

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

Saddle River, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Saddle River Board of Education

Saddle River, New Jersey

For The Fiscal Year Ended June 30, 2018

Prepared by

Business Office

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INTRODUCTORY SECTION

Saddle River Board of Education

Wandell School

97 East Allendale Road, Saddle River, New Jersey 07458

Tel (201) 327-0727

Fax (201) 327-0704

Gina Cinotti

Interim Superintendent/Principal

Thomas Duane

Business Administrator/Board Secretary

January 28, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Borough of Saddle River School District (District) for the fiscal year ended June 30, 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 of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

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

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

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

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

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

The District completed the 2017-2018 fiscal year with an average daily enrollment of 147 students. The following details the changes in the student average daily enrollment of the District over the last five years.

Fiscal Year	Average Daily Enrollment	
	Student Enrollment	Percent Change
2017-18	147	(2.04%)
2016-17	150	(16.67%)
2015-16	175	(7.43%)
2014-15	188	(6.91%)
2013-14	201	

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

- Completion of the improvement and alignment of curriculum to better meet NJCCCS and CCSS and to improve student scores
- Implementation of a new electronic planbook for teaching staff
- Planning and discussion of security enhancements
- Completion of a full technology audit
- Planning and scheduling of a flooring project
- Updating job descriptions and cataloguing in electronic format
- Posting of all Board policies on the District Website

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018.

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

7) DEBT ADMINISTRATION: In the 2015-2016 school year, the District sold bonds in the amount of \$3,097,000 (Wandell Elementary School HVAC Upgrades). At June 30, 2018, the District had \$2,582,000 in principal debt outstanding.

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

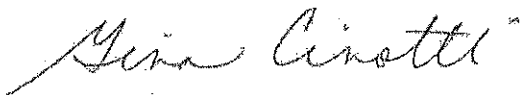
9) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION:

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

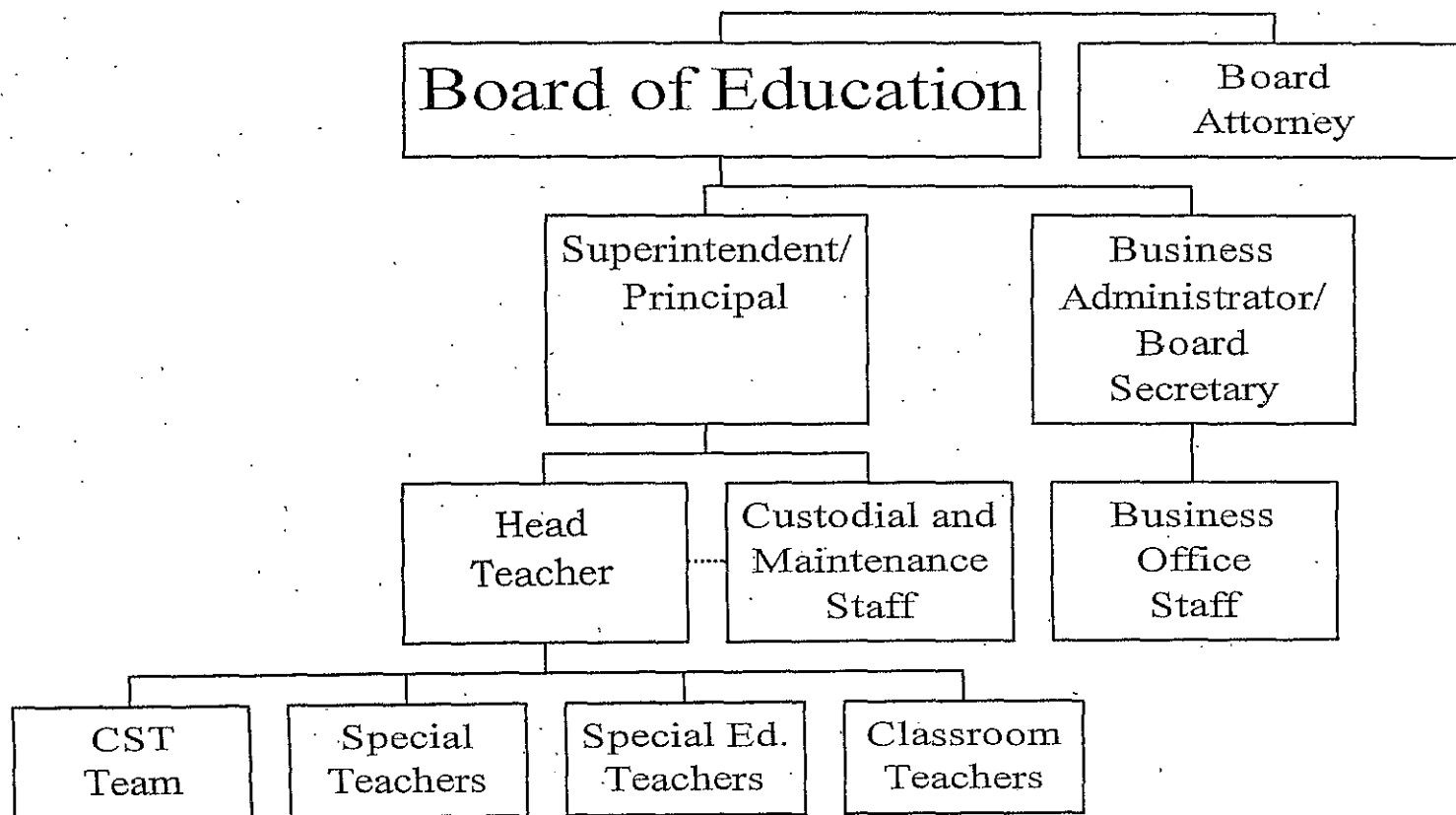
11) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Borough of Saddle River School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

A handwritten signature in cursive script that reads "Gina Cinotti".

Gina Cinotti
Superintendent/Principal

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



SADDLE RIVER BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2018

Members of the Board of Education as of June 30, 2018

Term Expires

Jennifer Connolly, President	2018
Tanya Valency, Vice President	2019
Paige Egan	2019
Emily Kaufman	2020
Kelly Healy	2018

Other Officials

Dr.Gina Cinotti, Interim Superintendent/Principal

Thomas Duane, Business Administrator/Board Secretary

Glenn Stokes, Treasurer

SADDLE RIVER BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

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

Official Depository

TD Bank
New Jersey

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER F. 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
Saddle River Board of Education
Saddle River, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education, as of and for the fiscal year ended June 30, 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 Saddle River 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 Saddle River 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, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

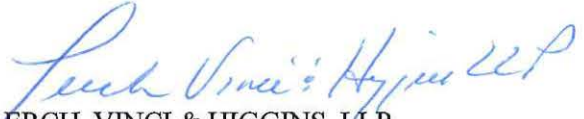
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saddle River Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 28, 2019 on our consideration of the Saddle River Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Saddle River Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Saddle River Board of Education's internal control over financial reporting and compliance.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 28, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

Saddle River Board of Education

Saddle River, New Jersey

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2018

This section of the Saddle River Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2017-2018 fiscal year are as follows:

- The assets and deferred outflows of resources of the governmental activities of the Saddle River Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,806,984 (net position).
- The District's total net position for governmental activities increased by \$136,755.
- Overall governmental activities revenues were \$10,946,255. General revenues accounted for \$8,503,486 or 78% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,442,769 or 22% of total revenues.
- The school district had \$10,809,500 in expenses for governmental activities; only \$2,442,769 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$8,503,486 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,930,739. Of this amount, \$600,811 is restricted for capital reserve, \$295,656 is restricted for Capital Projects, \$431,343 has been appropriated in the 2018/2019 budget for taxpayer relief, \$210,206 is restricted for taxpayer relief in the 2019/2020 budget, \$171,657 represents encumbered purchase orders and \$221,066 is available for spending at the District's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

**Management’s Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

Major Features of the District-Wide and Fund Financial Statements

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

Saddle River Board of Education Saddle River, New Jersey

Management's Discussion and Analysis (continued) Fiscal Year Ended June 30, 2018

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

The district has three kinds of funds:

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

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

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

The following provides a summary of the school district's net position for 2018 and 2017.

Net Position. The district's combined net position were \$1,816,175 and \$1,683,230 on June 30, 2018 and 2017, respectively.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

Statement of Net Position
as of June 30, 2018 and 2017

	<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>
Assets						
Current Assets	\$ 2,291,114	\$ 2,141,082	\$ 4,677	\$ 6,721	\$ 2,295,791	\$ 2,147,803
Capital Assets	<u>4,714,102</u>	<u>4,951,324</u>	<u>7,923</u>	<u>9,552</u>	<u>4,722,025</u>	<u>4,960,876</u>
Total Assets	<u>7,005,216</u>	<u>7,092,406</u>	<u>12,600</u>	<u>16,273</u>	<u>7,017,816</u>	<u>7,108,679</u>
Deferred Outflows of Resources						
Deferred Amount on Net Pension Liability						
Total Deferred Outflows of Resources	<u>492,705</u>	<u>724,070</u>	<u>-</u>	<u>-</u>	<u>492,705</u>	<u>724,070</u>
Liabilities						
Noncurrent Liabilities	4,806,820	5,708,048	-	-	4,806,820	5,708,048
Other Liabilities	<u>381,632</u>	<u>365,112</u>	<u>3,409</u>	<u>3,272</u>	<u>385,041</u>	<u>368,384</u>
Total Liabilities	<u>5,188,452</u>	<u>6,073,160</u>	<u>3,409</u>	<u>3,272</u>	<u>5,191,861</u>	<u>6,076,432</u>
Deferred Inflows of Resources						
Deferred Amount on Net Pension Liability						
Total Deferred Inflows of Resources	<u>502,485</u>	<u>73,087</u>	<u>-</u>	<u>-</u>	<u>502,485</u>	<u>73,087</u>
Net Position						
Net Investment in Capital Assets	2,132,102	2,084,324	7,923	9,552	2,140,025	2,093,876
Restricted	896,467	957,297			896,467	957,297
Unrestricted	<u>(1,221,585)</u>	<u>(1,371,392)</u>	<u>1,268</u>	<u>3,449</u>	<u>(1,220,317)</u>	<u>(1,367,943)</u>
Total Net Position	<u>\$ 1,806,984</u>	<u>\$ 1,670,229</u>	<u>\$ 9,191</u>	<u>\$ 13,001</u>	<u>\$ 1,816,175</u>	<u>\$ 1,683,230</u>

The following page shows changes in net position for fiscal years 2018 and 2017.

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018

Change in Net Position
For The Fiscal Years Ended June 30, 2018 and 2017

	<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	\$ 119,095	\$ 52,038	\$ 71,557	\$ 71,832	\$ 190,652	\$ 123,870
Operating and Capital Grants and Contributions	2,323,674	2,204,762			2,323,674	2,204,762
General Revenues						
Property Taxes	8,368,885	8,235,981			8,368,885	8,235,981
Unrestricted State Aid	121,119	85,689			121,119	85,689
Investment Earnings	5,737	2,213		2	5,737	2,215
Miscellaneous	7,745	11,209	-	-	7,745	11,209
	<u>10,946,255</u>	<u>10,591,892</u>	<u>71,557</u>	<u>71,834</u>	<u>11,017,812</u>	<u>10,663,726</u>
Total Revenues						
Expenses						
Instruction						
Regular	6,029,160	5,859,931			6,029,160	5,859,931
Special Education	1,066,104	906,186			1,066,104	906,186
Other Instruction	-	10,000			-	10,000
School Sponsored Activities and Athletics	10,032	13,781			10,032	13,781
Support Services						
Student and Instruction Related Services	2,169,803	2,142,416			2,169,803	2,142,416
General Administrative Services	101,312	66,680			101,312	66,680
School Administrative Services	57,279	55,279			57,279	55,279
Plant Operations and Maintenance	538,621	519,377			538,621	519,377
Pupil Transportation	547,330	515,661			547,330	515,661
Business Services	243,333	316,301			243,333	316,301
Interest on Long-Term Debt	46,526	50,061			46,526	50,061
Food Services	-	-	75,367	70,844	75,367	70,844
	<u>10,809,500</u>	<u>10,455,673</u>	<u>75,367</u>	<u>70,844</u>	<u>10,884,867</u>	<u>10,526,517</u>
Total Expenses						
Change in Net Position	136,755	136,219	(3,810)	990	132,945	137,209
Net Position, Beginning of Year	<u>1,670,229</u>	<u>1,534,010</u>	<u>13,001</u>	<u>12,011</u>	<u>1,683,230</u>	<u>1,546,021</u>
Net Position, End of Year	<u>\$ 1,806,984</u>	<u>\$ 1,670,229</u>	<u>\$ 9,191</u>	<u>\$ 13,001</u>	<u>\$ 1,816,175</u>	<u>\$ 1,683,230</u>

Saddle River Board of Education Saddle River, New Jersey

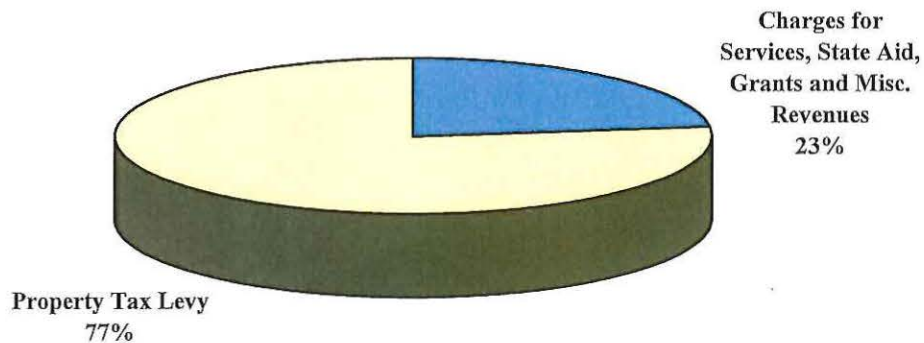
Management's Discussion and Analysis (continued) Fiscal Year Ended June 30, 2018

Governmental Activities. The District's total revenues were \$10,946,255. The local share of the revenues for property taxes amounted to \$8,368,885 or 77% of total revenues. Funding from program charges and state, federal and local sources amounted to \$2,444,793 or 22%. Revenues from charges for services amounted to \$119,095 or 1% of total revenues. The remaining revenues totaling \$13,482 includes investment earnings and other miscellaneous revenues.

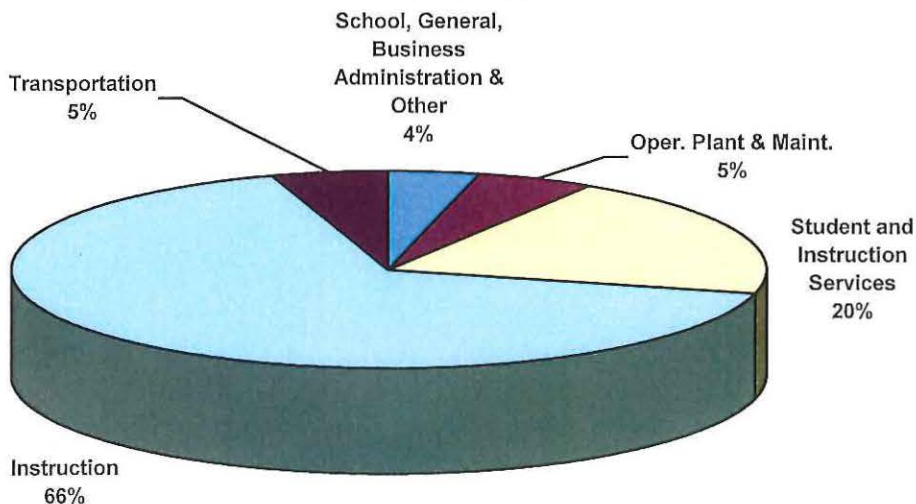
The District's total expenses of \$10,809,500 are predominantly related to instruction and support services. Instruction totaled \$7,105,296 (66%) and other support services exclusive of interest on long-term debt totaled \$3,704,204 (34%) of total expenditures.

Total governmental activities revenues surpassed expenses, increasing net position by \$136,755 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2018



Expenses by Function – Governmental Activities
For Fiscal Year 2018



Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018

Total and Net Cost of Governmental Activities – The District's total cost of services was \$10,809,500 after applying program revenues, derived from: charges for services of \$119,095 and operating grants and contributions of \$2,323,674 the net cost of services of the District is \$8,366,731.

Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2018 and 2017

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Governmental Activities				
Instruction				
Regular	\$ 6,029,160	\$ 5,859,931	\$ 4,814,147	\$ 4,773,588
Special Education	1,066,104	906,186	687,874	566,458
Other Instruction		10,000		10,000
School Sponsored Activities and Athletics	10,032	13,781	9,131	13,781
Support Services				
Student and Instruction Related Services	2,169,803	2,142,416	1,536,225	1,481,621
General Administrative Services	101,312	66,680	97,963	66,680
School Administrative Services	57,279	55,279	42,499	38,002
Plant Operations and Maintenance	538,621	519,377	458,698	477,856
Pupil Transportation	547,330	515,661	451,498	430,972
Business Services	243,333	316,301	222,170	316,301
Interest	46,526	50,061	46,526	23,614
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 10,809,500</u>	<u>\$ 10,455,673</u>	<u>\$ 8,366,731</u>	<u>\$ 8,198,873</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$75,367. These costs were funded by charges for services (\$71,557). The net cost of services for business-type activities was \$3,810.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

Governmental Funds (Continued)

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$1,930,739. At June 30, 2017, the fund balance was \$1,798,860.

Revenues for the District's governmental funds were \$9,943,134 while total expenditures were \$9,811,255 thereby increasing fund balance by \$131,879.

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

The following schedule presents a summary of General Fund revenues.

General Fund Revenues

	Fiscal Year Ended <u>June 30, 2018</u>	Fiscal Year Ended <u>June 30, 2017</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Local Sources:				
Property Taxes	\$ 8,193,500	\$ 8,032,843	\$ 160,657	2.0%
Tuition	119,095	52,038	67,057	128.9%
Investment Earnings	5,737	2,213	3,524	159.2%
Miscellaneous	7,745	11,209	(3,464)	-30.9%
Intergovernmental				
Federal/State Sources	<u>973,092</u>	<u>824,598</u>	<u>148,494</u>	18.0%
 Total Revenues	 <u>\$ 9,299,169</u>	 <u>\$ 8,922,901</u>	 <u>\$ 376,268</u>	 4.2%

Total General Fund revenues increased by \$376,268 or 4.2% over the previous year.

Local property taxes increased by 2% over the previous year.

There was an increase of \$148,494 or 18.0% from the prior year in Federal/State sources revenues.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

General Fund Expenditures

	<u>Fiscal Year Ended June 30, 2018</u>	<u>Fiscal Year Ended June 30, 2017</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Instruction	\$ 6,090,971	\$ 5,773,430	\$ 317,541	5.5%
Student & Instruction Related	1,686,135	1,643,715	42,420	2.6%
School, General & Business Administration	335,832	377,025	(41,193)	-10.9%
Plant Operations & Transportation	989,534	944,416	45,118	4.8%
Capital Outlay	<u>3,988</u>	<u>203,605</u>	<u>(199,617)</u>	-98.0%
 Total Expenditures	 <u>\$ 9,106,460</u>	 <u>\$ 8,942,191</u>	 <u>\$ 164,269</u>	 1.8%

Total General Fund expenditures increased by \$164,269 or 1.8% from the previous year.

In 2017/2018, General Fund revenues exceeded expenditures by \$192,709. As a result, total fund balance increased to \$1,635,083 at June 30, 2018. After deducting statutory restrictions and designations, the unassigned fund balance increased from \$182,661 at June 30, 2017 to \$221,066 at June 30, 2018.

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

Revenues of the Special Revenue Fund were \$355,306 for the year ended June 30, 2018. Local sources represented 44% of the total revenue for the year, state sources accounts for 32% and federal sources accounted for 24%.

Total Special Revenue Fund revenues decreased \$22,151 or 6% from the previous year. State sources increased \$16,521 or 17%, Federal sources decreased \$14,703 or 15% and local sources decreased \$23,969 or 13%.

Expenditures of the Special Revenue Fund were \$355,306. Instructional expenditures were \$238,847 or 67% of the expenditures. Student and instruction related services expenditures were \$87,245 or 25% of expenditures. Plant Operations and Maintenance expenditures were \$22,575 or 6% of expenditures. The remaining \$6,639 (2%) was expenditures for capital outlay.

Capital Projects Fund – Expenditures in the Capital Projects Fund totaled \$16,330 during the 2017/18 school year. In addition to expenditures, there was a transfer to the Debt Service Fund in the amount of \$44,500. Fund balance of \$295,656 remains as of June 30, 2018.

Proprietary Funds

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

Capital Assets. At the end of the fiscal year 2018, the school district's investment in land, land improvements, buildings, furniture, machinery and equipment for governmental activities amounts to \$4,714,102 and \$7,923 for business-type activities (net of accumulated depreciation).

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 3,483	\$ 3,483		
Land Improvements	443,493	443,493		
Building and Building Improvements	6,682,305	6,682,305		
Machinery and Equipment	<u>502,720</u>	<u>475,763</u>	\$ 48,103	\$ 48,103
 Total	 7,632,001	 7,605,044	 48,103	 48,103
 Less: Accumulated Depreciation	 <u>(2,917,899)</u>	 <u>(2,653,720)</u>	 <u>(40,180)</u>	 <u>(38,551)</u>
 Total Capital Assets, Net	 <u>\$ 4,714,102</u>	 <u>\$ 4,951,324</u>	 <u>\$ 7,923</u>	 <u>\$ 9,552</u>

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

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

**Management’s Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2018**

Debt Administration. As of June 30, 2018 the school district had outstanding long-term liabilities in the amount of \$4,806,820.

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

	<u>2018</u>	<u>2017</u>
Bonds Payable	\$ 2,582,000	\$ 2,867,000
Compensated Absences Payable	109,520	109,520
Net Pension Liability	<u>2,115,300</u>	<u>2,731,528</u>
 Total	 <u>\$ 4,806,820</u>	 <u>\$ 5,708,048</u>

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

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

Many factors were considered by the District’s administration during the process of developing the fiscal year 2017-2018 budget. The primary factors were the District’s projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were also considered when adopting the budget for fiscal year 2018-2019. Budgeted expenditures in the General Fund increased 4 percent to \$9,210,210 in fiscal year 2018-2019.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,255,751	\$ 3,144	\$ 2,258,895
Receivables, net			
Receivables from Other Governments	34,863		34,863
Other	500		500
Inventories		1,533	1,533
Capital Assets, Not Being Depreciated	3,483		3,483
Capital Assets, Net of Depreciation	<u>4,710,619</u>	<u>7,923</u>	<u>4,718,542</u>
Total Assets	<u>7,005,216</u>	<u>12,600</u>	<u>7,017,816</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>492,705</u>	-	<u>492,705</u>
Total Deferred Outflows of Resources	<u>492,705</u>	-	<u>492,705</u>
Total Assets and Deferred Outflows of Resources	<u>7,497,921</u>	<u>12,600</u>	<u>7,510,521</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	293,683	3,409	297,092
Payable to State Government	20,794		20,794
Unearned Revenue	45,898		45,898
Accrued Interest Payable	21,257		21,257
Noncurrent Liabilities			
Due Within One Year	295,000		295,000
Due Beyond One Year	<u>4,511,820</u>	-	<u>4,511,820</u>
Total Liabilities	<u>5,188,452</u>	<u>3,409</u>	<u>5,191,861</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>502,485</u>	-	<u>502,485</u>
Total Deferred Inflows of Resources	<u>502,485</u>	-	<u>502,485</u>
Total Liabilities and Deferred Inflows of Resources	<u>5,690,937</u>	<u>3,409</u>	<u>5,694,346</u>
NET POSITION			
Net Investment in Capital Assets	2,132,102	7,923	2,140,025
Restricted for			
Capital Projects	896,467		896,467
Unrestricted	<u>(1,221,585)</u>	<u>1,268</u>	<u>(1,220,317)</u>
Total Net Position	<u>\$ 1,806,984</u>	<u>\$ 9,191</u>	<u>\$ 1,816,175</u>

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

**SADDLE RIVER BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 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	\$ 6,029,160	\$ 119,095	\$ 1,095,918		\$ (4,814,147)		\$ (4,814,147)
Special Education	1,066,104		378,230		(687,874)		(687,874)
Other Instruction					-		-
School Sponsored Activities and Athletics	10,032		901		(9,131)		(9,131)
Support Services							
Student and Instruction Related Services	2,169,803		633,578		(1,536,225)		(1,536,225)
General Administrative Services	101,312		3,349		(97,963)		(97,963)
School Administrative Services	57,279		14,780		(42,499)		(42,499)
Plant Operations and Maintenance	538,621		79,923		(458,698)		(458,698)
Pupil Transportation	547,330		95,832		(451,498)		(451,498)
Business Services	243,333		21,163		(222,170)		(222,170)
Interest	46,526	-	-	-	(46,526)	-	(46,526)
Total Governmental Activities	<u>10,809,500</u>	<u>119,095</u>	<u>2,323,674</u>	<u>-</u>	<u>(8,366,731)</u>	<u>-</u>	<u>(8,366,731)</u>
Business-Type Activities							
Food Service	<u>75,367</u>	<u>71,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ (3,810)</u>	<u>(3,810)</u>
Total Business-Type Activities	<u>75,367</u>	<u>71,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,810)</u>	<u>(3,810)</u>
Total Primary Government	<u>\$ 10,884,867</u>	<u>\$ 190,652</u>	<u>\$ 2,323,674</u>	<u>\$ -</u>	<u>(8,366,731)</u>	<u>(3,810)</u>	<u>(8,370,541)</u>
General Revenues							
Property Taxes Levied for General Purpose					8,193,500		8,193,500
Property Taxes Levied for Debt Service					175,385		175,385
State Aid - Restricted for Debt Service					113,274		113,274
State Aid - Unrestricted					7,845		7,845
Investment Earnings					5,737		5,737
Miscellaneous Income					7,745		7,745
Total General Revenues					<u>8,503,486</u>	<u>-</u>	<u>8,503,486</u>
Change in Net Position					136,755	(3,810)	132,945
Net Position, Beginning of Year					<u>1,670,229</u>	<u>13,001</u>	<u>1,683,230</u>
Net Position, End of Year					<u>\$ 1,806,984</u>	<u>\$ 9,191</u>	<u>\$ 1,816,175</u>

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

FUND FINANCIAL STATEMENTS

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

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 1,882,821	\$ 74,544	\$ 298,386		\$ 2,255,751
Receivables					
Intergovernmental	19,342	15,521			34,863
Other	500	-	-	-	500
Total Assets	\$ 1,902,663	\$ 90,065	\$ 298,386	\$ -	\$ 2,291,114
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 267,580	\$ 23,373	\$ 2,730		\$ 293,683
Payable to State Government		20,794			20,794
Unearned Revenue	-	45,898	-	-	45,898
Total Liabilities	267,580	90,065	2,730	-	360,375
Fund Balances					
Restricted Fund Balance					
Excess Surplus-Designated for					
Subsequent Year's Expenditures (2018/19 Budget)	381,183				381,183
Excess Surplus	210,206				210,206
Capital Reserve	600,811				600,811
Capital Projects			\$ 295,656		295,656
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures (2018/19 Budget)	50,160				50,160
Year-End Encumbrances	171,657				171,657
Unassigned Fund Balance	221,066	-	-	-	221,066
Total Fund Balances	1,635,083	-	295,656	-	1,930,739
Total Liabilities and Fund Balances	\$ 1,902,663	\$ 90,065	\$ 298,386	\$ -	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,632,001 and the accumulated depreciation is \$2,917,899. 4,714,102

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	\$ 492,705	
Deferred Inflows of Resources	(502,485)	(9,780)

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (21,257)

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

General Obligation Bonds Payable	2,582,000	
Compensated Absences Payable	109,520	
Net Pension Liability	2,115,300	(4,806,820)

Net Position of Governmental Activities (Exhibit A-1) **\$ 1,806,984**

**SADDLE RIVER 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					
Local Property Tax Levy	\$ 8,193,500			\$ 175,385	\$ 8,368,885
Tuition	119,095				119,095
Interest	5,737				5,737
Miscellaneous	7,745	\$ 157,101	-	-	164,846
Total - Local Sources	<u>8,326,077</u>	<u>157,101</u>	<u>-</u>	<u>175,385</u>	<u>8,658,563</u>
State Sources	973,092	114,390		113,274	1,200,756
Federal Sources	-	83,815	-	-	83,815
Total Revenues	<u>9,299,169</u>	<u>355,306</u>	<u>-</u>	<u>288,659</u>	<u>9,943,134</u>
EXPENDITURES					
Current					
Regular Instruction	5,143,294	193,552			5,336,846
Special Education Instruction	938,973	45,295			984,268
School-Sponsored Activities and Athletics	8,704				8,704
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,686,135	87,245			1,773,380
General Administrative Services	88,450				88,450
School Administrative Services	35,779				35,779
Plant Operations and Maintenance	461,489	22,575			484,064
Pupil Transportation	528,045				528,045
Business Services	211,603				211,603
Capital Outlay	3,988	6,639	16,330		26,957
Debt Service					
Principal				285,000	285,000
Interest	-	-	-	48,159	48,159
Total Expenditures	<u>9,106,460</u>	<u>355,306</u>	<u>16,330</u>	<u>333,159</u>	<u>9,811,255</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>192,709</u>	<u>-</u>	<u>(16,330)</u>	<u>(44,500)</u>	<u>131,879</u>
OTHER FINANCING USES					
Transfers In				44,500	44,500
Transfers Out	-	-	(44,500)	-	(44,500)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(44,500)</u>	<u>44,500</u>	<u>-</u>
Net Change in Fund Balances	192,709	-	(60,830)	-	131,879
Fund Balance, Beginning of Year	<u>1,442,374</u>	<u>-</u>	<u>356,486</u>	<u>-</u>	<u>1,798,860</u>
Fund Balance, End of Year	<u>\$ 1,635,083</u>	<u>\$ -</u>	<u>\$ 295,656</u>	<u>\$ -</u>	<u>\$ 1,930,739</u>

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

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 131,879**

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

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

Capital Outlays	\$ 26,957	
Depreciation Expense	<u>(264,179)</u>	(237,222)

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

Principal Repayments		
General Obligation Bonds	<u>285,000</u>	285,000

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

Decrease in Accrued Interest	1,633	
Net Increase in Pension Expense	<u>(44,535)</u>	(42,902)

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 136,755**

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

	Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash	\$ 3,144
Inventories	<u>1,533</u>
Total Current Assets	<u>4,677</u>
Capital Assets	
Machinery and Equipment	48,103
Less: Accumulated Depreciation	<u>40,180</u>
Total Capital Assets, Net of Depreciation	<u>7,923</u>
Total Assets	<u>12,600</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>3,409</u>
Total Liabilities	<u>3,409</u>
NET POSITION	
Investment in Capital Assets	7,923
Unrestricted	<u>1,268</u>
Total Net Position	<u>\$ 9,191</u>

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

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

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ <u>71,557</u>
Total Operating Revenues	<u>71,557</u>
OPERATING EXPENSES	
Salaries and Benefits	27,393
Cost of Sales	36,308
Management Fee	8,000
Miscellaneous Expenses	1,506
Maintenance Expense	531
Depreciation Expense	<u>1,629</u>
Total Operating Expenses	<u>75,367</u>
Operating Income (Loss)/Change in Net Position	<u>(3,810)</u>
Net Position, Beginning of Year	<u>13,001</u>
Net Position, End of Year	<u>\$ 9,191</u>

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

	Business-Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 71,557
Cash Payments to Employers for Salaries and Wages	(27,393)
Cash Payments to Suppliers for Goods and Services	<u>(46,277)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(2,113)</u>
Net Decrease in Cash	(2,113)
Cash, Beginning of Year	<u>5,257</u>
Cash, End of Year	<u><u>\$ 3,144</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ <u>(3,810)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	1,629
Change in Assets and Liabilities	
(Increase)/Decrease in Inventories	(69)
Increase/(Decrease) in Accounts Payable	<u>137</u>
Total Adjustments	<u>1,697</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (2,113)</u></u>

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

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

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash	\$ 41,670	\$ 8,903
Due from Other Funds	<u>1,268</u>	<u>-</u>
Total Assets	<u>42,938</u>	<u>\$ 8,903</u>
LIABILITIES		
Due to Other Funds		\$ 1,268
Payroll Deductions and Withholdings		921
Reserved for Flexible Spending		5,871
Due to Student Groups	<u>-</u>	<u>843</u>
Total Liabilities	<u>-</u>	<u>\$ 8,903</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 42,938</u>	

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

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

	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS	
Contributions Employees	\$ <u>6,639</u>
Total Additions	<u>6,639</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>4,545</u>
Total Deductions	<u>4,545</u>
Change in Net Position	2,094
Net Position, Beginning of Year	<u>40,844</u>
Net Position, End of Year	<u>\$ 42,938</u>

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

B. New Accounting Standards

During fiscal year 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.

**SADDLE RIVER 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 fiscal 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 fiscal 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.

**SADDLE RIVER 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 and enterprise funds to be major funds.

The District reports the following major governmental funds:

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

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

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

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

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 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 major proprietary fund which is organized to be self-supporting through user charges:

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

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims. 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.

**SADDLE RIVER 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.

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

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

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

5. Deferred Outflows/Inflows of Resources

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods 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.

6. Compensated Absences

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

7. Pensions

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

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

8. Long-Term Obligations

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

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

**SADDLE RIVER 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

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – Designated for Subsequent Year's Expenditures - This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 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 Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2B).

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.

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

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

**SADDLE RIVER 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 (Continued)

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.

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, unrestricted state aid, investment earnings and miscellaneous revenues.

**SADDLE RIVER 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)

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.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund, are charges to customers for sales and services. Operating expenses for enterprise 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.

**SADDLE RIVER 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)

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

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 \$299,794. The increase was funded by additional state aid, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

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

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

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

Balance, July 1, 2017	\$ 600,811
Withdrawals	
Approved by Board Resolution	<u> -</u>
Balance, June 30, 2018	<u>\$ 600,811</u>

The June 30, 2017 LRFP balance of local support costs of uncompleted capital projects is \$3,281,880.

C. 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 \$591,389. Of this amount, \$381,183 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$210,206 will be appropriated in the 2019/2020 original budget certified for taxes.

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

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 \$2,309,468 and bank and brokerage firm balances of the Board's deposits amounted to \$2,494,405. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 2,494,405
	<u>\$ 2,494,405</u>

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Receivables:			
Intergovernmental			
Federal		\$ 11,013	\$ 11,013
State	\$ 19,342	4,508	23,850
Other	500	-	500
Gross Receivables	19,842	15,521	35,363
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 19,842</u>	<u>\$ 15,521</u>	<u>\$ 35,363</u>

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	44,434
Grant Draw Downs Reserved for Encumbrances	<u>1,464</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 45,898</u>

**SADDLE RIVER 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

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

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 3,483	-	-	\$ 3,483
Total Capital Assets, Not Being Depreciated	<u>3,483</u>	<u>-</u>	<u>-</u>	<u>3,483</u>
Capital Assets, Not Being Depreciated:				
Land Improvements	443,493			443,493
Building and Building Improvements	6,682,305			6,682,305
Machinery and Equipment	<u>475,763</u>	<u>\$ 26,957</u>	<u>\$ -</u>	<u>502,720</u>
Total Assets Being Depreciated	<u>7,601,561</u>	<u>26,957</u>	<u>-</u>	<u>7,628,518</u>
Less Accumulated Depreciation for:				
Land Improvements	(342,390)	(23,091)		(365,481)
Building and Building Improvements	(2,026,222)	(215,978)		(2,242,200)
Machinery and Equipment	<u>(285,108)</u>	<u>(25,110)</u>	<u>-</u>	<u>(310,218)</u>
Total Accumulated Depreciation	<u>(2,653,720)</u>	<u>(264,179)</u>	<u>-</u>	<u>(2,917,899)</u>
Total Assets, Being Depreciated, Net	<u>4,947,841</u>	<u>(237,222)</u>	<u>-</u>	<u>4,710,619</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,951,324</u>	<u>\$ (237,222)</u>	<u>\$ -</u>	<u>\$ 4,714,102</u>

**SADDLE RIVER 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, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 48,103	\$ -	-	\$ 48,103
Total Capital Assets Being Depreciated	<u>48,103</u>	<u>-</u>	<u>-</u>	<u>48,103</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(38,551)</u>	<u>(1,629)</u>	-	<u>(40,180)</u>
Total Accumulated Depreciation	<u>(38,551)</u>	<u>(1,629)</u>	<u>-</u>	<u>(40,180)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,552</u>	<u>(1,629)</u>	<u>-</u>	<u>7,923</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,552</u>	<u>\$ (1,629)</u>	<u>\$ -</u>	<u>\$ 7,923</u>

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

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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>
Unemployment Compensation Trust Fund	Payroll Agency Fund	\$ 1,268

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

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

F. Long-Term Debt

General Obligation Bonds

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

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

\$3,097,000, 2015 Bonds, due in annual installments of \$295,000 to \$357,000 through July 15, 2025, interest at 1.25% to 2.00%	<u>\$2,582,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 295,000	\$ 44,534	\$ 339,534
2020	300,000	40,440	340,440
2021	310,000	35,865	345,865
2022	315,000	30,390	345,390
2023	325,000	23,990	348,990
2024-2026	<u>1,037,000</u>	<u>31,550</u>	<u>1,068,550</u>
Total	<u>\$ 2,582,000</u>	<u>\$ 206,769</u>	<u>\$ 2,788,769</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

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

2.5% of Equalized Valuation Basis (Municipal)		\$ 62,628,634
Less: Net Debt		
Issued	\$ 2,582,000	
Authorized But Not Issued	<u>91</u>	
		<u>2,582,091</u>
Remaining Borrowing Power		<u>\$ 60,046,543</u>

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2018</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 2,867,000		\$ 285,000	\$ 2,582,000	\$ 295,000
Compensated Absences	109,520			109,520	
Net Pension Liability	<u>2,731,528</u>	<u>\$ 130,285</u>	<u>746,513</u>	<u>2,115,300</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 5,708,048</u>	<u>\$ 130,285</u>	<u>\$ 1,031,513</u>	<u>\$ 4,806,820</u>	<u>\$ 295,000</u>

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

**SADDLE RIVER 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 worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the 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 insurance fund are on file with the School's Business Administrator.

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Board</u> <u>Contribution</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018		\$ 6,639	\$ 4,545	\$ 42,938
2017		4,279	10,502	40,844
2016	\$ 20,000	4,636		47,053

**SADDLE RIVER 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.

**SADDLE RIVER 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

**SADDLE RIVER 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 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 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.

**SADDLE RIVER 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.

**SADDLE RIVER 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.

**SADDLE RIVER 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:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2018	\$ 84,181	\$ 296,837	None
2017	81,934	205,042	None
2016	79,541	161,029	None

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$1,569 and \$841, respectively for PERS and the State contributed \$208 and \$363, 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 \$124,632 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. 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.

**SADDLE RIVER 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 \$2,115,300 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 0.00909 percent, which was a decrease of .00013 percent from its proportionate share measured as of June 30, 2016 of 0.00922 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$130,285 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	\$ 49,808	
Changes of Assumptions	426,160	\$ 424,598
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	14,404	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>2,333</u>	<u>77,887</u>
Total	<u>\$ 492,705</u>	<u>\$ 502,485</u>

**SADDLE RIVER 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 <u>June 30,</u>	<u>Total</u>
2019	\$ 35,431
2020	35,431
2021	32,672
2022	(65,742)
2023	(47,572)
Thereafter	<u>-</u>
	<u>\$ (9,780)</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.

**SADDLE RIVER 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%

**SADDLE RIVER 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 <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the PERS Net Pension Liability	\$ 2,624,173	\$ 2,115,300	\$ 1,691,346

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.

**SADDLE RIVER 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 \$851,442 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 \$12,290,769. 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 0.01822 percent, which was a decrease of 0.00189 percent from its proportionate share measured as of June 30, 2016 of 0.02011 percent.

**SADDLE RIVER 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.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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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%

**SADDLE RIVER 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:

	<u>1% Decrease (3.25%)</u>	<u>Current Discount Rate (4.25%)</u>	<u>1% Increase (5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 14,601,819</u>	<u>\$ 12,290,769</u>	<u>\$ 10,386,916</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 District at June 30, 2017 was not provided by the pension system.

**SADDLE RIVER 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.

**SADDLE RIVER 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.

**SADDLE RIVER 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 \$191,720, \$170,847 and \$191,741, 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.

**SADDLE RIVER 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 \$640,236. 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 \$9,934,628. 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 0.01852 percent, which was an increase of 0.00011 percent from its proportionate share measured as of June 30, 2016 of 0.01841 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.

**SADDLE RIVER 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.

**SADDLE RIVER 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>10,646,018</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 464,972
Interest on the Total OPEB Liability	312,843
Changes of Assumptions	(1,312,508)
Gross Benefit Payments	(183,452)
Contributions from the Member	<u>6,755</u>
Net Changes	\$ (711,390)
Balance, June 30, 2017 Measurement Date	\$ <u>9,934,628</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:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>11,793,120</u>	\$ <u>9,934,628</u>	\$ <u>8,460,454</u>

**SADDLE RIVER 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>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>8,170,271</u>	\$ <u>9,934,628</u>	\$ <u>12,277,673</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.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 8,193,500		\$ 8,193,500	\$ 8,193,500	
Preschool Tuition	90,000	\$ 16,340	106,340	106,340	
Tuition from Individuals	13,900	-	13,900	12,755	\$ (1,145)
Interest	1,000	4,293	5,293	5,293	
Interest on Capital Reserve	500	-	500	444	(56)
Miscellaneous	37,400	5,913	43,313	7,745	(35,568)
Total Local Sources	8,336,300	26,546	8,362,846	8,326,077	(36,769)
State Sources					
Special Education Aid	101,297	\$ 31,249	132,546	132,546	
Transportation Aid	72,423		72,423	72,423	
Security Aid	29,320		29,320	29,320	
PARCC Readiness Aid	3,990		3,990	3,990	
Per Pupil Growth Aid	3,990		3,990	3,990	
Professional Learning Community Aid	3,860		3,860	3,860	
Additional Adjustment Aid	1		1	1	
Additional Nonpublic Transportation Aid				19,342	19,342
Extraordinary Aid	25,000		25,000	104,916	79,916
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				7,033	7,033
On-behalf TPAF Pension System Payments - Normal Cost (Non-Budget)				289,804	289,804
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				191,720	191,720
On-behalf TPAF Pension System Payments - Long-Term Disability Insurance (Non-Budget)				208	208
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	124,632	124,632
Total State Sources	239,881	31,249	271,130	983,785	712,655
Total Revenues	8,576,181	57,795	8,633,976	9,309,862	675,886
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	113,968	22,391	136,359	135,277	1,082
Kindergarten	109,359	28,191	137,550	137,550	
Grades 1-5	1,041,942	(18,090)	1,023,852	1,004,688	19,164
Regular Programs - Undistributed Instruction					
Purchased Professional/Educational Services	16,422		16,422	16,314	108
Purchased Technical Services	9,700	1,905	11,605	11,605	
Other Purchased Services	33,520		33,520	25,480	8,040
General Supplies	38,169	(1,238)	36,931	22,728	14,203
Total Regular Programs	1,363,080	33,159	1,396,239	1,353,642	42,597
Resource Room/Resource Center					
Salaries of Teachers	150,436	411	150,847	150,847	
General Supplies	1,060	(411)	649	403	246
Total Resource Room/Resource Center	151,496	-	151,496	151,250	246
Total Special Education	151,496	-	151,496	151,250	246
School Sponsored Co/Extracurricular Activities-Instruction					
Salaries	3,500	2,000	5,500	5,500	-
Total Co/Extracurricular Activities-Instruction	3,500	2,000	5,500	5,500	-
Total Instruction	1,518,076	35,159	1,553,235	1,510,392	42,843

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	\$ 3,125,373	\$ (44,760)	\$ 3,080,613	\$ 3,024,903	\$ 55,710
Tuition to Other LEAs Within the State - Special	275,250	121,179	396,429	353,958	42,471
Tuition to County Voc. School Dist. - Special	15,336		15,336	15,336	
Tuition to CSSD & Reg. Day Schools	89,600	67,545	157,145	155,759	1,386
Tuition to Priv. School for the Disabled W/I State	264,500	(137,380)	127,120	104,655	22,465
Tuition to Priv. Sch. Disabled & Other LEAs- Special, O/S State	130,700	(58,482)	72,218	67,715	4,503
Total Undistributed Expenditures - Instruction	3,900,759	(51,898)	3,848,861	3,722,326	126,535
Attendance & Social Work					
Salaries	14,000		14,000	14,000	
Purchased Professional and Technical Services	6,907		6,907	6,408	499
Supplies and Materials	115	-	115	-	115
Total Attendance & Social Work	21,022	-	21,022	20,408	614
Health Services					
Salaries	68,812	1,388	70,200	70,200	-
Purchased Professional and Technical Services	2,000	3,250	5,250	3,236	2,014
Other Purchased Services	140	-	140	125	15
Supplies and Materials	2,300	(378)	1,922	1,223	699
Total Health Services	73,252	4,260	77,512	74,784	2,728
Speech, OT, PT and Related Services					
Salaries	66,712		66,712	66,712	
Purchased Professional-Educational Services	68,000	(3,780)	64,220	45,247	18,973
Supplies and Materials	700	-	700	289	411
Total Speech, OT, PT and Related Services	135,412	(3,780)	131,632	112,248	19,384
Other Support Serv. Students - Extra. Svcs.					
Salaries	229,969	(1,320)	228,649	222,464	6,185
Purchased Professional-Educational Services	47,315	(180)	47,135	31,277	15,858
Supplies and Materials	-	-	-	-	-
Total Other Support Serv. Students - Extra. Svcs.	277,284	(1,500)	275,784	253,741	22,043
Guidance					
Purchased Professional and Technical Services	2,000	1,770	3,770	1,770	2,000
Supplies and Materials	748	-	748	-	748
Total Guidance	2,748	1,770	4,518	1,770	2,748
Child Study Teams					
Salaries of Other Professional Staff	122,891		122,891	118,818	4,073
Salaries of Secretarial and Clerical Assistants	61,605	14,000	75,605	70,029	5,576
Purchased Professional/Educational Services	63,140	4,443	67,583	45,107	22,476
Misc. Purchased Services	750		750	88	662
Supplies and Materials	9,545		9,545	2,564	6,981
Other Objects	450	-	450	284	166
Total Child Study Teams	258,381	18,443	276,824	236,890	39,934
Improvement of Instructional Services					
Salaries of Other Professional Staff	225,203	1,927	227,130	227,130	
Salaries of Sec and Clerical Assist	36,430	32,602	69,032	67,812	1,220
Purchased Professional/Educational Services	850	-	850	794	56
Total Improvement of Instructional Services	262,483	34,529	297,012	295,736	1,276

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 80,625		\$ 80,625	\$ 80,625	
Purchased Professional and Technical Services	55,000		55,000	55,000	
Other Purchased Services	850		850		\$ 850
Supplies and Materials	700	-	700	700	-
Total Educational Media Serv./School Library	137,175	-	137,175	136,325	850
Instructional Staff Training Services					
Other Purchased Services	2,000	\$ (1,450)	550	88	462
Total Instructional Staff Training Services	2,000	(1,450)	550	88	462
Support Services General Administration					
Salaries	14,500	5,951	20,451	20,451	
Legal Services	7,000	13,505	20,505	20,505	
Audit Fees	20,400	510	20,910	20,910	
Other Purchased Professional Services	2,850	(100)	2,750	2,264	486
Communications/Telephone	2,650	(1,584)	1,066	959	107
BOE Other Purchased Services	400	200	600	600	
Miscellaneous Purchased Services	3,000	261	3,261	3,236	25
General Supplies	800	(328)	472	447	25
BOE In-House Training/Meeting Supplies	100		100		100
Miscellaneous Expenditures	1,090	1,432	2,522	2,522	
BOE Membership Dues and Fees	5,000	(31)	4,969	4,641	328
Total Support Services General Administration	57,790	19,816	77,606	76,535	1,071
Support Services School Administration					
Salaries of Principals/Assistant Principals	21,142	-	21,142	21,017	125
Other Purchased Services	400	-	400	371	29
Supplies and Materials	1,380	-	1,380	1,040	340
Other Objects	1,150	-	1,150	878	272
Total Support Services School Administration	24,072	-	24,072	23,306	766
Central Services					
Salaries	156,353	(27,123)	129,230	129,230	-
Purchased Professional Services	4,538	(22)	4,516	3,254	1,262
Other Purchased Services	1,500	540	2,040	2,040	-
Misc. Purchased Services	1,320	(490)	830	141	689
Supplies and Materials	1,695	(1,180)	515	376	139
Miscellaneous Expenditures	1,300	(28)	1,272	1,272	-
Total Central Services	166,706	(28,303)	138,403	136,313	2,090
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance	38,250	5,820	44,070	33,568	10,502
General Supplies	13,400	(66)	13,334	4,984	8,350
Total Required Maintenance for School Fac.	51,650	5,754	57,404	38,552	18,852
Custodial Services					
Salaries	172,685	(3,150)	169,535	161,071	8,464
Salaries of Non-Instructional Aides	46,024	(7,892)	38,132	10,218	27,914
Cleaning, Repair, and Maintenance Svc.	750	5,867	6,617	6,617	
Insurance	52,600		52,600	52,216	384
General Supplies	24,900	(7,538)	17,362	9,274	8,088
Misc. Expenditures	250	44	294	294	
Energy (Electricity)	70,000		70,000	64,071	5,929
Energy (Natural Gas)	10,000	7,191	17,191	17,191	-
Total Custodial Services	377,209	(5,478)	371,731	320,952	50,779

SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Transfers/ Adjustments	Final Budget*	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Svc.	\$ 7,000		\$ 7,000	\$ 499	\$ 6,501
General Supplies	5,800	-	5,800	1,692	4,108
Total Care and Upkeep of Grounds	12,800	-	12,800	2,191	10,609
Security					
Cleaning, Repair, and Maintenance Svc.	2,500	-	2,500	-	2,500
Total Security	2,500	-	2,500	-	2,500
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & Sch) Regular	8,391		8,391	8,391	
Salaries for Pupil Trans. (Other than Bet. Home & Sch.)	8,391		8,391	8,391	
Salaries for Pupil Trans. (Bet. Home & Sch) - Nonpublic	8,391		8,391	8,391	
Management Fee - ESC & CTSA Trans. Program	7,500		7,500	7,325	175
Contracted Services					
(Between Home and School) - Joint Agreements	321,000	\$ 3,211	324,211	324,211	-
Contracted Serv.-Aid in Lieu of Payments-Non Public Schools	60,000	(3,566)	56,434	46,939	9,495
Contracted Services (Spl. Ed. Students) -Joint Agree.	118,000	-	118,000	109,376	8,624
Other Objects	-	355	355	355	-
Total Student Transportation Services	531,673	-	531,673	513,379	18,294
Unallocated Benefits - Employee Benefits					
Social Security Contributions	70,000	539	70,539	70,539	-
Other Retirement Contributions - PERS	90,000		90,000	85,750	4,250
Unemployment Compensation	10,000	(10,000)			
Workmen's Compensation	28,249		28,249	22,971	5,278
Health Benefits	799,000	18,020	817,020	817,020	
Tuition Reimbursement	19,068	(6,000)	13,068	7,344	5,724
Other Employee Benefits	5,500	-	5,500	3,921	1,579
Unused Sick Payments to Terminated/ Retired Staff	120	11,999	12,119	5,594	6,525
Total Unallocated Benefits - Employee Benefits	1,021,937	14,558	1,036,495	1,013,139	23,356
On-behalf TPAF Pension System Payments -					
Non-Contributory Insurance (Non-Budget)				7,033	(7,033)
On-behalf TPAF Pension System Payments -				289,804	(289,804)
Normal Cost (Non-Budget)					
On-behalf TPAF Pension System Payments -				191,720	(191,720)
Post-Retirement Medical Contribution					
(Non-Budget)					
On-behalf TPAF Pension System Payments -				208	(208)
Long-Term Disability Insurance (Non-Budget)					
Reimbursed TPAF Social Security Payments				124,632	(124,632)
(Non-Budget)					
Total On-Behalf Contributions/Reimbursements	-	-	-	613,397	(613,397)
Total Undistributed Expenditures	7,316,853	6,721	7,323,574	7,592,080	(268,506)
Total Expenditures - Current Expenditures	8,834,929	41,880	8,876,809	9,102,472	(225,663)

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
CAPITAL OUTLAY					
Increase in Capital Reserve	\$ 500		\$ 500		\$ 500
Equipment					
Custodial		\$ 3,988	3,988	\$ 3,988	
Facilities Acquisition and Construction Serv. Assessment for Debt Service on SDA Funding	3,852	-	3,852	-	3,852
Total Capital Outlay	4,352	3,988	8,340	3,988	4,352
Total Expenditures	8,839,281	45,868	8,885,149	9,106,460	(221,311)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(263,100)	11,927	(251,173)	203,402	454,575
Fund Balance, Beginning of Year	1,559,873	-	1,559,873	1,559,873	-
Fund Balance, End of Year	\$ 1,296,773	\$ 11,927	\$ 1,308,700	\$ 1,763,275	\$ 454,575
Recapitulation of Fund Balance:					
Restricted Fund Balance					
Excess Surplus-Designated for Subsequent Year's Expenditures-2018/2019 Budget				\$ 381,183	
Excess Surplus-2019/2020 Budget				210,206	
Capital Reserve				600,811	
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures- 2018/2019 Budget				50,160	
Year-End Encumbrances				171,657	
Unassigned Fund Balance				349,258	
Reconciliation to Governmental Funds Statements (GAAP):				1,763,275	
Less: Extraordinary Aid Not Recognized on GAAP Basis			\$ (104,916)		
State Aid Not Recognized on GAAP Basis			(23,276)		
				(128,192)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,635,083	

**SADDLE RIVER BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 117,276	\$ 14,024	\$ 131,300	\$ 114,390	\$ (16,910)
Federal	78,327	47,634	125,961	83,815	(42,146)
Local Sources					
Miscellaneous	-	196,256	196,256	150,849	(45,407)
Total Revenues	<u>195,603</u>	<u>257,914</u>	<u>453,517</u>	<u>349,054</u>	<u>(104,463)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers		62,291	62,291	59,231	3,060
Purchased Professional/Technical Services	55,420	423	55,843	45,945	9,898
Tuition	68,794	(18,155)	50,639	45,041	5,598
Other Purchased Services		42,214	42,214	12,898	29,316
General Supplies	9,287	50,350	59,637	50,043	9,594
Textbooks	14,986	16,940	31,926	24,357	7,569
Total Instruction	<u>148,487</u>	<u>154,063</u>	<u>302,550</u>	<u>237,515</u>	<u>65,035</u>
Support Services					
Personal Services- Employee Benefits		4,846	4,846	4,846	
Other Purchased Professional and Technical Services	32,016	45,078	77,094	41,329	35,765
Other Purchased Services	15,100	45,803	60,903	58,725	2,178
Supplies and Materials	-	1,485	1,485	-	1,485
Total Support Services	<u>47,116</u>	<u>97,212</u>	<u>144,328</u>	<u>104,900</u>	<u>39,428</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	6,639	6,639	6,639	-
Total Facilities Acq. and Construction	<u>-</u>	<u>6,639</u>	<u>6,639</u>	<u>6,639</u>	<u>-</u>
Total Expenditures	<u>195,603</u>	<u>257,914</u>	<u>453,517</u>	<u>349,054</u>	<u>104,463</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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	(C-1)	\$ 9,309,862	(C-2)	\$ 349,054
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized :				
Encumbrance, June 30, 2017				7,716
Encumbrance, June 30, 2018				(1,464)
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2016/2017 State Aid)		117,499		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2017/2018 State Aid)		<u>(128,192)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. (Exhibit B-2)		<u>\$ 9,299,169</u>		<u>\$ 355,306</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 9,106,460	(C-2)	\$ 349,054
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes -				
Encumbrance, June 30, 2017				7,716
Encumbrance, June 30, 2018		<u>-</u>		<u>(1,464)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds (Exhibit B-2)		<u>\$ 9,106,460</u>		<u>\$ 355,306</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III
PENSION INFORMATION
AND
OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last 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)	0.00909%	0.00922%	0.00925%	0.00979%	0.00976%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 2,115,300</u>	<u>\$ 2,731,528</u>	<u>\$ 2,076,852</u>	<u>\$ 1,834,424</u>	<u>\$1,866,405</u>
District's Covered-Employee Payroll	<u>\$ 591,694</u>	<u>\$ 620,553</u>	<u>\$ 623,898</u>	<u>\$ 612,691</u>	<u>\$ 649,412</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	357%	440%	333%	299%	287%
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.

**SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT 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	\$ 84,181	\$ 81,934	\$ 79,541	\$ 80,772	\$ 73,921
Contributions in Relation to the Contractually Required Contribution	<u>84,181</u>	<u>81,934</u>	<u>79,541</u>	<u>80,772</u>	<u>73,921</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	<u>\$ 591,694</u>	<u>\$ 620,553</u>	<u>\$ 623,898</u>	<u>\$ 612,691</u>	<u>\$ 649,412</u>
Contributions as a Percentage of Covered-Employee Payroll	14%	13%	13%	13%	11%

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

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

Teachers Pension and Annuity Fund

Last 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>12,290,769</u>	<u>15,821,840</u>	<u>13,284,975</u>	<u>13,827,576</u>	<u>12,537,719</u>
Total	<u>\$ 12,290,769</u>	<u>\$ 15,821,840</u>	<u>\$ 13,284,975</u>	<u>\$ 13,827,576</u>	<u>\$ 12,537,719</u>
District's Covered-Employee Payroll	<u>\$ 1,950,336</u>	<u>\$ 2,008,027</u>	<u>\$ 2,052,982</u>	<u>\$ 1,962,745</u>	<u>\$ 2,121,244</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	630%	788%	647%	705%	591%
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.

**SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 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 4.

**SADDLE RIVER 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	\$ 464,972
Interest on Total OPEB Liability	312,843
Changes of Benefit Terms	
Differences Between Expected and Actual Experience	
Changes of Assumptions	(1,312,508)
Gross Benefit Payments	(183,452)
Contribution from the Member	6,755
Net Change in Total OPEB Liability	(711,390)
Total OPEB Liability - Beginning	10,646,018
Total OPEB Liability - Ending	\$ 9,934,628
District's Proportionate Share of OPEB Liability	\$0
State's Proportionate Share of OPEB Liability	9,934,628
Total OPEB Liability - Ending	\$ 9,934,628
District's Covered-Employee Payroll	\$ 2,542,030
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.

**SADDLE RIVER 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 4.

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

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

	IDEA Part B Basic	Nonpublic Technology	ESEA Title II-A	ESEA Title IV	Nonpublic Textbooks	Nonpublic Nursing	Local Donations	Nonpublic Security	Nonpublic Auxiliary - Home Instr.	Nonpublic Auxiliary Services	Nonpublic Handicapped Services			Total	
										Compensatory Education	Corrective Speech	Exam. & Classification	Supplemental Instruction		
REVENUES															
Intergovernmental															
State		\$ 9,172			\$ 8,377	\$ 28,321		\$ 22,575	\$ 4,508	\$ 4,695	\$ 11,874	\$ 17,652	\$ 7,216	\$ 114,390	
Federal	\$ 81,145		\$ 2,000	\$ 670										83,815	
Local	-	-	-	-	-	-	\$ 150,849	-	-	-	-	-	-	150,849	
Total Revenues	\$ 81,145	\$ 9,172	\$ 2,000	\$ 670	\$ 8,377	\$ 28,321	\$ 150,849	\$ 22,575	\$ 4,508	\$ 4,695	\$ 11,874	\$ 17,652	\$ 7,216	\$ 349,054	
EXPENDITURES															
Instruction															
Salaries of Teachers							\$ 59,231							\$ 59,231	
Purchased Professional and Technical Services									\$ 4,508	\$ 4,695	\$ 11,874	\$ 17,652	\$ 7,216	45,945	
Tuition	\$ 45,041													45,041	
Other Purchased Services							12,898							12,898	
General Supplies	254	\$ 9,172					40,617							50,043	
Textbooks	-	-			\$ 8,377	-	15,980							24,357	
Total Instruction	45,295	9,172	-	-	8,377	-	128,726	-	4,508	4,695	11,874	17,652	7,216	237,515	
Support Services															
Personal Services- Employee Benefits							4,846							4,846	
Other Purchased Professional and Technical Services			\$ 2,000	\$ 670		\$ 28,321	10,338							41,329	
Other Purchased Services	35,850						300	\$ 22,575						58,725	
Total Support Services	35,850	-	2,000	670	-	28,321	15,484	22,575	-	-	-	-	-	104,900	
Facilities Acquisition and Construction															
Instructional Equipment							6,639							6,639	
Total Facilities Acq. and Construction	-	-	-	-	-	-	6,639	-	-	-	-	-	-	6,639	
Total Expenditures	\$ 81,145	\$ 9,172	\$ 2,000	\$ 670	\$ 8,377	\$ 28,321	\$ 150,849	\$ 22,575	\$ 4,508	\$ 4,695	\$ 11,874	\$ 17,652	\$ 7,216	\$ 349,054	

**SADDLE RIVER BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

CAPITAL PROJECTS FUND

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

<u>Issue/Project Title</u>	<u>Modified</u> <u>Appropriations</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Transfer Out</u>	<u>Balance,</u> <u>June 30, 2018</u>
Wandell School-HVAC Project	\$ 3,097,091	\$ 2,740,514	\$ 16,330	\$ 44,500	\$ 295,747
	<u>\$ 3,097,091</u>	<u>\$ 2,740,514</u>	<u>\$ 16,330</u>	<u>\$ 44,500</u>	<u>\$ 295,747</u>
Project Balance					\$ 295,747
Debt Authorized But Not Issued					<u>(91)</u>
Fund Balance- GAAP Basis					<u>\$ 295,656</u>

**SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Expenditures and Other Financing Uses

Expenditures	
Construction Services	\$ 16,330
Transfer to Debt Service	<u>44,500</u>
 Total Expenditures and Other Financing Uses	 <u>60,830</u>
 Excess of Expenditures over Revenues	 (60,830)
 Fund Balance - Beginning of Year	 <u>356,486</u>
 Fund Balance - End of Year	 <u><u>\$ 295,656</u></u>

**SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2015 REFERENDUM - HVAC UPGRADES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	3,097,000	\$ -	\$ 3,097,000	\$ 3,097,091
Total Revenues and Other Financing Sources	<u>3,097,000</u>	<u>-</u>	<u>3,097,000</u>	<u>3,097,091</u>
Expenditures and Other Financing Uses				
Salaries	13,611		13,611	13,611
Purchased Professional and Technical Services	\$ 317,873		317,873	320,787
Construction Services	2,404,113	16,330	2,420,443	2,757,774
Construction Supplies	73		73	75
Other Objects	4,844	-	4,844	4,844
Total Expenditures	<u>2,740,514</u>	<u>16,330</u>	<u>2,756,844</u>	<u>3,097,091</u>
Other Financing Uses - Transfer to Debt Service	<u>-</u>	<u>44,500</u>	<u>44,500</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 356,486</u>	<u>\$ (60,830)</u>	<u>\$ 295,656</u>	<u>\$ -</u>
Additional Project Information:				
Project Number				
Grant Date		N/A		
Bond Issue Date		7/15/2015		
Bonds Authorized	\$ 3,097,091			
Bonds Issues	3,097,000			
Original Authorized Cost	3,097,091			
Adjustment				
Revised Authorized Cost	3,097,091			
Percentage Increase Over Original Authorized Cost		-		
Percentage Completion		100%		
Original Target Completion Date		2015/2016		
Revised Target Completion Date		6/30/2016		

ENTERPRISE FUND

EXHIBIT G-1

**SADDLE RIVER BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 843	\$ 8,060	\$ 8,903
Total Assets	<u>\$ 843</u>	<u>\$ 8,060</u>	<u>\$ 8,903</u>
LIABILITIES			
Due to Other Fund		\$ 1,268	\$ 1,268
Payroll Deductions and Withholdings		921	921
Reserved for Flexible Spending		5,871	5,871
Due to Student Groups	<u>\$ 843</u>	<u>-</u>	<u>843</u>
Total Liabilities	<u>\$ 843</u>	<u>\$ 8,060</u>	<u>\$ 8,903</u>

**SADDLE RIVER 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-4

**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 School Wandell School	\$ 1,942	\$ 12,900	\$ 13,999	\$ 843
Total All Schools	<u>\$ 1,942</u>	<u>\$ 12,900</u>	<u>\$ 13,999</u>	<u>\$ 843</u>

**SADDLE RIVER 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	\$ 954	\$ 1,426,512	\$ 1,426,545	\$ 921
Accrued Salaries and Wages		1,675,392	1,675,392	
Reserve for Flexible Spending	7,124	11,058	12,311	5,871
Due to Other Funds	<u>1,256</u>	<u>1,268</u>	<u>1,256</u>	<u>1,268</u>
 Total	 <u>\$ 9,334</u>	 <u>\$ 3,114,230</u>	 <u>\$ 3,115,504</u>	 <u>\$ 8,060</u>

LONG-TERM DEBT

**SADDLE RIVER BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
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>Issued</u>	<u>Matured</u>	<u>Balance, June 30, 2018</u>	
			<u>Date</u>	<u>Amount</u>						
General Improvements - 2015	7/15/2015	3,097,000	7/15/2018	\$ 295,000	1.250					
			7/15/2019	300,000	1.500					
			7/15/2020	310,000	1.500					
			7/15/2021	315,000	2.000					
			7/15/2022	325,000	2.000					
			7/15/2023	335,000	2.000					
			7/15/2024	345,000	2.000					
			7/15/2025	357,000	2.000					
						\$ 2,867,000	\$ -	285,000	\$ 2,582,000	
						\$ 2,867,000	\$ -	\$ 285,000	\$ 2,582,000	
			Paid by Budget Appropriation						\$ 285,000	

**SADDLE RIVER BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

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

REVENUES	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Local Sources					
Local Property Tax Levy	\$ 175,385		\$ 175,385	\$ 175,385	
State Aid	113,274	-	113,274	113,274	-
Total Revenues	<u>288,659</u>	<u>-</u>	<u>288,659</u>	<u>288,659</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal	285,000		285,000	285,000	
Interest	48,159	-	48,159	48,159	-
Total Expenditures	<u>333,159</u>	<u>-</u>	<u>333,159</u>	<u>333,159</u>	<u>-</u>
Other Financing Sources					
Transfer in from Capital Projects	44,500	-	44,500	44,500	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 2,615,927	\$ 2,618,318	\$ 2,534,255	\$ 2,528,451	\$ 2,510,135	\$ 2,642,341	\$ 2,722,286	\$ 1,812,290	\$ 2,084,324	\$ 2,132,102
Restricted	479,450	483,096	503,975	505,964	491,412	613,875	155,424	1,066,810	957,297	896,467
Unrestricted	911,815	970,104	1,056,324	837,998	773,667	(1,085,257)	(1,112,205)	(1,345,090)	(1,371,392)	(1,221,585)
Total Governmental Activities Net Position	<u>\$ 4,007,192</u>	<u>\$ 4,071,518</u>	<u>\$ 4,094,554</u>	<u>\$ 3,872,413</u>	<u>\$ 3,775,214</u>	<u>\$ 2,170,959</u>	<u>\$ 1,765,505</u>	<u>\$ 1,534,010</u>	<u>\$ 1,670,229</u>	<u>\$ 1,806,984</u>
Business-Type Activities										
Investment in Capital Assets	\$ 4,911	\$ 20,240	\$ 17,180	\$ 15,567	\$ 13,667	\$ 10,845	\$ 9,148	\$ 7,451	\$ 9,552	\$ 7,923
Restricted										
Unrestricted	14,650	20,949	1,850	(3,245)	225	1,392	824	4,560	3,449	1,268
Total Business-Type Activities Net Position	<u>\$ 19,561</u>	<u>\$ 41,189</u>	<u>\$ 19,030</u>	<u>\$ 12,322</u>	<u>\$ 13,892</u>	<u>\$ 12,237</u>	<u>\$ 9,972</u>	<u>\$ 12,011</u>	<u>\$ 13,001</u>	<u>\$ 9,191</u>
District-Wide										
Net Investment in Capital Assets	\$ 2,620,838	\$ 2,638,558	\$ 2,551,435	\$ 2,544,018	\$ 2,523,802	\$ 2,653,186	\$ 2,731,434	\$ 1,819,741	\$ 2,093,876	\$ 2,140,025
Restricted	479,450	483,096	503,975	505,964	491,412	613,875	155,424	1,066,810	957,297	896,467
Unrestricted	926,465	991,053	1,058,174	834,753	773,892	(1,083,865)	(1,111,381)	(1,340,530)	(1,367,943)	(1,220,317)
Total District Net Position	<u>\$ 4,026,753</u>	<u>\$ 4,112,707</u>	<u>\$ 4,113,584</u>	<u>\$ 3,884,735</u>	<u>\$ 3,789,106</u>	<u>\$ 2,183,196</u>	<u>\$ 1,775,477</u>	<u>\$ 1,546,021</u>	<u>\$ 1,683,230</u>	<u>\$ 1,816,175</u>

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

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

Source: School District's financial statements

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,133,231	\$ 4,624,070	\$ 4,651,921	\$ 5,054,963	\$ 5,117,931	\$ 5,200,646	\$ 5,837,936	\$ 5,950,754	\$ 5,859,931	\$ 6,029,160
Special Education	784,403	604,098	646,322	679,598	818,572	827,952	751,348	834,586	906,186	1,066,104
Other Instruction	87,053	91		42,853				17,828	10,000	-
School Sponsored Activities And Athletics	40,634	54,132	42,226	63,734	47,481	22,193	29,032	32,837	13,781	10,032
Support Services:										
Student & Instruction Related Services	1,277,174	1,436,834	1,466,465	1,572,771	1,451,313	1,441,689	1,625,308	1,680,990	2,142,416	2,169,803
School Administrative Services	67,074	24,560	82,222	81,665	53,977	55,111	10,364	75,632	55,279	57,279
General Administration	165,648	123,582	155,121	176,256	133,223	165,918	113,806	72,575	66,680	101,312
Plant Operations And Maintenance	484,405	422,800	378,541	364,742	385,834	438,831	774,808	597,442	519,377	538,621
Pupil Transportation	512,740	416,787	405,483	432,772	478,702	455,916	497,004	509,828	515,661	547,330
Other Support Services	233,384	272,102	259,941	266,366	283,147	283,168	275,685	261,236	316,301	243,333
Interest On Long-Term Debt	27,817	23,949	20,015	16,078	12,141	8,203	4,266	50,942	50,061	46,526
Total Governmental Activities Expenses	7,813,563	8,003,005	8,108,257	8,751,798	8,782,321	8,899,627	9,919,557	10,084,650	10,455,673	10,809,500
Business-Type Activities:										
Food Service	69,054	72,961	104,424	98,810	80,293	78,315	73,321	71,305	70,844	75,367
Total Business-Type Activities Expense	69,054	72,961	104,424	98,810	80,293	78,315	73,321	71,305	70,844	75,367
Total District Expenses	\$ 7,882,617	\$ 8,075,966	\$ 8,212,681	\$ 8,850,608	\$ 8,862,614	\$ 8,977,942	\$ 9,992,878	\$ 10,155,955	\$ 10,526,517	\$ 10,884,867
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 91,560	\$ 151,411	\$ 131,796	\$ 134,306	\$ 114,500	\$ 106,292	\$ 124,525	\$ 106,133	\$ 52,038	\$ 119,095
Operating Grants And Contributions	938,002	1,053,589	855,832	1,067,363	1,136,874	1,259,394	1,601,062	1,746,876	2,204,762	2,323,674
Capital Grants And Contributions	-	-	-	-	6,413	-	-	-	-	-
Total Governmental Activities Program Revenues	1,029,562	1,205,000	987,628	1,201,669	1,257,787	1,365,686	1,725,587	1,853,009	2,256,800	2,442,769
Business-Type Activities:										
Charges For Services										
Food Service	82,338	75,962	82,089	92,076	76,498	77,087	71,011	73,294	71,832	71,557
Operating Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	82,338	75,962	82,089	92,076	76,498	77,087	71,011	73,294	71,832	71,557
Total District Program Revenues	\$ 1,111,900	\$ 1,280,962	\$ 1,069,717	\$ 1,293,745	\$ 1,334,285	\$ 1,442,773	\$ 1,796,598	\$ 1,926,303	\$ 2,328,632	\$ 2,514,326
Net (Expense)/Revenue										
Governmental Activities	\$ (6,784,001)	\$ (6,798,005)	\$ (7,120,629)	\$ (7,550,129)	\$ (7,524,534)	\$ (7,533,941)	\$ (8,193,970)	\$ (8,231,641)	\$ (8,198,873)	\$ (8,366,731)
Business-Type Activities	13,284	3,001	(22,335)	(6,734)	(3,795)	(1,228)	(2,310)	1,989	988	(3,810)
Total District-Wide Net Expense	\$ (6,770,717)	\$ (6,795,004)	\$ (7,142,964)	\$ (7,556,863)	\$ (7,528,329)	\$ (7,535,169)	\$ (8,196,280)	\$ (8,229,652)	\$ (8,197,885)	\$ (8,370,541)

SADDLE RIVER 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
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied	\$ 6,532,092	\$ 6,787,780	\$ 7,117,487	\$ 7,253,666	\$ 7,392,647	\$ 7,608,694	\$ 7,754,933	\$ 7,925,250	\$ 8,235,981	\$ 8,368,885
State Aid - Restricted/Unrestricted	1,262							3,991	85,689	121,119
Investment Earnings	21,367	10,025	10,337	5,356	2,448	4,010	2,454	2,592	2,213	5,737
Miscellaneous Income	4,256	11,865	15,841	83,159	37,540	13,566	31,129	68,313	11,209	7,745
Transfers	-	-	-	-	(5,300)	(616)	-	-	-	-
Total Governmental Activities	6,558,977	6,809,670	7,143,665	7,342,181	7,427,335	7,625,654	7,788,516	8,000,146	8,335,092	8,503,486
Business-Type Activities:										
Investment Earnings	221	238	176	26	65	81	45	50	2	
Transfers	-	-	-	-	5,300	616	-	-	-	-
Total Business-Type Activities	221	238	176	26	5,365	697	45	50	2	-
Total District-Wide	\$ 6,559,198	\$ 6,809,908	\$ 7,143,841	\$ 7,342,207	\$ 7,432,700	\$ 7,626,351	\$ 7,788,561	\$ 8,000,196	\$ 8,335,094	\$ 8,503,486
Change in Net Position										
Governmental Activities	\$ (225,024)	\$ 11,665	\$ 23,036	\$ (207,948)	\$ (97,199)	\$ 91,713	\$ (405,454)	\$ (231,495)	\$ 136,219	\$ 136,755
Business-Type Activities	13,505	3,239	(22,159)	(6,708)	1,570	(531)	(2,265)	2,039	990	(3,810)
Total District	\$ (211,519)	\$ 14,904	\$ 877	\$ (214,656)	\$ (95,629)	\$ 91,182	\$ (407,719)	\$ (229,456)	\$ 137,209	\$ 132,945

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 918,083	\$ 844,697								
Unreserved	724,993	828,507								
Restricted			\$ 944,594	\$ 965,975	\$ 874,504	\$ 991,534	\$ 993,955	\$ 1,130,757	\$ 1,116,790	\$ 1,192,200
Committed			17,100	17,400	17,750	-	73,195	-	-	-
Assigned			472,122	307,236	289,405	338,974	161,951	99,176	142,923	221,817
Unassigned	-	-	167,885	155,721	151,855	156,885	201,708	158,536	182,661	221,066
Total General Fund	<u>\$ 1,643,076</u>	<u>\$ 1,673,204</u>	<u>\$ 1,601,701</u>	<u>\$ 1,446,332</u>	<u>\$ 1,333,514</u>	<u>\$ 1,487,393</u>	<u>\$ 1,357,614</u>	<u>\$ 1,461,664</u>	<u>\$ 1,442,374</u>	<u>\$ 1,635,083</u>
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	-	-	-	-	-	-	\$ (330,002)	\$ 356,486	\$ 356,486	\$ 295,656
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (330,002)</u>	<u>\$ 356,486</u>	<u>\$ 356,486</u>	<u>\$ 295,656</u>

Source: District financial statements

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

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

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	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 6,532,092	\$ 6,787,780	\$ 7,117,487	\$ 7,253,666	\$ 7,392,647	\$ 7,608,694	\$ 7,754,933	\$ 7,925,250	\$ 8,235,981	\$ 8,368,885
Tuition Charges	91,560	151,411	131,796	134,306	114,500	106,292	124,525	106,133	52,038	119,095
Interest Earnings	21,367	10,025	10,337	5,356	2,448	4,010	2,454	2,592	2,213	5,737
Miscellaneous	96,192	100,054	66,579	194,812	157,429	271,433	76,085	191,890	192,279	164,846
State Sources	729,970	844,363	582,065	816,039	908,198	867,001	830,793	854,125	1,027,114	1,200,756
Federal Sources	117,358	121,037	223,029	139,671	108,787	134,526	94,897	123,027	98,518	83,815
Total Revenue	7,588,539	8,014,670	8,131,293	8,543,850	8,684,009	8,991,956	8,883,687	9,203,017	9,608,143	9,943,134
Expenditures										
Instruction										
Regular Instruction	4,083,703	4,520,067	4,705,330	4,962,513	5,082,535	5,113,947	5,232,466	5,251,071	5,106,832	5,336,846
Special Education Instruction	784,403	592,857	635,081	671,567	810,541	818,976	695,077	772,098	826,022	984,268
Other Instruction	87,053	91	-	42,853	-	-	-	14,356	10,000	-
School Sponsored Activities and Athletics	40,634	54,132	42,226	63,734	47,481	22,193	24,879	63,021	11,800	8,704
Support Services:										
Student and Inst. Related Services	1,277,174	1,413,102	1,442,733	1,554,414	1,432,956	1,421,172	1,532,492	1,615,228	1,725,234	1,773,380
General Administration	159,631	134,599	147,837	168,082	129,781	162,071	95,617	66,943	57,238	88,450
School Administrative Services	67,074	69,584	80,903	80,518	52,830	53,829	8,037	60,075	41,275	35,779
Plant Operations And Maintenance	484,225	414,933	370,674	359,006	380,098	432,419	768,586	582,830	459,008	484,064
Pupil Transportation	512,740	409,032	397,728	427,036	472,966	449,504	490,782	500,172	497,514	528,045
Other Support Services	233,384	251,192	255,178	261,777	278,558	263,506	285,240	249,042	278,512	211,603
Capital Outlay	-	9,393	13,450	-	-	-	114,386	2,278,694	306,213	26,957
Debt Service:										
Principal	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	230,000	285,000
Interest and Other Charges	29,430	25,560	21,656	17,719	13,781	9,844	5,906	1,969	77,785	48,159
Total Expenditures	7,849,451	7,984,542	8,202,796	8,699,219	8,791,527	8,837,461	9,343,468	11,509,479	9,627,433	9,811,255
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(260,912)	30,128	(71,503)	(155,369)	(107,518)	154,495	(459,781)	(2,306,462)	(19,290)	131,879
Other Financing Sources (Uses)										
Proceeds From Bond Sale	-	-	-	-	-	-	-	3,097,000	-	-
Transfers In	-	-	-	63,931	-	(616)	-	-	-	44,500
Transfers Out	-	-	-	(63,931)	(5,300)	(616)	-	-	-	(44,500)
Total Other Financing Sources (Uses)	-	-	-	-	(5,300)	(616)	-	3,097,000	-	-
Net Change in Fund Balances	\$ (260,912)	\$ 30,128	\$ (71,503)	\$ (155,369)	\$ (112,818)	\$ 153,879	\$ (459,781)	\$ 790,538	\$ (19,290)	\$ 131,879
Debt Service as a Percentage of										
Noncapital Expenditures	1.52%	1.45%	1.36%	1.24%	1.18%	1.13%	1.04%	1.00%	3.30%	3.41%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

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

	<u>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>
General Fund										
Interest on Investments	\$ 21,367	\$ 10,025	\$ 10,337	\$ 5,356	\$ 2,448	\$ 4,010	\$ 2,454	\$ 2,592	\$ 2,213	\$ 5,737
Prior Years' Refunds	1	3,900	7,581	4,961	10,883	9,053	17,865	16,502	3,157	
Rentals	450	2,475	950	1,460	2,650	1,087	800	750	25	5,913
Activity Income Fee			4,400	3,950	5,850					
Insurance Refund								45,171	-	
Miscellaneous	<u>3,805</u>	<u>5,490</u>	<u>2,910</u>	<u>8,857</u>	<u>18,157</u>	<u>3,426</u>	<u>12,464</u>	<u>5,890</u>	<u>8,027</u>	<u>1,832</u>
Total Miscellaneous	25,623	21,890	26,178	24,584	39,988	17,576	33,583	70,905	13,422	13,482
Tuition	<u>91,560</u>	<u>151,411</u>	<u>131,796</u>	<u>134,306</u>	<u>114,500</u>	<u>106,292</u>	<u>124,525</u>	<u>106,133</u>	<u>52,038</u>	<u>119,095</u>
Total General Fund	<u>\$ 117,183</u>	<u>\$ 173,301</u>	<u>\$ 157,974</u>	<u>\$ 158,890</u>	<u>\$ 154,488</u>	<u>\$ 123,868</u>	<u>\$ 158,108</u>	<u>\$ 177,038</u>	<u>\$ 65,460</u>	<u>\$ 132,577</u>

Source: District records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009	\$ 64,251,400	\$ 2,056,028,600	\$ 9,025,500	\$ 102,400	\$ 57,162,400			\$ 2,186,570,300	\$ 893,153	\$ 2,187,463,453	\$ 2,737,859,470	\$ 0.304
2010	69,334,700	2,048,153,200	9,025,500	102,400	57,162,400			2,183,778,200	1,199,512	2,184,977,712	2,738,099,205	0.318
2011	71,285,700	2,046,845,200	9,025,500	102,400	57,162,400			2,184,421,200	1,256,624	2,185,677,824	2,738,099,205	0.330
2012	69,845,300	2,052,794,400	9,025,500	133,600	57,119,200			2,188,918,000	1,330,844	2,190,248,844	2,614,548,606	0.330
2013	65,627,000	2,092,610,000	8,044,900	133,600	57,119,200			2,223,534,700		2,223,534,700	2,442,947,439	0.338
2014	63,539,000	2,132,744,100	8,044,900	133,600	57,119,200			2,261,580,800		2,261,580,800	2,450,250,054	0.340
2015	66,610,400	2,149,488,000	9,145,600	135,400	57,119,200			2,282,498,600		2,282,498,600	2,526,275,490	0.339
2016	66,255,200	2,147,673,100	8,062,600	135,400	57,119,200			2,279,245,500		2,279,245,500	2,557,770,266	0.361
2017	58,047,400	2,166,117,000	8,788,600	127,100	57,119,200			2,290,199,300		2,290,199,300	2,510,353,016	0.362
2018	56,153,200	2,422,376,800	17,310,800	47,200	72,190,800			2,568,078,800		2,568,078,800	2,515,794,419	0.331

Source: County Abstract of Ratables

a Tax rates are per \$100

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

Assessment <u>Year</u>	Saddle River School <u>District</u>	Borough <u>Saddle River</u>	Bergen <u>County</u>	<u>Total</u>
2009	\$0.30	\$0.37	\$0.24	\$0.91
2010	0.32	0.38	0.25	0.94
2011	0.33	0.38	0.25	0.95
2012	0.33	0.39	0.24	0.96
2013	0.34	0.39	0.25	0.98
2014	0.340	0.384	0.253	0.977
2015	0.339	0.383	0.265	0.987
2016	0.361	0.383	0.275	1.019
2017	0.362	0.376	0.275	1.013
2018	0.331	0.335	0.240	0.906

Source: Abstract of Ratables, County Board of Taxation

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

2017*			2008		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
MIREF S.R.	\$ 17,836,000	0.69%	Miref S.R. c/o K. Wartler	\$ 17,836,000	0.83%
Grand Prix Saddle River, LLC	17,400,000	0.68%	Innkeepers Inn/Marriott	17,400,000	0.81%
Individual	11,891,600	0.46%	Simmons, R & K	13,347,700	0.62%
Individual	10,632,400	0.41%	Walsh, Donna	11,891,600	0.55%
Fox Hedge Manor, LLC	10,000,000	0.39%	Tseytin, Ella	10,632,400	0.50%
Prudence Group, LLC	9,984,500	0.39%	Marriott/Brighton Gardens	8,372,500	0.39%
Sunrise Senior Living, Inc.	8,372,500	0.33%	Tice Assoc. & Mahoney Assoc.	6,900,000	0.32%
Individual	7,375,000	0.29%	Junkers, John & Sandra	6,512,500	0.30%
Individual	7,256,700	0.28%	Prudence Group, LLC	5,783,200	0.27%
Individual	6,357,000	0.25%	Aifano, John & Susan	4,960,000	0.23%
	<u>\$ 107,105,700</u>	<u>4.17%</u>		<u>\$ 103,635,900</u>	<u>4.82%</u>

*2018 Information not provided

Source: Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 6,532,092	\$ 6,532,092	100.00%	
2010	6,787,780	6,231,762	91.81%	\$ 556,018
2011	7,117,487	7,117,487	100.00%	
2012	7,253,666	7,253,666	100.00%	
2013	7,392,647	7,392,647	100.00%	
2014	7,608,694	7,608,694	100.00%	
2015	7,754,933	7,754,933	100.00%	
2016	7,925,250	7,925,250	100.00%	
2017	8,235,971	8,235,891	100.00%	
2018	8,368,885	8,368,885	100.00%	

Source: District financial records.

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2009	\$ 630,000					\$ 630,000	3,800	\$ 166
2010	540,000					540,000	3,165	171
2011	450,000					450,000	3,205	140
2012	360,000					360,000	3,232	111
2013	270,000					270,000	3,243	83
2014	180,000					180,000	3,246	55
2015	90,000					90,000	3,255	28
2016	3,097,000					3,097,000	3,237	957
2017	2,867,000					2,867,000	3,262	879
2018	2,582,000					2,582,000	3,262 *	792

Source: District records

*Estimate.

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

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2009	\$ 630,000		\$ 630,000	0.03%	166
2010	540,000		540,000	0.02%	171
2011	450,000		450,000	0.02%	140
2012	360,000		360,000	0.02%	111
2013	270,000		270,000	0.01%	83
2014	180,000		180,000	0.01%	55
2015	90,000		90,000	0.004%	28
2016	3,097,000		3,097,000	0.136%	957
2017	2,867,000		2,867,000	0.125%	879
2018	2,582,000		2,582,000	0.101%	792

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**SADDLE RIVER BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
AS OF DECEMBER 31, 2017
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of Saddle River	\$ 13,241,297
Borough of Saddle River School District	<u>2,582,091</u>
Total Direct Debt	<u>15,823,388</u>
Overlapping Debt Apportioned to the Municipalities: (2)	
County of Bergen	<u>18,445,400</u>
Total Overlapping Debt	<u>18,445,400</u>
Total Direct and Overlapping Debt	<u>\$ 34,268,788</u>

Source:

(1) Borough of Saddle River's Annual Debt Statement - December 31, 2017

(2) Bergen County Annual Debt Statement - December 31, 2017

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

Legal Debt Margin Calculation for Fiscal Year 2018

	Equalized valuation basis	
	2017	\$ 2,456,768,183
	2016	2,497,803,288
	2015	<u>2,560,864,580</u>
Average equalized valuation of taxable property	\$	<u>2,505,145,350</u>

Debt Limit (2.5% of average equalized valuation)	62,628,634	a
Total Net Debt Applicable to Limit	<u>2,582,091</u>	
Legal Debt Margin	\$	<u>60,046,543</u>

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 76,110,397	\$ 66,533,773	\$ 67,484,412	\$ 65,153,842	\$ 62,359,074	\$ 60,668,803	\$ 60,966,306	\$ 62,270,615	\$ 63,010,392	\$ 62,628,634
Total Net Debt Applicable to Limit	<u>630,000</u>	<u>540,000</u>	<u>450,000</u>	<u>360,000</u>	<u>270,000</u>	<u>180,000</u>	<u>3,187,091</u>	<u>3,097,091</u>	<u>2,867,091</u>	<u>2,582,091</u>
Legal Debt Margin	<u>\$ 75,480,397</u>	<u>\$ 65,993,773</u>	<u>\$ 67,034,412</u>	<u>\$ 64,793,842</u>	<u>\$ 62,089,074</u>	<u>\$ 60,488,803</u>	<u>\$ 57,779,215</u>	<u>\$ 59,173,524</u>	<u>\$ 60,143,301</u>	<u>\$ 60,046,543</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.83%	0.81%	0.67%	0.55%	0.43%	0.30%	5.23%	4.97%	4.55%	4.12%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population(2)</u>
2008	3.50%	\$ 68,548	3,771
2009	6.40%	64,571	3,800
2010	6.50%	65,275	3,165
2011	6.40%	68,244	3,205
2012	6.50%	71,380	3,232
2013	7.00%	70,498	3,243
2014	3.00%	73,536	3,246
2015	3.30%	75,849	3,255
2016	3.10%	77,187	3,237
2017	2.60%	N/A	3,262

(1) Represents county information vs. municipality

(2) Represents estimates as of July 1

N/A Information not available

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

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

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

NOT AVAILABLE

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

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

INFORMATION NOT AVAILABLE

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2009	228.0	\$ 7,730,021	\$ 33,904	2.28%	27	1:12		228.0	227	0.04%	99.56%
2010	234.0	7,859,589	33,588	-0.93%	27	1:09		234.0	223	2.63%	95.17%
2011	228.0	7,753,319	34,006	1.24%	25	1:09		228.0	223	-2.56%	97.81%
2012	229.0	8,297,984	36,236	6.56%	24	1:10		229.0	219	0.44%	95.63%
2013	207.1	8,410,058	40,609	12.07%	22	1:11		207.1	197	-9.56%	95.12%
2014	201.0	8,737,617	43,471	7.05%	22	1:09		198.0	189	-4.39%	95.45%
2015	187.0	9,133,176	48,841	12.35%	24	1:08		187.6	177	-5.25%	94.61%
2016	175.0	9,138,816	52,222	6.92%	23	1:08		175.4	168	-6.50%	95.78%
2017	150.0	9,013,435	60,090	15.07%	20	1:08		150.0	147	-14.48%	97.89%
2018	147.0	8,397,809	57,128	-4.93%	18	1:08		147.0	144	-2.00%	97.96%

Sources: District records

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
<u>Elementary</u>										
Square Feet	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526
Enrollment	228.0	234.0	228.0	229.0	207.1	201.0	187.0	175.0	150.0	147.0

Number of Schools at June 30, 2018
 Elementary = 1
 Middle School = 0
 Senior High School = 0
 Other = 0

Source: District Records

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

	<u>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										
Wandell Elementary School	\$ <u>82,701</u>	\$ <u>70,430</u>	\$ <u>40,455</u>	\$ <u>47,746</u>	\$ <u>45,439</u>	\$ <u>89,062</u>	\$ <u>43,605</u>	\$ <u>33,395</u>	\$ <u>41,070</u>	\$ <u>38,552</u>
Grand Total	\$ <u>82,701</u>	\$ <u>70,430</u>	\$ <u>40,455</u>	\$ <u>47,746</u>	\$ <u>45,439</u>	\$ <u>89,062</u>	\$ <u>43,605</u>	\$ <u>33,395</u>	\$ <u>41,070</u>	\$ <u>38,552</u>

Source: School District's Financial Statements

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

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

Source: District records.

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

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
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
Saddle River Board of Education
Saddle River, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Saddle River Board of Education's basic financial statements and have issued our report thereon dated January 28, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

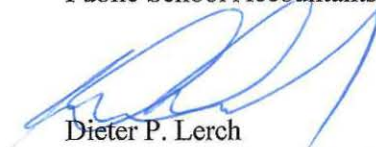
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Saddle River Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 28, 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 Saddle River Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Saddle River Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 28, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Saddle River Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Saddle River Board of Education's major state programs for the fiscal year ended June 30, 2018. The Saddle River Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Saddle River Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2018.

Report on Internal Control Over Compliance

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

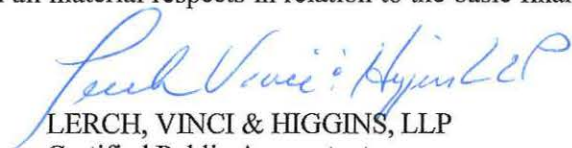
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

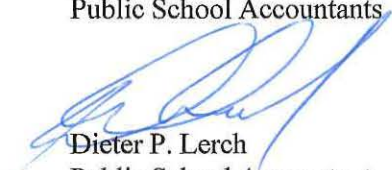
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education, as of and for the fiscal year ended June 30, 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 28, 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
January 28, 2019

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

State Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	FAIN Number	Project Period	Award Amount	Balance, July 1, 2017	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment Carryover Receivables	Funds Released		Balance, June 30, 2018			Memo GAAP Receivable
											Deferred Revenue	Receivable	(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
ESEA Title II-A	84.367	NCLB 4620-18	S367A180029	7/1/17-6/30/18	\$ 8,231		\$ 6,046		\$ 2,000	\$ (6,046)			\$ (14,277)	\$ 12,277		\$ (2,000)
NCLB Title II-A	84.367	NCLB 4620-17	S367A170029	7/1/16-6/30/17	6,046		(6,046)			6,046						
ESEA Title IV	84.424	NCLB 4620-18	S424A180031	7/1/17-6/30/18	10,000			\$ 670	670				(9,330)	9,330		-
IDEA Part B, Basic	84.027	IDEA-4620-18	H027A170100	7/1/17-6/30/18	85,348			72,132	81,145				(13,216)	4,203		(9,013)
IDEA Part B, Basic	84.027	IDEA-4620-17	H027A160100	7/1/16-6/30/17	89,574	\$ (3,731)		3,731								
IDEA Part B, Preschool	84.173	IDEA-4620-18	H173A170114	7/1/17-6/30/18	3,698			-	-				(3,698)	3,698		-
IDEA Part B, Preschool	84.173	IDEA-4620-17	H173A160114	7/1/16-6/30/17	3,761	-	-	-	-				-	-		-
Total Special Education (IDEA) Cluster						(3,731)	-	75,863	81,145	-	-	-	(16,914)	7,901	-	(9,013)
Total Special Revenue Fund/Department of Education						(3,731)	-	76,533	83,815	-	-	-	(40,521)	29,508	-	(11,013)
Total Federal Awards						\$ (3,731)	\$ -	\$ 76,533	\$ 83,815	\$ -	\$ -	\$ -	\$ (40,521)	\$ 29,508	\$ -	\$ (11,013)

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

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$10,693 for the general fund and an increase of \$6,252 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		\$ 973,092	\$ 973,092
Special Revenue Fund	\$ 83,815	114,390	198,205
Debt Service Fund	-	113,274	113,274
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 83,815</u>	<u>\$ 1,200,756</u>	<u>\$ 1,284,571</u>

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 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 \$124,632 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 \$296,837, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$191,720 and TPAF Long-Term Disability Insurance in the amount of \$208 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.

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

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

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Not Applicable

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

Part I -- Summary of Auditor's Results

State Awards Section

Internal Control over compliance:

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

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

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

Identification of major programs:

State Grant/Project Number(s)	Name of State Program
18-495-034-5120-089	Special Education Aid
18-495-034-5120-084	Security Aid
18-495-034-5120-085	Additional Adjustment Aid
18-495-034-5120-098	PARCC Readiness Aid
18-495-034-5120-097	Per Pupil Growth Aid
18-495-034-5120-101	Professional Learning Community Aid

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

Auditee qualified as low-risk auditee? yes _____ no

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

There are none.

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

**SADDLE RIVER BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT 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 Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

There are none