

Comprehensive Annual Financial Report

of the

Sayreville Borough School District

County of Middlesex

Sayreville, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

**Sayreville Borough, Board of Education
Finance Department**

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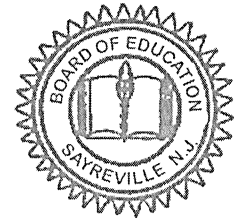
INTRODUCTORY SECTION



Sayreville Public Schools

Vision 2030

P.O. Box 997
Sayreville, New Jersey 08871
Phone: 732-525-5200
Fax: 732-727-5769



Dr. Richard R. Labbe, Superintendent of Schools
Dr. Marilyn J. Shediack, Assistant Superintendent

Mr. Eric Glock-Molloy, Assistant Superintendent
Ms. Erin Hill, Business Administrator/Board Secretary

February 12, 2019

Mr. Kevin Ciak, President and
Members of the Board of Education
Sayreville School District
Middlesex County, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Sayreville Borough School District for the fiscal year ended June 30, 2018 is hereby submitted. This CAFR includes the District's Basic Financial Statements prepared in accordance with U.S. generally accepted accounting principles for governmental entities as established by the Governmental Accounting Standards Board. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Sayreville Borough School District. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections as follows:

- The Introductory Section includes this transmittal letter, the District's organizational chart and a list of principal officials.
- The Financial Section begins with the Independent Auditors' Report and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information.
- The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis.
- The Single Audit Section - The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996, P.L. 104 - 156 and the Uniform Guidance and the New Jersey OMB's Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

Educating Today's Learners to Be Tomorrow's Leaders

1. REPORTING ENTITY AND ITS SERVICES: The Sayreville Borough School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No.3. All funds of the District are included in this report. The Sayreville Borough School District and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels PRE-K through 12. These include regular as well as special education for handicapped youngsters. Those students who have a desire for vocational training attend the Middlesex County Vocational School. The District completed the 2017/18 fiscal year with an enrollment of 6,172 students, which is 79 students above the previous year's enrollment. The following chart details the changes in the student enrollment of the District since the 2008 - 2009 school year.

Average Daily Enrollment

Fiscal Year	Student Enrollment	Percent Change
2008/09	5,803	1.13%
2009/10	6,014	3.64%
2010/11	5,910	(1.73%)
2011/12	5,989	1.34%
2012/13	5,944	(0.75%)
2013/14	6,036	1.55%
2014/15	6,009	(0.45%)
2015/16	6,069	1.00%
2016/17	6,093	0.40%
2017/18	6,172	1.30%

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of Sayreville is a community which has experienced moderate, but increasing growth over the past decade. Building room exists for residential dwellings, condominiums, commercial structures and light industry. The Borough is convenient to urban centers, manufacturing areas, several institutes of higher learning and merchandise malls. The community has benefited from a healthy national economy by maintaining established small businesses and moderate expansion of commerce.

3. MAJOR INITIATIVES: Programs are being developed and implemented to improve student performance on high stakes state testing. This testing is part of the requirements of the ESSA. Steps are being taken to ensure that students in all schools meet Annual Progress Targets.

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

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management. As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Amendments to the line items within these funds are approved by the Superintendent and subsequently ratified by the Board of Education, in accordance with state statute and Board Policy.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 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 which are explained in "Notes to the Financial Statements," Note 1.

7. DEBT ADMINISTRATION: Series 2005 bonds were refunded to the series 2013 bonds in the amount of \$30,945,000.00. The remaining principal balance of the 2013 bonds at June 30, 2018 was \$26,305,000.00. Series 2006 bonds were refunded to the series 2016 bonds in the amount of \$6,640,000.00. The remaining principal balance of the 2016 bonds at June 30, 2018 was \$5,585,000.00. Series 2007 bonds were refunded to the series 2017 bonds in the amount of \$8,495,000.00. The remaining principal balance of the 2017 bonds at June 30, 2018 was \$7,140,000.00.

8. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements," Note 2. The District's cash management plan allows 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 and updated in 2009 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 of Education carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property damage 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 accounting firm of Suplee Clooney & Company was selected by the Board of Education. 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 Amendments of 1996 and the related Uniform Guidance and state Treasury Circular 15-08 OMB. The auditor's report on the basic financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

Respectfully submitted,



Dr. Richard R. Labbe
Superintendent of Schools



Erin Hill
School Business Administrator/Board Secretary

SAYREVILLE BOROUGH SCHOOL DISTRICT

SAYREVILLE, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2018

Members of the Board of Education

Term Expires

Kevin Ciak, President	2018
Anthony Esposito, Vice President	2018
Daniel Balka	2019
Phyllis Batko	2020
Thomas Biesiada	2018
Lucy Bloom	2019
Christopher Callahan	2020
Karen Rubio	2020
John Walsh	2019

Other Officials

Dr. Richard Labbe, Superintendent of Schools

Dr. Marilyn Shediack, Assistant Superintendent of Schools

Mr. Eric Glock-Molloy, Assistant Superintendent of Schools

Erin Hill, School Business Administrator/Board Secretary

Dawn Cherry, Assistant School Business Administrator

Nicole Petrone, Treasurer of School Monies

SAYREVILLE BOROUGH SCHOOL DISTRICT

SAYREVILLE, NEW JERSEY

CONSULTANTS AND ADVISORS

JUNE 30, 2018

Auditor/Audit Firm

Suplee, Clooney and Company
308 East Broad Street
Westfield, New Jersey 07090-2122

Attorney

Busch Law Group LLC
450 Main Street
Metuchen, New Jersey 08840

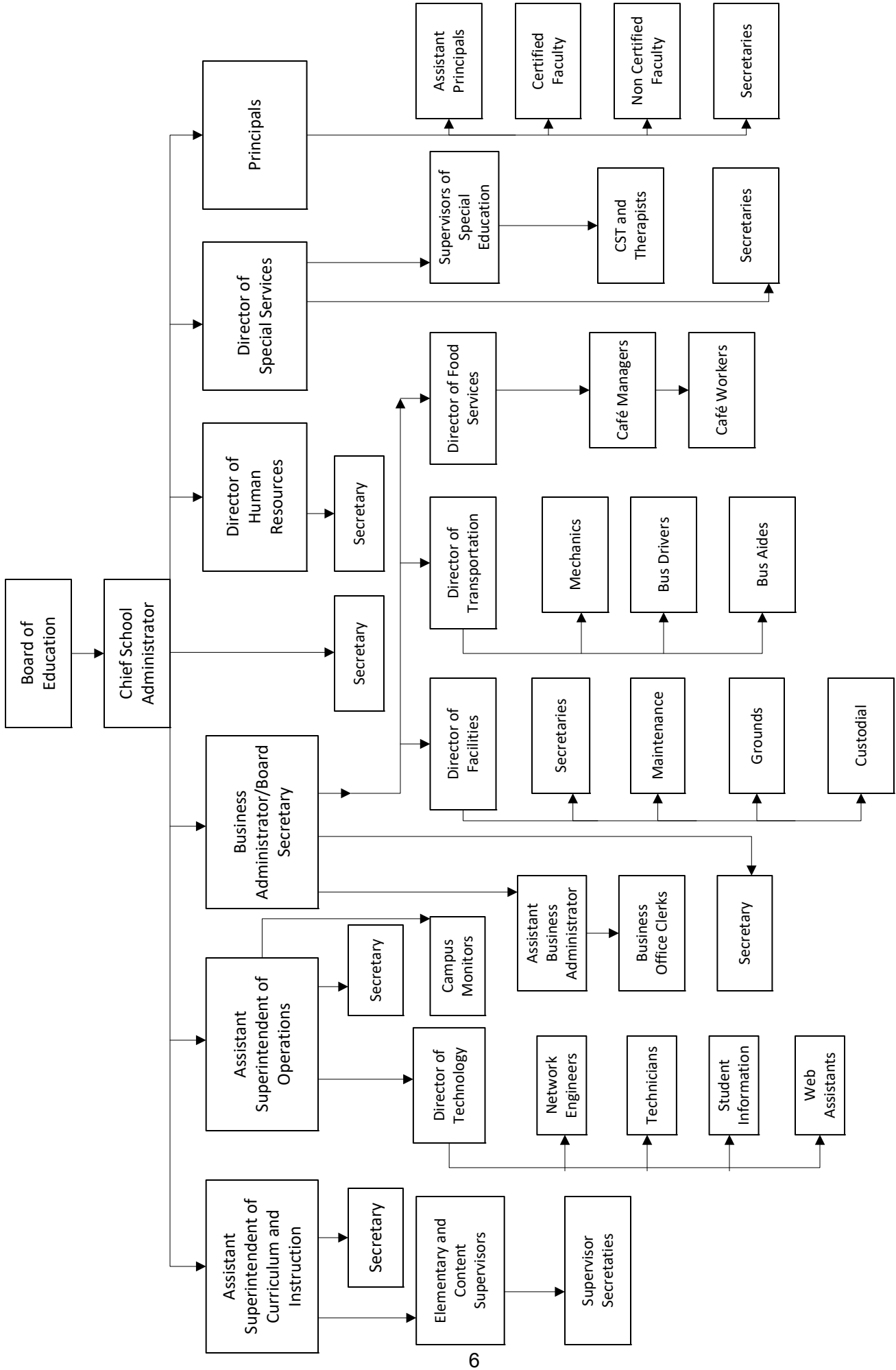
Official Depository

Amboy National Bank
Highway No. 9, Ticetown Road
Old Bridge, New Jersey 08857

Official Newspapers

Home News/Tribune
3601 State Highway 66
Neptune, New Jersey 07753

The Newark Star Ledger
One Star Ledger Plaza
Newark, New Jersey 07102



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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Sayreville Borough School District
County of Middlesex
Sayreville, 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 Sayreville Borough School District, County of Middlesex, New Jersey as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District'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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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 District'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 District'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

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 Sayreville Borough School District, County of Middlesex, New Jersey as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 7 to the basic financial statements, in 2018, the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. Our opinions are 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 and budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to the accounting and reporting for postretirement benefits other than pensions (OPEB) on Exhibit M-1 are 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.

SUPLEE, CLOONEY & COMPANY

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sayreville Borough School District's basic financial statements. The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information schedules such as the combining and individual fund financial statements and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance 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. 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 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 accompanying supplementary information and 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 other information, such as the introductory and statistical sections, has 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 it.

Prior Period Financial Statements

The financial statements of the Sayreville Borough School District for the year ended June 30, 2017 were audited by other auditors whose report, dated December 1, 2017, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 12, 2019 on our consideration of the Sayreville Borough School District'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 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 Sayreville Borough School District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

February 12, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SAYREVILLE BOROUGH SCHOOL DISTRICT
SAYREVILLE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED**

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

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2018 are as follows:

In the District Wide Statements:

- ◆ In total, net position increased \$2,425,914 which represents a 4.21 percent increase from 2017.
- ◆ General revenues accounted for \$86,891,198 in revenue or 70 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$38,316,296 or 30 percent of total revenues of \$125,207,493.
- ◆ The School District had \$122,781,579 in expenses; \$38,316,296 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$86,891,198 were adequate to provide for these programs.
- ◆ In Fiscal Year 2018, the District Implemented GASB 75 "Accounting and Financial Reporting for Postretirement Benefits other than Pension". Both revenues and expenses increased mainly as a result of the district recognizing a larger on-behalf postretirement contribution as a revenue and as an expense based upon the State's Actuarial report.

In the Fund Financial Statements:

- ◆ The General Fund had \$96,144,376 in revenues and \$94,970,406 in expenditures.
- ◆ Overall the General Fund's fund balance increased \$2,038,389 from 2017.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

**SAYREVILLE BOROUGH SCHOOL DISTRICT
SAYREVILLE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (Continued)**

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains most of the funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those activities. This change in net position is important because it tells the reader that, for the school district as a whole, the financial position of the School district has improved or diminished. The causes of this change may be the result of many factors, some financial and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, and other factors.

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

- ◆ Governmental activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activity – This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Adult School enterprise funds are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities.

**SAYREVILLE BOROUGH SCHOOL DISTRICT
SAYREVILLE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (Continued)**

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net position for 2018. In accordance with GASB Statement 34, net position comparisons to fiscal year 2017 are presented.

**TABLE 1
NET POSITION**

	FY 2018			FY 2017 (As Restated)		
	Governmental Activities	Business Activities	Total	Governmental Activities	Business Activities	Total
ASSETS						
Current & Other Assets	\$9,913,654	\$1,328,022	\$11,241,676	\$17,089,518	\$994,294	\$18,083,812
Capital Assets	78,628,738	3,105	78,631,843	80,083,904		80,083,904
TOTAL ASSETS	88,542,393	1,331,127	89,873,520	97,173,422	994,294	98,167,716
DEFERRED OUTFLOWS OF RESOURCES:						
Lease Related	1,788,457		1,788,457			
Pension Related	7,714,677		7,714,677			
TOTAL DEFERRED OUTFLOWS	9,503,134		9,503,134			
LIABILITIES						
Long-Term Liabilities	66,835,419	24,122	66,859,542	41,145,103	29,394	41,174,497
Other Liabilities	6,509,496	378,748	6,888,244	39,336,300	365,587	39,701,887
TOTAL LIABILITIES	73,344,915	402,871	73,747,786	80,481,403	394,981	80,876,384
DEFERRED INFLOWS OF RESOURCES:						
Pension Related	5,911,621		5,911,621			
NET POSITION						
Net investment in capital assets	38,905,899	3,105	38,909,004	38,655,658		38,655,658
Restricted	5,755,041		5,755,041	5,608,094		5,608,094
Unrestricted:						
Pension related (deficit)	(26,590,272)		(26,590,272)			
Other (deficit)	718,324	925,151	1,643,475	(27,571,733)	599,313	(26,972,420)
TOTAL NET POSITION	\$18,788,991	\$928,256	\$19,717,247	\$16,692,020	\$599,313	\$17,291,333

The District's combined net position were \$19,717,247 on June 30, 2018.

**SAYREVILLE BOROUGH SCHOOL DISTRICT
SAYREVILLE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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UNAUDITED (Continued)**

Table 2 shows changes in net assets for fiscal year 2018. In accordance with GASB Statement 34, revenue and expense comparisons to fiscal year 2017 is presented to comparatively analyze district-wide data.

**TABLE 2
CHANGES IN NET POSITION**

	FY 2018			FY 2017 (As Restated)		
	Governmental Activities	Business Activities	Total	Governmental Activities	Business Activities	Total
Revenues:						
Program Revenues:						
Operating Grants & Contributions	\$35,336,491	\$1,406,581	\$36,743,072	\$10,234,298	\$1,408,673	\$11,642,971
Charges for Services		\$1,573,223	1,573,223		1,550,784	1,550,784
General Revenues						
Property Taxes	63,735,268		63,735,268	62,254,946		62,254,946
Grants (includes State Aid) and Entitlements	22,601,243		22,601,243	25,161,687		25,161,687
Other Revenues	554,687		554,687	1,041,882	(50,000)	991,882
Transfers	110,000	(110,000)				
	<u>122,337,689</u>	<u>2,869,805</u>	<u>125,207,493</u>	<u>98,692,813</u>	<u>2,909,457</u>	<u>101,602,270</u>
Expenses:						
Instruction	80,474,445		80,474,445	56,815,215		56,815,215
Pupils and Instructional Staff	15,812,139		15,812,139	17,680,147		17,680,147
General & School Adm, Central Serv & Adm Technology	9,718,044		9,718,044	7,906,023		7,906,023
Maintenance	6,317,583		6,317,583	7,398,339		7,398,339
Transportation	6,091,668		6,091,668	7,771,959		7,771,959
Interest on Long-Term Debt	1,640,709		1,640,709	1,231,423		1,231,423
Other	186,129		186,129			
Business-Type		2,540,862	2,540,862		2,585,141	2,585,141
Total Expenses	<u>120,240,717</u>	<u>2,540,862</u>	<u>122,781,579</u>	<u>98,803,106</u>	<u>2,585,141</u>	<u>101,388,247</u>
Change in Net Position	2,096,971	328,943	2,425,914	(110,293)	324,316	214,023
Net Position July 1 (As Restated),	<u>16,692,020</u>	<u>599,313</u>	<u>17,291,333</u>	<u>16,802,313</u>	<u>274,997</u>	<u>17,077,310</u>
Net Position June 30,	<u>18,788,991</u>	<u>928,256</u>	<u>19,717,247</u>	<u>16,692,020</u>	<u>599,313</u>	<u>17,291,333</u>

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

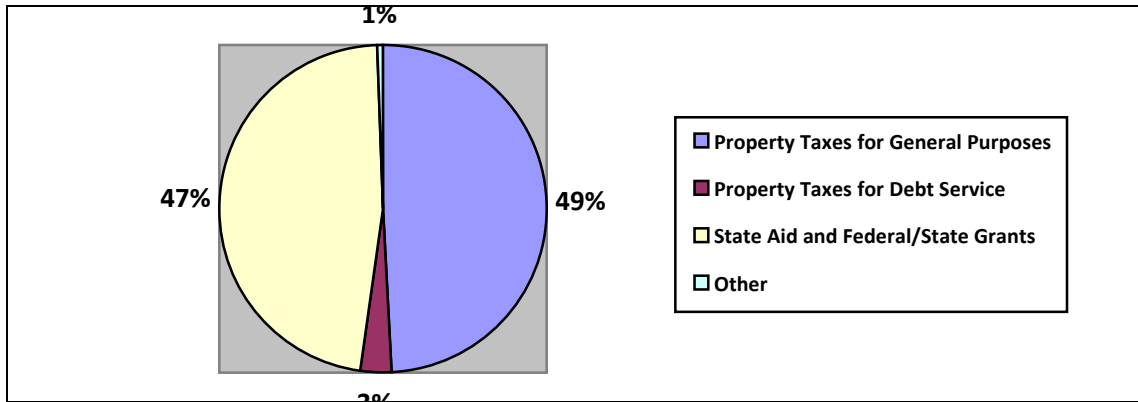
Also, the information for FY2017 has not been restated to reflect the effect of the District's implementation of GASB 75. Both revenues and expenses increased mainly as a result of the district recognizing a larger on-behalf postretirement contributions as a both revenue and as an expense based upon the State's Actuarial report.

**SAYREVILLE BOROUGH SCHOOL DISTRICT
 SAYREVILLE, NEW JERSEY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 UNAUDITED (Continued)**

Governmental Activities

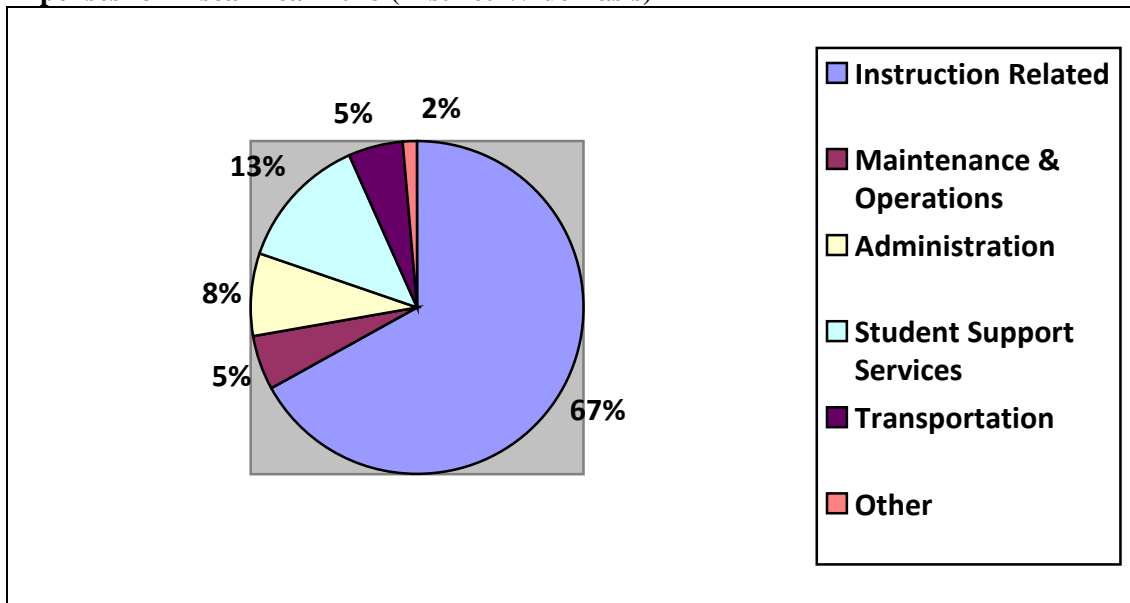
As shown in Table 2 the District's total revenue from Governmental Activities was \$122,337,689 Property taxes made up 49 percent of these revenues. Federal, state, and local grants and state aid accounted for 47 percent of revenue.

Sources of Revenue for Fiscal Year 2018 (District-Wide Basis)



Also on Table 2, the total cost of Governmental programs and services was \$120,240,717 Direct instruction comprises 68 percent of District expenses.

Expenses for Fiscal Year 2018 (District-Wide Basis)



**SAYREVILLE BOROUGH SCHOOL DISTRICT
SAYREVILLE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (Continued)**

Business-Type Activities

Revenues for the District's business-type activities (food service and adult school program) were comprised of charges for services and federal and state reimbursements.

- ◆ Business Type revenues exceeded expenses by \$328,943
- ◆ Charges for services represent \$1,573,223 of revenue. This represents amounts paid by patrons for the various program services.
- ◆ Federal and state reimbursement for meals, including payments for free and reduced lunches, and donated commodities was \$1,406,581

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The total costs include compensating absences, unallocated benefits, and depreciation and is reduced by grants and specific state aid. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. In accordance with GASB Statement 34, a comparison to fiscal year 2017 is presented.

Instruction expenses include the activities involving the interaction between teachers and students in a school classroom, another location such as a home or hospital, and in other learning situations such as those involving co-curricular activities.

Support Services includes expenses for pupils and instructional staff providing administrative, technical, and logistical support to facilitate and enhance instruction. This area includes Attendance and Social Work Services, Health Services, Child Study Team Services, Curriculum Development, Staff Training, and School Library Services.

**TABLE 3
NET COST OF SERVICES**

	Total Cost of Services <u>FY 2018</u>	Total Cost of Services <u>FY 2017</u>	Net Cost of Services <u>FY 2018</u>	Net Cost of Services <u>FY 2017</u>
Instruction	80,474,445	\$56,815,215	\$52,884,074	\$49,721,527
Pupils and Instructional Staff	15,812,139	17,680,147	13,180,353	16,183,777
Gen. & School Adm, Central				
Serv & Adm Technology	9,718,044	7,906,023	6,291,881	7,128,789
Maintenance	6,317,583	7,398,339	5,692,856	6,809,801
Transportation	6,091,668	7,771,959	5,054,244	7,493,493
Interest on Long-Term Debt	1,640,709	1,231,423	1,614,689	1,231,423
Business-Type	2,540,862	2,585,141	(438,943)	(374,316)
Other	186,129		186,129	
Total Expenses	<u>\$122,781,579</u>	<u>\$101,388,247</u>	<u>\$84,465,284</u>	<u>\$88,194,494</u>

School Administration, General Administration, Central Service & Administrative Technology includes expenses associated with administrative responsibility for the schools: Supervision of the schools, evaluation of school staff members, fiscal services, human resources, strategic planning, purchasing, payroll, and management of the district's information technology system.

**SAYREVILLE BOROUGH SCHOOL DISTRICT
SAYREVILLE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (Continued)**

Operation and Maintenance of Facilities involve keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition.

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

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

Business Type Activities involves the transactions associated with the operation of the Food Service and Adult School program.

Other includes charter school contributions and unallocated depreciation.

The School District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and other financing sources amounted to \$102,995,313 and expenditures were \$101,032,256. The net change in fund balance for the year was \$1,963,057.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the general fund, special revenue fund and debt service fund for the fiscal year ended June 30, 2018, and the amount and percentage of increases and decreases in relation to prior year revenues.

REVENUES (FUND-BASED FINANCIAL STATEMENTS):

	<u>Amount</u>	<u>Percentage</u>	<u>Increase/Decrease from 2017</u>	<u>Percentage Change</u>
Local Sources	\$64,298,355	62.96%	\$1,051,527	1.66%
State Sources	35,342,539	34.61%	2,512,370	7.65%
Federal Sources	<u>2,490,001</u>	<u>2.44%</u>	<u>(75,815)</u>	<u>(2.95%)</u>
	<u><u>\$102,130,895</u></u>	<u><u>100.01%</u></u>	<u><u>\$3,488,082</u></u>	<u><u>3.54%</u></u>

The increase in State Sources is due largely to an increase in the States contribution for On-behalf pensions and post-retirement contributions, along with an increase in State Aid.

**SAYREVILLE BOROUGH SCHOOL DISTRICT
SAYREVILLE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (Continued)**

The following schedule represents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2018, and the percentage of increases and decreases in relation to prior year amounts.

EXPENDITURES (FUND BASED FINANCIAL STATEMENTS)

	<u>Amount</u>	<u>Percentage</u>	<u>Increase/(Decrease) from 2017</u>	<u>Percentage Change</u>
Current Expense:				
Instruction	\$40,756,531	40.34%	\$2,061,608	5.33%
Undistributed	54,790,512	54.24%	542,371	1.00%
Capital Outlay	1,891,937	1.87%	459,650	32.09%
Debt Service:				
Principal	2,290,000	2.27%	155,000	7.26%
Interest	<u>1,303,276</u>	<u>1.28%</u>	<u>(88,896)</u>	<u>(6.39%)</u>
Total	<u><u>\$101,032,256</u></u>	<u><u>100.00%</u></u>	<u><u>\$3,129,733</u></u>	<u><u>3.20%</u></u>

Changes in expenditures were the results of varying factors. The increase in Capital Outlay is the result of new projects being done in FY 2018.

General Fund Budgeting Highlights

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

Over the course of the year, the District revised the annual operating budget as needed. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- ◆ The District received \$658,895 in extraordinary aid, which is state aid for special education students whose individual program cost exceeds program guidelines; this was \$241,105 less than anticipated. There was no guarantee from the Department of Education that these funds would be available.
- ◆ TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the District but is required to be reflected in the financial statements. This number is reflective of the amount of money the New Jersey Department of Education pays on-behalf of certified staff for pension and FICA purposes. Salaries of regular instruction continue to increase in proportion with negotiated contracts.
- ◆ The District's philosophy is to include special education students in regular academic classes whenever possible but with additional services. Students who may have been originally scheduled for Resource Room classes were scheduled for Inclusion classes. This necessitates the cost for additional instructional aides and teachers to accommodate resource students.

**SAYREVILLE BOROUGH SCHOOL DISTRICT
SAYREVILLE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (Continued)**

Capital Assets

At the end of the fiscal year 2018, the School District had \$78,628,738 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2018 balances compared to 2017.

**Table 4
Capital Assets (Net of Depreciation) at June 30**

	<u>2018</u>	<u>2017</u>
Land	\$6,767,549.00	\$6,767,549.00
Construction in Progress	22,755.38	22,755.38
Site Improvements	727,642.00	812,908.00
Buildings	69,640,701.00	71,067,296.00
Equipment	1,470,091.00	1,413,396.00
	\$78,628,738.38	\$80,083,904.38

Overall capital assets decreased \$1,455,166 from fiscal year 2017 to fiscal year 2018. The decrease in capital assets is due primarily to the increase in depreciation expense for buildings and building improvements in FY2018. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2018, the School District had \$69,888,447 of outstanding debt. Of this amount, \$1,058,298 is for compensated absences; \$2,481,297 for various capital leases; \$39,030,000 of serial bonds and \$27,318,852 in net pension liability.

Table 5 illustrates the balances of the District's various bonds issues outstanding at June 30, 2018 and June 30, 2017.

**Table 5
Outstanding Debt at June 30,**

	2018	2017
2012 Refunding Bonds	\$26,305,000	\$27,320,000
2016 Refunding Bonds	5,585,000	6,120,000
2017 Refunding Bonds	7,140,000	7,880,000
Total	\$39,030,000	\$41,320,000

**SAYREVILLE BOROUGH SCHOOL DISTRICT
SAYREVILLE, NEW JERSEY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
UNAUDITED (Continued)**

For the Future

The Sayreville Borough School District is in good financial condition presently. The School District is proud of its community support of the public schools. During the 2018-2019 school year, the state slightly increased state aid. There is uncertainty regarding the method and amount of funding the states portion of educational aid in the future. The Board and Administration continue to find creative means to fill the gap between funding, and the cost to provide education to Sayreville's students.

In addition, the School District's system for financial planning, budgeting and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future. In conclusion, the Sayreville Borough School District has committed itself to financial excellence for many years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Erin Hill, Business Administrator/Board Secretary at Sayreville Borough Board of Education, 150 Lincoln Street, South Amboy, NJ 08879. Please visit our website at www.Sayrevillek12.net.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2018.

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

SAYREVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS:			
Cash and cash equivalents	\$3,505,052.58	\$1,115,296.09	\$4,620,348.67
Receivables, net	3,327,949.50	121,784.43	3,449,733.93
Inventory		90,941.36	90,941.36
Restricted assets:			
Restricted cash and cash equivalents	3,080,652.33		3,080,652.33
Capital assets:			
Land and Construction in progress	6,790,304.38		6,790,304.38
Other Capital Assets net of depreciation	71,838,434.00	3,105.00	71,841,539.00
Total Assets	88,542,392.79	1,331,126.88	89,873,519.67
DEFERRED OUTFLOWS OF RESOURCES:			
Lease Related	1,788,457.00		1,788,457.00
Pension Related	7,714,677.00		7,714,677.00
LIABILITIES:			
Accounts payable	2,889,438.49	92,106.45	2,981,544.94
Interfunds payable		127,449.26	127,449.26
Payable to state government	14,327.98		14,327.98
Unearned revenue	14,880.00	159,192.64	174,072.64
Accrued Interest Payable	537,821.55		537,821.55
Noncurrent liabilities:			
Due within one year:			
Bonds and capital leases payable	3,053,027.70		3,053,027.70
Due beyond one year:			
Net Pension Liability	27,318,852.00		27,318,852.00
Compensated absences payable	1,058,298.06	24,122.49	1,082,420.55
Bonds and capital leases payable	38,458,269.10		38,458,269.10
Total liabilities	73,344,914.88	402,870.84	73,747,785.72
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	5,911,621.00		5,911,621.00
NET POSITION:			
Net investment in capital assets	38,905,898.58	3,105.00	38,909,003.58
Restricted for:			
Capital projects fund	1,829,643.30		1,829,643.30
Debt service fund (deficit)	(462,887.47)		(462,887.47)
Other purposes	4,388,284.91		4,388,284.91
Unrestricted (deficit)	(25,871,948.41)	925,151.04	(24,946,797.37)
Total net position	\$18,788,990.91	\$928,256.04	\$19,717,246.95

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

SAYREVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Indirect Cost Allocation	Programs 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
Governmental Activities:							
Instruction:							
Regular	\$ 26,015,259.15	\$ 25,577,796.02	\$	17,356,476.26		\$	(34,236,578.91)
Special	11,723,175.30	11,206,851.41		8,269,005.30		(14,661,021.41)	
Other Instruction	2,930,877.42	2,877,375.40		1,943,941.87		(3,864,310.95)	
Support services:							
Tuition	2,524,806.52	(2,524,806.52)					
Student and instruction related services	9,425,164.74	6,386,974.25		4,137,537.42		(11,674,601.57)	
General administrative services	1,494,965.42	169,740.75		158,954.37		(1,505,751.80)	
School administrative services	2,944,611.37	2,552,866.33		1,507,622.20		(3,989,855.50)	
Central service/Admin information technology	1,874,547.49	681,312.49		253,834.11		(2,302,025.87)	
Plant operations and maintenance	4,608,590.63	1,708,992.63		624,727.63		(5,692,855.63)	
Pupil transportation	5,019,919.01	1,071,748.90		1,037,424.20		(5,054,243.71)	
Unallocated benefits	46,398,024.12	(46,398,024.12)					
Special Schools	87,219.20	55,891.17		20,947.47		(122,162.90)	
Transfer to Charter Schools	186,129.00					(186,129.00)	
Interest on Long-Term Debt	1,640,709.20			26,020.08		(1,614,689.12)	
Unallocated Compensated Absence	376,270.73	(376,270.73)					
Unallocated depreciation	2,990,448.00	(2,990,448.00)					
Total governmental activities	120,240,717.30			35,336,490.91		(84,904,226.37)	
Business-type activities							
Food Service	2,368,852.11		1,110,902.29	1,406,581.45		148,631.63	148,631.63
Adult School	172,009.87		462,320.90			290,311.03	290,311.03
Total business-type activities	2,540,861.98		1,573,223.19	1,406,581.45		438,942.66	438,942.66
Total primary government	\$ 122,781,579.28	\$	\$ 1,573,223.19	\$ 36,743,072.36	\$ -0-	\$ 438,942.66	\$ (84,465,283.71)
General Revenues:							
Taxes:							
Property taxes, levied for general purposes, net						\$	60,289,602.00
Taxes levied for debt service						3,445,666.00	3,445,666.00
Federal and state aid not restricted						22,554,984.79	22,554,984.79
Federal and state aid restricted						46,257.92	46,257.92
Miscellaneous income						554,687.09	554,687.09
Transfers						110,000.00	110,000.00
Total general revenues and special items						87,001,197.80	86,891,197.80
Change in Net Position						2,096,971.43	2,425,914.09
Net Position - beginning (as restated)						16,692,019.48	17,291,332.86
Net Position ending						\$ 18,788,990.91	\$ 19,717,246.95

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

MAJOR FUND FINANCIAL STATEMENTS

The Individual Fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

SAYREVILLE BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS:					
Cash and cash equivalents	\$ 6,510,770.83	\$	\$	\$ 74,934.08	\$ 6,585,704.91
Accounts Receivable:					
Federal	4,320.33	1,277,530.26			1,281,850.59
State	908,812.75				908,812.75
Other	329,232.74	11,200.00			340,432.74
Due from other funds	<u>1,010,838.32</u>				<u>1,010,838.32</u>
 Total assets	 <u>\$ 8,763,974.97</u>	 <u>\$ 1,288,730.26</u>	 <u>\$</u>	 <u>\$ 74,934.08</u>	 <u>\$ 10,127,639.31</u>
LIABILITIES AND FUND BALANCES:					
Liabilities:					
Accounts payable	\$ 1,423,782.27	\$ 391,180.22	\$	\$	\$ 1,814,962.49
Due to other funds		883,222.06			883,222.06
Payable to state government		14,327.98			14,327.98
Unearned revenue	<u>14,880.00</u>				<u>14,880.00</u>
 Total liabilities	 <u>1,438,662.27</u>	 <u>1,288,730.26</u>	 <u>\$</u>	 <u>\$</u>	 <u>2,727,392.53</u>
Fund balances:					
Restricted:					
Capital reserve	1,829,643.30				1,829,643.30
Maintenance reserve	1,001,009.03				1,001,009.03
Emergency reserve	250,000.00				250,000.00
Excess Surplus designated for subsequent years expenditures	1,113,883.00				1,113,883.00
Excess surplus - Current Year	2,023,392.88				2,023,392.88
Debt service fund				1.08	1.08
Assigned:					
Encumbrances	336,267.49				336,267.49
Designated for subsequent years expenditures	<u>771,117.00</u>			<u>74,933.00</u>	<u>846,050.00</u>
 Total fund balances	 <u>7,325,312.70</u>	 <u></u>	 <u></u>	 <u>74,934.08</u>	 <u>7,400,246.78</u>
 Total liabilities and fund balances	 <u>\$ 8,763,974.97</u>	 <u>\$ 1,288,730.26</u>	 <u>\$ -0-</u>	 <u>\$ 74,934.08</u>	 <u>\$ 10,127,639.31</u>

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

SAYREVILLE BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Fund Balances (Brought Forward)	\$	7,400,246.78
<p>Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Cost of Assets	\$	130,133,146.38
Accumulated Depreciation		<u>(51,504,408.00)</u>
		78,628,738.38
<p>The Internal Service Fund is used to account for the financing of dental and prescription benefits to district employees. Employee benefits are governmental activities. This amount is the unrestricted net position in the Internal Service Fund.</p>		
		669,237.16
<p>Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>		
Net Pension Liability		(27,318,852.00)
Compensated Absences		(1,058,298.06)
Bonds Payable:		
Outstanding at June 30, 2018		(39,030,000.00)
Capital Leases:		
Outstanding at June 30, 2018		<u>(2,481,296.80)</u>
		(69,888,446.86)
<p>Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.</p>		
Pensions:		
Deferred Outflows		
Lease related		1,788,457.00
Pension related		<u>7,714,677.00</u>
		9,503,134.00
Deferred Inflows:		
Pension related		(5,911,621.00)
<p>Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.</p>		
Accounts Payable - Pension Related		(1,074,476.00)
Accrued Interest Payable		<u>(537,821.55)</u>
		<u>(1,612,297.55)</u>
Net Position of Governmental Activities	\$	<u><u>18,788,990.91</u></u>

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

SAYREVILLE BOROUGH BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:					
Local sources:					
Local tax levy	\$ 60,289,602.00	\$	\$	\$ 3,445,666.00	\$ 63,735,268.00
Tuition from Individuals	58,499.05				58,499.05
Tuition from other LEAs within the State	165,884.31				165,884.31
Transportation fees from other LEAs	85,218.29				85,218.29
Rents and Royalties	46,758.43				46,758.43
Interest on Maintenance Reserve	5.07				5.07
Interest on Capital Reserve	5,510.33				5,510.33
Miscellaneous	192,811.61	8,400.00			201,211.61
Total - local sources	<u>60,844,289.09</u>	<u>8,400.00</u>		<u>3,445,666.00</u>	<u>64,298,355.09</u>
State sources	35,087,011.58	183,249.02		72,278.00	35,342,538.60
Federal sources	213,075.56	2,276,925.26			2,490,000.82
Total revenues	<u>96,144,376.23</u>	<u>2,468,574.28</u>		<u>3,517,944.00</u>	<u>102,130,894.51</u>
EXPENDITURES:					
Current expense:					
Regular instruction	26,015,259.15				26,015,259.15
Special instruction	9,784,243.53	1,938,931.77			11,723,175.30
Other Instruction	2,930,877.42				2,930,877.42
Support services:					
Tuition	2,524,806.52				2,524,806.52
Student & instruction related services	8,895,522.23	529,642.51			9,425,164.74
General administrative services	1,494,965.42				1,494,965.42
School administrative services	2,944,611.37				2,944,611.37
Central service/Admin information technology	1,874,547.49				1,874,547.49
Plant operations and maintenance	5,142,107.86				5,142,107.86
Pupil transportation	5,019,919.01				5,019,919.01
Unallocated benefits	26,178,261.08				26,178,261.08
Transfer to Charter Schools	186,129.00				186,129.00
Special schools	87,219.20				87,219.20
Debt Service:					
Principal				2,290,000.00	2,290,000.00
Interest				1,303,276.00	1,303,276.00
Capital outlay	1,891,936.55				1,891,936.55
Total expenditures	<u>94,970,405.83</u>	<u>2,468,574.28</u>		<u>3,593,276.00</u>	<u>101,032,256.11</u>
Excess (deficiency) of revenues over (under) expenditures	1,173,970.40			(75,332.00)	1,098,638.40
Other financing sources (uses):					
Transfers In/out	110,000.00				110,000.00
Capital leases (non-budgeted)	754,418.89				754,418.89
Total other financing sources	<u>864,418.89</u>				<u>864,418.89</u>
Net change in fund balances	2,038,389.29			(75,332.00)	1,963,057.29
Fund balances, July 1, 2017	5,286,923.41			150,266.08	5,437,189.49
Fund balances, June 30, 2018	<u>\$ 7,325,312.70</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 74,934.08</u>	<u>\$ 7,400,246.78</u>

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

SAYREVILLE BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total net change in fund balances - governmental funds (from B-2)		\$1,963,057.29
Amounts reported for governmental activities in the statement of activities (A-2) are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation expense		(2,990,448.00)
Capital outlays	\$1,891,936.55	
Less: Capital Outlays not capitalized	<u>(356,654.55)</u>	1,535,282.00
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
Bonds Paid by Budget		2,290,000.00
Proceeds from debt issues are a financing source in governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.		
Capital lease proceeds - Current Year		(754,418.89)
The Internal Service Fund is used by management to charge the costs of providing dental and prescription insurance to district employees. This amount is the change in net position for the Internal Service Fund, exclusive of any gain/(loss) on disposal of Internal Service Fund capital assets.		
		669,237.16
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.		
Payment of capital lease payable		533,517.23
In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.		
		19,221.35
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
District pension contributions	\$1,087,188.00	
Less: Pension expense	<u>(1,879,394.00)</u>	(792,206.00)
In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-). When the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		<u>(376,270.73)</u>
Change in net position of governmental activities (A-2)		<u><u>\$2,096,971.41</u></u>

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

OTHER FUNDS

SAYREVILLE BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>			<u>GOVERNMENTAL</u>
	<u>FOOD</u> <u>SERVICE</u>	<u>ADULT</u> <u>SCHOOL</u>	<u>TOTAL</u>	<u>ACTIVITIES -</u> <u>INTERNAL</u> <u>SERVICE FUND</u>
ASSETS:				
Current assets:				
Cash and cash equivalents	\$538,584.02	\$576,712.07	\$1,115,296.09	\$23,230.25
Cash with fiscal agents				261,168.20
Accounts receivable:				
State	2,390.15		2,390.15	
Federal	108,452.74		108,452.74	
Other	10,221.54	720.00	10,941.54	531,606.75
Interfunds				
Intrafunds				
Inventories	90,941.36		90,941.36	
	<u>750,589.81</u>	<u>577,432.07</u>	<u>1,328,021.88</u>	<u>816,005.20</u>
Total current assets				
Noncurrent assets:				
Furniture, machinery and equipment	556,352.00		556,352.00	
Less accumulated depreciation	(553,247.00)		(553,247.00)	
	<u>3,105.00</u>		<u>3,105.00</u>	
Total noncurrent assets				
	<u>753,694.81</u>	<u>577,432.07</u>	<u>1,331,126.88</u>	<u>816,005.20</u>
Total assets				
LIABILITIES:				
Current liabilities:				
Interfunds payable	127,449.26		127,449.26	
Unearned revenue	90,331.64	68,861.00	159,192.64	
Accounts payable	92,106.45		92,106.45	136,980.04
Accrued liabilities				9,788.00
	<u>309,887.35</u>	<u>68,861.00</u>	<u>378,748.35</u>	<u>146,768.04</u>
Total current liabilities				
Noncurrent liabilities:				
Compensated Absences	24,122.49		24,122.49	
	<u>24,122.49</u>		<u>24,122.49</u>	
Total noncurrent liabilities				
	<u>334,009.84</u>	<u>68,861.00</u>	<u>402,870.84</u>	<u>146,768.04</u>
Total liabilities				
NET POSITION:				
Net investment in capital assets	3,105.00		3,105.00	
Unrestricted	416,579.97	508,571.07	925,151.04	669,237.16
	<u>\$419,684.97</u>	<u>\$508,571.07</u>	<u>\$928,256.04</u>	<u>\$669,237.16</u>
Total net position				

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

SAYREVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>			<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND</u>
	<u>FOOD SERVICE</u>	<u>ADULT SCHOOL</u>	<u>TOTAL</u>	
OPERATING REVENUES:				
Charges for services:				
Daily sales - reimbursable programs	\$739,811.24		\$739,811.24	
Daily sales - non-reimbursable programs	341,624.92		341,624.92	
Special Functions	29,466.13		29,466.13	
Tuition - individuals		\$462,320.90	462,320.90	
Services provided to other funds				\$3,120,369.04
Total operating revenues	<u>1,110,902.29</u>	<u>462,320.90</u>	<u>1,573,223.19</u>	<u>3,120,369.04</u>
OPERATING EXPENSES:				
Cost of sales - reimbursable	918,923.13		918,923.13	
Cost of sales - non-reimbursable	96,312.29		96,312.29	
Salaries	1,013,690.87	169,897.78	1,183,588.65	
Employee benefits	171,800.13		171,800.13	2,431,131.88
Other purchase services	7,218.82		7,218.82	20,000.00
Supplies and materials	125,530.17	665.53	126,195.70	
Repairs	32,151.31		32,151.31	
Depreciation	345.00		345.00	
Miscellaneous	2,880.39	1,446.56	4,326.95	
Total operating expenses	<u>2,368,852.11</u>	<u>172,009.87</u>	<u>2,540,861.98</u>	<u>2,451,131.88</u>
Operating income (loss)	<u>(1,257,949.82)</u>	<u>290,311.03</u>	<u>(967,638.79)</u>	<u>669,237.16</u>
NONOPERATING REVENUES (EXPENSES):				
State Sources				
State School Lunch Program	29,723.72		29,723.72	
Federal Sources:				
National School Lunch Program	991,088.94		991,088.94	
Supplemental Nutrition Assistance Program	30,930.84		30,930.84	
School Breakfast Program	231,525.43		231,525.43	
National food distribution commodities	123,312.52		123,312.52	
Total nonoperating revenues (expenses)	<u>1,406,581.45</u>		<u>1,406,581.45</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>148,631.63</u>	<u>290,311.03</u>	<u>438,942.66</u>	<u>669,237.16</u>
Other financing uses:				
Transfer of funds		(110,000.00)	(110,000.00)	
Total other financing (uses)		<u>(110,000.00)</u>	<u>(110,000.00)</u>	
Net change in fund balances	148,631.63	180,311.03	328,942.66	669,237.16
Total net position - beginning	<u>271,053.34</u>	<u>328,260.04</u>	<u>599,313.38</u>	
Total net position - ending	<u>\$419,684.97</u>	<u>\$508,571.07</u>	<u>\$928,256.04</u>	<u>\$669,237.16</u>

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

SAYREVILLE BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>			<u>GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND</u>
	<u>FOOD SERVICE</u>	<u>ADULT SCHOOL</u>	<u>TOTAL</u>	
Cash flows from operating activities:				
Receipts from customers	\$1,136,501.94	\$458,627.60	\$1,595,129.54	\$2,588,762.29
Payments to employees	(1,003,884.90)	(169,897.78)	(1,173,782.68)	
Payments to employee benefits	(135,871.40)		(135,871.40)	(2,304,363.84)
Payments to suppliers	(1,177,583.93)	(2,112.09)	(1,179,696.02)	
Net cash provided by (used for) operating activities	<u>(1,180,838.29)</u>	<u>286,617.73</u>	<u>(894,220.56)</u>	<u>284,398.45</u>
Cash flows from noncapital financing activities:				
State sources	32,594.06		32,594.06	
Federal sources	1,410,485.13		1,410,485.13	
Operating subsidies and transfers to other funds		(110,000.00)	(110,000.00)	
Net cash provided by noncapital financing activities	<u>1,443,079.19</u>	<u>(110,000.00)</u>	<u>1,333,079.19</u>	
Cash flows from capital and related financing activities:				
Purchases of capital assets	(3,450.00)		(3,450.00)	
Net cash provided by (used for) capital and related financing activities	<u>(3,450.00)</u>		<u>(3,450.00)</u>	
Net increase (decrease) in cash and cash equivalents	258,790.90	176,617.73	435,408.63	284,398.45
Cash and cash equivalents, July 1, 2017	<u>279,793.12</u>	<u>400,094.34</u>	<u>679,887.46</u>	
Cash and cash equivalents, June 30, 2018	<u>\$538,584.02</u>	<u>\$576,712.07</u>	<u>\$1,115,296.09</u>	<u>\$284,398.45</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	(\$1,257,949.82)	\$290,311.03	(\$967,638.79)	\$669,237.16
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	345.00		345.00	
Federal commodities	123,312.52		123,312.52	
Change in assets and liabilities:				
(Increase) decrease in other accounts receivable	(6,527.99)	(720.00)	(7,247.99)	(531,606.75)
Increase (decrease) in unearned revenue	90,331.64	(2,973.30)	87,358.34	
Increase (decrease) in accounts payable	(79,468.45)		(79,468.45)	146,768.04
(Increase) decrease in inventories	(50,881.19)		(50,881.19)	
	<u>77,111.53</u>	<u>(3,693.30)</u>	<u>73,418.23</u>	<u>(384,838.71)</u>
Net cash provided by (used for) operating activities	<u>(\$1,180,838.29)</u>	<u>\$286,617.73</u>	<u>(\$894,220.56)</u>	<u>\$284,398.45</u>

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

SAYREVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	STATE UNEMPLOYMENT COMPENSATION TRUST FUND	PRIVATE PURPOSE AWARD FUND	AGENCY FUNDS
ASSETS:			
Cash and cash equivalents	\$ 68,449.55	\$ 61,640.01	\$ 351,167.28
Interfund			
Intrafund Receivable			
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 68,449.55</u>	<u>\$ 61,640.01</u>	<u>\$ 351,167.28</u>
LIABILITIES:			
Interfund payable	\$	\$	\$ 167.00
Payroll deductions and withholdings			64,311.02
Due to student groups			286,689.26
	<hr/>	<hr/>	<hr/>
Total liabilities			<u>351,167.28</u>
NET POSITION:			
Held in trust for unemployment claims and other purposes	68,449.55		
Held in trust for awards and other purposes		61,640.01	
	<hr/>	<hr/>	<hr/>
Total net position	<u>\$ 68,449.55</u>	<u>\$ 61,640.01</u>	<u>\$ -0-</u>

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

SAYREVILLE BOROUGH SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIVATE PURPOSE</u> <u>AWARD FUNDS</u>	<u>STATE</u> <u>UNEMPLOYMENT</u> <u>COMPENASTION</u> <u>TRUST FUND</u>
ADDITIONS:		
Contributions:		
From employees	\$	\$ 158,202.36
From donors	1,626.00	
Total contributions	<u>1,626.00</u>	<u>158,202.36</u>
Investment earnings:		
Interest	73.73	145.84
Net investment earnings	<u>73.73</u>	<u>145.84</u>
Total additions	\$ <u>1,699.73</u>	\$ <u>158,348.20</u>
DEDUCTIONS:		
Awards granted	\$ 4,919.00	\$
Unemployment claims		<u>177,362.02</u>
Total deductions	<u>4,919.00</u>	<u>177,362.02</u>
Change in net position	(3,219.27)	(19,013.82)
Net position beginning of year	<u>64,859.28</u>	<u>87,463.37</u>
Net position end of year	<u>\$ 61,640.01</u>	<u>\$ 68,449.55</u>

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

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sayreville Borough School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below:

Reporting Entity

The Sayreville Borough School District is a Type II District located in Middlesex County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board of Education of the Sayreville Borough School District, comprised of nine elected individuals, is the primary governing authority of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39), as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government
2. The primary government, or its component unit, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary schools, a middle school and a high school, located in the Sayreville Borough. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements are presented for each fund category-governmental, proprietary, and fiduciary. Internal service funds are aggregated and presented in a single column on the face of the proprietary fund statements. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE as the oversight entity believes that the presentation of all funds as major is important for the public interest and to promote consistency among District financial reporting models.

Governmental Funds

General Fund The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non instructional equipment which are classified in the capital outlay sub-fund.

As required by the New Jersey Statement Department of Education, the District includes budgeted capital outlay in this fund. U.S. Generally Accepted Accounting Principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to the current expense by Board resolution; in certain instances approval by the County Superintendent of Schools may also be required.

Special Revenue Fund The special revenue fund is used to account for the proceeds of specific revenue sources from State and Federal Government (other than those for major capital projects, debt service or proprietary funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects Funds The capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on debt issued to finance major property acquisition, construction and improvement programs.

Proprietary Funds

Enterprise Fund The enterprise fund accounts for all revenues and expenses pertaining to the District's Food Service Fund and Adult School. These funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (*i.e.* expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Internal Service Fund – Prescription Self-Insurance Fund This fund has been established to account for the financing of the self-insurance of the prescription plan provided by the Sayreville Borough School District. Services are provided on a cost-reimbursement basis.

Fiduciary Funds

Agency Funds The agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District. The agency funds included are as follows:

Payroll and Student Activities Funds These are agency funds used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Unemployment Insurance Trust Funds An expendable trust fund used to account for unemployment compensation claims as they arise.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds (Continued)

Scholarship Fund These are trust funds used to account for assets donated by individuals that will provide for the payment of awards and scholarships to district students.

Basis of Accounting-Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation for expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transactions can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April school Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. 6A:23-2.2(f)1. Expenditures may not legally exceed budgeted appropriations at the line item level. All budget amendments and transfers must be approved by School Board resolution. Two Budget amendments were approved by resolution during the year ended June 30, 2018.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) with the exception of the legally mandated (NJSA 18A:22-44.2) revenue recognition of one or more deferred State Aid payments for budgetary purposes only due to the State deferral of such payments into the subsequent budget year and the accounting treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control (Continued)

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 recognized 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 records.

Encumbrance Accounting

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditures 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 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.

Open encumbrances in the special revenue and capital project funds for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future periods, other than those recorded in the enterprise fund, are recorded as expenditures in the year of purchase.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

	<u>Estimated Life</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	10
Instructional Equipment	10
Grounds Equipment	15

Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the "vesting method" for estimating its accrued sick and vacation leave liability. District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

For the district-wide statements, the current portion is the amount estimated to be used in the following year. For the governmental funds in the fund financial statements, a liability is reported only for to the extent of the amount actually due at year end as a result of employee resignations/retirements. Compensated absences are a reconciling item between the fund level and district-wide presentations.

In proprietary and similar trust funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designation of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unearned Revenue

Unearned revenue in the general, special revenue and proprietary funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is an allowable practice under generally accepted accounting principles. Unearned revenue in the Proprietary Fund represents deposits from students for future program fees.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the district-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long term debt is recognized as a liability on the fund financial statements when due.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance Restrictions

GASB Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions" modifies fund balance reporting and clarifies fund type definitions. This Statement aims to enhance the usefulness of fund balance information by providing clearer fund balance clarifications that can be applied more consistently.

Under the standard, in the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Maintenance Reserve and Excess Surplus as Restricted Fund Balance.

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances and Amounts Designated for Subsequent Years Expenditures as Assigned Fund Balance.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Restrictions (Continued)

Unassigned - is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Revenues Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means within sixty days of the fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues Exchange and Non-exchange Transactions (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales in the Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting and Financial Reporting for 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 District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. 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 the year end Net pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The Governmental Fund Financial Statements reflects both a revenue and expenses for this pension contribution.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only two items that qualify for reporting in this category, deferred items that are pension related and lease related.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts that are pension related.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, and short term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. Each depository participating in the GUDPA system must pledge collateral equal to 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds. No collateral is required for amounts covered by FDIC insurance. The collateral which may be pledged to support these deposits includes obligations of the State and federal governments, insured securities and other collateral approved by the Department. When the capital position of the depository deteriorates or the depository takes an unusually large amount of public deposits, the Department of Banking and Insurance requires additional collateral to be pledged. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

The Sayreville Borough School District had the following cash and cash equivalents at June 30, 2018:

<u>Fund Type</u>	<u>Amount</u>
Cash in Bank:	
Governmental Funds	\$ 9,439,269.90
Proprietary Funds	855,320.80
Fiduciary Funds	<u>1,088,606.02</u>
Total Cash in Bank	\$ 11,383,196.72
Less: Reconciling Items	<u>(3,177,708.63)</u>
	<u>\$ 8,205,488.09</u>

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2018, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank of \$11,383,196.72, \$250,000.00 was covered by Federal Depository Insurance, \$61,640.01 was covered by the National Credit Union Administration (NCIA) and \$11,071,556.71 was covered under the provisions of NJGUDPA.

Investments

The types of investments which may be purchased by the District are strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a1 et seq., and operated in accordance with 17 C.F.R. § 270.2a7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. 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 obligation bears a fixed rate of interest not dependent on any index or other external factor;

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts;
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:2037. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. 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); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 C. 17:1941); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

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

Based upon the limitation set forth by New Jersey Statutes 18A:20-37 and its existing investment practices, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments, nor is it exposed to foreign currency risks for its deposits and investments.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 3: CAPITAL ASSETS

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

	Beginning Balance <u>(As Restated)</u>	<u>Additions</u>	Ending Balance
Governmental Activities:			
Capital assets not being depreciated:			
Land	\$6,767,549.00		\$6,767,549.00
Construction in Progress	<u>22,755.38</u>		<u>22,755.38</u>
Total Capital Assets not being depreciated	<u>6,790,304.38</u>		<u>6,790,304.38</u>
Leasehold improvements	521,800.00		521,800.00
Site improvements	3,390,519.00		3,390,519.00
Buildings & Building Improvements (as restated)	106,951,706.00	\$1,130,173.00	108,081,879.00
Machinery & Equipment (as restated)	<u>10,943,535.00</u>	<u>405,109.00</u>	<u>11,348,644.00</u>
Totals at historical cost	<u>121,807,560.00</u>	<u>1,535,282.00</u>	<u>123,342,842.00</u>
Gross Assets (Memo only)	<u>128,597,864.38</u>	<u>1,535,282.00</u>	<u>130,133,146.38</u>
Less: Accumulated Depreciation			
Leasehold improvements	(521,800.00)		(521,800.00)
Site improvements	(2,577,611.00)	(85,266.00)	(2,662,877.00)
Buildings & Building Improvements	(35,884,410.00)	(2,556,768.00)	(38,441,178.00)
Machinery & Equipment (as restated)	<u>(9,530,139.00)</u>	<u>(348,414.00)</u>	<u>(9,878,553.00)</u>
Total Depreciation	<u>(48,513,960.00)</u>	<u>(2,990,448.00)</u>	<u>(51,504,408.00)</u>
Total capital assets being depreciated, net of depreciation	<u>73,293,600.00</u>	<u>(1,455,166.00)</u>	<u>71,838,434.00</u>
Total Governmental Fund Activities	<u><u>\$80,083,904.38</u></u>	<u><u>(\$1,455,166.00)</u></u>	<u><u>\$78,628,738.38</u></u>

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 3: CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Ending Balance</u>
Proprietary Activities:			
Machinery & Equipment	<u>\$552,902.00</u>	<u>\$3,450.00</u>	<u>\$556,352.00</u>
Totals at historical cost	<u>552,902.00</u>	<u>3,450.00</u>	<u>556,352.00</u>
Less: Accumulated Depreciation			
Machinery & Equipment	<u>(552,902.00)</u>	<u>(345.00)</u>	<u>(553,247.00)</u>
Total Depreciation	<u>(552,902.00)</u>	<u>(345.00)</u>	<u>(553,247.00)</u>
 Total Proprietary Fund Activities	 <u><u>552,902.00</u></u>	 <u><u>\$3,105.00</u></u>	 <u><u>\$3,105.00</u></u>

Depreciation expense was charged to functional expenses areas of the District for Governmental Funds as follows:

Instruction	\$38,171.00
Support services:	
Student & Instruction Related Services	240,732.00
School Administration	11,681.00
Plant Operations & Maintenance	28,022.00
Pupil Transportation	38,226.00
Direct Expense of Various Functions	<u>2,633,616.00</u>
	<u><u>\$2,990,448.00</u></u>

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 4: LONG-TERM LIABILITIES

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

The following is a summary of transactions that affect long-term liabilities for the year ended June 30, 2018:

Governmental Funds:

	Balance June 30, <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance June 30, <u>2018</u>	Amounts due Within <u>one year</u>
Bonds Payable	\$41,320,000.00		\$2,290,000.00	\$39,030,000.00	\$2,350,000.00
Compensated Absences	682,027.33	\$376,270.73		1,058,298.06	
Capital Leases Payable	471,938.14	2,542,875.89	533,517.23	2,481,296.80	703,027.70
Pension Liability	<u>34,532,484.00</u>		<u>7,213,632.00</u>	<u>27,318,852.00</u>	
Totals	<u>\$77,006,449.47</u>	<u>\$2,919,146.62</u>	<u>\$10,037,149.23</u>	<u>\$69,888,446.86</u>	<u>\$3,053,027.70</u>

Business-Type Funds:

	Balance June 30, <u>2017</u>	<u>Reductions</u>	Balance June 30, <u>2018</u>	Amounts due Within <u>one year</u>
Compensated Absences	<u>\$29,394.44</u>	<u>\$5,271.95</u>	<u>\$24,122.49</u>	<u>-0-</u>
Totals	<u>\$29,394.44</u>	<u>\$5,271.95</u>	<u>\$24,122.49</u>	<u>-0-</u>

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Debt Service Requirements:

The annual requirements to amortize all debt outstanding as of June 30, 2018, including interest payments on issued debt, are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>June 30,</u>			
FY2019	\$2,350,000.00	\$1,245,439.64	\$3,595,439.64
FY2020	2,440,000.00	1,171,163.28	3,611,163.28
FY2021	2,535,000.00	1,082,368.78	3,617,368.78
FY2022	2,625,000.00	990,194.89	3,615,194.89
FY2023	2,725,000.00	900,559.74	3,625,559.74
FY2024	2,830,000.00	801,095.20	3,631,095.20
FY2025	2,930,000.00	704,883.14	3,634,883.14
FY2026	3,010,000.00	625,634.82	3,635,634.82
FY2027	3,105,000.00	536,332.10	3,641,332.10
FY2028	3,430,000.00	400,100.00	3,830,100.00
FY2029	3,565,000.00	278,025.00	3,843,025.00
FY2030	3,685,000.00	169,275.00	3,854,275.00
FY2031	3,800,000.00	57,000.00	3,857,000.00
	<u>\$39,030,000.00</u>	<u>\$8,962,071.59</u>	<u>\$47,992,071.59</u>

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

General obligation school and refunding bonds payable with their outstanding balances are comprised of the following individual issues:

<u>Issue</u>	<u>Amount Outstanding June 30, 2018</u>
\$28,725,000.00 in Refunding School Bonds dated July 15, 2012, due in remaining annual installments ranging between \$1,065,000.00 and \$3,800,000.00 beginning July 15, 2018 and ending July 15, 2030 with interest from 3.00% to 5.00%	\$26,305,000.00
\$6,640,000.00 in Refunding School Bonds dated March 7, 2016, due in remaining annual installments ranging between \$540,000.00 and \$720,000.00 beginning March 1, 2019 and ending March 1, 2027 with interest from 2.93% to 5.00%	5,585,000.00
\$7,880,000.00 in Refunding School Bonds dated January 26, 2017, due in remaining annual installments ranging between \$745,000.00 and \$850,000.00 beginning March 1, 2019 and ending March 1, 2027 with interest from 2.00% to 3.00%	7,140,000.00
	\$39,030,000.00

Bonds Authorized But Not Issued

As of June 30, 2018, the District did not have any Bonds Authorized But Not Issued.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Capital Leases Payable

The District has entered into various capital leases for copier equipment, school buses, and technology upgrades. The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at June 30, 2018:

Fiscal Year Ended <u>June 30,</u>	Governmental Funds
2019	\$706,353.55
2020	706,353.55
2021	358,161.57
2022	357,691.40
2023	<u>357,691.40</u>
Total Minimum Lease Payments	2,486,251.47
Less: Amount Representing Interest	<u>4,954.67</u>
Present Value of Lease Payments	<u><u>\$2,481,296.80</u></u>

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 5: PENSION PLANS

Description of Plans All required employees of the District are covered by the Public Employees' Retirement System, the Teachers' Pension and Annuity Fund or the Defined Contribution Retirement Program which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of each system will be assumed by the State of New Jersey should the system terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for each of the above systems. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on line at www.state.nj.us/treasury/pensions.

Teachers' Pension and Annuity Fund (TPAF) The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

As a result of these changes new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

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.

Contribution Requirements The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements (Continued)

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (i.e. the State of new Jersey makes the employer contribution on behalf of public school districts).

Three Year Trend Information for PERS

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2018	\$1,087,188.00	100%	-0-
2017	1,035,825.00	100%	-0-
2016	990,833.00	100%	-0-

Three Year Trend Information for TPAF (On-behalf Contribution)

<u>Year Ended</u> <u>June 30,</u>	<u>Annual</u> <u>Pension Cost</u> <u>(APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
2018	\$5,557,863.00	100%	-0-
2017	4,074,898.00	100%	-0-
2016	2,712,543.00	100%	-0-

In accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District for the years ended June 30, 2018, 2017 and 2016 \$2,944,098.35, \$2,753,871.65 and \$2,723,254.69 respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2018, the District reported a liability of \$27,318,852.00 for its proportionate share of the 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 July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion 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 members, actuarially determined. At June 30, 2017, the District's proportion was 0.1173570789 percent, which was an increase of 0.0007607649 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$1,949,463.00 in the government-wide financial statements. This pension expense was based on the pension plans June 30, 2017 measurement date.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Inflow of Resources</u>	<u>Deferred Outflow of Resources</u>
Differences between expected and actual experience		\$643,265.00
Changes of assumptions	\$5,483,629.00	5,503,807.00
Net difference between projected and actual earnings on pension plan investments		186,023.00
Changes in proportion and differences between District contributions and proportionate share of contributions	427,992.00	307,106.00
District contributions subsequent to the measurement date	<u>427,992.00</u>	<u>1,074,476.00</u>
	<u>\$5,911,621.00</u>	<u>\$7,714,677.00</u>

The \$1,074,476.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2019	\$562,376.00
2020	889,736.00
2021	552,806.00
2022	(721,714.00)
2023	<u>(554,624.00)</u>
	<u>\$728,580.00</u>

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 rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	2.25 Percent
Salary Increases	
Through 2026	1.65-4.15 Percent (based on age)
Thereafter	2.65-5.15 Percent (based on age)
Investment Rate of Return	7.00 Percent

Mortality Rates

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017 and 7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Long-Term Rate of Return (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's 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%
US 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 market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.00% and 3.98% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65%, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on 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.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate (Continued)

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 40% of the actuarially determined contributions and the local employer contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2017 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>4.00%</u>	At Current Discount Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
District's proportionate share of the pension liability	\$33,890,890.00	\$27,318,852.00	\$21,843,530.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2018 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share	
associated with the District	<u>\$244,259,861</u>
	<u>\$244,259,861</u>

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 June 30, 2016. The net pension liability associated with the District 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 school districts and the State, actuarially determined. At June 30, 2017, the proportion of the TPAF net pension liability associated with the District was .3622764728% which was an increase of .0234791995 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$16,921,086.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2017 measurement date.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions 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:

Inflation rate	2.25%
Salary increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment rate of return	7.00%

Mortality Rate

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis 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.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.65% at June 30, 2017 and June 30, 2016 respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's 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%
US 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 market equity	11.50%	9.00%
Emerging markets equity	6.50%	11.64%
Buyouts venture capital	8.25%	13.08%
	<u>100.00%</u>	

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.25% and 3.22% as of June 30, 2017 and 2016, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.65, and a municipal bond rate of 3.58% and 2.85% as of June 30, 2017 and 2016, respectively, based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, with that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). 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.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	\$223,747
Inactive Plan Members or Beneficiaries	
Currently Receiving Benefits	142,331
Inactive Plan Members or Beneficiaries	
Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>\$366,078</u>

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Nonemployer OPEB Liability

The portion of the Total Nonemployer OPEB Liability that was associated with the District at June 30, 2018 was as follows:

Nonemployer OPEB Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$182,768,181.00</u>
	<u><u>\$182,768,181.00</u></u>

The Total Nonemployer OPEB Liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017.

The Total Nonemployer OPEB Liability was determined separately based on actual data of the District.

For the year ended June 30, 2018, the District recognized on-behalf post-employment expense and revenue of \$12,322,044.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2017 measurement date.

At June 30, 2017, the District's proportion was 0.3404271402 percent, which was an increase of .0003049997 from its proportion measured as of June 30, 2016.

The State, a Nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Imputes

The total OPEB liability in the June 30, 2017 actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.5 percent

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases Through 2026	1.55-4.55% Based on years of Service	2.15-4.15% Based on Age	2.10-8.98% Based of Age
Thereafter	2.00-5.45% Based on years of Service	3.15-5.15% Based on Age	3.10-9.98 Based of Age

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-Retirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2010 - June 30, 2013, and July 1, 2011 - June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% decreasing to a 5.0% long-term trend rate after eight years. For the Medicare Pan B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This 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.

Changes in the Total Nonemployer OPEB Liability

Shown below are details regarding the Total Nonemployer OPEB Liability for the Measurement Period from June 30, 2016 to June 30, 2017:

Balance at 6/30/16		\$196,875,089
Changes for the year:		
Service cost	\$9,046,240	
Interest	5,811,063	
Changes in assumptions or other inputs	(24,886,793)	
Benefit payments	(4,233,299)	
Contributions from Members	155,881	
Net change in OPEB Liability		(14,106,908)
Balance at 6/30/17		\$182,768,181

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Discount Rate

The following presents the total nonemployer OPEB liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	1.00% Decrease (2.58%)	At Discount Rate (3.58)	1.00% Increase (4.58%)
State of New Jersey's Share of Nonemployer OPEB Liability Associated with the District	\$216,959,017	\$182,768,181	\$155,647,685

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total Nonemployer OPEB Liability to Changes in Healthcare Trends

The following presents the total nonemployer OPEB liability associated with the District as of June 30, 2017 respectively, calculated using the healthcare trend rate as disclosed above as well as what the total nonemployer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	June 30, 2017		
	<u>1.00%</u> <u>Decrease</u>	<u>Healthcare Cost</u> <u>Trend Rate</u>	<u>1.00%</u> <u>Increase</u>
State of New Jersey's Share of Nonemployer OPEB Liability Associated with the District	\$150,309,161	\$182,768,181	\$225,873,378

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District from the following sources:

	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>	<u>Deferred</u> <u>Outflow of</u> <u>Resources</u>
Changes of assumptions	\$21,615,260.00	-
Changes in proportion	-	\$139,377.00
	\$21,615,260.00	\$139,377.00

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District will be recognized in OPEB expense as follows:

Year Ended <u>June 30,</u>	<u>Amount</u>
2019	(\$2,503,185)
2020	(\$2,503,185)
2021	(\$2,503,185)
2022	(\$2,503,185)
2023	(\$2,503,185)
Total Thereafter	<u>(\$8,959,956)</u>
	<u><u>(\$21,475,883)</u></u>

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at:

<http://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 8: LITIGATION

The District is a defendant in several legal proceedings that are in various stages of litigation. It is either believed that the outcome of exposure to the Board from such litigation is either unknown or potential losses, if any, would not be material to the financial statements as they would be covered by the District's insurance policy.

The Board is currently aware of two (2) matters constituting "threatened litigation", both of which stem from the football hazing incidents from September 2014. In both instances a Notice of Tort Claim was filed and are both being handled by the Board's insurance carrier.

NOTE 9: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2017-2018 fiscal year were subject to the Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000.00 Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance The District maintains insurance coverage covering each of those risks of loss. The administration believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded the insurance coverage in any of the past three fiscal years.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 10: RISK MANAGEMENT (CONTINUED)

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

<u>Year Ended June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018		\$158,202.36	\$145.84	\$177,362.02	\$68,449.55
2017	\$9,589.84	152,118.46	49.04	143,638.81	87,463.37
2016	-0-	146,353.71	24.30	163,292.48	69,344.84

Self-Insurance The District is self-insured for prescription benefits and has established an internal service fund to account for its self-insurance activities. The accrued liability for unpaid prescription claims of \$9,766.00 has been recorded in the financial statements for Incurred But Not Reported Claims (IBNR). The IBNR liability for prescription benefits has been calculated by the District based on actual enrollment, the statute of limitations in reporting a claim, and actual claims reported. In addition, the District has unrestricted net position of \$669,237.16. In accordance with the agreement with the Plan Administrator a minimum balance of \$340,000.00 shall be maintained in the Claims payment account. The remaining 329,237.16 is available for future prescription claims.

NOTE 11: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 11: COMPENSATED ABSENCES (CONTINUED)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for vested compensated absences of the governmental fund types are recorded in the district - wide statement of net position. As of June 30, 2018, a liability existed for compensated absences for governmental fund-types and enterprise fund-types in the district- wide statement of net position of \$1,058,298.06 and \$24,122.49, respectively.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

NOTE 12: FUND BALANCE APPROPRIATED

General Fund The table below reflects the District's Fund Balance at June 30, 2018 on both a GAAP (Exhibit B-1) and Budgetary (Exhibit C-1) basis including the required adjustment related to the last state aid payment which under GAAP is not recognized:

	<u>Budgetary</u> <u>Basis</u>	<u>Adjustment</u>	<u>GAAP</u> <u>Basis</u>
Restricted:			
Excess Surplus:			
Designated for Subsequent			
Year's Expenditures	\$ 1,113,883.00	\$	\$ 1,113,883.00
Current Year	2,023,392.88		2,023,392.88
Emergency Reserve	250,000.00		250,000.00
Maintenance Reserve	1,001,009.03		1,001,009.03
Capital Reserve	1,829,643.30		1,829,643.30
Assigned:			
Designated for Subsequent			
Year's Expenditures	771,117.00		771,117.00
Encumbrances	820,861.78	(484,594.29)	336,267.49
Unassigned	<u>1,688,234.71</u>	<u>(1,688,234.71)</u>	<u> </u>
	<u>\$ 9,498,141.70</u>	<u>\$ (2,172,829.00)</u>	<u>\$ 7,325,312.70</u>

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 12: FUND BALANCE APPROPRIATED (CONTINUED)

Debt Service Fund Of the \$74,934.08 in Debt Service Fund Balance at June 30, 2018, \$1.08 is restricted in accordance with N.J.S.A. 18A:7F-41c(2) and \$74,933.00 is assigned and has been appropriated and included as anticipated revenue for the year ended June 30, 2019.

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS

Calculation of Excess Surplus In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2007, c73 (S1701), the Restricted Fund Balance - 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 reserve General Fund fund balance at the fiscal year end of June 30 if the District did not appropriate a required minimum amount as budgeted fund balance in the subsequent year's budget.

General Fund Expenditures:		
Fiscal Year Ended, June 30, 2018		\$94,970,405.83
Less:		
Reimb. TPAF Social Security Contributions	\$2,944,098.35	
Reimb. TPAF Pension Contributions	9,156,653.00	
Capital Leases	<u>754,418.89</u>	
		12,855,170.24
Adjusted General Fund Expenditures		<u>\$82,115,235.59</u>
Excess Surplus Percentage		2.00%
		<u>\$1,642,304.71</u>
Increased by:		
Non-Public Transportation Aid (unbudgeted)		<u>45,930.00</u>
Maximum Unassigned General Fund Balance		\$1,688,234.71
Actual Unassigned General Fund Balance		<u>3,711,627.59</u>
Excess Surplus		<u><u>\$2,023,392.88</u></u>
Recapitulation of Excess Surplus, June 30, 2018:		
Restricted for Excess Surplus - Designated for Subsequent Year's Expenditure		\$1,113,883.00
Restricted for Excess Surplus		<u>2,023,392.88</u>
		<u><u>\$3,137,275.88</u></u>

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 13: CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS (CONTINUED)

Based on the preceding calculation, as of June 30, 2018, \$2,023,392.88 is reported as Restricted Fund Balance Excess Surplus and is required to be appropriated for property tax relief in the 2019-20 budget. \$1,113,883.00 is reported as Restricted Fund Balance Excess Surplus Designated for Subsequent Year's Expenditure and is required to be appropriated for property tax relief in the 2018-19 budget.

NOTE 14: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2018:

<u>Fund</u>	<u>Interfund Balance</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,010,838.32	\$
Special Revenue Fund		883,222.06
Enterprise Fund		127,449.26
Fiduciary Fund		167.00
	\$ 1,010,838.32	\$ 1,010,838.32

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were received.

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Sayreville Borough Board of Education in prior years for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department of Education, 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 (June 1 to June 30) of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special election dates authorized by N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 15: CAPITAL RESERVE ACCOUNT (CONTINUED)

The activity of the capital reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Balance, June 30, 2017 (Budgetary Basis)	\$	1,498,262.83
Interest Earnings		5,510.33
Deposits:		
Board Resolution dated 06/26/18	\$	1,000,000.00
Unexpended Appropriations		<u>79,604.16</u>
		<u>1,079,604.16</u>
		2,583,377.32
Withdrawals:		
Budget		300,000.00
Board Resolution dated 05/01/18		34,500.00
Board Resolution dated 05/15/18		<u>419,234.02</u>
		<u>753,734.02</u>
Balance, June 30, 2018 (Budgetary Basis)	\$	<u><u>1,829,643.30</u></u>

NOTE 16: MAINTENANCE RESERVE ACCOUNT

In accordance with N.J.S.A. 18A:7G-13, a Maintenance reserve account was established by the District. The Maintenance reserve account is maintained in the general fund.

A district board of education or board of school estimate, as appropriate, may increase the balance in the maintenance reserve account by appropriating funds in the annual general fund budget certified for taxes.

A district board of education or board of school estimate, as appropriate, may by resolution withdraw such funds from the maintenance reserve account and appropriate into the required maintenance account lines at budget time or any time during the year for use on required maintenance activities for a school facility as reported in the comprehensive maintenance plan pursuant to N.J.A.C. 6A:26A-4.

The district board of education shall ensure that the maintenance reserve account balance does not, at any time, exceed four percent of the replacement cost of the school district's school facilities for the current year. If the account exceeds this maximum amount at June 30, the district board of education shall reserve and designate such excess in the subsequent year's budget.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 16: MAINTENANCE RESERVE ACCOUNT (CONTINUED)

At June 30, 2018, the balance of the Maintenance Reserve Account was \$1,001,009.03 and is within the statutory limitations.

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Balance, June 30, 2017	\$	1,003.96
Interest Earnings		5.07
Deposits:		
Board Resolution dated 06/26/18	\$	<u>1,000,000.00</u>
		<u>1,000,000.00</u>
Balance, June 30, 2018	\$	<u><u>1,001,009.03</u></u>

NOTE 17: EMERGENCY RESERVE ACCOUNT

In accordance with N.J.S.A. 18A:7F-41c(1), an emergency reserve account was established by the District by Board Resolution dated June 26, 2018. The emergency reserve account is maintained in the general fund.

The funds in the reserve shall be used to finance unanticipated general fund current expense costs required for T&E. For the purpose of the emergency reserve account “unanticipated” shall mean reasonably unforeseeable and shall not include additional costs caused by poor planning or error.

The account balance is not to exceed \$250,000 or one percent of the district’s general fund budget up to a maximum of \$1,000,000 whichever is greater. Withdrawals require approval by the Commissioner.

At June 30, 2018, the balance of the Emergency Reserve Account was \$250,000 and is within the statutory limitations.

The activity of the emergency reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Deposits:		
Board Resolution dated 06/26/18	\$	<u>250,000.00</u>
Balance, June 30, 2018	\$	<u><u>250,000.00</u></u>

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 18: INVENTORY

Inventory in the Food Service Fund at June 30, 2018 consisted of the following:

Food and Supplies	<u>\$90,941.36</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act Amendment of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 19: TAX ABATEMENTS

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

The District has identified several agreements that have been entered into by Sayreville Borough that require disclosure under this statement. The gross dollar amount, on an accrual basis, by which the District's property tax revenues were potentially reduced during the reporting period as a result of tax abatement agreements totaled \$3,130,567.43. It is important to note that the District Tax Levy is guaranteed to be paid in full by the municipalities and that the District collected its full tax levy for FY2018.

The property owner under the terms of these agreements are required to pay the municipalities an annual service charge in lieu of taxes. In certain cases, a portion of this fee is remitted to the school district. As of the date of the audit the amount due to the District has not been finalized.

Sayreville Borough School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2018

NOTE 20: RESTATEMENT

The following restatement was required for the net position in Governmental Activities:

	<u>Governmental Activities</u>
Beginning Net Position 06/30/17	\$ 18,448,494.37
Adjustments:	
Net Investment in Capital Assets	\$ (356,958.00)
Bond Issuance Costs	(163,091.87)
Unamortized Loss on Refunding Debt	(280,996.00)
Unamortized Premium on Refunding Debt	80,396.00
Deferred Amount Related to Pension	<u>(1,035,825.00)</u>
	<u>(1,756,474.87)</u>
Beginning Net Position 06/30/17 (As Restated)	\$ <u>16,692,019.50</u>

NOTE 21: SUBSEQUENT EVENTS

The Board of Education has evaluated subsequent events occurring after the financial statement date through February 12, 2019 which is the date the financial statements were available to be issued. The District has determined that there are no material subsequent events that need to be disclosed.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

SAYREVILLE BOROUGH SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
REVENUES					
Local sources:					
Local tax levy	\$60,289,602.00		\$60,289,602.00	\$60,289,602.00	\$58,499.05
Tuition from Individuals				58,499.05	(34,115.69)
Tuition from other LEAs within the State	200,000.00		200,000.00	165,884.31	85,218.29
Transportation fees from other LEAs				46,758.43	46,758.43
Rents and Royalties				5.07	5.07
Interest earned on Maintenance Reserve				5,510.33	5,510.33
Interest earned on Capital Reserve	245,652.00		245,652.00	192,811.61	(52,840.39)
Unrestricted Miscellaneous Revenues					
Total-local sources	60,735,254.00		60,735,254.00	60,844,289.09	109,035.09
State sources:					
Categorical Transportation Aid	573,421.00		573,421.00	573,421.00	
Extraordinary Aid	900,000.00		900,000.00	658,895.00	(241,105.00)
Categorical Special Education Aid	3,677,408.00		3,677,408.00	3,677,408.00	
Equalization Aid	15,439,972.00	\$999,361.00	16,439,333.00	16,439,333.00	
Security Aid	955,521.00		955,521.00	955,521.00	
Under Adequacy Aid	500,000.00		500,000.00	500,000.00	
PARCC Readiness Aid	61,380.00		61,380.00	61,380.00	
Per Pupil Growth Aid	61,380.00		61,380.00	61,380.00	
Professional Learning Community Aid	61,860.00		61,860.00	61,860.00	
Other State Aid	25,000.00		25,000.00	70,930.00	45,930.00
Lead Testing				7,104.23	7,104.23
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				131,680.00	131,680.00
On-behalf TPAF Pension (non-budgeted)				5,426,183.00	5,426,183.00
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				9,085.00	9,085.00
On-behalf TPAF Post Retirement Contributions (non-budgeted)				3,589,705.00	3,589,705.00
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,944,098.35	2,944,098.35
Total - state sources	22,255,942.00	999,361.00	23,255,303.00	35,167,983.58	11,912,680.58
Federal sources:					
Medicaid reimbursement	104,348.00		104,348.00	157,287.03	52,939.03
JROTC program	104,348.00		104,348.00	55,788.53	55,788.53
Total revenues	\$83,095,544.00	\$999,361.00	\$84,094,905.00	\$96,225,348.23	\$12,130,443.23

SAYREVILLE SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

EXPENDITURES	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
CURRENT EXPENSE:					
Regular programs - Instruction:					
Salaries of teachers:					
Kindergarten	\$1,483,386.00	\$78,575.61	\$1,561,961.61	\$1,561,211.61	\$750.00
Grades 1-5	8,943,945.00	(90,188.13)	8,853,756.87	8,769,008.48	84,748.39
Grades 6-8	5,882,754.00	(14,655.90)	5,868,098.10	5,783,416.92	84,681.18
Grades 9-12	7,260,909.00	100,000.00	7,360,909.00	7,320,750.33	40,158.67
Total Salaries of teachers:	23,570,994.00	73,731.58	23,644,725.58	23,434,387.34	210,338.24
Regular Programs - Home Instruction:					
Salaries of teachers	100,000.00	32,942.00	132,942.00	132,942.00	
Purchased professional educational services	40,000.00	(15,836.91)	24,163.09	23,107.09	1,056.00
Total Regular Programs - Home Instruction:	140,000.00	17,105.09	157,105.09	156,049.09	1,056.00
Regular programs - undistributed instruction:					
Other Salaries for Instruction	199,739.00	6,397.47	206,136.47	176,848.06	29,288.41
Purchased Professional-Educational Services	334,044.00	13,159.73	347,203.73	333,260.37	13,943.36
Purchased Technical Services	139,387.00	(99,220.06)	40,166.94	20,852.77	19,314.17
Other Purchased Services(400-500 series)	281,266.00	359,953.04	641,219.04	641,219.04	
General supplies	1,303,540.00	171,773.13	1,475,313.13	1,171,542.30	303,770.83
Textbooks	112,780.00	(1,440.00)	111,340.00	78,797.15	32,542.85
Other Objects	10,475.00	1,440.00	11,915.00	2,303.03	9,611.97
Total Regular programs - undistributed instruction	2,381,231.00	452,063.31	2,833,294.31	2,424,822.72	408,471.59
Total Regular Programs - Instruction	\$26,092,225.00	\$542,899.98	\$26,635,124.98	\$26,015,259.15	\$619,865.83

SAYREVILLE SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Special education:					
Behavioral Disabilities:					
Salaries of teachers	\$194,062.00	\$121.00	\$194,183.00	\$194,003.00	\$180.00
Other salaries for instruction	60,128.00	(16,347.74)	43,780.26	43,695.26	85.00
General Supplies	10,000.00		10,000.00	7,743.95	2,256.05
Total Behavioral Disabilities:	264,190.00	(16,226.74)	247,963.26	245,442.21	2,521.05
Multiple Disabilities:					
Salaries of teachers	687,083.00	22,707.52	709,790.52	709,705.52	85.00
Other salaries for instruction	644,833.00	(564,579.36)	80,253.64	73,502.07	6,751.57
General supplies	18,000.00	(1,974.69)	16,025.31	10,649.84	5,375.47
Total Multiple Disabilities:	1,349,916.00	(543,846.53)	806,069.47	793,857.43	12,212.04
Resource room/resource center:					
Salaries of teachers	6,890,397.00	(37,575.07)	6,852,821.93	6,834,708.03	18,113.90
Other salaries for instruction	125,791.00	503,188.42	628,979.42	628,979.42	
General supplies	10,000.00	6,600.00	16,600.00	11,360.99	5,239.01
Textbooks	10,000.00	(10,000.00)			
Total Resource room/resource center	7,036,188.00	462,213.35	7,498,401.35	7,475,048.44	23,352.91
Preschool disabilities-part -time:					
Salaries of teachers	448,640.00	(59,705.38)	388,934.62	383,703.02	5,231.60
Other salaries for instruction	14,022.00	13,166.09	27,188.09	27,188.09	
General supplies	7,500.00		7,500.00	7,434.21	65.79
Total Preschool disabilities-part -time	470,162.00	(46,539.29)	423,622.71	418,325.32	5,297.39
Preschool disabilities-full -time:					
Salaries of teachers	467,473.00	84,953.79	552,426.79	536,567.83	15,858.96
Other salaries for instruction	270,432.00	46,130.70	316,562.70	307,625.85	8,936.85
General Supplies	7,500.00		7,500.00	7,376.45	123.55
Total Preschool disabilities-full -time	745,405.00	131,084.49	876,489.49	851,570.13	24,919.36
Total special education	\$9,865,861.00	(\$13,314.72)	\$9,852,546.28	\$9,784,243.53	\$68,302.75

SAYREVILLE SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Basic skills/remedial:					
Salaries of teachers	\$1,685,510.00	(\$5,138.00)	\$1,680,372.00	\$1,575,035.14	\$105,336.86
Total basic skills/remedial	1,685,510.00	(5,138.00)	1,680,372.00	1,575,035.14	105,336.86
Bilingual education:					
Salaries of teachers	271,999.00	15,654.00	287,653.00	285,255.00	2,398.00
Total bilingual education	271,999.00	15,654.00	287,653.00	285,255.00	2,398.00
School sponsored cocurricular activities:					
Salaries	202,000.00	(5,419.75)	196,580.25	190,514.50	6,065.75
Purchased Services (300-500 Series)		700.00	700.00	700.00	
Supplies And Materials	48,100.00		48,100.00	20,680.53	27,419.47
Other Objects	44,000.00	(700.00)	43,300.00	40,511.91	2,788.09
Total school sponsored cocurricular activities	294,100.00	(5,419.75)	288,680.25	252,406.94	36,273.31
School sponsored athletics:					
Salaries	605,000.00	5,419.75	610,419.75	610,419.75	
Purchased Services (300-500 Series)	114,409.00		114,409.00	76,965.57	37,443.43
Supplies and Materials	117,500.00		117,500.00	114,002.94	3,497.06
Other Objects	21,575.00		21,575.00	13,472.47	8,102.53
Total school sponsored athletics	858,484.00	5,419.75	863,903.75	814,860.73	49,043.02
Community Service Programs/Operations:					
Salaries	5,000.00		5,000.00	3,319.61	1,680.39
Total Community Service Programs/Operations	5,000.00		5,000.00	3,319.61	1,680.39
Total - instruction	39,073,179.00	540,101.26	39,613,280.26	38,730,380.10	882,900.16
Undistributed expenditures:					
Instruction:					
Tuition to other LEA's within the state-regular	141,706.00	(1,413.60)	140,292.40	67,846.16	72,446.24
Tuition to other LEA's within the state-special	331,585.00	(184,464.50)	147,120.50	52,976.79	94,143.71
Tuition to CSSD and regional day schools	552,483.00	(140,586.40)	411,896.60	343,443.58	68,453.02
Tuition to private schools for the handicapped with state	1,781,486.00	307,930.00	2,089,416.00	1,892,846.99	196,569.01
Tuition-State Facilities	98,856.00		98,856.00	98,856.00	
Tuition-Other	56,912.00	12,000.00	68,912.00	68,837.00	75.00
Total undistributed expenditures - instruction	\$2,963,028.00	(\$6,534.50)	\$2,956,493.50	\$2,524,806.52	\$431,686.98

SAYREVILLE SCHOOL DISTRICT
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COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Attendance and Social Work:					
Purchased Professional and Technical Services	\$5,000.00		\$5,000.00		\$5,000.00
Total Attendance and Social Work	5,000.00		5,000.00		5,000.00
Health services:					
Salaries	757,039.00	(\$37,971.76)	719,067.24	\$714,853.04	4,214.20
Purchased professional and technical services	13,000.00	49,828.00	62,828.00	56,152.70	6,675.30
Supplies and materials	17,164.00	2,571.98	19,735.98	16,188.18	3,547.80
Total health services	787,203.00	14,428.22	801,631.22	787,193.92	14,437.30
Other support services - student related services:					
Salaries	1,479,872.00		1,479,872.00	1,470,713.69	9,158.31
Purchased Professional - Educational Services	120,000.00	396,778.94	516,778.94	489,060.94	27,718.00
Supplies and materials	4,500.00	2,500.00	7,000.00	6,540.11	459.89
Total other support services - students related services	1,604,372.00	399,278.94	2,003,650.94	1,966,314.74	37,336.20
Other support services- Students- Extra Services					
Salaries	829,117.00	30,840.01	859,957.01	859,467.18	489.83
Purchased Professional - Educational Services	866,200.00	(471,177.50)	395,022.50	381,908.09	13,114.41
Total other support services- Students- Extra Services	1,695,317.00	(440,337.49)	1,254,979.51	1,241,375.27	13,604.24
Other support services - students - regular:					
Salaries of other professional staff	1,235,055.00	(8,711.38)	1,226,343.62	1,174,007.08	52,336.54
Salaries of secretarial and clerical assistants	154,545.00	1,321.98	155,866.98	154,914.74	952.24
Other Salaries	92,754.00	4,628.00	97,382.00	97,382.00	
Unused Vacation Payment to Terminated/Retired Staff		7,106.10	7,106.10	7,106.10	
Purchased Professional - Educational Services	47,250.00	(956.00)	46,294.00	37,315.03	8,978.97
Other Purchased Prof. and Tech. Services	84,500.00	8,607.22	93,107.22	93,107.22	
Other Purchased Services (400-500 series)	3,500.00	1,872.00	5,372.00	1,872.00	3,500.00
Supplies and Materials	19,800.00	(1,600.00)	18,200.00	11,810.11	6,389.89
Other objects	600.00		600.00	239.00	361.00
Total other support services - students - regular	\$1,638,004.00	\$12,267.92	\$1,650,271.92	\$1,577,753.28	\$72,518.64

SAYREVILLE SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other support services - students - child study teams:					
Salaries of other professional staff	\$1,265,678.00	(\$13,170.64)	\$1,252,507.36	\$1,247,164.93	\$5,342.43
Salaries of secretarial and clerical assistants	164,835.00	4,950.23	169,785.23	169,785.23	
Other Purchased Prof. and Tech. Services	7,500.00	80,424.00	87,924.00	54,660.00	33,264.00
Other Purchased Services (400-500 Series)	8,700.00	(900.00)	7,800.00	4,167.45	3,632.55
Misc. Pur Serv (400-500 series or/ than resid. Costs)	31,000.00		31,000.00	31,000.00	
Supplies and Materials	46,547.40	4,023.06	50,570.46	43,466.68	7,103.78
Other Objects		2,300.00	2,300.00	2,300.00	
Total other support services - students - child study team	1,524,260.40	77,626.65	1,601,887.05	1,552,544.29	49,342.76
Improvement of instruction services:					
Salaries of Supervisors of Instruction	1,028,598.00	(103,719.12)	924,878.88	864,816.12	60,062.76
Salaries of secretarial and clerical assistants	48,494.00	178.96	48,672.96	48,566.43	106.53
Other Salaries	50,000.00	(16,061.84)	33,938.16	23,400.00	10,538.16
Unused Vacation Payment to Terminated/Retired Staff		27,932.62	27,932.62	27,932.62	
Purchased Prof- Educational Services	55,500.00	(138.95)	55,361.05	55,361.05	
Total Improvement of instruction services:	1,182,592.00	(91,808.33)	1,090,783.67	1,020,076.22	70,707.45
Educational media services/school library:					
Salaries	582,897.00	54,010.87	636,907.87	623,934.81	12,973.06
Purchased Professional and Technical Services	7,000.00	2,944.92	9,944.92	9,840.97	103.95
Supplies and Materials	39,272.00	(2,030.08)	37,241.92	26,765.96	10,475.96
Other Objects		65.00	65.00	65.00	
Total educational media services/school library	629,169.00	54,990.71	684,159.71	660,606.74	23,552.97
Instructional Staff Training Services:					
Salaries of Other Professional Staff	5,000.00	28,750.00	33,750.00	28,634.10	5,115.90
Purchased Professional - Educational Services		3,000.00	3,000.00	3,000.00	
Other Purchased Professional and Technical Services	2,000.00		2,000.00	1,708.00	292.00
Other Purchased Services (400-500)	70,000.00	(3,000.00)	67,000.00	56,315.67	10,684.33
Supplies and Materials	3,700.00		3,700.00	3,700.00	
Total instructional staff training services:	\$80,700.00	\$28,750.00	\$109,450.00	\$89,657.77	\$19,792.23

SAYREVILLE SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS AND AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE/ (UNFAVORABLE)</u>
Support services general administration:					
Salaries	\$623,751.00	\$31,504.15	\$655,255.15	\$652,326.98	\$2,928.17
Legal services	144,000.00		144,000.00	78,211.00	65,789.00
Audit Fees	29,200.00		29,200.00	28,625.00	575.00
Other purchased professional services	34,500.00	52,033.88	86,533.88	15,332.06	71,201.82
Purchased Technical Services	53,500.00	24,539.88	78,039.88	77,434.88	605.00
Communications/telephone	280,620.00	(14,322.56)	266,297.44	246,403.50	19,893.94
Other purchased services	360,028.00	(53,506.85)	306,521.15	306,481.89	39.26
General supplies	12,000.00	(2,190.15)	9,809.85	6,250.59	3,559.26
BOE in-house training/meeting supplies	2,000.00	2,798.18	4,798.18	4,798.18	
Judgements	17,000.00		17,000.00		17,000.00
Miscellaneous expenditures	12,000.00	40,645.00	52,645.00	52,336.45	308.55
BOE membership dues and fees	27,000.00		27,000.00	26,764.89	235.11
Total support services general administration	1,595,599.00	81,501.53	1,677,100.53	1,494,965.42	182,135.11
Support services school administration:					
Salaries of principals/asst. principals	1,866,477.00	217,762.22	2,084,239.22	2,060,226.30	24,012.92
Salaries of secretarial and clerical assistants	696,894.00	7,259.68	704,153.68	676,961.52	27,192.16
Unused Vacation Payment to Terminated/Retired Staff	6,000.00	11,873.10	11,873.10	11,873.10	
Purchased Professional and Technical Services	199,018.00	(11,568.42)	187,449.58	1,711.00	4,289.00
Supplies and Materials	31,978.00	(103.33)	31,874.67	25,870.30	65,099.37
Other objects	58,600.00	2,802.86	61,402.86	45,618.94	6,004.37
Total support services school administration	2,858,967.00	228,026.11	3,086,993.11	2,944,611.37	142,381.74
Central Services:					
Salaries	509,649.00	77,106.00	586,755.00	585,370.92	1,384.08
Unused Vacation Payment to Terminated/Retired Staff	4,000.00	1,387.82	4,000.00	1,387.82	
Purchased professional services	128,300.00	(12,072.79)	116,227.21	2,050.00	1,950.00
Purchased Technical Services	8,500.00	(911.99)	7,588.01	69,933.46	46,293.75
Misc. purchased services (400-500 series)	11,312.00	1,348.72	12,660.72	7,588.01	3,869.18
Supplies and materials	19,810.00	(8,074.93)	11,735.07	8,791.54	3,272.66
Interest on Lease Purchase Agreements	6,630.00	3,955.25	10,585.25	8,462.41	949.89
Miscellaneous expenditures	\$688,201.00	\$62,738.08	\$750,939.08	\$693,219.52	\$57,719.56
Total central services					

SAYREVILLE SCHOOL DISTRICT
GENERAL FUND
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IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Administrative Information Technology:					
Salaries	\$386,772.00	\$67,345.05	\$454,117.05	\$454,117.05	\$2,483.87
Purchased professional services	88,900.00	(17,799.57)	71,100.43	68,616.56	26,461.91
Purchased Technical Services	601,556.00	(130,487.59)	471,068.41	444,606.50	
Other Purchased Services (400- 500 series)	88,992.00	60,861.30	149,853.30	149,853.30	
Supplies and Materials	49,356.25	21,036.26	70,392.51	64,134.56	6,257.95
Total Administrative Information Technology:	1,215,576.25	955.45	1,216,531.70	1,181,327.97	35,203.73
Required Maintenance for School Facilities:					
Salaries	544,394.00	(2,829.14)	541,564.86	540,688.98	875.88
Unused Vacation Payment to Terminated/Retired Staff		2,829.14	2,829.14	2,829.14	
Cleaning, Repair and Maintenance Services	520,028.71	(31,000.00)	489,028.71	314,595.59	174,433.12
General supplies	163,684.60		163,684.60	95,188.04	68,496.56
Other objects	14,500.00		14,500.00	10,660.94	3,839.06
Total Required Maintenance for School Facilities	1,242,607.31	(31,000.00)	1,211,607.31	963,962.69	247,644.62
Other operation and maint. of plant :					
Salaries	2,194,508.00	36,560.40	2,231,068.40	2,155,710.32	75,358.08
Unused Vacation Payment to Terminated/Retired Staff		11,956.09	11,956.09	11,956.09	
Purchased professional and technical services	28,500.00		28,500.00	22,791.70	5,708.30
Other purchased property services	5,000.00		5,000.00	4,691.20	308.80
Insurance	267,435.00	24,656.00	292,091.00	292,091.00	
General supplies	132,750.00	(7,037.47)	125,712.53	100,041.03	25,671.50
Energy (Natural Gas)	330,285.00		330,285.00	318,153.85	12,131.15
Energy (Electricity)	662,404.00		662,404.00	624,508.62	37,895.38
Total other operation and maint. of plant	3,620,882.00	66,135.02	3,687,017.02	3,529,943.81	157,073.21
Care & Upkeep of Grounds					
Salaries	132,510.00	(4,356.00)	128,154.00	101,052.95	27,101.05
Unused Vacation Payment to Terminated/Retired Staff		4,356.00	4,356.00	4,356.00	
Cleaning, Repair and Maintenance Services	186,433.50		186,433.50	72,869.42	113,564.08
General supplies	30,292.00		30,292.00	15,572.23	14,719.77
Total Care and Upkeep of Grounds	\$349,235.50		\$349,235.50	\$193,850.60	\$155,384.90

SAYREVILLE SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Security					
Salaries	\$168,832.00	\$140,433.78	\$309,265.78	\$309,265.78	
Purchased Professional & Technical Services (300-500)	135,913.60	(6,721.34)	129,192.26	129,192.26	
General Supplies		45,565.05	45,565.05	15,892.72	\$29,672.33
Total Security	304,745.60	179,277.49	484,023.09	454,350.76	29,672.33
Total operation and maintenance of plant services	5,517,470.41	214,412.51	5,731,882.92	5,142,107.86	589,775.06
Student transportation services:					
Salaries of Non-Instructional Aides	181,905.00	26,368.97	208,263.97	208,263.97	
Salaries for pupil transportation (between home and school)-regular	715,516.00	28,732.93	744,248.93	743,395.80	853.13
Salaries for pupil transportation (between home and school)-Special Ed	516,280.00	56,035.06	572,315.06	572,315.06	
Salaries for pupil transportation (other than between home & school)	90,000.00	(424.90)	89,575.10	89,212.77	362.33
Purchased professional and technical services	23,190.00	8,500.00	31,690.00	21,444.70	10,245.30
Cleaning, Repair and Maintenance Services	50,234.91	2,000.00	52,234.91	51,405.92	828.99
Rental Payments - School Buses	2,400.00	35,595.00	37,995.00	32,690.10	5,304.90
Lease Purchase Payments - School Buses	111,467.00	(14,052.65)	97,414.35	94,760.39	2,653.96
Contract. Serv. - Aid in Lieu Pymts-NonPub Sch	216,580.00		216,580.00	178,763.52	37,816.48
Contracted Services - between home and school vendor	1,707,358.00	(19,790.00)	1,687,568.00	1,621,389.40	66,178.60
Contracted services (other than btw home & school)-vendors	34,000.00	50,750.00	84,750.00	72,685.17	12,064.83
Contract. Serv. (Sp Ed Stds) - Vendors	752,085.00	(167,004.31)	585,080.69	535,723.29	49,357.40
Contracted services (regular students) - ESCs & CTSAS	686,787.00	(39,379.06)	647,407.94	602,174.17	45,233.77
Miscellaneous purchased services - Transportation(580-590)	12,000.00	15,037.00	27,037.00	27,037.00	
General Supplies	200,000.00	(25,774.01)	174,225.99	165,641.71	8,584.28
Other Objects	5,350.00	(750.00)	4,600.00	3,016.04	1,583.96
Total student transportation services	\$5,305,152.91	(\$44,165.97)	\$5,260,986.94	\$5,019,919.01	\$241,067.93

SAYREVILLE SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	\$1,021,250.00		\$1,021,250.00	\$1,000,902.34	\$20,347.66
Other retirement contributions - regular	1,187,560.00	\$4,236.21	1,191,796.21	1,137,717.61	54,078.60
Unemployment Compensation	80,000.00	(4,236.21)	75,763.79		75,763.79
Workers Compensation	638,327.00	(32,629.00)	605,698.00	605,698.00	
Health Benefits	12,585,216.00	(293,742.95)	12,291,473.05	10,761,347.62	1,530,125.43
Tuition Reimbursements	115,000.00	30,000.00	145,000.00	139,531.81	5,468.19
Other Employee Benefits	541,350.00		541,350.00	349,678.41	191,671.59
Unused Sick Payment to Terminated/Retired Staff	275,000.00		275,000.00	82,633.94	192,366.06
Total Unallocated Benefits - Employee Benefits:	16,443,703.00	(296,371.95)	16,147,331.05	14,077,509.73	2,069,821.32
Total personal services	16,443,703.00	(296,371.95)	16,147,331.05	14,077,509.73	2,069,821.32
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				131,680.00	(131,680.00)
On-behalf TPAF Pension (non-budgeted)				5,426,183.00	(5,426,183.00)
On-behalf TPAF Long-Term Disability Insurance (non-budgeted)				9,085.00	(9,085.00)
On-behalf TPAF Post Retirement Contributions (non-budgeted)				3,589,705.00	(3,589,705.00)
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,944,098.35	(2,944,098.35)
Total Undistributed Expenditures	45,734,314.97	295,757.88	46,030,072.85	54,074,740.98	(8,044,668.13)
TOTAL EXPENDITURES - CURRENT EXPENSE FUND 11	84,807,493.97	835,859.14	85,643,353.11	92,805,121.08	(7,161,767.97)
CAPITAL OUTLAY:					
Equipment:					
Undistributed Expenditures - Instruction	139,000.00	(51,145.62)	87,854.38	74,797.50	13,056.88
Undistributed Expenditures - Central Services		2,610.00	2,610.00		2,610.00
Undist. Expend. - Required Maintenance for School Facilities	27,774.00	148,505.47	176,279.47	152,141.73	24,137.74
School Buses - Special		61,789.00	61,789.00	61,788.44	0.56
Reg Programs-Grades 1-5		8,400.00	8,400.00	8,400.00	
Reg Programs-Grades 9-12		3,343.00	3,343.00	3,343.00	
Total Equipment	\$166,774.00	\$173,501.85	\$340,275.85	\$300,470.67	\$39,805.18

SAYREVILLE SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Facilities acquisition and construction services:					
Architectural/Engineering Services	\$57,744.62	\$46,500.00	\$104,244.62	\$34,474.78	\$69,769.84
Construction services	606,721.83	407,234.02	1,013,955.85	504,039.21	509,916.64
Assessment for Debt Service on SDA Funding	298,533.00		298,533.00	298,533.00	
Total facilities acquis. and const. services	962,999.45	453,734.02	1,416,733.47	837,046.99	579,686.48
Assets acquired under capital leases (non-budgeted)					
Undistributed expenditures:					
Administrative Info Technology				591,418.89	(591,418.89)
Transportation				163,000.00	(163,000.00)
Total assets acquired under capital leases (non-budgeted)				754,418.89	(754,418.89)
TOTAL CAPITAL OUTLAY	1,129,773.45	627,235.87	1,757,009.32	1,891,936.55	(134,927.23)
SPECIAL SCHOOLS					
Summer Schools - Instruction	150,000.00		150,000.00	87,219.20	62,780.80
Salaries of Teachers	150,000.00		150,000.00	87,219.20	62,780.80
TOTAL SPECIAL SCHOOLS	250,569.00	(10,000.00)	240,569.00	186,129.00	54,440.00
Transfer of Funds to Charter Schools	86,337,836.42	1,453,095.01	87,790,931.43	94,970,405.83	(7,179,474.40)
TOTAL EXPENDITURES	(\$3,242,292.42)	(\$453,734.01)	(\$3,696,026.43)	\$1,254,942.40	\$4,950,968.83
Excess (deficiency) of revenues over (under) expenditures					

SAYREVILLE SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS AND AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
Other financing sources (uses):					
Transfer from other funds	\$110,000.00		\$110,000.00	\$110,000.00	
Capital leases (non-budgeted)				754,418.89	\$754,418.89
Total other financing sources (uses)	<u>110,000.00</u>		<u>110,000.00</u>	<u>864,418.89</u>	<u>754,418.89</u>
Excess (deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Sources	(3,132,292.42)	(\$453,734.01)	(3,586,026.43)	2,119,361.29	5,705,387.72
Fund balances, July 1	<u>7,378,780.41</u>		<u>7,378,780.41</u>	<u>7,378,780.41</u>	
Fund balances, June 30	<u>\$4,246,487.99</u>	<u>(\$453,734.01)</u>	<u>\$3,792,753.98</u>	<u>\$9,498,141.70</u>	<u>\$5,705,387.72</u>
Recapitulation:					
Restricted:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$1,113,883.00	
Excess Surplus - Current Year				2,023,392.88	
Maintenance Reserve				1,001,009.03	
Capital Reserve				1,829,643.30	
Emergency Reserve				250,000.00	
Assigned:					
Designated for Subsequent Year's Expenditures				771,117.00	
Encumbrances				820,861.78	
Unassigned				1,688,234.71	
				<u>\$9,498,141.70</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(2,172,829.00)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$7,325,312.70</u>	

SAYREVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
State sources	\$ 148,824.00	\$ 48,753.00	\$ 197,577.00	\$ 183,249.02	\$ (14,327.98)
Federal sources	1,949,608.00	664,374.00	2,613,982.00	2,276,925.26	(337,056.74)
Other sources	<u>8,400.00</u>	<u>8,400.00</u>	<u>8,400.00</u>	<u>8,400.00</u>	<u>8,400.00</u>
Total revenues	<u>2,098,432.00</u>	<u>721,527.00</u>	<u>2,819,959.00</u>	<u>2,468,574.28</u>	<u>(351,384.72)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	385,245.40	205,586.77	590,832.17	516,772.41	74,059.76
Other salaries	45,059.65	64,424.52	109,484.17	91,388.00	18,096.17
Purchased professional services	13,896.00	13,445.00	27,341.00	25,071.08	2,269.92
Other purchased services	65,450.00	21,710.00	87,160.00	75,630.00	11,530.00
Tuition	1,040,466.00	152,996.00	1,193,462.00	1,143,639.07	49,822.93
Supplies and materials	45,647.00	98,180.13	143,827.13	68,346.43	75,480.70
Textbooks	<u>17,000.00</u>	<u>1,296.00</u>	<u>18,296.00</u>	<u>18,084.78</u>	<u>211.22</u>
Total instruction	<u>1,612,764.05</u>	<u>557,638.42</u>	<u>2,170,402.47</u>	<u>1,938,931.77</u>	<u>231,470.70</u>
Support services:					
Salaries	97,904.00	(4,754.00)	93,150.00	41,311.50	51,838.50
Personal services - employee benefits	100,162.95	33,998.71	134,161.66	133,576.44	585.22
Purchased professional - technical services	14,071.00	14,071.00	14,071.00	4,100.00	9,971.00
Purchased professional - educational services	175,000.00	26,563.00	201,563.00	191,880.00	9,683.00
Other purchased services	75,959.00	67,704.00	143,663.00	135,778.30	7,884.70
Supplies and materials	<u>36,642.00</u>	<u>25,548.00</u>	<u>62,190.00</u>	<u>22,996.27</u>	<u>39,193.73</u>
Total support services	<u>485,667.95</u>	<u>163,130.71</u>	<u>648,798.66</u>	<u>529,642.51</u>	<u>119,156.15</u>
Facilities acquisition and construction services:					
Instructional equipment	<u>757.87</u>	<u>757.87</u>	<u>757.87</u>	<u>757.87</u>	<u>757.87</u>
Total facilities acquisition and construction serv.	<u>757.87</u>	<u>757.87</u>	<u>757.87</u>	<u>757.87</u>	<u>757.87</u>
Total expenditures	<u>2,098,432.00</u>	<u>721,527.00</u>	<u>2,819,959.00</u>	<u>2,468,574.28</u>	<u>351,384.72</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

SAYREVILLE BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Note A - Explanation of difference between budgetary inflows and outflows and GAAP Revenues and Expenditures

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$96,225,348.23	\$2,468,574.28
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State Grants		
Federal Grants		
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year	(2,172,829.00)	
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	2,091,857.00	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	\$96,144,376.23	\$2,468,574.28
Uses/outflows of resources		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$94,970,405.83	\$2,468,574.28
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.		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$94,970,405.83	\$2,468,574.28

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

SAYREVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2017	0.1173570789%	\$ 27,318,852	\$ 7,890,934	346.21%	48.09%
2016	0.1165963140%	34,532,484	8,072,478	427.78%	40.14%
2015	0.1152490806%	25,871,109	7,915,231	326.85%	47.92%
2014	0.1168082056%	21,869,691	7,630,444	286.61%	52.08%
2013	0.1207477986%	23,077,303	*		48.72%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

* Data was not provided by School District.

SAYREVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2018	\$ 1,087,188	\$ (1,087,188)	\$ -0-	7,760,554	14.01%
2017	1,035,825	(1,035,825)	-0-	7,890,934	13.13%
2016	990,833	(990,833)	-0-	8,072,478	12.27%
2015	962,950	(962,950)	-0-	7,915,231	12.17%
2014	909,810	(909,810)	-0-	7,630,444	11.92%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

SAYREVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion Share of the Net Pension Liability (Asset) as a percentage of it's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2017	0.3622764728%	\$ -0-	\$ 40,060,558	-0-	25.41%
2016	0.3387972733%	-0-	37,395,419	-0-	22.33%
2015	0.3445131159%	-0-	36,572,793	-0-	28.71%
2014	0.3626118465%	-0-	33,967,435	-0-	33.64%
2013	0.3472433264%	-0-	*	-0-	33.76%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

* Data was not provided by School District.

SAYREVILLE BOROUGH SCHOOL DISTRICT
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)
NOTE TO RSI III
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Public Employees Retirement System

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.98% to 5.00% as of June 30, 2017.

Teacher Pension and Annuity Fund

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.22% to 4.25% as of June 30, 2017.

SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (GASB 75)

BOROUGH OF SAYREVILLE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL
OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

	Fiscal Year Ended June <u>30, 2018</u>
Changes for the year:	
Service cost	\$9,046,240
Interest	5,811,063
Changes in assumptions or other inputs	(24,886,793)
Benefit payments	(4,233,299)
Contributions from Members	155,881
Net changes	(14,106,908)
Beginning Balance	\$196,875,089
Ending Balance	\$182,768,181
Covered Employee Payroll	47,951,492
Total OPEB Liability as a percentage of Covered Employee Payroll	-0-
Change of Benefit Terms:	
No Change in Benefits terms between the June 30, 2016 actuarial valuation and the June 30, 2017 actuarial valuation.	
Change of Assumptions:	
The Discount Rate Changed from 2.85% at the June 30, 2016 measurement date to 3.58% at the 6/30/2017 measurement date.	

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

SAYREVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>TITLE I</u>	<u>TITLE II.A</u>	<u>TITLE III</u>	<u>TITLE III</u> <u>IMMIGRANT</u>	<u>IDEA PART B</u>
REVENUES:					
State sources	\$ 607,433.58	\$ 126,223.66	\$ 22,395.16	\$ 14,273.21	\$ 1,391,944.65
Federal sources					
Other sources					
Total revenues	<u>\$ 607,433.58</u>	<u>\$ 126,223.66</u>	<u>\$ 22,395.16</u>	<u>\$ 14,273.21</u>	<u>\$ 1,391,944.65</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 388,754.96	\$ 21,610.00	\$ 9,934.00	\$ 68,110.20	\$ 68,110.20
Other salaries	81,454.00				20,706.08
Purchased professional services	4,365.00				1,143,639.07
Other purchased services					9,489.30
Tuition	5,137.60		10,886.16		
Supplies and materials					
Textbooks					
Total instruction	<u>479,711.56</u>	<u>21,610.00</u>	<u>20,820.16</u>	<u>68,110.20</u>	<u>1,241,944.65</u>
Support services:					
Salaries	2,750.00	15,012.50	1,450.00	13,699.00	
Personal services - employee benefits	122,457.82				
Purchased professional - technical services	750.00	3,350.00			150,000.00
Purchased professional - educational services	657.00	23,181.30			
Other purchased services	1,107.20	21,189.86	125.00	574.21	
Supplies and materials					
Total support services	<u>127,722.02</u>	<u>104,613.66</u>	<u>1,575.00</u>	<u>14,273.21</u>	<u>150,000.00</u>
Total expenditures	<u>\$ 607,433.58</u>	<u>\$ 126,223.66</u>	<u>\$ 22,395.16</u>	<u>\$ 14,273.21</u>	<u>\$ 1,391,944.65</u>

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SAYREVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	IDEA PRESCHOOL	IMPACT AID- DISPLACED STUDENTS	NON- PUBLIC TEXTBOOKS	NON-PUBLIC COMP. EDUCATION	NON-PUBLIC ESL
REVENUES:					
State sources	\$ 56,155.00		18,084.78	51,379.00	2,891.00
Federal sources		58,500.00			
Other sources					
Total revenues	<u>\$ 56,155.00</u>	<u>\$ 58,500.00</u>	<u>\$ 18,084.78</u>	<u>\$ 51,379.00</u>	<u>\$ 2,891.00</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$ 38,297.25				\$
Other salaries					
Purchased services - Instruction				51,379.00	2,891.00
Other purchased services					
Tuition	6,739.13				
Supplies and materials			18,084.78		
Textbooks					
Total instruction	<u>45,036.38</u>		<u>18,084.78</u>	<u>51,379.00</u>	<u>2,891.00</u>
Support services:					
Salaries					
Personal services - employee benefits	11,118.62				
Purchased professional - technical services					
Purchased professional - educational services		58,500.00			
Other purchased services					
Supplies and materials					
Total support services	<u>11,118.62</u>	<u>58,500.00</u>			
Total expenditures	<u>\$ 56,155.00</u>	<u>\$ 58,500.00</u>	<u>\$ 18,084.78</u>	<u>\$ 51,379.00</u>	<u>\$ 2,891.00</u>

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SAYREVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	NON - PUBLIC TRANSPORTATION	EXAMINATION & CLASSIFICATION	NON-PUBLIC SPEECH	NON-PUBLIC HOME SUPPLEMENTAL	NON-PUBLIC NURSING
REVENUES:					
State sources	\$ 6,665.00	\$ 14,377.00	\$ 11,606.00	\$ 9,754.00	\$ 32,398.00
Federal sources					
Other sources					
Total revenues	<u>\$ 6,665.00</u>	<u>\$ 14,377.00</u>	<u>\$ 11,606.00</u>	<u>\$ 9,754.00</u>	<u>\$ 32,398.00</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	\$	\$	\$	\$	\$
Other salaries					
Purchased services - Instruction			11,606.00	9,754.00	
Other purchased services					
Tuition					
Supplies and materials					
Textbooks					
Total instruction			<u>11,606.00</u>	<u>9,754.00</u>	
Support services:					
Salaries					
Personal services - employee benefits					
Purchased professional - technical services					
Purchased professional - educational services		14,377.00			32,398.00
Other purchased services	6,665.00				
Supplies and materials					
Total support services	<u>6,665.00</u>	<u>14,377.00</u>			<u>32,398.00</u>
Total expenditures	<u>\$ 6,665.00</u>	<u>\$ 14,377.00</u>	<u>\$ 11,606.00</u>	<u>\$ 9,754.00</u>	<u>\$ 32,398.00</u>

(Continued on next page)

SAYREVILLE BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>NON-PUBLIC SECURITY</u>	<u>NON-PUBLIC TECHNOLOGY INITIATIVE</u>	<u>SAFETY GRANT</u>	<u>TOTAL</u>
REVENUES:				
State sources	\$ 23,763.10	\$ 12,331.14	\$	\$ 183,249.02
Federal sources				2,276,925.26
Other sources			8,400.00	8,400.00
Total revenues	<u>\$ 23,763.10</u>	<u>\$ 12,331.14</u>	<u>\$ 8,400.00</u>	<u>\$ 2,468,574.28</u>
EXPENDITURES:				
Instruction:				
Salaries of teachers	\$	\$		\$ 516,772.41
Other salaries				91,388.00
Purchased services - Instruction				25,071.08
Other purchased services				75,630.00
Tuition				1,143,639.07
General supplies	23,763.10	12,331.14		68,346.43
Textbooks				18,084.78
Total instruction	<u>23,763.10</u>	<u>12,331.14</u>		<u>1,938,931.77</u>
Support services:				
Salaries			8,400.00	41,311.50
Personal services - employee benefits				133,576.44
Purchased professional - technical services				4,100.00
Purchased professional - educational services				191,880.00
Other purchased services				135,778.30
Supplies and materials				22,996.27
Total support services			<u>8,400.00</u>	<u>529,642.51</u>
Total expenditures	<u>\$ 23,763.10</u>	<u>\$ 12,331.14</u>	<u>\$ 8,400.00</u>	<u>\$ 2,468,574.28</u>

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

FOOD SERVICES FUND: This fund provides for the operation of Food services within the school district.

ADULT SCHOOL: This fund provides for the operation of a community school program.

INTERNAL SERVICE FUND: This fund provides for the self-insurance of the prescription plan.

SAYREVILLE BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		<u>TOTAL</u>
	<u>FOOD SERVICE</u>	<u>ADULT SCHOOL</u>	
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 538,584.02	\$ 576,712.07	\$ 1,115,296.09
Accounts receivable:			
State	2,390.15		2,390.15
Federal	108,452.74		108,452.74
Other	10,221.54	720.00	10,941.54
Inventories	90,941.36		90,941.36
	<u>750,589.81</u>	<u>577,432.07</u>	<u>1,328,021.88</u>
Total current assets			
Noncurrent assets:			
Furniture, machinery & equipment	556,352.00		556,352.00
Less accumulated depreciation	<u>(553,247.00)</u>		<u>(553,247.00)</u>
	<u>3,105.00</u>		<u>3,105.00</u>
Total noncurrent assets			
Total assets	<u>\$ 753,694.81</u>	<u>\$ 577,432.07</u>	<u>\$ 1,331,126.88</u>
LIABILITIES:			
Current liabilities:			
Interfund payable	\$ 127,449.26	\$	\$ 127,449.26
Unearned revenue	90,331.64	68,861.00	159,192.64
Accounts payable	92,106.45		92,106.45
	<u>309,887.35</u>	<u>68,861.00</u>	<u>378,748.35</u>
Total current liabilities			
Noncurrent liabilities:			
Compensated Absences	<u>24,122.49</u>		<u>24,122.49</u>
	<u>24,122.49</u>		<u>24,122.49</u>
Total noncurrent liabilities			
Total liabilities	<u>334,009.84</u>	<u>68,861.00</u>	<u>402,870.84</u>
NET POSITION:			
Net investment in capital assets	3,105.00		3,105.00
Unrestricted	<u>416,579.97</u>	<u>508,571.07</u>	<u>925,151.04</u>
Total net position	<u>\$ 419,684.97</u>	<u>\$ 508,571.07</u>	<u>\$ 928,256.04</u>

SAYREVILLE BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		<u>TOTAL</u>
	<u>FOOD SERVICE</u>	<u>ADULT SCHOOL</u>	
OPERATING REVENUES:			
Charges for services:			
Daily sales - reimbursable programs	\$ 739,811.24	\$	\$ 739,811.24
Daily sales - non-reimbursable programs	341,624.92		341,624.92
Special functions	29,466.13		29,466.13
Fees - individuals		462,320.90	462,320.90
	<hr/>	<hr/>	<hr/>
Total operating revenues	1,110,902.29	462,320.90	1,573,223.19
OPERATING EXPENSES:			
Cost of sales - reimbursable	918,923.13		918,923.13
Cost of sales - non-reimbursable	96,312.29		96,312.29
Salaries	1,013,690.87	169,897.78	1,183,588.65
Employee benefits	171,800.13		171,800.13
Other purchase services	7,218.82		7,218.82
Supplies and materials	125,530.17	665.53	126,195.70
Repairs	32,151.31		32,151.31
Miscellaneous	2,880.39	1,446.56	4,326.95
Depreciation	345.00		345.00
	<hr/>	<hr/>	<hr/>
Total operating expenses	2,368,852.11	172,009.87	2,540,861.98
Operating income (loss)	\$ (1,257,949.82)	\$ 290,311.03	\$ (967,638.79)
NONOPERATING REVENUES (EXPENSES):			
State sources			
State school lunch program	\$ 29,723.72	\$	\$ 29,723.72
Federal sources:			
National school lunch program	991,088.94		991,088.94
Supplemental Nutrition Assistance Program	30,930.84		30,930.84
School Breakfast Program	231,525.43		231,525.43
National food distribution commodities	123,312.52		123,312.52
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	1,406,581.45		1,406,581.45
Income before contributions & transfers	148,631.63	290,311.03	438,942.66
Other financing uses:			
Transfer of funds		(110,000.00)	(110,000.00)
	<hr/>	<hr/>	<hr/>
Total other financing uses		(110,000.00)	(110,000.00)
Change in net position	148,631.63	180,311.03	328,942.66
Total net position - beginning	271,053.34	328,260.04	599,313.38
	<hr/>	<hr/>	<hr/>
Total net position - ending	\$ 419,684.97	\$ 508,571.07	\$ 928,256.04
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SAYREVILLE BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		<u>TOTAL</u>
	<u>FOOD SERVICE</u>	<u>ADULT SCHOOL</u>	
Cash flows from operating activities:			
Receipts from customers	\$ 1,136,501.94	\$ 458,627.60	\$ 1,595,129.54
Payments to employees	(1,003,884.90)	(169,897.78)	(1,173,782.68)
Payments to employee benefits	(135,871.40)		(135,871.40)
Payments to suppliers	(1,177,583.93)	(2,112.09)	(1,179,696.02)
Net cash provided by (used for) operating activities	<u>(1,180,838.29)</u>	<u>286,617.73</u>	<u>(894,220.56)</u>
Cash flows from noncapital financing activities:			
State sources	32,594.06		32,594.06
Federal sources	1,410,485.13		1,410,485.13
Operating subsidies and transfers to other funds		(110,000.00)	(110,000.00)
Net cash provided by noncapital financing activities	<u>1,443,079.19</u>	<u>(110,000.00)</u>	<u>1,333,079.19</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(3,450.00)		(3,450.00)
Net cash provided by (used for) capital and related financing activities	<u>(3,450.00)</u>		<u>(3,450.00)</u>
Net increase (decrease) in cash and cash equivalents	<u>258,790.90</u>	<u>176,617.73</u>	<u>435,408.63</u>
Cash and cash equivalents, July 1, 2017	<u>279,793.12</u>	<u>400,094.34</u>	<u>679,887.46</u>
Cash and cash equivalents, June 30, 2018	<u>\$ 538,584.02</u>	<u>\$ 576,712.07</u>	<u>\$ 1,115,296.09</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (1,257,949.82)	\$ 290,311.03	\$ (967,638.79)
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	345.00		345.00
Federal commodities	123,312.52		123,312.52
Change in assets and liabilities:			
(Increase) decrease in other accounts receivable	(6,527.99)	(720.00)	(7,247.99)
Increase (decrease) in unearned revenue	90,331.64	(2,973.30)	87,358.34
Increase (decrease) in accounts payable	(79,468.45)		(79,468.45)
(Increase) decrease in inventories	(50,881.19)		(50,881.19)
	<u>77,111.53</u>	<u>(3,693.30)</u>	<u>73,418.23</u>
Net cash provided by (used for) operating activities	<u>\$ (1,180,838.29)</u>	<u>\$ 286,617.73</u>	<u>\$ (894,220.56)</u>

SAYREVILLE BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

GOVERNMENTAL
 ACTIVITIES -
INTERNAL
SERVICE FUND

ASSETS:

Current assets:

Cash and cash equivalents	\$	23,230.25
Cash with fiscal agents		261,168.20
Accounts receivable:		
Other		531,606.75
Total assets		816,005.20

LIABILITIES:

Accounts payable		136,980.04
Accrued liabilities		9,788.00
Total liabilities		146,768.04

NET POSITION:

Unrestricted		669,237.16
Total net position	\$	669,237.16

SAYREVILLE BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

GOVERNMENTAL
 ACTIVITIES -
INTERNAL
SERVICE FUND

OPERATING REVENUES:	
Charges for services:	
Services provided to other funds	\$ <u>3,120,369.04</u>
Total operating revenues	<u>3,120,369.04</u>
OPERATING EXPENSES:	
Claims	2,431,131.88
Other	<u>20,000.00</u>
Total operating expenses	<u>2,451,131.88</u>
Operating income (loss)	<u>669,237.16</u>
Net change in net position	669,237.16
Total net position - beginning	<u>-0-</u>
Total net position - ending	<u>\$ <u>669,237.16</u></u>

SAYREVILLE BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

GOVERNMENTAL
ACTIVITIES -
INTERNAL
SERVICE FUND

Cash flows from operating activities:		
Receipts from customers and other funds	\$	2,588,762.29
Cash Payments for Employee Benefits		<u>(2,304,363.84)</u>
Net cash provided by (used for) operating activities	\$	<u>284,398.45</u>
Net increase (decrease) in cash and cash equivalents		284,398.45
Balances - Beginning of Year	\$	<u>-0-</u>
Balances - End of Year	\$	<u><u>284,398.45</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$	669,237.16
Adjustments to reconciling operating income (loss) to net cash provided by (used for) operating activities:		
(Increase) decrease in accounts receivable		(531,606.75)
Increase (decrease) in claims payable		<u>146,768.04</u>
Total Adjustments		<u>(384,838.71)</u>
Net cash provided by (used for) operating activities	\$	<u><u>284,398.45</u></u>

FIDUCIARY FUNDS DETAIL STATEMENTS
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Fiduciary Funds are used to account for funds received by the district for a specific purpose:

Unemployment Compensation

Insurance Trust Fund:

This expendable trust fund is used to pay unemployment compensation claims as they arise.

Scholarship Trust Fund:

This trust fund is used to account for assets held by the district for grants to students where there are no restrictions regarding the use of principal and interest.

Agency Funds are used to account for assets held by the district as an agent for another party:

Student Activity Fund :

This agency fund is used to account for student funds held at the schools.

Payroll Fund:

This agency fund is used to account for the payroll transactions of the school district.

SAYREVILLE BOROUGH SCHOOL DISTRICT
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	AGENCY FUNDS		PRIVATE PURPOSE SCHOLARSHIP FUND		UNEMPLOYMENT COMPENSATION TRUST FUND	TOTAL TRUST FUNDS	JUNE 30 2018
STUDENT ACTIVITY	PAYROLL AGENCY	TOTAL AGENCY FUNDS	TOTAL AGENCY FUNDS	SCHOLARSHIP FUND	TRUST FUND	TRUST FUNDS	2018
ASSETS:							
Cash and cash equivalents	\$ 286,856.26	\$ 64,311.02	\$ 351,167.28	\$ 61,640.01	\$ 68,449.55	\$ 130,089.56	\$ 481,256.84
Total assets	286,856.26	64,311.02	351,167.28	61,640.01	68,449.55	130,089.56	481,256.84
LIABILITIES:							
Interfunds Payable	167.00		167.00				167.00
Payroll deductions and withholdings	64,311.02		64,311.02				64,311.02
Due to student groups	286,689.26		286,689.26				286,689.26
Total liabilities	286,856.26	64,311.02	351,167.28				351,167.28
NET POSITION:							
Held in trust for unemployment claims and other purposes					68,449.55	68,449.55	68,449.55
Held in trust for awards and other purposes				61,640.01		61,640.01	61,640.01
Total net position	\$ -0-	\$ -0-	\$ -0-	\$ 61,640.01	\$ 68,449.55	\$ 130,089.56	\$ 130,089.56

SAYREVILLE BOROUGH SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>PRIVATE PURPOSE</u> <u>AWARD FUNDS</u>	<u>STATE UNEMPLOYMENT</u> <u>COMPENSATION</u> <u>TRUST FUND</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
From employees	\$	\$ 158,202.36	\$ 158,202.36
From donors	<u>1,626.00</u>	<u> </u>	<u>1,626.00</u>
Total contributions	<u>1,626.00</u>	<u>158,202.36</u>	<u>159,828.36</u>
Investment earnings:			
Interest	<u>73.73</u>	<u>145.84</u>	<u>219.57</u>
Net investment earnings	<u>73.73</u>	<u>145.84</u>	<u>219.57</u>
Total additions	<u>1,699.73</u>	<u>158,348.20</u>	<u>160,047.93</u>
DEDUCTIONS:			
Awards granted	4,919.00		4,919.00
Unemployment claims	<u> </u>	<u>177,362.02</u>	<u>177,362.02</u>
Total deductions	<u>4,919.00</u>	<u>177,362.02</u>	<u>182,281.02</u>
Change in net position	(3,219.27)	(19,013.82)	(22,233.09)
Net position beginning of year	<u>64,859.28</u>	<u>87,463.37</u>	<u>152,322.65</u>
Net position end of year	<u>\$ 61,640.01</u>	<u>\$ 68,449.55</u>	<u>\$ 130,089.56</u>

SAYREVILLE BOROUGH SCHOOL DISTRICT
STUDENT ACTIVITY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BALANCE</u> <u>JUNE 30, 2017</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSE-</u> <u>MENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
Elementary Schools				
Dwight D. Eisenhower	\$ 3,236.41	\$	\$	\$ 3,236.41
Emma L. Arleth	55.47		55.47	
Harry S. Truman	7,407.86			7,407.86
Samsel Upper	4,858.68	6,955.60	5,021.45	6,792.83
Woodrow Wilson	901.20		20.00	881.20
	<u>16,459.62</u>	<u>6,955.60</u>	<u>5,096.92</u>	<u>18,318.30</u>
Middle Schools				
Sayreville Middle School	<u>27,705.07</u>	<u>67,533.81</u>	<u>74,792.60</u>	<u>20,446.28</u>
	27,705.07	67,533.81	74,792.60	20,446.28
High Schools:				
Sayreville High School	249,110.12	566,234.98	567,410.94	247,934.16
Athletic Fund	<u>2,440.02</u>	<u>67,326.02</u>	<u>69,608.52</u>	<u>157.52</u>
	251,550.14	633,561.00	637,019.46	248,091.68
Grand Total	<u>\$ 295,714.83</u>	<u>\$ 708,050.41</u>	<u>\$ 716,908.98</u>	<u>\$ 286,856.26</u>

SAYREVILLE BOROUGH SCHOOL DISTRICT
PAYROLL AGENCY FUNDS
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BALANCE</u> <u>JUNE 30, 2017</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2018</u>
ASSETS:				
Cash and cash equivalents	\$ 292.01	\$ 28,516,427.24	\$ 28,452,408.23	\$ 64,311.02
Total assets	<u>292.01</u>	<u>28,516,427.24</u>	<u>28,452,408.23</u>	<u>64,311.02</u>
LIABILITIES:				
Payroll deductions and withholdings	<u>292.01</u>	<u>28,516,427.24</u>	<u>28,452,408.23</u>	<u>64,311.02</u>
Total liabilities	<u>\$ 292.01</u>	<u>\$ 28,516,427.24</u>	<u>\$ 28,452,408.23</u>	<u>\$ 64,311.02</u>

LONG-TERM LIABILITIES SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

SAYREVILLE BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	MATURITIES DATE	AMOUNT	RATE OF INTEREST	BALANCE JULY 1, 2017	RETIRED	BALANCE JUNE 30, 2018
Refunding School Bonds	7/15/2012	\$ 28,725,000.00	07/15/18	\$ 1,065,000.00	4.00%	\$	\$	\$
			07/15/19	1,145,000.00	4.00%			
			07/15/20	1,205,000.00	5.00%			
			07/15/21	1,260,000.00	4.00%			
			07/15/22	1,320,000.00	4.00%			
			07/15/23	1,380,000.00	4.00%			
			07/15/24	1,435,000.00	3.00%			
			07/15/25	1,480,000.00	3.00%			
			07/15/26	1,535,000.00	4.00%			
			07/15/27	3,430,000.00	4.00%			
			07/15/28	3,565,000.00	3.00%			
			07/15/29	3,685,000.00	3.00%			
			07/15/30	3,800,000.00	3.00%	27,320,000.00	1,015,000.00	26,305,000.00
Refunding School Bonds	3/7/2016	6,640,000.00	03/01/19	540,000.00	3.00%			
			03/01/20	545,000.00	4.00%			
			03/01/21	565,000.00	4.00%			
			03/01/22	590,000.00	4.00%			
			03/01/23	615,000.00	5.00%			
			03/01/24	640,000.00	5.00%			
			03/01/25	675,000.00	3.00%			
Refunding School Bonds	1/26/2017	7,880,000.00	03/01/19	745,000.00	2.00%			
			03/01/20	750,000.00	2.00%			
			03/01/21	765,000.00	2.00%			
			03/01/22	775,000.00	2.00%			
			03/01/23	790,000.00	2.00%			
			03/01/24	810,000.00	2.00%			
			03/01/25	820,000.00	2.00%			
			03/01/26	835,000.00	2.00%			
			03/01/27	850,000.00	3.00%			
						6,120,000.00	535,000.00	5,585,000.00
						7,880,000.00	740,000.00	7,140,000.00
						\$ 41,320,000.00	\$ 2,290,000.00	\$ 39,030,000.00

SAYREVILLE BOROUGH SCHOOL DISTRICT
 SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SERIES	INTEREST RATE PAYABLE	AMOUNT OF ORIGINAL LEASE	AMOUNT OUTSTANDING JUNE 30, 2017	INCREASE	DECREASE	AMOUNT OUTSTANDING JUNE 30, 2018
Governmental Funds						
Technology and Buses	1.281%	\$ 685,000.00	\$ 180,290.82	\$	\$ 180,290.82	\$
Digital Copiers	N/A	279,336.46	6,304.12		6,304.12	
Digital Copiers	N/A	19,752.26	2,746.60		2,746.60	
Digital Copiers	N/A	24,361.39	15,863.12		4,831.40	11,031.72
Telecommunications Upgrades	0.000%	355,644.68	266,733.48		88,911.16	177,822.32
School Buses	2.561%	163,000.00		163,000.00	53,293.50	109,706.50
Technology and Equipment	0.000%	591,418.89		591,418.89	197,139.63	394,279.26
Technology and Equipment	0.000%	1,788,457.00		1,788,457.00		1,788,457.00
Grand Total		\$	\$ 471,938.14	\$ 2,542,875.89	\$ 533,517.23	\$ 2,481,296.80

SAYREVILLE BOROUGH SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local sources:				
Local tax levy	\$ 3,445,666.00	\$ 3,445,666.00	\$ 3,445,666.00	\$
State sources:				
Debt service aid type II	<u>72,278.00</u>	<u>72,278.00</u>	<u>72,278.00</u>	
Total revenues	<u>3,517,944.00</u>	<u>3,517,944.00</u>	<u>3,517,944.00</u>	
EXPENDITURES:				
Regular debt service:				
Interest	1,303,277.00	1,303,277.00	1,303,276.00	1.00
Redemption of principal	<u>2,290,000.00</u>	<u>2,290,000.00</u>	<u>2,290,000.00</u>	
Total regular debt service-expenditures	<u>3,593,277.00</u>	<u>3,593,277.00</u>	<u>3,593,276.00</u>	<u>1.00</u>
Excess (deficiency) of revenues over (under) expenditures	(75,333.00)	(75,333.00)	(75,332.00)	1.00
Fund balance, July 1	<u>150,266.08</u>	<u>150,266.08</u>	<u>150,266.08</u>	
Fund balance, June 30	<u>\$ 74,933.08</u>	<u>\$ 74,933.08</u>	<u>\$ 74,934.08</u>	<u>\$ 1.00</u>

STATISTICAL SECTION - UNAUDITED

SAYREVILLE BOROUGH SCHOOL DISTRICT
STATISTICAL SECTION

Contents

Page

Financial Trends:

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

J-1 to J-4

Revenue Capacity:

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

J-5 to J-9

Debt Capacity:

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district'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 district's financial activities take place.

J-14 to J-15

Operating Information:

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district 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 (CAFR) for the relevant year.

SAYREVILLE BOROUGH SCHOOL DISTRICT
NET POSITION BY COMPONENT
UNAUDITED

	2018	2017	2016	2015 (a)	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$38,905,898.58	\$39,012,616.00	\$37,233,881.00	\$36,067,326.00	\$34,845,118.00	\$34,579,051.00	\$35,071,864.00	\$37,248,998.00	\$37,361,790.00	\$35,817,226.00
Restricted	5,755,040.74	5,608,094.00	4,696,222.00	5,001,248.00	6,392,450.00	5,119,480.00	7,386,269.00	5,932,341.00	2,615,850.00	280,160.00
Unrestricted (deficit)	(25,871,948.41)	(26,172,215.00)	(23,371,315.00)	(23,545,422.00)	(1,197,431.00)	(2,249,548.00)	(2,892,706.00)	(2,384,806.00)	43,139.00	(1,124,008.00)
Total governmental activities net position	\$18,788,990.91	\$18,448,495.00	\$18,558,788.00	\$17,523,152.00	\$40,040,137.00	\$37,448,983.00	\$39,565,427.00	\$40,796,533.00	\$40,020,779.00	\$34,973,378.00
Business-type activities										
Invested in capital assets	\$3,105.00						\$2,189.00	\$4,623.00	\$74,416.00	\$156,791.00
Net of related debt	925,151.04	\$599,313.00	\$274,998.00	\$292,132.00	\$294,736.00	\$241,498.00	317,012.00	176,022.00	65,748.00	62,057.00
Unrestricted	\$928,256.04	\$599,313.00	\$274,998.00	\$292,132.00	\$294,736.00	\$241,498.00	\$319,201.00	\$180,645.00	\$140,164.00	\$218,848.00
Total business-type activities net position										
District-wide										
Net investment in capital assets	\$38,909,003.58	\$39,012,616.00	\$37,233,881.00	\$36,067,326.00	\$34,845,118.00	\$34,579,051.00	\$35,074,053.00	\$37,253,621.00	\$37,436,206.00	\$35,974,017.00
Restricted	5,755,040.74	5,608,094.00	4,696,222.00	5,001,248.00	6,392,450.00	5,119,480.00	7,386,269.00	5,932,341.00	2,615,850.00	280,160.00
Unrestricted (deficit)	(24,946,797.37)	(25,572,902.00)	(23,096,317.00)	(23,253,290.00)	(902,695.00)	(2,008,050.00)	(2,575,694.00)	(2,208,784.00)	108,887.00	(1,061,951.00)
Total district net position	\$19,717,246.95	\$19,047,808.00	\$18,833,786.00	\$17,815,284.00	\$40,334,873.00	\$37,690,481.00	\$39,884,628.00	\$40,977,178.00	\$40,160,943.00	\$35,192,226.00

Source: CAFR Schedule A-1
a - In FY2015 the District Implemented GASB 68

SAYREVILLE BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
EXPENSES										
Governmental activities										
Instruction:										
Regular	\$51,593,055.17	\$39,395,467.00	\$36,006,586.00	\$48,728,322.00	\$36,632,902.00	\$34,017,114.00	\$31,342,632.00	\$28,338,766.00	\$29,593,116.00	\$29,190,181.00
Special Education	22,930,026.71	12,808,935.00	11,780,097.00	15,904,719.00	10,683,219.00	10,531,590.00	8,934,224.00	10,905,255.00	14,856,933.00	14,592,943.00
Other Special Instruction	5,951,363.20	2,593,126.00	2,341,497.00	3,569,102.00	2,208,174.00	2,195,099.00	2,359,052.00	1,254,081.00	3,057,678.00	2,736,316.00
School Sponsored Activities and Athletics		1,587,123.00	1,497,762.00	1,768,659.00	1,373,451.00	1,360,331.00	1,360,329.00		1,132,284.00	1,114,573.00
Support services:										
Tuition										
Student and instruction related services	15,812,138.99	17,680,147.00	16,899,922.00	18,920,488.00	15,250,423.00	14,699,576.00	14,692,629.00	15,118,381.00	9,662,198.00	9,793,686.00
General administrative services	1,664,706.17	2,185,208.00	2,493,123.00	2,831,933.00	2,168,189.00	2,038,814.00	2,081,686.00	2,232,181.00	1,794,351.00	1,730,301.00
School administrative services	5,497,477.70	3,566,225.00	3,746,368.00	5,049,623.00	3,547,891.00	3,572,941.00	3,291,708.00	3,424,921.00	3,896,746.00	3,793,162.00
Central Services/Business Services	2,555,859.98	786,694.00	854,507.00	811,675.00	820,257.00	812,586.00	770,916.00	749,539.00	753,203.00	744,815.00
Administrative Information Technology		1,367,906.00	930,404.00	1,134,214.00	873,317.00	735,470.00	614,171.00	599,334.00	506,291.00	506,527.00
Plant operations and maintenance	6,317,583.26	7,398,339.00	7,082,143.00	7,055,419.00	6,622,968.00	7,334,708.00	6,169,109.00	6,660,644.00	8,567,470.00	7,145,168.00
Pupil transportation	6,091,667.91	7,771,959.00	7,363,654.00	7,106,528.00	6,571,629.00	6,618,660.00	6,369,004.00	5,831,437.00	5,124,690.00	5,321,605.00
Special Schools		174,967.00	134,776.00		27,109.00					
Charter schools	186,129.00	255,597.00	116,240.00	67,219.00	106,976.00					
Business and other support services & benefits										
Interest on Long-Term Debt	1,640,709.20	1,231,423.00	2,323,332.00	2,414,075.00	1,060,474.00	1,697,213.00	2,143,514.00	2,288,819.00	2,430,624.00	2,465,726.00
Total governmental activities expenses	120,240,717.30	98,803,106.00	93,570,411.00	115,361,976.00	87,946,979.00	85,614,102.00	80,129,520.00	77,403,358.00	81,375,584.00	79,135,003.00
Business-type activities:										
Food Service	2,368,852.11	2,419,989.00	2,383,621.00	2,281,939.00	2,182,427.00	2,239,837.00	2,142,530.00	2,064,508.00	2,085,959.00	1,845,421.00
Adult School	172,009.87	165,152.00	188,433.00	143,436.00	145,343.00	145,341.00	136,951.00	131,124.00	135,189.00	139,320.00
Total business-type activities expense	2,540,861.98	2,585,141.00	2,572,054.00	2,425,375.00	2,327,770.00	2,385,178.00	2,279,481.00	2,195,632.00	2,221,148.00	1,984,741.00
Total district expenses	\$122,781,579.28	\$101,388,247.00	\$96,142,465.00	\$117,787,351.00	\$90,274,749.00	\$87,999,280.00	\$82,409,001.00	\$79,598,990.00	\$83,596,732.00	\$81,119,744.00
PROGRAM REVENUES										
Governmental activities:										
Charges for Services:										
Instruction (tuition)									\$520,031.00	
Operating grants and contributions	\$35,336,490.91	\$10,234,298.00	\$8,665,687.00	\$30,600,615.00	\$6,677,161.00	\$7,466,926.00	\$6,078,493.00	\$4,862,661.00	16,741,306.00	\$12,945,974.00
Capital Grants and Contributions									1,861,157.00	4,282,943.00
Total governmental activities program revenues	\$35,336,490.91	\$10,234,298.00	\$8,665,687.00	\$30,600,615.00	\$6,677,161.00	\$7,466,926.00	\$6,078,493.00	\$4,862,661.00	\$19,122,494.00	\$17,228,317.00

SAYREVILLE BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
PROGRAM REVENUES (CONTINUED)										
Business-type activities:										
Charges for services:										
Food Service	1,110,902.29	1,118,723.00	1,081,226.00	1,048,457.00	\$987,209.00	\$985,956.00	\$1,082,740.00	\$1,127,119.00	\$1,107,345.00	\$1,108,405.00
Adult School	462,320.90	432,061.00	296,921.00	104,727.00	213,685.00	157,568.00	179,598.00	1,417,466.00	131,018.00	170,557.00
Operating grants and contributions	1,406,581.45	1,408,673.00	1,326,773.00	1,269,588.00	1,180,115.00	1,163,950.00	1,132,992.00	965,646.00	904,101.00	628,343.00
Total business-type activities program revenues	2,979,804.64	2,959,457.00	2,704,920.00	2,422,772.00	2,381,009.00	2,307,474.00	2,395,330.00	3,510,231.00	2,142,464.00	1,907,305.00
Total district program revenues	\$38,316,295.55	\$13,193,755.00	\$11,370,607.00	\$33,023,387.00	\$9,058,170.00	\$6,774,400.00	\$8,473,823.00	\$8,372,892.00	\$21,264,958.00	\$19,135,622.00
NET (EXPENSE)/REVENUE										
Governmental activities	(\$84,904,226.39)	(\$88,568,808.00)	(\$84,904,724.00)	(\$84,761,361.00)	(\$81,269,818.00)	(\$78,147,176.00)	(\$74,051,027.00)	(\$72,540,697.00)	(\$62,253,090.00)	(\$61,906,686.00)
Business-type activities	438,942.66	374,316.00	132,866.00	(2,603.00)	53,239.00	(77,704.00)	115,849.00	1,314,599.00	(78,684.00)	(77,436.00)
Total district-wide net expense	(\$84,465,283.73)	(\$88,194,492.00)	(\$84,771,858.00)	(\$84,763,964.00)	(\$81,216,579.00)	(\$78,224,880.00)	(\$73,935,178.00)	(\$71,226,098.00)	(\$62,331,774.00)	(\$61,984,122.00)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$60,289,602.00	\$68,677,741.00	\$56,876,379.00	\$55,338,023.00	\$54,252,964.00	\$53,189,180.00	\$52,146,255.00	\$51,417,909.00	\$50,912,157.00	\$49,349,540.00
Taxes levied for debt service	3,445,666.00	3,577,205.00	3,648,826.00	3,622,396.00	3,627,168.00	3,734,882.00	3,779,763.00	3,666,637.00	3,571,789.00	2,638,639.00
Federal and state aid not restricted	22,554,984.79	25,072,087.00	24,566,473.00	24,590,124.00	24,629,625.00	23,444,950.00	24,232,606.00	22,412,894.00	12,392,195.00	13,489,396.00
Federal and state aid restricted	46,257.92	89,600.00	89,967.00	96,985.00	93,510.00	94,832.00		55,947.00	55,947.00	70,825.00
Investment and Interest Earnings								92,194.00	92,194.00	190,809.00
Tuition		306,729.00	265,697.00							
Private Sources		368,245.00	16,690.00							
Miscellaneous income	554,687.09	316,909.00	326,339.00	764,340.00	1,257,706.00	651,395.00	689,400.00	681,674.00	220,162.00	315,248.00
Cancellation of Capital Lease										
Disposal of capital asset (net)										
Transfers	110,000.00	50,000.00	150,000.00	84,411,868.00	83,860,973.00	81,115,239.00	80,848,024.00	78,179,114.00	67,244,344.00	66,054,457.00
Total governmental activities	87,001,197.80	88,458,516.00	85,940,361.00	84,411,868.00	83,860,973.00	81,115,239.00	80,848,024.00	78,179,114.00	67,244,344.00	66,054,457.00
Business-type activities:										
Miscellaneous Income	(110,000.00)	50,000.00	150,000.00							
Transfers	(110,000.00)	50,000.00	150,000.00							
Total business-type activities	\$66,891,197.80	\$68,508,516.00	\$66,090,361.00	\$84,411,868.00	\$83,860,973.00	\$81,115,239.00	\$80,848,024.00	\$78,179,114.00	\$67,244,344.00	\$66,054,457.00
CHANGE IN NET POSITION										
Governmental activities	\$2,096,971.41	(\$110,292.00)	\$1,035,637.00	(\$349,493.00)	\$2,591,155.00	\$2,968,063.00	\$6,796,997.00	\$5,638,417.00	\$4,991,254.00	\$4,147,771.00
Business-type activities	328,942.66	424,316.00	282,866.00	(2,603.00)	53,239.00	(77,704.00)	115,849.00	1,314,599.00	(78,684.00)	(77,436.00)
Total district	\$2,425,914.07	\$314,024.00	\$1,318,503.00	(\$352,096.00)	\$2,644,394.00	\$2,890,359.00	\$6,912,846.00	\$6,953,016.00	\$4,912,570.00	\$4,070,335.00

Source: CAFR Schedule A-2

SAYREVILLE BOROUGH SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Restricted	\$6,217,928.21									
Assigned	1,107,384.49									
Unassigned			\$4,554,424.00	\$3,875,984.00	\$4,940,320.00	\$5,109,150.00	\$6,668,981.00	\$5,777,304.00	\$2,715,600.00	\$1,294,300.00
Reserved			(49,323.00)	(717,352.00)	(481,643.00)	(682,263.00)	(1,217,686.00)	(526,692.00)	1,319,132.00	705,949.00
Unreserved			\$4,505,101.00	\$3,158,632.00	\$4,458,677.00	\$4,426,887.00	\$5,451,295.00	\$5,250,612.00	\$4,034,732.00	\$2,000,249.00
Total general fund	\$7,325,312.70	\$5,457,828.00	\$4,505,101.00	\$3,158,632.00	\$4,458,677.00	\$4,426,887.00	\$5,451,295.00	\$5,250,612.00	\$4,034,732.00	\$2,000,249.00
All Other Governmental Funds										
Restricted	\$1.08									
Assigned	74,933.00									
Reserved		\$150,266.00	\$131,792.00	\$1,124,932.00	\$1,451,800.00	\$5,109,150.00	\$6,678,981.00	\$5,778,961.00	\$2,312,417.00	\$4,543,309.00
Unreserved, reported in:			10,006.00	331.00	330.00	(671,934.00)	(510,398.00)	(373,312.00)	(178,616.00)	263,591.00
Capital projects fund			\$141,798.00	\$1,125,263.00	\$1,452,130.00	\$4,437,216.00	\$6,168,583.00	\$5,405,649.00	\$2,133,801.00	\$4,806,900.00
Total all other governmental funds	\$74,934.08	\$150,266.00	\$141,798.00	\$1,125,263.00	\$1,452,130.00	\$4,437,216.00	\$6,168,583.00	\$5,405,649.00	\$2,133,801.00	\$4,806,900.00

Source: CAFR Schedule B-1

SAYREVILLE BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Tax levy	\$63,735,268.00	\$62,254,946.00	\$60,525,205.00	\$59,960,419.00	\$57,880,132.00	\$56,924,062.00	\$55,926,018.00	\$55,084,546.00	\$54,483,946.00	\$52,488,179.00
Interest on maintenance reserve	5.07									
Interest on capital reserve	5,510.33									
Tuition/Program Fees	197,402.81	306,729.00	285,697.00					271,367.00	520,031.00	190,809.00
Investment and Interest Earnings		1,628.00						76,393.00	92,194.00	334,113.00
Miscellaneous	360,168.88	315,280.00	326,339.00	764,340.00	1,257,706.00	651,395.00	689,400.00	333,915.00	258,543.00	
Private Source		368,245.00	16,690.00							
State sources	35,342,538.60	32,830,169.00	30,988,223.00	28,772,717.00	28,966,299.00	28,611,277.00	26,900,163.00	24,507,618.00	25,691,006.00	28,659,725.00
Federal sources	2,490,000.82	2,565,815.00	2,353,903.00	2,437,704.00	2,433,997.00	2,395,431.00	3,410,936.00	2,767,937.00	5,321,118.00	2,109,948.00
Total revenue	102,130,894.51	98,642,813.00	94,456,047.00	91,935,180.00	90,538,134.00	88,582,165.00	86,926,517.00	83,041,776.00	86,366,838.00	83,782,774.00
Expenditures										
Instruction:										
Regular Instruction	26,015,259.15	27,035,807.00	26,054,582.00	26,576,290.00	27,557,916.00	25,349,040.00	25,107,154.00	24,054,115.00	29,501,254.00	29,173,094.00
Special Education Instruction	11,723,175.30	8,790,348.00	8,524,061.00	8,671,422.00	8,036,689.00	7,847,982.00	7,461,432.00	7,229,493.00	14,796,153.00	14,603,963.00
Other Special Instruction	2,830,877.42	1,779,576.00	1,699,453.00	1,784,346.00	1,661,148.00	1,635,755.00	1,812,015.00	2,473,529.00	3,053,591.00	2,739,407.00
Other Instruction		1,086,144.00	1,080,515.00	1,067,602.00	1,033,209.00	1,013,698.00	997,748.00			
School-Sponsored Activities and Athletics										
Community Service Services		3,045.00							1,131,060.00	1,115,544.00
Support Services:										
Tuition	2,524,806.52	12,133,301.00	12,184,849.00	11,614,361.00	11,472,470.00	10,781,620.00	11,331,450.00	11,309,739.00	9,651,032.00	9,787,041.00
Student and instruction related services	9,425,164.74	1,498,635.00	1,797,537.00	1,743,511.00	1,631,088.00	1,519,293.00	1,587,884.00	1,673,084.00	1,770,957.00	1,700,897.00
General administrative services	1,494,965.42	2,669,464.00	2,711,344.00	2,729,391.00	2,662,501.00	2,662,501.00	2,703,465.00	2,809,131.00	3,762,675.00	3,659,784.00
School administrative services	2,944,611.37	539,875.00	613,628.00	595,318.00	617,057.00	606,527.00	576,316.00	561,801.00	752,226.00	745,610.00
Central Services/Business Services	1,874,547.49	938,749.00	670,912.00	703,109.00	656,972.00	548,061.00	475,748.00	449,218.00	505,806.00	506,940.00
Administrative Information Technology		5,077,235.00	5,085,739.00	5,174,748.00	4,982,275.00	5,465,714.00	4,773,358.00	4,992,344.00	6,178,588.00	5,984,119.00
Plant operations and maintenance	5,142,107.86	5,333,638.00	5,287,894.00	5,212,233.00	4,943,654.00	4,932,125.00	4,785,008.00	4,370,829.00	5,017,869.00	5,225,299.00
Pupil transportation	5,019,919.01	25,760,760.00	23,136,949.00	20,694,121.00	18,669,538.00	19,883,882.00	18,509,031.00	17,373,809.00		
Employee benefits	26,178,261.08	120,074.00	96,784.00	20,383.00	20,383.00	26,474.00	19,806.00	14,802.00		
Special School	87,219.20	175,408.00	83,473.00	49,301.00	80,475.00	78,760.00	21,356.00	7,119.00		
Charter School										
Debt service:										
Principal	2,290,000.00	2,135,000.00	2,070,000.00	1,985,000.00	2,005,000.00	1,740,000.00	1,695,000.00	1,530,000.00	4,194,491.00	1,849,193.00
Interest and other charges	1,303,276.00	1,392,172.00	1,668,793.00	1,744,380.00	1,715,677.00	2,099,714.00	2,181,735.00	2,265,349.00	2,414,022.00	2,444,794.00
Cost of issuance										
Capital Outlay	1,891,936.55	1,432,287.00	1,476,530.00	3,216,940.00	1,312,021.00	3,655,947.00	2,175,086.00	2,690,300.00	6,529,897.00	16,390,481.00
Transfer to Charter Schools	186,129.00	97,902,521.00	94,243,043.00	93,562,093.00	89,064,542.00	90,046,093.00	86,163,586.00	83,804,662.00	89,261,601.00	95,926,166.00
Total expenditures	101,032,256.11	97,902,521.00	94,243,043.00	93,562,093.00	89,064,542.00	90,046,093.00	86,163,586.00	83,804,662.00	89,261,601.00	95,926,166.00
Excess (Deficiency) of revenues over (under) expenditures	1,098,638.40	740,292.00	213,004.00	(1,626,913.00)	1,473,592.00	(1,463,928.00)	762,931.00	(762,886.00)	(2,894,763.00)	(12,145,392.00)
Other Financing sources (uses)										
Proceeds from Bonds/Notes										
Lease Proceeds (Non-Budgeted)	754,418.89									757,000.00
Cancellation of Local Share Transfers In		156,094.00	184,800.00	2,260,028.00	1,432,920.00	(267,440.00)		200,542.00	3,967,070.00	594,457.00
Transfers Out	110,000.00	(106,094.00)	(34,800.00)	(2,260,028.00)	(1,432,920.00)	(433,886.00)		(200,542.00)	(3,967,070.00)	(594,457.00)
Total other financing sources (uses)	864,418.89	50,000.00	150,000.00	-	(1,432,920.00)	(267,440.00)	-	-	2,200,000.00	757,000.00
Net change in fund balances	\$1,963,057.29	\$790,292.00	\$363,004.00	(\$1,626,913.00)	\$1,473,592.00	(\$1,731,368.00)	\$762,931.00	(\$762,886.00)	(\$694,763.00)	(\$11,386,392.00)
Debt service as a percentage of noncapital expenditures	0.04	0.04	0.04	0.04	0.04	0.04	0.05	0.05	0.08	0.05

SAYREVILLE BOROUGH SCHOOL DISTRICT
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
 UNAUDITED

Fiscal Year Ended June 30,	INTEREST ON INVESTMENTS	TUITION	E-RATE REIMBURSEMENT	PRIOR YEAR REFUNDS	PRIOR YEAR TUITION REFUND	MISCELLANEOUS	TOTAL
2018	\$ 60,529.12	\$	\$ 98,301.56	27,686.90	\$	6,294.03	\$ 192,811.61
2017	15,322.56		114,942.78	25,821.14		158,566.29	314,652.77
2016	13,499.63		205,316.98			97,848.87	316,665.48
2015	16,397.75	176,087.35	18,816.28	11,644.41		227,494.83	450,440.62
2014	37,120.21	138,646.02	119,808.07	50,476.66	4,501.00	98,731.80	449,283.76
2013	15,577.84	238,409.52	202,358.22			107,964.91	564,310.49
2012	41,917.83	389,380.36	189,698.65			54,041.37	675,038.21
2011	76,392.94	13,488.91	148,527.24		271,366.94	137,388.03	647,164.06
2010	92,048.00	15,669.00	155,367.00		504,362.00	64,795.00	832,241.00
2009	91,352.00		90,148.00		34,925.00	190,175.00	406,600.00

Source: District Records

SAYREVILLE BOROUGH SCHOOL DISTRICT
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 SAYREVILLE BOROUGH
UNAUDITED

Calendar Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Ornam	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities (a)	Net Valuation Taxable	Est. Actual (County Equalized Value)	Total Direct School Tax Rate (b)
2017	\$38,679,300.00	\$1,723,535,800.00	\$143,900.00	\$12,000.00	\$168,918,300.00	\$180,998,900.00	\$175,178,500.00	\$2,287,466,700.00	\$50.00	\$2,287,466,750.00	\$4,635,190,931.00	2.851
2016	40,247,400.00	1,722,569,200.00	143,900.00	9,400.00	167,208,600.00	182,670,600.00	173,159,100.00	2,286,008,200.00	51.00	2,286,008,251.00	4,569,924,865.00	2.724
2015	38,133,300.00	1,718,999,000.00	143,900.00	9,400.00	171,816,000.00	178,427,000.00	170,141,000.00	2,277,669,600.00	52.00	2,277,669,652.00	4,495,104,796.00	2.657
2014	40,360,200.00	1,721,223,500.00	143,900.00	9,400.00	171,610,900.00	178,677,000.00	165,660,200.00	2,277,685,100.00	2,765,018.00	2,280,450,118.00	4,479,649,835.00	2.686
2013	40,576,200.00	1,720,761,400.00	143,900.00	9,400.00	172,343,800.00	177,851,700.00	161,950,800.00	2,273,637,200.00	3,026,874.00	2,276,664,074.00	4,361,475,542.00	2.543
2012	42,652,100.00	1,727,389,100.00	143,900.00	9,400.00	176,464,300.00	173,111,700.00	158,425,000.00	2,278,195,500.00	3,516,112.00	2,281,711,612.00	5,074,295,921.00	2.495
2011	44,744,400.00	1,724,175,300.00	143,900.00	9,400.00	177,245,200.00	171,198,700.00	157,551,800.00	2,275,068,700.00	3,135,948.00	2,278,204,648.00	5,250,732,026.00	2.455
2010	52,993,700.00	1,723,657,500.00	143,900.00	9,400.00	178,476,300.00	174,779,900.00	153,500,300.00	2,283,561,000.00	3,440,286.00	2,287,001,286.00	5,398,243,762.00	2.409
2009	53,891,400.00	1,718,223,000.00	143,900.00	9,400.00	180,687,300.00	166,300,400.00	156,552,800.00	2,275,808,200.00	3,285,854.00	2,279,094,054.00	5,556,140,747.00	2.390
2008	60,388,200.00	1,712,742,000.00	143,900.00	8,700.00	181,383,700.00	162,969,600.00	157,837,200.00	2,275,473,300.00	3,152,506.00	2,278,625,806.00	5,483,324,065.00	2.330

Source: District records Tax list summary & Municipal Tax Assessor
 Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.
 Reassessment occurs when ordered by the County Board of Taxation
 (a): Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies
 (b): Tax rates are per \$100

SAYREVILLE BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Fiscal Year Ended June 30,	Sayreville School District			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate (a)	Obligation Debt Service (b)	Total Direct School Tax Rate	Municipality of Sayreville	Library	County of Middlesex	
2018	\$2.701	\$0.150	\$2.851	\$1.586	\$0.670	\$0.815	\$5.107
2017	2.564	0.160	2.724	1.350	0.067	0.816	4.957
2016	2.497	0.160	2.657	1.314	0.065	0.783	4.819
2015	2.426	0.160	2.586	1.277	0.064	0.777	4.704
2014	2.383	0.160	2.543	1.228	0.063	0.770	4.604
2013	*	*	2.495	1.179	0.068	0.801	4.543
2012	*	*	2.455	1.136	0.072	0.793	4.456
2011	*	*	2.409	1.169		0.776	4.354
2010	*	*	2.390	1.140		0.700	4.230
2009	*	*	2.330	1.085		0.721	4.136

* - Not Available

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable

(b) Rates for debt service are based on each year's requirements.

SAYREVILLE BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS - CURRENT YEAR AND NINE YEARS AGO
SAYREVILLE BOROUGH
UNAUDITED

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Hillside Estates, Inc.	\$71,130,500	1	3.103%	\$71,130,500.00	1	3.121%
Kaplan (and Related Ownerships)	\$43,910,100	2	1.916%	\$32,885,900.00	2	1.721%
E.I. DuPont DeNemours & Co.	\$36,227,700	3	1.581%	\$39,218,200.00	3	1.443%
Skytop Gardens, Inc.	\$25,000,000	4	1.091%	\$30,424,300.00	4	1.335%
Hercules, Inc.	\$21,873,500	5	0.954%	\$22,127,800.00	5	0.971%
Gerdau USA, Inc.	\$18,612,500	7	0.812%	\$16,600,000.00	7	0.750%
(Sayreville Seaports Assoc.) SERA	\$17,891,600	6	0.781%			
Brooklawn Gardens, Inc.	\$14,384,100	8	0.628%	\$17,086,600.00	8	0.700%
ProLogis (Related Ownerships)	\$13,183,900	9	0.575%	\$15,814,100.00	9	0.694%
GJM Bordentown LLC	\$12,899,900	10	0.563%	\$12,000,000.00	10	0.527%
Lakeview Developers, Ltd.				\$15,950,000.00	6	0.728%
Total	\$275,113,800.00		12.004%	\$273,237,400.00		11.990%

Source: Municipal Tax Assessor

SAYREVILLE BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	Taxes Levied for the <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2018	\$63,735,268.00	\$63,735,268.00	100.00%	0.00
2017	62,254,946.00	62,254,946.00	100.00%	0.00
2016	60,525,205.00	60,525,205.00	100.00%	0.00
2015	58,960,419.00	58,960,419.00	100.00%	0.00
2014	57,880,132.00	57,880,132.00	100.00%	0.00
2013	56,924,062.00	56,924,062.00	100.00%	0.00
2012	55,926,018.00	55,926,018.00	100.00%	0.00
2011	55,084,546.00	55,084,546.00	100.00%	0.00
2010	54,483,946.00	54,483,946.00	100.00%	0.00
2009	52,488,179.00	52,488,179.00	100.00%	0.00

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

SAYREVILLE SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Capital Leases	Lease Purchase Agreements	Project Notes			
2018	\$39,030,000.00	\$2,481,296.80			\$41,511,296.80	N/A	N/A
2017	41,320,000.00		\$471,938.00		41,791,938.00	1.647%	\$922.05
2016	43,855,000.00		795,546.00		44,650,546.00	1.831%	990.67
2015	45,925,000.00	5,441.00	1,352,753.00		47,283,194.00	2.027%	1,055.69
2014	47,910,000.00	15,779.00	986,200.00		48,911,979.00	2.164%	1,098.78
2013	49,915,000.00	27,078.00	1,314,715.00		51,256,793.00	2.200%	1,164.87
2012	50,307,000.00	155,085.00	1,786,784.00		52,248,869.00	2.374%	1,200.24
2011	51,907,000.00	325,277.00			52,232,277.00	2.562%	1,210.48
2010	54,437,000.00	432,940.00	197,426.00		55,067,366.00	2.800%	1,288.37
2009	54,847,000.00	826,212.00	388,645.00	\$2,200,000.00	58,261,857.00	2.884%	1,379.44

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

(a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

(b) Includes Energy Savings Obligation Refunding Bonds (ESIP)

N/A - Not available

SAYREVILLE BOROUGH SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	General Bonded Debt Outstanding		Net General Bonded Debt <u>Outstanding</u>	Percentage of Actual Taxable Value (a) of <u>Property</u>	<u>Per Capita (b)</u>
	General Obligation <u>Bonds</u>	<u>Deductions</u>			
2018	\$39,030,000.00		\$39,030,000.00	N/A	N/A
2017	41,320,000.00		41,320,000.00	1.80%	912.00
2016	43,855,000.00		43,855,000.00	1.92%	977.00
2015	45,925,000.00		45,925,000.00	2.02%	1,028.00
2014	47,910,000.00		47,910,000.00	2.10%	1,078.00
2013	49,915,000.00		49,915,000.00	2.19%	1,136.00
2012	50,307,000.00		50,307,000.00	2.20%	1,157.00
2011	51,907,000.00		51,907,000.00	2.28%	1,204.00
2010	53,437,000.00		53,437,000.00	2.34%	1,250.00
2009	54,847,000.00		54,847,000.00	2.41%	1,299.00

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

(a) See Exhibit J-6 for property tax data.

(b) Population data can be found in Exhibit J-14.

SAYREVILLE BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
UNAUDITED

<u>Governmental Unit</u>	<u>Gross Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Sayreville Borough	\$44,853,599.00	100.00%	\$44,853,599.00
Other debt			
Middlesex County	690,097,707.00	4.40%	<u>30,364,299.11</u>
Subtotal, overlapping debt			75,217,898.11
Sayreville Borough School District Direct Debt			<u>39,030,000.00</u>
Total direct and overlapping debt			<u><u>\$114,247,898.11</u></u>

Source: Annual Debt Statements

(a) For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

SAYREVILLE BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
SAYREVILLE BOROUGH
UNAUDITED

Legal Debt Margin Calculation 2017

Equalized Valuation Basis

Calendar Year	
2017	\$4,635,190,881.00
2016	4,611,676,821.00
2015	4,495,104,796.00
	<u>\$13,741,972,498.00</u>
Average Equalized Valuation of Taxable Property	\$4,580,657,499.33
Debt Limit (4% of average equalization value)	183,226,299.97
Total Net Debt Applicable to Limit	<u>39,030,000.00</u>
Legal Debt Margin	<u>\$144,196,299.97</u>

	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$183,226,299.97	\$179,825,937.00	\$176,489,920.00	\$179,185,993.00	\$187,291,703.00	\$198,307,407.00	\$206,259,381.00	\$212,630,769.00	\$215,063,960.00	\$209,813,923.00
Total Net Debt Applicable To Limit	39,030,000.00	41,320,000.00	43,855,000.00	45,925,000.00	47,910,000.00	49,915,000.00	50,370,000.00	51,907,000.00	53,437,000.00	57,047,000.00
Legal Debt Margin	<u>\$144,196,299.97</u>	<u>\$138,505,937.00</u>	<u>\$132,634,920.00</u>	<u>\$133,260,993.00</u>	<u>\$139,381,703.00</u>	<u>\$148,392,407.00</u>	<u>\$155,889,381.00</u>	<u>\$160,723,769.00</u>	<u>\$161,626,960.00</u>	<u>\$152,766,923.00</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	21.30%	22.98%	24.85%	25.63%	25.58%	25.17%	24.42%	24.41%	24.85%	27.19%

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 N.J.S.A. 18A:24-19 for a K through 12 district, other % limits would be applicable for other district types.

SAYREVILLE SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

SAYREVILLE

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	Middlesex County Per Capita <u>Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2017	45,325	\$2,537,293,500.00	\$55,980.00	4.30%
2016	45,071	2,438,205,887.00	54,097.00	4.60%
2015	44,789	2,332,208,019.00	52,071.00	5.00%
2014	44,515	2,260,338,155.00	50,777.00	6.10%
2013	44,002	2,329,861,898.00	52,949.00	7.70%
2012	43,532	2,200,673,196.00	50,553.00	8.90%
2011	43,150	2,038,837,500.00	47,250.00	8.80%
2010	42,742	1,966,901,356.00	46,018.00	9.00%
2009	42,236	2,020,105,644.00	47,829.00	8.90%
2008	42,009	1,933,170,162.00	46,018.00	8.90%

Source:

- (a) Population information provided by the NJ Dept. of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by municipality estimated based upon the 2001 Census published by the US Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

SAYREVILLE BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2018		2009		Estimated Number of Employees
<u>Employer</u>	<u>Business</u>	<u>Employer</u>	<u>Business</u>	
*	*	*	*	*
*	*	*	*	*
*	*	*	*	*
*	*	*	*	*
*	*	*	*	*

Source: Borough of Sayreville Administrator

* - Data not provided by School District

SAYREVILLE BOROUGH SCHOOL DISTRICT
 FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION/PROGRAM
 UNAUDITED

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction:										
Regular	333									
Special education	127									
Other instruction	30									
Support Services:		487	479	544	475	539	510	516	512	512
Student and instruction related services	162	150	140	59	65	63	67	90	84	82
General administrative services	9	8	10	10	10	10	10	10	10	10
School administrative services	37	34	39	46	28	28	28	28	28	28
Central services	9	8	8	8	7	7	7	7	7	7
Administrative Information Technology	8	7	7	6	6	6	6	6	6	6
Plant operations and maintenance	64	64	64	68	83	61	64	74	73	73
Pupil transportation	36	34	36	37	5	5	5	5	5	5
Food Service	44	45	44	44	47	47	49	52	52	52
Total	859	837	827	822	726	766	746	788	777	775

Source: District Personnel Records

SAYREVILLE BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
SAYREVILLE BOROUGH
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	% Change	Teaching Staff (b)	Teacher/Pupil Ratio			Average Daily Enrollment (c)	Average Daily Attendance (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2018	6,189	\$93,078,469.28	\$15,039	-1.49%	490	1:12	1:13	1:14	6,171.51	5,857	1.66%	94.90%
2017	6,088	92,943,064.00	15,267	6.88%	487	1:13	1:12	1:13	6,070.60	5,767	0.09%	95.00%
2016	6,069	86,687,434.00	14,284	1.94%	479	1:12	1:13	1:13	6,064.90	5,719	0.90%	94.30%
2015	6,009	84,196,822.00	14,012	0.86%	471	1:11	1:11	1:13	6,010.70	5,686	-0.42%	94.60%
2014	6,049	84,031,844.00	13,892	-1.41%	44	1:13	1:11	1:13	6,035.90	5,744	1.56%	95.16%
2013	5,944	83,750,232.00	14,090	5.28%	467	1:13	1:11	1:13	5,943.00	5,625	-0.65%	94.65%
2012	5,989	80,151,761.00	13,383	2.97%	489	1:12	1:11	1:13	5,981.70	5,649	1.21%	94.44%
2011	5,949	77,319,011.00	12,997	2.68%	458	1:14	1:12	1:14	5,910.30	5,575	-0.10%	94.33%
2010	6,014	76,123,191.00	12,658	-2.38%	475	1:13	1:11	1:13	5,916.30	5,623	1.66%	95.04%
2009	5,803	75,241,698.00	12,966	4.83%	475	1:12	1:11	1:13	5,819.90	5,536	0.56%	95.12%

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(b) Teaching staff includes only full-time equivalents of certificated staff.

(c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

N/A - Not Available

SAYREVILLE BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
UNAUDITED

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
District Buildings										
<i>Elementary School(s):</i>										
Selover:										
Square Feet	36,153	36,153	36,153	36,153	36,153	36,153	36,153	36,153	36,153	36,153
Capacity (students)	65	65	65	65	65	65	65	65	65	65
Enrollment	0	0	0	0	0	0	0	0	0	0
Arieth:										
Square Feet	73,426	73,426	73,426	73,426	73,426	73,426	73,426	73,426	73,426	73,426
Capacity (students)	593	593	593	593	593	593	593	593	593	593
Enrollment	507	507	469	469	469	469	468	468	540	490
Eisenhower:										
Square Feet	59,738	59,738	59,738	59,738	59,738	59,738	59,738	59,738	59,738	59,738
Capacity (students)	481	481	481	481	481	481	481	481	481	481
Enrollment	514	535	551	551	551	551	530	530	510	488
Truman:										
Square Feet	53,275	53,275	53,275	53,275	53,275	53,275	53,275	53,275	53,275	53,275
Capacity (students)	474	474	474	474	474	474	474	474	474	474
Enrollment	496	524	508	508	508	508	547	547	529	490
Wilson										
Square Feet	54,150	54,150	54,150	54,150	54,150	54,150	54,150	54,150	54,150	54,150
Capacity (students)	373	373	373	373	373	373	373	373	373	373
Enrollment	381	403	368	368	368	368	361	361	404	357
Upper Elementary School										
Square Feet	174,800	174,800	174,800	174,800	174,800	174,800	174,800	174,800	174,800	174,800
Capacity (students)	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095	1,095
Enrollment	1,152	1,067	1,004	1,004	1,004	1,004	1,003	1,003	968	950
Middle School(s)										
Sayreville Middle School										
Square Feet	170,847	170,847	170,847	170,847	170,847	170,847	170,847	170,847	170,847	170,847
Capacity (students)	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608	1,608
Enrollment	1,410	1,392	1,330	1,330	1,330	1,330	1,333	1,333	1,376	1,357
High School(s)										
War Memorial High School										
Square Feet	292,289	292,289	292,289	292,289	292,289	292,289	292,289	292,289	221,538	184,531
Capacity (students)	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	1,859
Enrollment	1,729	1,665	1,714	1,714	1,714	1,714	1,707	1,707	1,687	1,656

Number of Schools at June 30, 2018

- Elementary = 6
- Middle School = 1
- High School = 1

Source: District records

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

SAYREVILLE SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX

School Facilities *	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	Total
Selover	\$38,077.00	\$37,978.00	\$46,126.00	\$42,339.00	\$37,430.00	\$61,983.00	\$40,526.00	\$21,638.00	\$72,548.00	\$64,875.00	\$463,520.00
Arlath	77,406.00	78,281.00	94,044.00	103,512.00	79,164.00	141,319.00	82,386.00	107,109.00	130,586.00	145,970.00	1,039,777.00
Eisenhower	62,947.00	63,728.00	76,742.00	79,886.00	62,666.00	110,312.00	66,997.00	135,671.00	101,567.00	118,530.00	879,046.00
Truman	56,103.00	55,996.00	68,002.00	74,079.00	55,794.00	88,535.00	59,815.00	92,828.00	116,077.00	115,423.00	782,652.00
Wilson	57,067.00	57,441.00	69,169.00	86,541.00	56,339.00	109,118.00	60,738.00	99,968.00	130,586.00	121,643.00	848,610.00
Upper Elementary School	184,213.00	184,835.00	225,122.00	215,060.00	186,702.00	322,001.00	196,066.00	151,467.00	304,701.00	306,816.00	2,276,983.00
Middle School	180,068.00	181,951.00	221,047.00	257,550.00	204,768.00	327,544.00	191,654.00	278,482.00	333,720.00	355,599.00	2,532,383.00
High School	308,082.00	321,055.00	400,584.00	430,379.00	335,021.00	512,677.00	327,805.00	194,743.00	261,174.00	393,035.00	3,484,555.00
Total School Facilities	\$963,963.00	\$981,265.00	\$1,200,836.00	\$1,289,346.00	\$1,017,884.00	\$1,673,489.00	\$1,025,987.00	\$1,081,906.00	\$1,450,959.00	\$1,621,891.00	12,307,526.00

* - School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

SAYREVILLE BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
UNAUDITED

	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<u>School Alliance Insurance Fund</u>		
School Package Property:		
Property-Blanket Building and Contents	\$500,000,000.00 Per Occurrence	\$2,500.00
Boiler and Machinery	\$100,000,000.00 Per Occurrence	\$2,500.00
Cyber Liability	\$2,000,000.00 Per Occurrence	\$10,000.00
Crime and Fidelity		
Blanket Dishonesty Bond	\$500,000.00 each loss	\$1,000.00
Money and securities	\$50,000.00 each loss	\$1,000.00
Comprehensive General Liabilities and Automobile Liability Including Employees Benefit Liability	\$5,000,000.00 Per Occurrence/ Per Member	
Environmental Impairment Liability	\$1,000,000.00 Per incident	\$10,000.00
	\$25,000,000.00 Fund Annual Aggregate	
Foreign Travel Liability Coverage	\$1,000,000.00 Per incident/Annual Aggregate	
Student Accident Insurance	\$1,000,000.00 Per accident/ 3 year benefit	
School Leaders Professional Liability	\$5,000,000.00 Per claim/ Aggregate per member	\$10,000.00
	\$10,000,000.00 Aggregate per occurrence	\$5,000.00
Workers Compensation:	Statutory	
Workers Compensation Employer's Liability	\$5,000,000.00 Per Occurrence/ Aggregate	
<u>Selective Insurance Company of America</u>		
Public Officials' Bond		
Treasurer	\$375,000.00	
Business Administrator	\$375,000.00	

Source: District Records

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable President and Members
of the Board of Education
Sayreville Borough School District
County of Middlesex
Sayreville, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sayreville Borough School District (the "District") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's financial statements, and have issued our report thereon dated February 12, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sayreville Borough School District'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 District'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.

SUPLEE, CLOONEY & COMPANY

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 District'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*. However, we also noted an immaterial instance of noncompliance that we have reported to the Board of Education in a separate Auditor's Management Report.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

February 12, 2019



SUPLEE, CLOONEY & COMPANY

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Sayreville Borough School District
County of Middlesex
Sayreville, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Sayreville Borough School District's compliance with the types of compliance requirements described in the federal *OMB Compliance Supplement* and the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Sayreville Borough School District's major state programs for the year ended June 30, 2018. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Sayreville Borough School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Sayreville Borough School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

SUPLEE, CLOONEY & COMPANY

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Sayreville Borough School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Sayreville Borough School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Sayreville Borough School District 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 Sayreville Borough School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB 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 Sayreville Borough School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 Uniform Guidance and State of New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

February 12, 2019

SAYREVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2018

FEDERAL CFDA NUMBER	FEDERAL AWARD IDENTIFICATION NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD		AWARD AMOUNT	BALANCE AT JUNE 30, 2017	CASH RECEIVED	BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE)	BALANCE JUNE 30, 2018	
			FROM	TO						UNEARNED REVENUE	DUE GRANTOR
93.778	1805NJ5MAP NJ021713	N/A	7/1/17	6/30/18	\$ 157,287.03	\$ -	\$ 157,287.03	\$ (157,287.03)	\$ -	\$ -	
			7/1/17	6/30/18	55,788.53	-	51,488.20	(55,788.53)	(4,320.33)	-	
							208,755.23	(213,075.56)	(4,320.33)	-	
General Fund:											
U.S. Department of Education											
Passed-through State Department of Education:											
Medical Assistance Program (SEMI)											
U.S. Department of Defense											
Air Force JROTC Program											
Total General Fund											
Special Revenue Fund:											
U.S. Department of Education											
Passed-through State Department of Education:											
Title I											
84.010	S010A170030	NCLB-466017	7/1/16	6/30/17	676,902.66	(294,146.00)	294,146.00	(607,433.58)	(352,966.58)	-	
84.010	S010A180030	NCLB-466018	7/1/17	6/30/18	665,142.00	-	254,447.00	-	-	-	
84.367A	S367A170029	NCLB-466017	7/1/16	6/30/17	56,196.06	(34,382.00)	34,382.00	-	-	-	
84.367A	S367A180029	NCLB-466018	7/1/17	6/30/18	256,541.00	-	40,660.00	(126,223.66)	(86,563.66)	-	
84.365	S365A170030	NCLB-466017	7/1/16	6/30/17	25,035.11	(11,247.00)	11,247.00	-	-	-	
84.365	S365A180030	NCLB-466018	7/1/17	6/30/18	39,668.00	-	7,798.00	(22,395.16)	(14,597.16)	-	
84.365	S365A170030	NCLB-466017	7/1/16	6/30/17	15,051.00	(8,642.00)	8,642.00	-	-	-	
84.365	S365A180030	NCLB-466018	7/1/17	6/30/18	38,314.00	-	4,437.00	(14,273.21)	(9,836.21)	-	
84.027	S027A151100	IDEA-466017	7/1/16	6/30/17	1,536,575.77	(547,366.00)	547,366.00	-	-	-	
84.027	S027A151100	IDEA-466018	7/1/17	6/30/18	1,468,320.00	-	666,618.00	(1,391,944.65)	(723,326.65)	-	
84.173	S173A150114	IDEA-466017	7/1/16	6/30/17	53,280.85	(38,864.00)	38,864.00	-	-	-	
84.173	S173A150114	IDEA-466018	7/1/17	6/30/18	67,507.00	-	23,435.00	(56,155.00)	(32,720.00)	-	
84.939C	N/A	N/A	7/1/17	6/30/18	58,500.00	(586,230.00)	1,278,283.00	(1,448,099.65)	(758,046.65)	-	
						(934,647.00)	1,934,042.00	(58,500.00)	(58,500.00)	-	
						(934,647.00)	1,934,042.00	(1,277,530.26)	(1,277,530.26)	-	
Total Special Revenue Fund											
Enterprise Fund:											
U.S. Department of Agriculture											
Passed-through State Department of Education:											
Child Nutrition Cluster:											
U.S.D.A. Commodities Program											
10.550	181NJ304N1099	N/A	7/1/17	6/30/18	181,516.52	(205,630.83)	181,516.52	(123,312.52)	-	58,204.00	
10.555	171NJ304N1099	N/A	7/1/16	6/30/17	1,004,875.74	-	205,630.83	-	-	-	
10.555	181NJ304N1099	N/A	7/1/17	6/30/18	1,022,019.78	(54,501.34)	906,167.32	(991,088.94)	(84,921.62)	-	
10.553	171NJ304N1099	N/A	7/1/16	6/30/17	217,301.56	(54,501.34)	54,501.34	-	-	-	
10.553	181NJ304N1099	N/A	7/1/17	6/30/18	231,525.43	(260,132.17)	210,712.43	(231,525.43)	(20,813.00)	-	
						(260,132.17)	1,558,528.44	(1,345,926.89)	(106,734.62)	58,204.00	
						(5,260.49)	28,212.72	(30,930.84)	(2,718.12)	-	
10.551	16161NJ304N1099	N/A	7/1/17	6/30/18	5,260.49	-	5,260.49	-	-	-	
10.551	16161NJ304N1099	N/A	7/1/16	6/30/17	1,592,001.65	(260,132.17)	1,592,001.65	(1,376,857.73)	(108,462.74)	-	
						(1,194,779.17)	3,734,798.88	(3,866,858.55)	(1,390,303.33)	58,204.00	
						\$ -	\$ 3,734,798.88	\$ (3,866,858.55)	\$ (1,390,303.33)	\$ 58,204.00	

See accompanying notes to schedules of financial assistance.

SAYREVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2017		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEARS BALANCES	BALANCE JUNE 30, 2018		BUDGETARY RECEIVABLE	MEMO CUMULATIVE TOTAL EXPENDITURES
				UNREVENUE (ACCTS REC)	DUE TO GRANTOR				(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE		
				\$	\$				\$	\$		
State Department of Education												
General Funds:												
Equalization Aid	18-495-034-5120-078	7/1/17	16,439,333.00	\$	\$	14,839,722.00	(16,439,333.00)	1,598,611.00	-	-	498,743.00	16,439,333.00
Categorical Special Education Aid	18-495-034-5120-089	7/1/17	3,677,408.00			3,319,592.00	(3,677,408.00)	357,826.00	-	-	91,232.00	3,677,408.00
Categorical Transportation Aid	18-495-034-5120-014	7/1/17	573,421.00			517,624.00	(573,421.00)	55,797.00	-	-	6,270.00	573,421.00
Categorical Security Aid	18-495-034-5120-084	7/1/17	955,521.00			862,546.00	(955,521.00)	92,976.00	-	-	3,610.00	955,521.00
Under Adequacy Aid	18-495-034-5120-086	7/1/17	500,000.00			451,348.00	(500,000.00)	48,652.00	-	-	669.00	500,000.00
PARCC Readiness Aid	18-495-034-5120-098	7/1/17	61,380.00			55,406.00	(61,380.00)	5,974.00	-	-	1,458.00	61,380.00
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17	61,380.00			55,406.00	(61,380.00)	5,974.00	-	-	1,458.00	61,380.00
Professional Learning Community Aid	18-495-034-5120-101	7/1/17	61,860.00			55,841.00	(61,860.00)	6,019.00	-	-	1,458.00	61,860.00
Equalization Aid	17-495-034-5120-078	7/1/16	15,439,972.00			1,502,760.00	(1,502,760.00)					15,439,972.00
Categorical Special Education Aid	17-495-034-5120-089	7/1/16	3,677,408.00			367,740.80	(3,677,408.00)					3,677,408.00
Categorical Transportation Aid	17-495-034-5120-014	7/1/16	573,421.00			57,342.10	(57,342.10)					573,421.00
Categorical Security Aid	17-495-034-5120-084	7/1/16	955,521.00			95,552.10	(95,552.10)					955,521.00
Under Adequacy Aid	17-495-034-5120-096	7/1/16	500,000.00			50,000.00	(50,000.00)					500,000.00
PARCC Readiness Aid	17-495-034-5120-098	7/1/16	61,380.00			6,138.00	(6,138.00)					61,380.00
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16	61,380.00			6,138.00	(6,138.00)					61,380.00
Professional Learning Community Aid	17-495-034-5120-101	7/1/16	61,860.00			6,186.00	(6,186.00)					61,860.00
State Aid Public Cluster						22,249,331.00	(22,330,303.00)	80,972.00	-	-	605,698.00	43,861,245.00
Extraordinary Aid	17-495-034-5120-044	7/1/16	945,644.00			945,644.00						945,644.00
Extraordinary Aid	18-495-034-5120-044	7/1/17	658,895.00			51,717.00	(658,895.00)				658,895.00	658,895.00
Non-Public Transportation Aid	Not Available	7/1/16	70,930.00				(70,930.00)				70,930.00	70,930.00
Non-Public Comp Ed	Not Available	7/1/17	7,104.23			7,104.23						7,104.23
Lead Testing for Schools Aid	18-495-034-5120-004	7/1/17	2,753,871.65			135,958.52	(7,104.23)					2,753,871.65
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16	2,944,098.35			2,797,506.60	(2,944,098.35)					2,944,098.35
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17	131,680.00			131,680.00	(131,680.00)					131,680.00
On-behalf TPAF non-contributory insurance	18-495-034-5094-004	7/1/17	5,426,183.00			5,426,183.00	(5,426,183.00)					5,426,183.00
On-behalf TPAF Pension	18-495-034-5094-002	7/1/17	9,085.00			9,085.00	(9,085.00)					9,085.00
On-behalf TPAF Long-Term Disability Insurance (non-bud)	18-495-034-5094-004	7/1/17	3,589,705.00			3,589,705.00	(3,589,705.00)					3,589,705.00
On-behalf TPAF post retirement medical	18-495-034-5094-001	7/1/17				35,343,914.35	(1,133,319.52)	80,972.00	(876,416.75)		1,482,314.75	51,225,185.23
Total General Funds												
Special Revenue Fund:												
Non-Public Textbooks	17-100-034-5120-064	7/1/16	20,001.00					(419.48)				20,001.00
Non-Public Textbooks	18-100-034-5120-064	7/1/17	18,296.00	419.48		18,296.00	(18,084.78)			211.22		18,296.00
Non-Public Comp Ed	18-100-034-5120-067	7/1/17	61,123.00			61,123.00	(51,379.00)			9,744.00		61,123.00
Non-Public English as a Second Language	17-100-034-5120-067	7/1/16	2,102.00					(731.00)				2,102.00
Non-Public English as a Second Language	18-100-034-5120-067	7/1/17	2,891.00			2,891.00	(2,891.00)					2,891.00
Non-Public Examination & Classification	17-100-034-5120-066	7/1/16	17,107.00					(1,259.00)				17,107.00
Non-Public Examination & Classification	18-100-034-5120-066	7/1/17	15,650.00	1,259.00		15,650.00	(14,377.00)			1,273.00		15,650.00
Non-Public Home Instruction	17-100-034-5120-066	7/1/16	734.00			734.00						734.00
Non-Public Corrective Speech	18-100-034-5120-066	7/1/17	13,392.00			13,392.00	(11,606.00)					13,392.00
Non-Public Supplemental Instruction	18-100-034-5120-066	7/1/17	9,754.00			9,754.00	(9,754.00)					9,754.00
Non-Public Nursing	17-100-034-5120-070	7/1/16	31,230.00					(267.00)				31,230.00
Non-Public Nursing	18-100-034-5120-070	7/1/17	32,398.00			32,398.00	(32,398.00)					32,398.00
Non-Public Transportation	18-100-034-5120-068	7/1/17	6,665.00			6,665.00	(6,665.00)					6,665.00
Non-Public Technology Initiative	17-100-034-5120-373	7/1/16	9,022.00					(151.00)				9,022.00
Non-Public Technology Initiative	18-100-034-5120-373	7/1/17	12,358.00	151.00		12,358.00	(12,331.14)			26.86		12,358.00
Non-Public Security	17-100-034-5120-084	7/1/16	17,350.00					(2,140.00)				17,350.00
Non-Public Security	18-100-034-5120-084	7/1/17	25,050.00			25,050.00	(23,763.10)			1,286.90		25,050.00
Total Special Revenue Fund						198,311.00	(183,249.02)	(4,967.48)		14,327.98		355,862.00
Debt Service Fund:												
Debt Service Aid Type II - School Building Aid	18-100-034-5120-017	7/1/17	72,278.00			72,278.00	(72,278.00)					72,278.00
Total Debt Service Fund												72,278.00

SAYREVILLE BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

STATE GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE JUNE 30, 2017		CASH RECEIVED	BUDGETARY EXPENDITURES	ADJUSTMENTS/ REPAYMENT OF PRIOR YEARS BALANCES	BALANCE JUNE 30, 2018		MEMO	
				UNEARNED REVENUE (ACCTS REC)	DUE TO GRANTOR				(ACCOUNTS RECEIVABLE)	UNEARNED REVENUE	DUE GRANTOR	BUDGETARY RECEIVABLE
Enterprise Fund:												
National School Lunch Program (State Share)	17-100-010-3350-023	7/1/16	24,891.91	(5,260.49)		5,260.49	(29,723.72)					24,891.91
National School Lunch Program (State Share)	18-100-010-3350-023	7/1/17	27,243.02	(5,260.49)		27,333.57	(29,723.72)		(2,390.15)		2,390.15	27,243.02
Total Enterprise Fund						32,594.06			(2,390.15)		2,390.15	52,134.93
Total State Financial Assistance						35,647,097.41	(35,463,234.32)	76,004.52	(878,806.90)	14,327.98	1,484,704.90	51,705,460.16
Less: On-Behalf amounts not utilized for determination of Major Programs:												
On-behalf TPAF non-contributory insurance						(131,680.00)	131,680.00					
On-behalf TPAF Pension						(5,426,183.00)	5,426,183.00					
On-behalf TPAF Long-term disability insurance						(9,085.00)	9,085.00					
On-behalf TPAF post retirement medical						(3,589,705.00)	3,589,705.00					
Total State Financial Assistance Subject to Single Audit						26,490,444.41	(26,296,581.32)					

See accompanying notes to schedules of financial assistance.

Sayreville Borough School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2018

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Sayreville Borough School District ("the District"). The District is defined in Note 1 to the basic financial statements. All federal and state awards received directly from the federal and state 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 of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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 the modified accrual basis with the exception of the revenue recognition of the deferred state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP accounting purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the 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 revenue, whereas GAAP basis does not. The special revenue fund also recognizes the deferred state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

Sayreville Borough School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2018

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$80,972.00 for the general fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$213,075.56	\$35,087,011.58	\$35,300,087.14
Special Revenue Fund	2,276,925.26	183,249.02	2,460,174.28
Capital Projects Fund			
Debt Service Fund		72,278.00	72,278.00
Food Service Fund	<u>1,376,857.73</u>	<u>29,723.72</u>	<u>1,406,581.45</u>
	3,866,858.55	35,372,262.32	39,239,120.87
GAAP Adjustment		<u>80,972.00</u>	<u>80,972.00</u>
Total Awards & Financial Assistance	<u><u>\$3,866,858.55</u></u>	<u><u>\$35,453,234.32</u></u>	<u><u>\$39,239,120.87</u></u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits and long-term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2018. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2018.

Sayreville Borough School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness(es) identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to the basic financial statements noted during the audit? | No |

Federal Program(s)

- | | | |
|-----|---|-------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weakness(es) identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | No |
| (4) | Identification of Major Federal Program(s): | |
| | <u>Program Title</u> | <u>CFDA</u> |
| | Title I | 84.010 |
| | Child Nutrition Cluster | 10.555 |
| (5) | Program Threshold Determination:
Type A State Program Threshold > \$750,000.00
Type B State Program Threshold <= \$750,000.00 | |
| (6) | Auditee qualified as a low-risk auditee under OMB Circular 15-08? | Yes |

Sayreville Borough School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section I – Summary of Auditor’s Results (Continued)

State Program(s)

- (1) Internal Control Over Major State Programs:
- (a) Material weakness(es) identified? No
- (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08? No
- (4) Identification of Major State Program(s):
- | <u>Program Title</u> | <u>Project Number</u> |
|-------------------------------------|-----------------------|
| Equalization Aid | 18-495-034-5120-078 |
| Categorical Special Education Aid | 18-495-034-5120-089 |
| Categorical Security Aid | 18-495-034-5120-084 |
| Under Adequacy Aid | 18-495-034-5120-096 |
| Per Pupil Growth Aid | 18-495-034-5120-097 |
| PARCC Readiness | 18-495-034-5120-098 |
| Professional Learning Community Aid | 18-495-034-5120-101 |
- (5) Program Threshold Determination:
Type A State Program Threshold > \$788,897.00
Type B State Program Threshold <= \$788,897.00
- (6) Auditee qualified as a low-risk auditee under OMB Circular 15-08? Yes

Sayreville Borough School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings – None Reported

Compliance Findings – None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Sayreville Borough School District
Schedule of Prior Year Audit Findings

Not Applicable

