7,391,212	1,437,652,112	1,612,162,697	1.006
2013	7,651,800	1,230,141,600	N/A	N/A	101,255,800	11,109,500	79,154,600	1,429,313,300	4,948,498	1,434,261,798	1,650,484,645	1.025
2014	3,019,800	1,230,540,199	N/A	N/A	107,300,600	11,109,500	77,829,700	1,429,799,799	4,544,828	1,434,344,627	1,680,254,978	1.049
2015	3,035,800	1,237,865,699	N/A	N/A	110,334,400	9,957,700	76,839,700	1,438,033,299	4,509,632	1,442,542,931	1,652,674,244	1.075
2016	2,533,300	1,245,022,199	N/A	N/A	113,294,400	9,957,700	76,839,700	1,447,647,299	4,742,304	1,452,389,603	1,687,677,142	1.097
2017	2,533,300	1,247,329,199	N/A	N/A	113,994,900	9,957,700	76,787,900	1,450,602,999	4,715,220	1,455,318,219	1,706,636,057	1.121
2018	2,742,900	1,250,423,299	N/A	N/A	114,618,400	9,957,700	76,737,900	1,454,480,199	4,561,923	1,459,042,122	1,775,381,937	1.138

Source: County Abstract of Ratables

a Tax rates are per \$100

(1) The Borough underwent a reassessment of real property which became effective January 1, 2012.

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

<u>Calendar Year</u>	<u>Total Direct School Tax Rate</u>	<u>Overlapping Rates</u>			
		<u>Regional High School District</u>	<u>Municipality (2)</u>	<u>County</u>	<u>Total</u>
2009	\$ 0.83	\$ 0.82	\$ 0.57	\$ 0.23	\$ 2.44
2010	0.86	0.83	0.64	0.23	2.56
2011	0.87	0.87	0.70	0.23	2.67
2012	(1) 1.006	0.998	0.816	0.245	3.065
2013	1.025	1.001	0.842	0.264	3.132
2014	1.049	1.039	0.862	0.273	3.223
2015	1.075	0.999	0.868	0.275	3.217
2016	1.097	1.023	0.880	0.286	3.286
2017	1.121	1.052	0.895	0.294	3.362
2018	1.138	1.062	0.897	0.298	3.395

(1) - The Borough underwent a reassessment of real property which became effective January 1, 2012.

(2) - Includes Library Tax

Source: Tax Collector

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

<u>Taxpayer</u>	<u>2018</u>		<u>2009</u>	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
River Terrace Gardens, LLC	\$ 21,816,700	1.50%	\$ 19,825,900	1.22%
River Edge Associates	19,446,100	1.33%	15,761,300	0.97%
Route 4 - Maint Street, LLC	14,382,000	0.99%	5,625,000	0.35%
ESS WCOT Owner LLC, PTA	9,844,800	0.67%		
Gainesborough COOP Corp.	8,600,000	0.59%	10,398,200	0.64%
First Real Est. Investment Tr of NJ	8,475,900	0.58%	7,297,900	0.45%
River Terrace Gardens Assoc - R E Gardens	8,289,500	0.57%		
Grand Four Associates	6,618,900	0.45%	8,649,300	0.53%
Milpau, LLC.	5,431,200	0.37%	5,032,600	0.31%
Verizon - New Jersey	4,561,923	0.31%	6,952,327	0.43%
East Coast Storage			10,040,200	0.62%
Riverside Medical Arts Center			4,066,200	0.25%
	<u>\$ 107,467,023</u>	<u>7.37%</u>	<u>\$ 93,648,927</u>	<u>5.77%</u>

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Local School Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 12,401,145	\$ 12,401,145	100.00%	
2010	13,455,269	13,455,269	100.00%	
2011	14,124,067	14,124,067	100.00%	
2012	14,239,249	14,239,249	100.00%	
2013	14,455,278	14,455,278	100.00%	
2014	14,694,445	14,694,445	100.00%	
2015	15,039,097	15,039,097	100.00%	
2016	15,509,911	15,509,911	100.00%	
2017	15,923,313	15,923,313	100.00%	
2018	16,303,874	16,303,874	100.00%	

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>		<u>Total District</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Capital Leases</u>			
2009	\$ 21,443,000		\$ 21,443,000	10,691	\$ 2,006
2010	20,873,000		20,873,000	11,360	1,837
2011	20,400,000		20,400,000	11,448	1,782
2012	19,780,000	\$ 126,784	19,906,784	11,509	1,730
2013	19,480,000	59,317	19,539,317	11,571	1,689
2014	18,735,000	-	18,735,000	11,615	1,613
2015	18,080,000	-	18,080,000	11,665	1,550
2016	17,265,000	-	17,265,000	11,687	1,477
2017	16,425,000	-	16,425,000	11,724	1,401
2018	15,560,000	-	15,560,000	11,724 (1)	1,327

(1) - estimated

Source: District records

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

Fiscal Year Ended June 30,	<u>General Bonded Debt Outstanding</u>		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Debt	Deductions			
2009	\$ 21,443,000		\$ 21,443,000	1.32%	\$ 2,006
2010	20,873,000		20,873,000	1.28%	1,837
2011	20,400,000		20,400,000	1.25%	1,782
2012	19,780,000		19,780,000	1.38%	1,719
2013	19,480,000		19,480,000	1.36%	1,684
2014	18,735,000		18,735,000	1.31%	1,613
2015	18,080,000		18,080,000	1.25%	1,550
2016	17,265,000		17,265,000	1.19%	1,477
2017	16,425,000		16,425,000	1.13%	1,401
2018	15,560,000		15,560,000	1.07%	1,327

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**RIVER EDGE BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING BONDED DEBT
FOR YEAR ENDED DECEMBER 31, 2017
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Borough of River Edge	\$ 11,117,826		\$ 11,117,826
Regional School District	4,207,516	\$ 4,207,516	
Local School District	<u>15,930,000</u>	<u>15,930,000</u>	<u>-</u>
	<u>\$ 31,255,342</u>	<u>\$ 20,137,516</u>	11,117,826
Overlapping Debt Apportioned to the Municipality:			
Bergen County			
County of Bergen (3); (A)			12,539,903
Bergen County Utilities Authority - Water Pollution Control (2); (B)			<u>2,297,160</u>
Total Direct and Overlapping Debt			<u>\$ 25,954,889</u>

(A) The debt for this entity was apportioned to the Borough of River Edge by dividing the Municipality's 2017 equalized value by the total 2017 equalized value for County of Bergen.

(B) Overlapping debt was computed based upon municipal flow to the Authority.

Sources:

- (1) Borough of River Edge 2017 Annual Debt Statement.
- (2) BCUA 2017 audit.
- (3) County of Bergen 2017 Annual Debt Statement

**RIVER EDGE BOARD OF EDUCATION
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
AS OF JUNE 30, 2018
(Unaudited)**

Legal Debt Margin Calculation for Fiscal Year 2018

Equalized valuation basis	
2017	\$ 1,763,222,316
2016	1,695,534,433
2015	1,668,832,887
	<u>\$ 5,127,589,636</u>
Average equalized valuation of taxable property	<u>\$ 1,709,196,545</u>
Debt limit (2.5% of average equalization value)	42,729,914
Total Net Debt Applicable to Limit	<u>15,560,000</u>
Legal debt margin	<u>\$ 27,169,914</u>

11A

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit	\$ 46,433,937	\$ 46,750,086	\$ 46,355,838	\$ 45,270,222	\$ 43,775,847	\$ 42,423,181	\$ 41,262,018	\$ 41,472,291	\$ 41,667,556	\$ 42,729,914
Total net debt applicable to limit	<u>21,443,000</u>	<u>20,873,000</u>	<u>20,400,000</u>	<u>19,780,000</u>	<u>19,480,000</u>	<u>18,735,000</u>	<u>18,080,000</u>	<u>17,265,000</u>	<u>16,425,000</u>	<u>15,560,000</u>
Legal debt margin	<u>\$ 24,990,937</u>	<u>\$ 25,877,086</u>	<u>\$ 25,955,838</u>	<u>\$ 25,490,222</u>	<u>\$ 24,295,847</u>	<u>\$ 23,688,181</u>	<u>\$ 23,182,018</u>	<u>\$ 24,207,291</u>	<u>\$ 25,242,556</u>	<u>\$ 27,169,914</u>
Total net debt applicable to the limit as a percentage of debt limit	46.18%	44.65%	44.01%	43.69%	44.50%	44.16%	43.82%	41.63%	39.42%	36.41%

Source: Annual Debt Statements

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>School District Population</u>
2009	6.2	\$ 65,097	10,691
2010	6.4	66,080	11,360
2011	6.3	69,044	11,448
2012	6.4	71,953	11,509
2013	6.6	71,449	11,571
2014	4.6	73,293	11,615
2015	3.6	76,388	11,665
2016	3.4	77,187	11,687
2017	3.3	N/A	11,724
2018	N/A	N/A	11,724 (2)

N/A - Not Available

Source: United States Bureau of Census
School District Records

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

(2) Estimated

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

	<u>2018</u>		<u>2009</u>	
<u>Employer</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

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

<u>Function/Program</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>	<u>2018</u>
Instruction										
Regular	78.0	77.0	72.0	72.0	74.0	74.0	76.5	77.1	77.4	78.8
Special education	24.5	27.5	29.0	34.0	40.0	47.0	47.0	49.0	49.0	52.0
Other instruction	3.0	3.0	3.0	3.0	3.0	4.0	4.0	3.0	3.0	3.0
Co-curricular activities										
Support Services:										
Student and instruction related services	12.5	12.5	12.5	11.5	11.5	17.0	17.5	18.5	17.0	17.0
General administration Services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
School administration Services	4.0	4.0	4.0	4.0	4.0	6.0	6.0	6.0	6.7	6.7
Central services	4.0	4.0	4.0	4.5	4.5	5.5	5.5	7.0	8.0	8.0
Plant operations and maintenance	8.0	8.0	8.0	8.0	8.0	9.0	9.0	9.0	10.0	10.0
Pupil transportation			1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	<u>137.0</u>	<u>139.0</u>	<u>136.5</u>	<u>141.0</u>	<u>149.0</u>	<u>166.5</u>	<u>169.5</u>	<u>173.6</u>	<u>175.1</u>	<u>179.5</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2009	1,158	\$ 14,566,125	\$ 12,579	-3.88%	105.00	01:13.8		1,158	1,115	1.55%	96.29%
2010	1,206	15,181,126	12,588	0.07%	105.00	01:13.8		1,198	1,154	3.34%	96.33%
2011	1,197	15,727,374	13,139	4.38%	105.00	01:13.8		1,197	1,153	-0.08%	96.32%
2012	1,179	16,118,619	13,671	4.05%	105.00	01:13.8		1,169	1,132	-2.40%	96.83%
2013	1,202	16,923,234	14,079	2.98%	105.00	01:13.8		1,196	1,153	2.24%	96.40%
2014	1,167	16,833,256	14,424	2.45%	106.00	01:14.4		1,166	1,121	-2.56%	96.14%
2015	1,205	17,759,653	14,738	2.18%	109.00	01:11.1		1,201	1,169	2.91%	97.34%
2016	1,170	18,727,169	16,006	8.60%	107.00	01:11		1,177	1,133	-2.04%	96.26%
2017	1,183	19,377,706	16,380	2.34%	108.00	01:11		1,188	1,146	1.15%	96.46%
2018	1,192	20,676,349	17,346	5.90%	108.00	01:11		1,201	1,148	1.09%	95.57%

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.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
District Building										
<u>Cherry Hill Elementary School</u>										
Square Feet	101,900	101,900	101,900	101,900	101,900	101,900	101,900	101,900	101,900	101,900
Capacity (students)	850	850	850	850	850	850	850	850	850	850
Enrollment	703	736	720	727	745	730	760	667	690	710
<u>Roosevelt Elementary School</u>										
Square Feet	63,520	63,520	63,520	63,520	63,520	63,250	63,250	63,250	63,250	63,250
Capacity (students)	596	596	596	596	596	596	596	596	596	596
Enrollment	455	470	477	452	457	437	445	503	493	482

Number of Schools at June 30, 2018
 Elementary = 2

119 Source: District Records

**RIVER EDGE BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS**

	<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>	<u>2018</u>
School Facilities										
Cherry Hill School	\$ 91,094	\$ 116,953	\$ 104,287	\$ 142,159	\$ 153,759	\$ 123,998	\$ 124,109	\$ 142,655	\$ 160,014	\$ 146,315
Roosevelt School	64,460	87,309	120,787	135,294	106,362	69,959	113,568	155,938	99,321	124,664
Total School Facilities	<u>155,554</u>	<u>204,262</u>	<u>225,074</u>	<u>277,453</u>	<u>260,121</u>	<u>193,957</u>	<u>237,677</u>	<u>298,593</u>	<u>259,335</u>	<u>270,979</u>
Grand Total	<u>\$ 155,554</u>	<u>\$ 204,262</u>	<u>\$ 225,074</u>	<u>\$ 277,453</u>	<u>\$ 260,121</u>	<u>\$ 193,957</u>	<u>\$ 237,677</u>	<u>\$ 298,593</u>	<u>\$ 259,335</u>	<u>\$ 270,979</u>

Source: District Records

* School Facilities as defined under EFCFA.
(N.J.A.C. 6:26-1.2 and N.J.A.C. 6:24.1.3)

**RIVER EDGE BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2018
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - Great American Insurance		
Property - Blanket Building & Contents	\$ 54,528,073	\$ 5,000
Flood and Earthquake (per occurrence and annual aggregate)	5,000,000	50,000
Automobile Liability	1,000,000	
General Liability - General Aggregate	2,000,000	
Crime Coverage - Selective Insurance Company of America		
Public Employee Dishonesty - per employee/per loss	100,000/500,000	5,000/100,000
Commercial Umbrella Policy - Great American Insurance Insurance Co. (each occurrence and general aggregate)	9,000,000	
Commercial Umbrella Excess - Fireman's Fund Insurance Company (each occurrence and general aggregate)	50,000,000	
Surety Bonds		
Treasurer of School Monies	210,000	
Board Secretary/Business Administrator	200,000	

Source: School District's 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
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MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
River Edge Board of Education
River Edge, 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 River Edge Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the River Edge Board of Education's basic financial statements and have issued our report thereon dated January 24, 2019.

Internal Control Over Financial Reporting

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

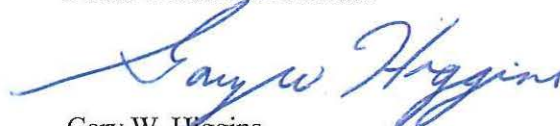
As part of obtaining reasonable assurance about whether the River Edge Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 River Edge Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated January 24, 2019.

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 River Edge 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 River Edge 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 W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 24, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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CHRIS SOHN, CPA

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

Report on Compliance for Each Major State Program

We have audited the River Edge 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 River Edge Board of Education's major state programs for the fiscal year ended June 30, 2018. The River Edge 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 River Edge 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 River Edge 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 River Edge Board of Education's compliance.

Opinion on Each Major State Program

In our opinion, the River Edge 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, 2018.

Report on Internal Control Over Compliance

Management of the River Edge 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 River Edge Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the 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 River Edge Board of Education's internal control over compliance.

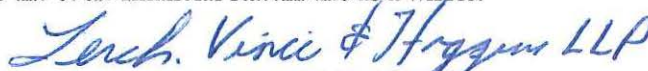
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

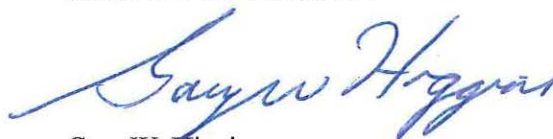
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the River Edge Board of Education, as of and for the fiscal year ended June 30, 2018 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 January 24, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
January 24, 2019

RIVER EDGE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017		Deferred Revenue Carryover Amount	A/R Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments/ Cancellations (1)	June 30, 2018		Memo GAAP Receivables
						(Account Receivable)	Unearned Revenue						Unearned Revenue	(Account Receivable)	
U.S. Department of Education															
Passed-through State Department of Education															
Special Revenue Fund															
I.D.E.A. Part B, Basic Regular	84.027	H027A160100	IDEA441017	7/1/16-6/30/17	\$ 360,634	\$ (191,997)	\$ 20,467	\$ (20,467)	\$ 20,467	\$ 171,530					
I.D.E.A. Part B, Preschool	84.173	H173A160114	IDEA441017	7/1/16-6/30/17	16,270	(14,841)	7,190			14,841		\$ (7,190)			
I.D.E.A. Part B, Basic Regular	84.027	H027A170100	IDEA441018	7/1/17-6/30/18	350,887			20,467	(20,467)	354,340	\$ 319,323		\$ 52,031	\$ (17,014)	
I.D.E.A. Part B, Preschool	84.173	H173A170114	IDEA441018	7/1/17-6/30/18	16,113	-	-	-	-	-	12,680	7,190	10,623	(16,113)	\$ (5,490)
Total Special Education Cluster (IDEA)						(205,838)	27,657	-	-	540,711	332,003	-	62,654	(33,127)	(5,490)
Title III	84.365	S365A160030	NCLB441017	7/1/16-6/30/17	26,341	(26,341)	2,657	(2,489)	2,489	23,852		(168)			
Title III	84.365	S365A170030	ESEA441018	7/1/17-6/30/18	18,998			2,489	(2,489)	17,976		168	3,679	(21,487)	(17,808)
Title III - Immigrant	84.365	S365A170030	ESEA441018	7/1/17-6/30/18	3,254			1,168	(1,168)	3,817			605	(4,422)	(3,817)
Title III - Immigrant	84.365	S365A160030	NCLB441017	7/1/16-6/30/17	3,717	(3,717)	1,168	(1,168)	1,168	2,549		-	-	-	-
Total English Language Acquisition Cluster						(30,058)	3,825	-	-	26,401	21,793	-	4,284	(25,909)	(21,625)
Title I	84.010	S010A170030	ESEA441018	7/1/17-6/30/18	74,026			9,197	(9,197)	55,761	75,845		7,378	(27,462)	(20,084)
Title I	84.010	S010A160030	NCLB441017	7/1/16-6/30/17	61,317	(37,141)	11,106	(9,197)	9,197	26,035					
Title II A	84.367A	S367A170029	ESEA441018	7/1/17-6/30/18	19,264			5,380	(5,380)	19,960	22,399		2,245	(4,684)	(2,439)
Title II A	84.367A	S367A160029	NCLB441017	7/1/16-6/30/17	21,945	(21,945)	5,380	(5,380)	5,380	16,565					
Title IV	84.424	S424A170031	ESEA441018	7/1/17-6/30/18	10,000	-	-	-	-	-	8,967		1,033	(10,000)	(8,967)
Total Special Revenue Fund						(295,982)	47,968	-	-	685,433	461,007	-	77,594	(101,182)	(58,505)
Total Federal Awards						\$ (295,982)	\$ 47,968	\$ -	\$ -	\$ 685,433	\$ 461,007	\$ -	\$ 77,594	\$ (101,182)	\$ (58,505)

Note - This schedule was not subject to an audit in accordance with U.S. Uniform Guidance

(1) - To adjust the carryover amount for the 2017-2018 grant award relating to the overpayment in the 2016-2017 grant award.

RIVER EDGE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017			Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2018			MEMO	
				Unearned Rev./ (Acct.Receiv.)	Due to Grantor	Due to				Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Expenditures
State Department of Education														
General Fund														
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 406,566			\$ 370,883	\$ 406,566			\$ (35,683)			\$ 406,566	
Special Education Categorical Aid	17-495-034-5120-089	7/1/16-6/30/17	406,566	(34,804)		34,804								
Equalization aid	18-495-034-5120-078	7/1/17-6/30/18	265,812			242,482	265,812			(23,330)			265,812	
Security Categorical Aid	18-495-034-5120-084	7/1/17-6/30/18	19,965			18,213	19,965			(1,752)			19,965	
Security Categorical Aid	17-495-034-5120-084	7/1/16-6/30/17	19,965	(1,709)		1,709								
Under Adequacy Aid	18-495-034-5120-096	7/1/17-6/30/18	23,482			21,421	23,482			(2,061)			23,482	
Under Adequacy Aid	17-495-034-5120-096	7/1/16-6/30/17	23,482	(2,010)		2,010								
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	11,260			10,272	11,260			(988)			11,260	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	11,260	(964)		964								
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	11,260			10,272	11,260			(988)			11,260	
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	11,260	(964)		964								
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	11,400			10,399	11,400			(1,001)			11,400	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	11,400	(976)		976								
Total State Aid Public Cluster				(41,427)		725,369	749,745			(65,803)			749,745	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	3,005			2,741	3,005			(264)			3,005	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	3,005	(257)		257								
Non Public Transportation Reimbursement	18-495-034-5120-014	7/1/17-6/30/18	2,030				2,030			(2,030)		\$ (2,030)	2,030	
Non Public Transportation Reimbursement	17-495-034-5120-014	7/1/16-6/30/17	1,392	(1,392)		1,392								
Total Transportation Cluster				(1,649)		4,390	5,035			(2,294)			(2,030)	5,035
Extraordinary Aid	18-495-034-5120-044	7/1/17-6/30/18	311,107				311,107			(311,107)			311,107	
Extraordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	297,192	(297,192)		297,192								
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	1,425			1,425	1,425						1,425	
On-Behalf TPAF Normal Costs	18-495-034-5094-002	7/1/17-6/30/18	1,125,667			1,125,667	1,125,667						1,125,667	
On-Behalf TPAF NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18	27,317			27,317	27,317						27,317	
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	2,159			2,159	2,159						2,159	
On-Behalf TPAF Post-Retirements Medical Contributions	18-495-034-5094-001	7/1/17-6/30/18	744,688			744,688	744,688						744,688	
On-behalf TPAF Soc. Sec. Contributions	18-495-034-5094-003	7/1/17-6/30/18	549,058			522,578	549,058			(26,480)		(26,480)	549,058	
On-behalf TPAF Soc. Sec. Contributions	17-495-034-5094-003	7/1/16-6/30/17	558,563	(27,901)		27,901								
Total General Fund				(368,165)		3,478,686	3,516,201			(405,684)			(28,510)	3,516,201
Special Revenue Fund														
New Jersey Nonpublic Aid														
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	45,960			45,960	45,620				\$ 340		\$ 45,620	
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	50,319		\$ 2,884			\$ 2,884						
Total Textbook Aid Cluster					2,884	45,960	45,620	2,884			340		45,620	
Nursing Aid	18-100-034-5120-070	7/1/17-6/30/18	88,367			88,367	85,340				3,027		85,340	
Total Nursing Aid Cluster						88,367	85,340				3,027		85,340	
Technology Aid	18-100-034-5120-373	7/1/17-6/30/18	31,043			31,043	30,766				277		30,766	
Technology Aid	17-100-034-5120-373	7/1/16-6/30/17	22,698		711			711						
Total Technology Aid Cluster					711	31,043	30,766	711			277		30,766	
Auxiliary Services														
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	59,351			59,351	46,918				12,433		46,918	
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	56,256		2,718			2,718						
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	10,479			10,479	9,034				1,445		9,034	
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	4,203		914			914						
Home Instruction	18-100-034-5120-067	7/1/17-6/30/18	236				236			(236)		(236)	236	
Home Instruction	17-100-034-5120-067	7/1/16-6/30/17	1,083	(1,083)		1,083								
Transportation	17-100-034-5120-068	7/1/16-6/30/17	15,300		15,300			15,300						
Total Auxiliary Services Aid				(1,083)	18,932	70,913	56,188	18,932			(236)	13,878	(236)	56,188

RIVER EDGE BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017		Cash Received	Budgetary Expenditures	Refund of Prior Years' Balances	Balance, June 30, 2018			MEMO		
				Unearned Rev./ (Accr. Receiv.)	Due to Grantor				Unearned Revenue	(Accounts Receivable)	Due to Grantor	GAAP Receivable	Cumulative Expenditures	
Handicapped Services														
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	93,744			\$ 93,744	\$ 84,013			\$ 9,731			\$ 84,013	
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	96,743		\$ 4,329			\$ 4,329						
Examination & Classification	18-100-034-5120-066	7/1/17-6/30/18	133,044			133,044	130,677				2,367		130,677	
Examination & Classification	17-100-034-5120-066	7/1/16-6/30/17	135,267		13,511			13,511						
Supplementary Instruction	18-100-934-5120-066	7/1/17-6/30/18	80,722			80,722	80,722						80,722	
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	77,764		10,468			10,468						
Total Handicapped Aid					28,308	307,510	295,412	28,308			12,098		295,412	
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	88,725			88,725	83,501				5,224		83,501	
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	60,500		9,201			9,201						
Total Security Aid Cluster					9,201	88,725	83,501	9,201			5,224		83,501	
Total Special Revenue Fund					\$ (1,083)	60,036	632,518	596,827	60,036		\$ (236)	34,844	\$ (236)	596,827
Debt Service Fund														
Debt Service Aid-State Support	18-495-034-5120-075	7/1/17-6/30/18	209,954			209,954	209,954						209,954	
Total Debt Service Fund						209,954	209,954						209,954	
Total					\$ (369,252)	60,036	4,321,158	4,322,982	60,036		(405,920)	34,844	(28,746)	4,322,982
State Financial Assistance Not Subject to Single Audit Determination														
General Fund														
On-Behalf TPAF Normal Costs						(1,125,667)	(1,125,667)						(1,125,667)	
On-Behalf TPAF NCGI Premium						(27,317)	(27,317)						(27,317)	
On-Behalf TPAF Long-Term Disability Insurance						(2,159)	(2,159)						(2,159)	
On-Behalf TPAF Post-Retirements Medical Contributions						(744,688)	(744,688)						(744,688)	
Total State Financial Assistance Subject to Single Audit					\$ (369,252)	\$ 60,036	\$ 2,421,327	\$ 2,423,151	\$ 60,036		\$ (405,920)	\$ 34,844	\$ (28,746)	\$ 2,423,151

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the River Edge 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$38,298 for the general fund and an increase of \$8,185 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,477,903	\$ 3,477,903
Special Revenue Fund	\$ 469,192	596,827	1,066,019
Debt Service Fund	-	209,954	209,954
	<u> </u>	<u> </u>	<u> </u>
Total Financial Assistance	<u>\$ 469,192</u>	<u>\$ 4,284,684</u>	<u>\$ 4,753,876</u>

**RIVER EDGE BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 \$549,058 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, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$1,152,984, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$744,688 and TPAF Long-Term Disability Insurance in the amount of \$2,159 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

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

**RIVER EDGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I – Summary of Auditor’s Results

Financial Statement Section

- | | |
|-------------------------------------------------------------------------------------------------|--------------------------------------|
| A) Type of auditors' report issued: | <u>Unmodified</u> |
| B) Internal control over financial reporting: | |
| 1) Material weakness(es) identified? | _____ yes <u> X </u> no |
| 2) Were significant deficiencies identified that were not considered to be material weaknesses? | _____ yes <u> X </u> none reported |
| C) Noncompliance material to basic financial statements noted? | _____ yes <u> X </u> no |

Federal Awards Section

Not Applicable

**RIVER EDGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part I – Summary of Auditor’s Results

State Awards Section

- J) Dollar threshold used to distinguish Type A and Type B programs: \$ 750,000
- K) Auditee qualified as low-risk auditee? X yes no
- L) Type of auditors' report on compliance for major programs: Unmodified
- M) 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
- N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? yes X no
- O) Identification of major programs:

GMIS Number(s)	Name of State Program
<u>18-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>18-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>18-495-034-5120-084</u>	<u>Security Aid</u>
<u>18-495-034-5120-096</u>	<u>Under Adequacy Aid</u>
<u>18-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-098</u>	<u>PARCC Readiness</u>
<u>18-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u> </u>	<u> </u>

**RIVER EDGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**RIVER EDGE BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

Not Applicable.

CURRENT YEAR STATE AWARDS

There are none.

**RIVER EDGE BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There were none.