

**SOUTH BERGEN JOINTURE COMMISSION**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Hasbrouck Heights, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**South Bergen Jointure Commission**

**Hasbrouck Heights, New Jersey**

**For The Fiscal Year Ended June 30, 2018**

**Prepared by**

**Business Office**

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## **INTRODUCTORY SECTION**



**SOUTH  
BERGEN  
JOINTURE  
COMMISSION**

**Susan E. Cucciniello**  
Business Administrator

**Board Office**  
500 Route 17 South  
Suite 307  
Hasbrouck Heights  
New Jersey 07604

**(T) 201-393-0475 ext. 238**  
**(E) [scucciniello@njsbjc.org](mailto:scucciniello@njsbjc.org)**  
**(F) 201-288-2825**

January 21, 2019

Honorable President and Members  
of the Board of Education  
South Bergen Jointure Commission  
Hasbrouck Heights, New Jersey

Dear Board Members:

The comprehensive annual financial report of the South Bergen Jointure Commission for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Commission. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act, U.S. Uniform Guidance and New Jersey 15-08 OMB, "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.

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

**2. INTERNAL ACCOUNTING CONTROLS:** Management of the Commission is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance



recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the Commission 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 Commission management.

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

**3. BUDGETARY CONTROLS:** In addition to internal accountability controls, the Commission 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 Board of Commissioners. Annual appropriated budgets are adopted for the general fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

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

**4. ACCOUNTING SYSTEM AND REPORTS:** The Commission'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 funds.

**5. FINANCIAL INFORMATION AT FISCAL YEAR-END:** As demonstrated by the various statements and schedules included in the financial section of this report, the Commission continues to meet its responsibilities for sound financial management.

**6. CASH MANAGEMENT:** The investment policy of the Commission is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The Commission has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from 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.

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

8. OTHER INFORMATION: Independent Audit -State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, was selected by the Commission. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act and the related U.S. Uniform Guidance and state Treasury Circular Letter 15-08 OMB. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

9. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Commission for their concern in providing fiscal accountability and contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our Business Office staff.

Respectfully submitted,

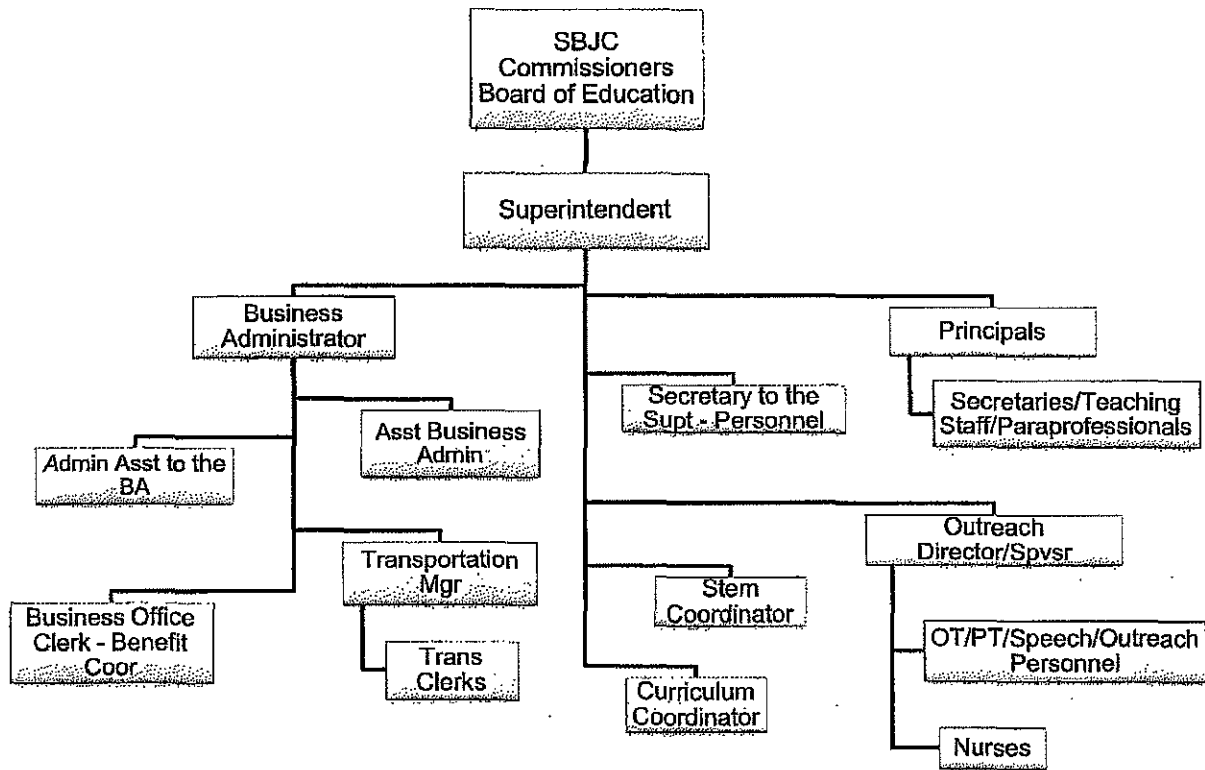


Dr. Michael Kuchar, Ph.D  
Superintendent of Schools



Susan E. Cucciniello  
Board Secretary/Business Administrator

# Administrative Structure South Bergen Jointure Commission



**SOUTH BERGEN JOINTURE COMMISSION**  
**Roster of Officials and Member Districts**  
**Fiscal Year Ended June 30, 2018**

<u>Members of the Board of Education</u>	<u>Member District</u>	<u>Term Expires</u>
Mr. Gregorio Maceri- <b>President</b>	South Hackensack	June 30, 2018
Dr. Stephen Yurchak	North Arlington	June 30, 2018
Ms. Louise Clarke	Becton Regional	June 30, 2018
Mr. Vincent Varcadipane	Bogota	June 30, 2018
Mr. Steve Kollinok	Carlstadt	June 30, 2018
Mr. Giovanni Giancaspro	East Rutherford	June 30, 2018
Mr. Nicholas Perrapato	Garfield	June 30, 2018
Dr. Matt Helfant- <b>VP</b>	Hasbrouck Heights	June 30, 2018
Mr. Frank Quatrone	Lodi	June 30, 2018
Ms. Shauna Demarco	Lyndhurst	June 30, 2018
Dr. Jonathon Ponds	Moonachie	June 30, 2018
Mr. John Hurley	Rutherford	June 30, 2018
Mr. James Albro	Wallington	June 30, 2018
Mr. Nicholas Cipriano	Wood-Ridge	June 30, 2018

Other Officials

Dr. David Goldblatt, Interim Superintendent

Ms. Susan Cucciniello, Board Secretary/Business Administrator

Mrs. Nancy Bucci, Treasurer

**SOUTH BERGEN JOINTURE COMMISSION**  
**Consultants and Advisors**  
**Fiscal Year Ended June 30, 2018**

Audit Firm

Lerch, Vinci, & Higgins, LLP  
17-17 Route 208N  
Fairlawn, New Jersey 07410

Attorney

Fogarty & Hara, Esqs.  
1600 Route 208 South  
Fairlawn, New Jersey 07410

Official Depository

Capital One Bank

## **FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Commission  
South Bergen Jointure Commission  
Hasbrouck Heights, New Jersey

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 South Bergen Jointure Commission, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Bergen Jointure Commission as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Commission, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

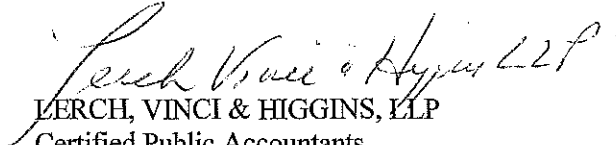
The combining fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial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


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



**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated January 21, 2019 on our consideration of the South Bergen Jointure Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the South Bergen Jointure Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the South Bergen Jointure Commission's internal control over financial reporting and compliance.

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

  
Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
January 21, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SOUTH BERGEN JOINTURE COMMISSION  
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2018**

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

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Commission's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued in June 1999.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2017-2018 fiscal year include the following:

- Governmental Activities - The assets and deferred outflows of resources of the South Bergen Jointure Commission exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$4,704,452 (net position).
- The Commission's total net position for governmental activities increased \$1,766,637.
- Overall Commission revenues for governmental activities were \$52,336,315. Program specific revenues in the form of charges for services and grants and contributions accounted for \$52,298,226 or 99% of total revenues.
- The Commission had \$50,525,678 in expenses for governmental activities.
- As of the close of the current fiscal year, the Commission's governmental funds reported a combined ending fund balance of \$11,463,532 an increase of \$1,800,827 when compared to the previous year ending fund balance.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

- The first two statements are *Commission wide financial statements* that provide both *short-term* and *long-term* information about the Commission's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the Commission, reporting the Commission's operations in *more detail* than the Commission-wide statements.
  - The *governmental funds statements* tell how basic services were financed in the *short term* as well as what remains for future spending.
  - *Proprietary funds* statements offer *short-term* and *long-term* financial information about the activities the Commission operated like *businesses*.

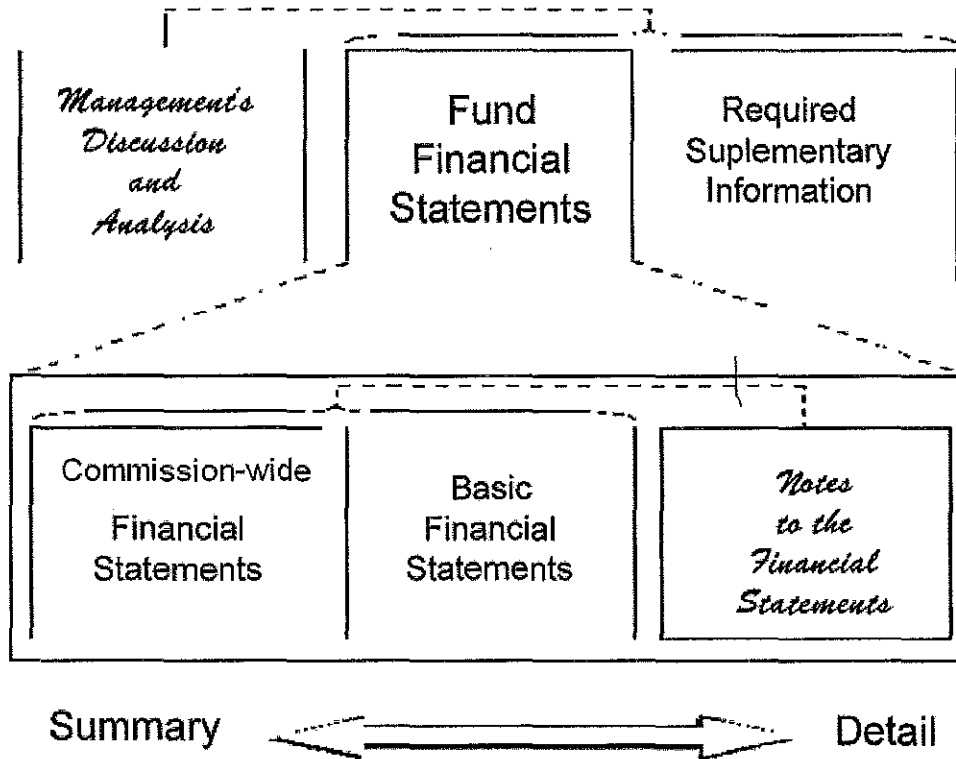
**SOUTH BERGEN JOINTURE COMMISSION  
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

*-Fiduciary funds* statements provide information about the financial relationships in which the Commission acts solely as a *trustee* or *agent* for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain the information in the statements and provide more detailed data. The following shows how the various parts of this annual report are arranged and related to one another.



**SOUTH BERGEN JOINTURE COMMISSION  
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2018**

The following summarizes the major features of the Commission's financial statements, including the portion of the Commission's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the Commission-wide and Fund Financial Statements

	Commission-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Commission (except fiduciary funds)	The activities of the Commission that are not proprietary or fiduciary, such as Regular and Special Education Instruction and Building maintenance	Activities the Commission operates similar to private businesses: Enterprise Fund	Instances in which the Commission administers resources held in trust, such as Payroll Agency and Student Activities
Required financial statements	Statements of Net Position  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenue, Expenses and Changes in Net Position Statement of cash Flows	Statements of Fiduciary Net Position  Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources Focus
Type of asset, deferred outflows/inflows of resources and liability Information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets.
Type of inflow/outflow Information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods Or services have been Received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and dedications during the year, regardless of when cash is received or paid.

**SOUTH BERGEN JOINTURE COMMISSION  
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2018**

**Commission-wide financial statements**

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

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

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

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

- *Governmental activities* – Most of the Commission's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Tuition charges and service fee revenues finance most of these activities.
- *Business type activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises.

**Fund financial statements**

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

- Some funds are required by State law and bond covenants.
- The Commission establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants and restricted contributions and service fees).

The Commission has three kinds of funds:

- *Governmental funds* – Most of the Commission's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. Because this information does not encompass the additional long-term focus of the Commission-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.

**SOUTH BERGEN JOINTURE COMMISSION  
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2018**

**Fund financial statements (continued)**

- *Proprietary funds* – Services for which the Commission charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the Commission-wide statements.
- *Fiduciary funds* – The Commission is the trustee, or *fiduciary*, for assets that belong to others. The Commission is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the Commission's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the Commission-wide financial statements because the Commission cannot use these assets to finance its operations.

**Notes to the financial statements**

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

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Commission's budget process. The Commission adopts an annual expenditure budget for the general and special revenue funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

**COMMISSION-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of a government's financial position. In the case of the Commission, assets exceeded liabilities by \$4,759,693 as of June 30, 2018 and \$2,987,792 as of June 30, 2017.

By far the largest portion of the Commission's net position is unrestricted and available to finance future expenses and capital acquisitions of the Commission. The other portion of net position reflects the Commission's investment in capital assets. The Commission uses these assets to provide services to its students and participating school districts utilizing the Commission's services.

**SOUTH BERGEN JOINTURE COMMISSION  
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2018**

**Net Position  
As of June 30, 2018 and 2017**

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Assets</b>						
Current Assets	\$ 11,463,532	\$9,662,705	\$ 55,407	\$ 48,420	\$ 11,518,939	\$9,711,125
Capital Assets	13,670	107,185	716	2,613	14,386	109,798
<b>Total Assets</b>	<u>11,477,202</u>	<u>9,769,890</u>	<u>56,123</u>	<u>51,033</u>	<u>11,533,325</u>	<u>9,820,923</u>
Deferred Outflows of Resources	<u>1,532,713</u>	<u>1,991,625</u>	-	-	<u>1,532,713</u>	<u>1,991,625</u>
Total Assets and Deferred Outflows of Resources	<u>13,009,915</u>	<u>11,761,515</u>	<u>56,123</u>	<u>51,033</u>	<u>13,066,038</u>	<u>11,812,548</u>
<b>Liabilities</b>						
Current Liabilities	-	-	-	-	-	-
Non-Current Liabilities	<u>6,196,687</u>	<u>7,627,257</u>	-	-	<u>6,196,687</u>	<u>7,627,257</u>
<b>Total Liabilities</b>	<u>6,196,687</u>	<u>7,627,257</u>	-	-	<u>6,196,687</u>	<u>7,627,257</u>
Deferred Inflows of Resources	<u>2,108,776</u>	<u>1,196,443</u>	<u>882</u>	<u>1,056</u>	<u>2,109,658</u>	<u>1,197,499</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,305,463</u>	<u>8,823,700</u>	<u>882</u>	<u>1,056</u>	<u>8,306,345</u>	<u>8,824,756</u>
<b>Net Position</b>						
Net Investment in Capital Assets	13,670	107,185	716	2,613	14,386	109,798
Unrestricted	<u>4,690,782</u>	<u>2,830,630</u>	<u>54,525</u>	<u>47,364</u>	<u>4,745,307</u>	<u>2,877,994</u>
<b>Total Net Position</b>	<u>\$ 4,704,452</u>	<u>\$2,937,815</u>	<u>\$ 55,241</u>	<u>\$ 49,977</u>	<u>\$ 4,759,693</u>	<u>\$2,987,792</u>



**SOUTH BERGEN JOINTURE COMMISSION  
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2018**

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

	<u>Governmental Activities</u>		<u>Business - Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 44,510,111	\$ 45,441,339	\$ 46,523	\$ 45,045	\$ 44,556,634	\$ 45,486,384
Operating Grants and Contributions	7,788,115	6,392,586	133,807	116,731	7,921,922	6,509,317
Interest/Misc.	<u>38,089</u>	<u>66,260</u>	<u>-</u>	<u>-</u>	<u>38,089</u>	<u>66,260</u>
<b>Total Revenues</b>	<b><u>52,336,315</u></b>	<b><u>51,900,185</u></b>	<b><u>180,330</u></b>	<b><u>161,776</u></b>	<b><u>52,516,645</u></b>	<b><u>52,061,961</u></b>
<b>Expenses</b>						
Instruction						
Special Education	12,482,828	11,131,466			12,482,828	11,131,466
Support Services						
Student and Instruction Related Services	13,206,650	12,776,326			13,206,650	12,776,326
General Administrative Services	687,040	632,574			687,040	632,574
School Administrative Services	1,885,528	1,916,551			1,885,528	1,916,551
Central and Other Support Services	663,964	544,524			663,964	544,524
Plant Operations and Maintenance	2,085,057	2,015,571			2,085,057	2,015,571
Pupil Transportation	19,514,611	22,299,374			19,514,611	22,299,374
Food Services	<u>-</u>	<u>-</u>	<u>219,066</u>	<u>218,121</u>	<u>219,066</u>	<u>218,121</u>
<b>Total Expenses</b>	<b><u>50,525,678</u></b>	<b><u>51,316,386</u></b>	<b><u>219,066</u></b>	<b><u>218,121</u></b>	<b><u>50,744,744</u></b>	<b><u>51,534,507</u></b>
<b>Increase (Decrease) in Net Position Before Transfers</b>	<b><u>1,810,637</u></b>	<b><u>583,799</u></b>	<b><u>(38,736)</u></b>	<b><u>(56,345)</u></b>	<b><u>1,771,901</u></b>	<b><u>527,454</u></b>
<b>Transfer</b>	<b><u>(44,000)</u></b>	<b><u>(55,000)</u></b>	<b><u>44,000</u></b>	<b><u>55,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Change in Net Position</b>	<b><u>\$ 1,766,637</u></b>	<b><u>\$ 528,799</u></b>	<b><u>\$ 5,264</u></b>	<b><u>\$ (1,345)</u></b>	<b><u>\$ 1,771,901</u></b>	<b><u>\$ 527,454</u></b>

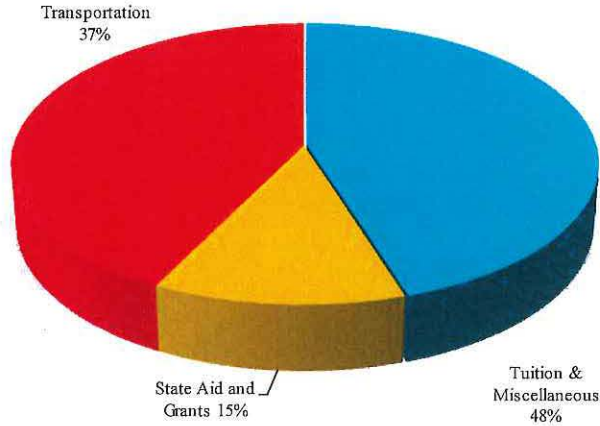
**SOUTH BERGEN JOINTURE COMMISSION  
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2018**

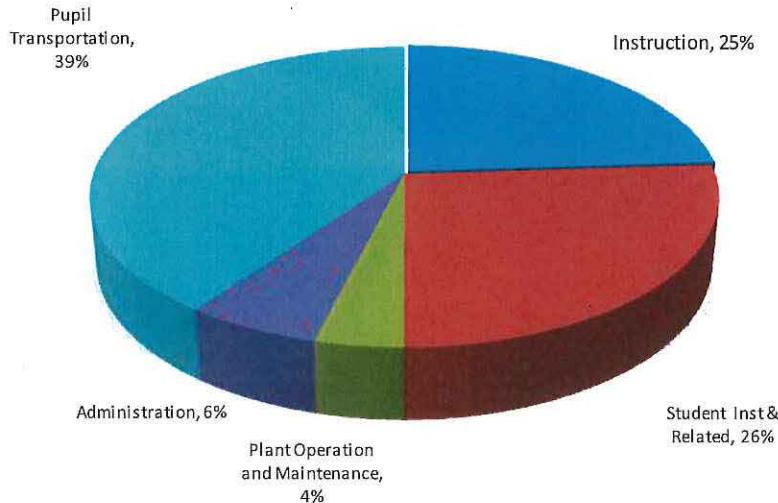
**Governmental Activities.** The Commission's total governmental activities' revenues, which includes State grants, were \$52,336,315 and \$51,900,185 for the year ended June 30, 2018 and 2017, respectively. Tuition revenue of \$25,070,227 and transportation fees of \$19,439,884 represented 48% and 37% respectively of the revenues for the fiscal year ended June 30, 2018. Another portion of revenues came from grants and contributions of \$7,788,115 or 15% of the revenues for the fiscal year ended June 30, 2018. Miscellaneous income includes items such as interest, prior year refunds and other miscellaneous items.

The total cost of all governmental activities programs and services were \$50,525,678 and \$51,316,386 for the years ended June 30, 2018 and 2017, respectively. The Commission's expenses are related to educating and caring for students. Instruction totaled \$12,482,828 and \$11,131,466 (25% and 22%) of total expenditures for the fiscal years ended June 30, 2018 and 2017 respectively. Support services (including pupil transportation), totaled \$38,042,850 and \$40,184,920 (75% and 78%) of total expenditures for the fiscal years end June 30, 2018 and June 30, 2017, respectively.

Revenues by Type- Governmental Activities  
For Fiscal Year 2018



Expenses by Type- Governmental Activities  
For Fiscal Year 2018



**SOUTH BERGEN JOINTURE COMMISSION  
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2018**

**Net Cost of Governmental Activities.** The Commission's total cost of services was \$50,525,678 for the fiscal year ended June 30, 2018. After applying program revenues, derived from charges for services and grants and contributions of \$52,298,226 the net revenue from services of the Commission was \$1,772,548 for the fiscal year ended June 30, 2018.

**Net Cost of Governmental Activities**

	<u>Total Cost</u> <u>of Services</u> <u>2018</u>	<u>(Net Cost) Revenue</u> <u>of Services</u> <u>2018</u>	<u>Total Cost</u> <u>of Services</u> <u>2017</u>	<u>(Net Cost) Revenue</u> <u>of Services</u> <u>2017</u>
Instruction				
Special Education	\$ 12,482,828	\$ 3,716,683	\$ 11,131,466	\$ 3,073,312
Support Services				
Student and Instruction Related Services	13,206,650	2,764,496	12,776,326	2,242,422
General Administrative Services	687,040	(515,996)	632,574	(492,718)
School Administrative Services	1,885,528	(1,451,177)	1,916,551	(1,531,156)
Central and Other Support Services	663,964	(621,030)	544,524	(544,524)
Plant Operations and Maintenance	2,085,057	(2,085,057)	2,015,571	(2,015,571)
Pupil Transportation	19,514,611	(35,371)	22,299,374	(214,226)
	<u>19,514,611</u>	<u>(35,371)</u>	<u>22,299,374</u>	<u>(214,226)</u>
<b>Total</b>	<b><u>\$ 50,525,678</u></b>	<b><u>\$ 1,772,548</u></b>	<b><u>\$ 51,316,386</u></b>	<b><u>\$ 517,539</u></b>

**SOUTH BERGEN JOINTURE COMMISSION  
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2018**

**FINANCIAL ANALYSIS OF THE COMMISSION'S FUNDS**

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

**Governmental Funds**

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

The financial performance of the Commission as a whole is reflected in its governmental funds as well. As the Commission completed the year, its governmental funds reported a *combined* fund balance of \$11,463,532 for the year ended June 30, 2018 compared to \$9,662,705 for the year ended June 30, 2017.

Revenues for the Commission's governmental funds were \$47,693,775 and \$48,082,238, while total expenditures and transfers were \$45,892,948 and \$47,213,152 for the fiscal years ended June 30, 2018 and 2017, respectively.

**General Fund** - The General Fund is the chief operating fund of the Commission and includes the primary operations in providing educational services to students, to special needs students, as well as, basic skills and home instruction to various local education agencies. In addition, the Commission provides contracted services for pupil transportation

The following schedule presents a summary of General Fund Revenues.

	June 30,		Amount of	Percent
	<u>2018</u>	<u>2017</u>	<u>Increase</u>	<u>Increase</u>
			<u>(Decrease)</u>	<u>(Decrease)</u>
Local Sources				
Tuition Charges	\$ 19,787,062	\$ 18,032,878	\$ 1,754,184	10%
Transportation Fees	19,439,884	22,085,148	(2,645,264)	-12%
Miscellaneous Fees/Charges	5,283,165	5,323,313	(40,148)	-1%
Interest/Misc.	38,089	66,260	(28,171)	-43%
State Sources	<u>3,145,025</u>	<u>2,574,162</u>	<u>570,863</u>	22%
 Total General Fund Revenues	 <u>\$ 47,693,225</u>	 <u>\$ 48,081,761</u>	 <u>\$ (388,536)</u>	 -1%

Tuition revenue increased \$1,754,184 or 10% from the previous year. Transportation fees decreased \$2,645,264 or 12% from the previous year. Miscellaneous fees/charges decreased \$40,148 or 1%. State aid revenues increased \$570,863 or 22% over the previous year. Interest/Misc. revenue decreased \$28,171 or 43% penalty as a result of erate reimbursements.

**SOUTH BERGEN JOINTURE COMMISSION  
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2018**

The following schedule presents a summary of General Fund expenditures.

	June 30,		Amount of Increase (Decrease)	Percent Increase (Decrease)
	<u>2018</u>	<u>2017</u>		
Instruction	\$ 10,785,224	\$ 9,807,524	\$ 977,700	10%
Support Services	15,581,451	15,061,315	520,136	3%
Transportation	<u>19,481,723</u>	<u>22,278,060</u>	<u>(2,796,337)</u>	-13%
Capital Outlay	<u>-</u>	<u>10,776</u>	<u>(10,776)</u>	-100%
Total Expenditures	<u>\$ 45,848,398</u>	<u>\$ 47,157,675</u>	<u>\$ (1,309,277)</u>	-3%

Total General Fund expenditures decreased \$1,309,277 or 3% from the previous year. The decrease is primarily attributable to an decrease in expenditures for transportation services.

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

Revenues of the Special Revenue Fund were \$550 and \$477 for the years ended June 30, 2018 and 2017, respectively. Local sources accounted for 100% and 100% of the Special Revenue Funds revenue for the years ended June 30, 2018 and 2017, respectively.

Expenditures of the Special Revenue Fund were \$550 and \$477 for the fiscal years ended June 30, 2018 and 2017, respectively. Instructional expenditures were \$550 for June 30, 2018.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

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

Over the course of the year, the Commission revised the annual operating budget several times. These budget amendments were due to adjusted budgets for specially funded projects, which include additional service fee revenue and both federal and state grants.

**SOUTH BERGEN JOINTURE COMMISSION  
HASBROUCK HEIGHTS, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year ended June 30, 2018**

**CAPITAL ASSETS**

The Commission's investment in capital assets for its governmental activities as of June 30, 2018 and 2017 amounted to \$13,670 and \$107,185 (net of accumulated depreciation). The capital assets consist of computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal years 2017-2018 amounted to \$93,515 for governmental activities.

**Capital Assets at June 30, 2018 and 2017  
(Net of Accumulated Depreciation)**

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Machinery and Equipment	\$ 13,670	\$ 107,185
<b>Total Net Capital Assets</b>	<b><u>\$ 13,670</u></b>	<b><u>\$ 107,185</u></b>

Additional information on the Commission's capital assets is presented in Notes 1 and 3 of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Many factors were considered by the Commission's administration during the process of developing the fiscal year 2018-2019 budget. The primary factors were the Commission's projected student population and services required to be provided to local education agencies as well as increasing transportation, salary and related benefit costs.

**CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, and investors and creditors with a general overview of the Commission's finances and to demonstrate the Commission's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, South Bergen Jointure Commission, 624 Page Avenue, Hasbrouck Heights, NJ.

**BASIC FINANCIAL STATEMENTS**

**SOUTH BERGEN JOINTURE COMMISSION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2018**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash	\$ 5,606,788	\$ 32,849	\$ 5,639,637
Receivables, net	5,833,468	13,352	5,846,820
Inventory		2,649	2,649
Other Assets	29,833		29,833
Internal Balances	(6,557)	6,557	
Capital Assets, Being Depreciated net	<u>13,670</u>	<u>716</u>	<u>14,386</u>
Total Assets	<u>11,477,202</u>	<u>56,123</u>	<u>11,533,325</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>1,532,713</u>	<u>-</u>	<u>1,532,713</u>
Total Deferred Outflows of Resources	<u>1,532,713</u>	<u>-</u>	<u>1,532,713</u>
Total Assets and Deferred Outflows of Resources	<u>13,009,915</u>	<u>56,123</u>	<u>13,066,038</u>
<b>LIABILITIES</b>			
Noncurrent Liabilities			
Due Within One Year			-
Due Beyond One Year	<u>6,196,687</u>	<u>-</u>	<u>6,196,687</u>
Total Liabilities	<u>6,196,687</u>	<u>-</u>	<u>6,196,687</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue		882	882
Deferred Amounts on Net Pension Liability	<u>2,108,776</u>	<u>-</u>	<u>2,108,776</u>
Total Deferred Inflows of Resources	<u>2,108,776</u>	<u>882</u>	<u>2,109,658</u>
Total Liabilities and Deferred Inflows of Resources	<u>8,305,463</u>	<u>882</u>	<u>8,306,345</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	13,670	716	14,386
Unrestricted	<u>4,690,782</u>	<u>54,525</u>	<u>4,745,307</u>
Total Net Position	<u>\$ 4,704,452</u>	<u>\$ 55,241</u>	<u>\$ 4,759,693</u>

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



**SOUTH BERGEN JOINTURE COMMISSION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:						
Instruction:						
Special Education	\$ 12,482,828	\$ 13,455,202	\$ 2,744,309	\$ 3,716,683		\$ 3,716,683
Undistributed Expenditures:						
Student and Instruction Related Services	13,206,650	11,615,025	4,356,121	2,764,496		2,764,496
Support Services-General Administration	687,040		171,044	(515,996)		(515,996)
Support Services-School Administration	1,885,528		434,351	(1,451,177)		(1,451,177)
Central Services	663,964		42,934	(621,030)		(621,030)
Operation and Maintenance of Plant Services	2,085,057			(2,085,057)		(2,085,057)
Student Transportation Services	19,514,611	19,439,884	39,356	(35,371)	-	(35,371)
Total Governmental Activities	<u>50,525,678</u>	<u>44,510,111</u>	<u>7,788,115</u>	<u>1,772,548</u>	<u>-</u>	<u>1,772,548</u>
Business-Type Activities:						
Food Service	<u>219,066</u>	<u>46,523</u>	<u>133,807</u>	<u>-</u>	<u>\$ (38,736)</u>	<u>(38,736)</u>
Total Business-Type Activities	<u>219,066</u>	<u>46,523</u>	<u>133,807</u>	<u>-</u>	<u>(38,736)</u>	<u>(38,736)</u>
Total Primary Government	<u>\$ 50,744,744</u>	<u>\$ 44,556,634</u>	<u>\$ 7,921,922</u>	<u>1,772,548</u>	<u>(38,736)</u>	<u>1,733,812</u>
General Revenues and Transfers:						
Interest/Misc.				\$ 38,089		\$ 38,089
Transfers				(44,000)	44,000	-
Total General Revenues and Transfers				<u>(5,911)</u>	<u>44,000</u>	<u>38,089</u>
Change in Net Position				1,766,637	5,264	1,771,901
Net Position, Beginning of Year				<u>2,937,815</u>	<u>49,977</u>	<u>2,987,792</u>
Net Position, End of Year				<u>\$ 4,704,452</u>	<u>\$ 55,241</u>	<u>\$ 4,759,693</u>

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

**FUND FINANCIAL STATEMENTS**

**SOUTH BERGEN JOINTURE COMMISSION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 5,606,788		\$ 5,606,788
Accounts Receivable			
Intergovernmental	5,833,468		5,833,468
Other Assets	<u>29,833</u>	<u>-</u>	<u>29,833</u>
 Total Assets	 <u>11,470,089</u>	 <u>-</u>	 <u>11,470,089</u>
<b>LIABILITIES</b>			
Due to Other Funds	<u>6,557</u>	<u>-</u>	<u>6,557</u>
 Total Liabilities	 <u>6,557</u>	 <u>-</u>	 <u>6,557</u>
<b>FUND BALANCE</b>			
Committed:			
Designated for STEM Labs and Programs	997,340		997,340
Unassigned	<u>10,466,192</u>	<u>-</u>	<u>10,466,192</u>
 Total Fund Balances	 <u>11,463,532</u>	 <u>-</u>	 <u>11,463,532</u>
 Total Liabilities and Fund Balances	 <u>\$ 11,470,089</u>	 <u>\$ -</u>	

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$758,362 and the accumulated depreciation is \$744,692.

13,670

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

Deferred Outflows of Resources	\$ 1,532,713	
Deferred Inflows of Resources	<u>(2,108,776)</u>	(576,063)

Long-term liabilities, including compensating absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities consist of:

Compensated Absences	(106,541)	
Net Pension Liability	<u>(6,090,146)</u>	<u>(6,196,687)</u>
 Net position of governmental activities		 <u>\$ 4,704,452</u>

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

**SOUTH BERGEN JOINTURE COMMISSION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Local Sources:			
Tuition	\$ 19,787,062		\$ 19,787,062
Transportation Fees	19,439,884		19,439,884
Interest/Misc.	38,089		38,089
Miscellaneous Fees/Charges	<u>5,283,165</u>	<u>\$ 550</u>	<u>5,283,715</u>
Total - Local Sources	44,548,200	550	44,548,750
State Sources	<u>3,145,025</u>	<u>-</u>	<u>3,145,025</u>
Total Revenues	<u>47,693,225</u>	<u>550</u>	<u>47,693,775</u>
<b>EXPENDITURES</b>			
Current			
Instruction			
Special Education - Instruction	10,785,224	550	10,785,774
Undistributed Expenditures			
Student and Instruction Related Services	10,727,214		10,727,214
Support Services-General Administration	579,507		579,507
Support Services-School Administration	1,562,908		1,562,908
Central Services	628,086		628,086
Operation and Maintenance of Plant Services	2,083,736		2,083,736
Student Transportation Services	19,481,723		19,481,723
Capital Outlay			
Equipment	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>45,848,398</u>	<u>550</u>	<u>45,848,948</u>
Excess of Revenues Over Expenditures	<u>1,844,827</u>	<u>-</u>	<u>1,844,827</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to Food Service Enterprise Fund	<u>(44,000)</u>	<u>-</u>	<u>(44,000)</u>
Total Other Financing Sources (Uses)	<u>(44,000)</u>	<u>-</u>	<u>(44,000)</u>
Net Change in Fund Balances	1,800,827	-	1,800,827
Fund Balance, Beginning of Year	<u>9,662,705</u>	<u>-</u>	<u>9,662,705</u>
Fund Balance, End of Year	<u>\$ 11,463,532</u>	<u>\$ -</u>	<u>\$ 11,463,532</u>

**SOUTH BERGEN JOINTURE COMMISSION  
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 (Exhibit B-2)** **\$ 1,800,827**

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 depreciation exceeded capital outlays in the period.

Depreciation Expense	\$ (93,515)	
Capital Outlay	<u>                  -</u>	(93,515)

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

Compensated Absences, Net	(26,907)	
Decrease in Pension Expense	<u>86,232</u>	<u>59,325</u>

**Change in net position of governmental activities (Exhibit A-2)** **\$ 1,766,637**

**SOUTH BERGEN JOINTURE COMMISSION  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2018**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>ASSETS</b>	
Current Assets	
Cash	\$ 32,849
Due From Other Funds	6,557
Intergovernmental Receivable	13,352
Inventory	<u>2,649</u>
Total Current Assets	<u>55,407</u>
Capital Assets	
Machinery and Equipment, Net	<u>716</u>
Total Capital Assets	<u>716</u>
Total Assets	<u>56,123</u>
<b>LIABILITIES</b>	
Due to Other Funds	<u>-</u>
Total Liabilities	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Commodities Revenue	<u>882</u>
Total Deferred Inflows of Resources	<u>882</u>
Total Liabilities and Deferred Inflows of Resources	<u>882</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	716
Unrestricted	<u>54,525</u>
Total Net Position	<u><u>\$ 55,241</u></u>

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

**SOUTH BERGEN JOINTURE COMMISSION  
 PROPRIETARY FUND  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Daily Sales - Reimbursable Programs	\$ 33,337
Daily Sales - Non-Reimbursable Programs	<u>13,186</u>
 Total Operating Revenues	 <u>46,523</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales - Reimbursable Programs	89,702
Cost of Sales - Non-Reimbursable Programs	3,722
Salaries and Wages	87,131
Insurance	9,500
Supplies and Materials	5,831
Maintenance	9,133
Depreciation	1,987
Management Fee	8,532
Miscellaneous	<u>3,528</u>
 Total Operating Expenses	 <u>219,066</u>
 Operating (Loss)	 <u>(172,543)</u>
<b>NONOPERATING REVENUES</b>	
State Sources	
State School Lunch Program	1,758
Federal Sources	
National School Breakfast Program	44,078
National School Lunch Program	76,291
USDA Commodities	<u>11,680</u>
 Total Nonoperating Revenues	 <u>133,807</u>
 Net Income (Loss) Before Transfers	 (38,736)
 Transfer from General Fund	 <u>44,000</u>
 Change in Net Position	 5,264
 Net Position, Beginning of Year	 <u>49,977</u>
 Net Position, End of Year	 <u>\$ 55,241</u>

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

**SOUTH BERGEN JOINTURE COMMISSION  
 PROPRIETARY FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Business-Type Activities Enterprise Fund <u>Food Services</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$ 46,523
Cash Payments for Salaries and Wages	(87,131)
Cash Payments for Goods and Services	<u>(118,441)</u>
Net Cash Provided (Used) by Operating Activities	<u>(159,049)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Cash Received/Paid from Other Funds	40,708
Cash Received from State and Federal Subsidy	<u>119,203</u>
Net Cash Provided by Non-Capital Financing Activities	<u>159,911</u>
Net Decrease in Cash and Cash Equivalents	862
Cash and Cash Equivalents, Beginning of Year	<u>31,987</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 32,849</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities</b>	
Operating Income (Loss)	\$ (172,543)
Adjustments to Reconcile Operating/Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Depreciation	1,987
Non-Cash Federal Assistance-National School Lunch (Food Distribution)	11,680
Change in Assets and Liabilities	
(Increase)/Decrease in Inventory	1
Increase/(Decrease) in Unearned Revenue	<u>(174)</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>\$ (159,049)</u></u>
Non-Cash Financing Activities	
National School Lunch (Food Distribution)	\$ 11,506

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



**SOUTH BERGEN JOINTURE COMMISSION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2018**

	<b>Unemployment Compensation <u>Trust Fund</u></b>	<b><u>Agency Fund</u></b>
<b>ASSETS</b>		
Cash	\$ <u>69,773</u>	\$ <u>39,216</u>
Total Assets	<u>69,773</u>	<u>\$ 39,216</u>
<b>LIABILITIES</b>		
Payroll Deductions and Withholdings		\$ 14,795
Accrued Salaries and Wages		21,899
Due to Other Funds		-
Due to Student Groups	<u>-</u>	<u>2,522</u>
Total Liabilities	<u>-</u>	<u>\$ 39,216</u>
<b>NET POSITION</b>		
Held In Trust For Unemployment Claims	<u>\$ 69,773</u>	

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

**SOUTH BERGEN JOINTURE COMMISSION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Unemployment Compensation <u>Trust Fund</u></b>
<b>ADDITIONS</b>	
Employee Contributions	\$ <u>26,188</u>
Total Additions	<u>26,188</u>
<b>DEDUCTIONS</b>	
Claims	<u>42,477</u>
Total Deductions	<u>42,477</u>
Change in Net Position	(16,289)
Net Position, Beginning of Year	<u>86,062</u>
Net Position, End of Year	<u><u>\$ 69,773</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The South Bergen Jointure Commission (the “Commission” or the “Board”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Commission consists of fourteen appointed officials, one from each member school district and is responsible for the administrative control of the Commission. Under existing statutes, the Commission’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

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

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

**B. New Accounting Standards**

During fiscal year 2018, the Commission adopted the following GASB statements:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

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

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

**C. Basis of Presentation - Financial Statements**

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Commission-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

The Commission reports the following major governmental funds:

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation - Financial Statements (Continued)**

**Fund Financial Statements (Continued)**

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

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

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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

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

**Reclassifications**

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

**D. Measurement Focus and Basis of Accounting**

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

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

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

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

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

***1. Cash, Cash Equivalents and Investments***

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

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

***2. Receivables***

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

***3. Inventories***

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.



**SOUTH BERGEN JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**4. *Capital Assets***

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

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

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

<u>Assets</u>	<u>Years</u>
Office Equipment and Furniture	7-10
Computer Equipment	5

**5. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from the loss on a debt refunding reported in the commission-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the commission-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**5. *Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has two types of items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the commission-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item is the deferred commodities revenue, reported in both the commission-wide and the proprietary funds statements or net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

**6. *Compensated Absences***

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

**7. *Pensions***

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**8. *Net Position/Fund Balance***

**Commission-Wide Statements**

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

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

**Governmental Fund Statements**

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

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Designated for STEM Labs and Programs* – Represents funds committed by Commission resolution for the implementation of a program for STEM education programs.

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

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

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**9. *Fund Balance Policies***

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

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

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

**F. Revenues and Expenditures/Expenses**

**1. *Program Revenues***

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

**2. *Tuition Revenues and Transportation Charges***

Tuition Revenues - Tuition charges were established by the Commission based on estimated costs and pupil enrollment. The charges are not subject to adjustment.

Transportation Charges - These charges are based upon actual routes, contract awards and students transported. The Commission assesses a 3% surcharge to cover administrative costs.

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

The annual budget is adopted in the spring of the preceding year for the general and special revenue funds. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April

Budget adoptions and amendments are recorded in the Commission’s board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the special revenue budget by \$551 as a result of the receipt of grant funds.

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

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

**NOTE 3 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

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

**SOUTH BERGEN JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

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

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$5,748,626 and bank and brokerage firm balances of the Board's deposits amounted to \$9,665,936. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" are categorized as:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ <u>9,665,936</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board's bank balances were not exposed to custodial credit risk as follows:

**Investments**

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

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

	<u>General</u>	<u>Food Service</u>	<u>Total</u>
Receivables:			
Intergovernmental -			
Federal		\$ 13,162	\$ 13,162
State	\$ 37,061	190	37,251
Local	5,796,407	-	5,796,407
	<u>5,833,468</u>	<u>13,352</u>	<u>5,846,820</u>
Gross Receivables			
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 5,833,468</u>	<u>\$ 13,352</u>	<u>\$ 5,846,820</u>

**C. Capital Assets**

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

	<u>Balance, July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2018</u>
<b>Governmental activities:</b>				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 758,362	-	-	\$ 758,362
Total capital assets being depreciated	<u>758,362</u>	<u>-</u>	<u>-</u>	<u>758,362</u>
Less accumulated depreciation for:				
Machinery and Equipment	(651,177)	\$ (93,515)	-	(744,692)
Total accumulated depreciation	<u>(651,177)</u>	<u>(93,515)</u>	<u>-</u>	<u>(744,692)</u>
Total capital assets, being depreciated, net	<u>107,185</u>	<u>(93,515)</u>	<u>-</u>	<u>13,670</u>
Governmental activities capital assets, net	<u>\$ 107,185</u>	<u>\$ (93,515)</u>	<u>\$ -</u>	<u>\$ 13,670</u>

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

	<u>Balance, July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2018</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 43,242	-	-	\$ 43,242
Total capital assets being depreciated	<u>43,242</u>	<u>-</u>	<u>-</u>	<u>43,242</u>
Less accumulated depreciation for:				
Machinery and equipment	(40,629)	\$ (1,897)	-	(42,526)
Total accumulated depreciation	<u>(40,629)</u>	<u>(1,897)</u>	<u>-</u>	<u>(42,526)</u>
Total capital assets, being depreciated, net	<u>2,613</u>	<u>(1,897)</u>	<u>-</u>	<u>716</u>
Business-type activities capital assets, net	<u>\$ 2,613</u>	<u>\$ (1,897)</u>	<u>\$ -</u>	<u>\$ 716</u>

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

<b>Governmental activities:</b>	
Instruction:	
Special Education	\$ 1,004
Total Instruction	<u>1,004</u>
Support Services	
Student and Instruction Related Services	\$ 9,643
General Administration	10,556
School Administration	70,991
Operations and Maintenance of Plant	1,321
Total Support Services	<u>92,511</u>
Total Governmental Funds	<u>93,515</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 93,515</u>
<b>Business-Type Activities:</b>	
Food Service Fund	<u>\$ 1,897</u>



**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

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

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

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Food Service Enterprise Fund	General Fund	\$ 6,557
		<u>\$ 6,557</u>

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

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

**Interfund transfers**

	<u>Transfer Out:</u>	
	<u>General Fund</u>	<u>Total</u>
Transfer In:		
Food Service -		
Enterprise Fund	\$ 44,000	\$ 44,000
Total	<u>\$ 44,000</u>	<u>\$ 44,000</u>

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

**E. Leases**

**Operating Leases**

The Commission leases classrooms and office space under noncancelable operating leases. Lease payments for the fiscal year ended June 30, 2018 were \$385,805. The future minimum lease payments for these operating leases are as follows:

<u>Fiscal Year Ending June 30</u>	<u>St. Francis de Salos R.C. Church School Building Lodi, NJ</u>	<u>(Business Office) 500 Rte. 17 South, LLC Hasbrouck Hts.</u>	<u>Amount</u>
2019	\$ 272,850	\$ 112,955	\$ 385,805
Total	<u>\$ 272,850</u>	<u>\$ 112,955</u>	<u>\$ 385,805</u>

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 79,634	\$ 26,907		\$ 106,541	\$ -
Net Pension Liability	<u>7,547,623</u>	<u>242,365</u>	<u>\$ 1,699,842</u>	<u>6,090,146</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 7,627,257</u>	<u>\$ 269,272</u>	<u>\$ 1,699,842</u>	<u>\$ 6,196,687</u>	<u>\$ -</u>

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

**NOTE 4 OTHER INFORMATION**

**A. Risk Management**

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

The Commission is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

The Commission has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the Commission 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 Commission is billed quarterly for amounts due to the State. The following is a summary of Commission contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Commission’s fiduciary trust fund for the current and previous two years:

Fiscal Year Ended <u>June 30,</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018	\$ 26,188	\$ 42,477	\$ 69,773
2017	32,736	24,045	86,062
2016	24,168	14,683	77,371

**B. Contingent Liabilities**

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

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2018, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the Commission.

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

**Plan Descriptions and Benefits Provided**

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

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

The following represents the membership tiers for PERS:

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

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

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

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

The following represent the membership tiers for TPAF:

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

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

**Other Pension Funds**

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

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

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Plan Amendments**

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Funding Status and Funding Progress**

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

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

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

**Actuarial Methods and Assumptions**

In the July 1, 2016 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.00 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**Employer and Employee Pension Contributions**

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

**Annual Pension Costs (APC)**

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Commission to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

**SOUTH BERGEN JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

**Annual Pension Costs (APC) (Continued)**

During the fiscal years ended June 30, 2018, 2017 and 2016 the Commission was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, was required to contribute for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 242,365	\$ 1,461,371	\$ 69,806
2017	226,396	999,124	63,472
2016	242,433	652,502	53,851

In addition for fiscal years 2017/2018 and 2016/2017 the Commission contributed \$1,352 and \$106 respectively for PERS and the State contributed \$2,315 and \$2,118, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the commission-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Commission \$737,471 during the fiscal year ended June 30, 2018 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the commission-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

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

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



**SOUTH BERGEN JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

At June 30, 2018, the Commission reported in the statement of net position (accrual basis) a liability of \$6,090,146 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission’s proportionate share of the net pension liability was based on a projection of the Commission’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the Commission’s proportionate share was 0.02616 percent, which was an increase of 0.00068 percent from its proportionate share measured as of June 30, 2016 of 0.02548 percent.

For the fiscal year ended June 30, 2018, the Commission recognized in the commission-wide statement of activities (accrual basis) pension expense of \$156,133 for PERS. The pension contribution made by the Commission during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the Commission reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 143,402	
Changes of Assumptions	1,226,955	\$ 1,222,456
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	41,470	
Changes in Proportion and Differences Between Commission Contributions and Proportionate Share of Contributions	<u>120,886</u>	<u>886,320</u>
Total	<u>\$ 1,532,713</u>	<u>\$ 2,108,776</u>

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

At June 30, 2018, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ (101,467)
2020	(101,470)
2021	(67,924)
2022	(195,994)
2023	(109,208)
Thereafter	<u>-</u>
	<u>\$ (576,063)</u>

***Actuarial Assumptions***

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

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Long-Term Expected Rate of Return***

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

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

***Discount Rate***

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

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



**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

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

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

In accordance with GASB No. 68, the Commission is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the Commission. Accordingly, the Commission's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the Commission for TPAF. Therefore, in addition, the Commission does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2018, the Commission recognized in the commission-wide statement of activities (accrual basis) pension expense of \$4,148,880 for TPAF. This amount has been included in the commission-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the Commission is \$59,890,053. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the Commission was 0.0888 percent, which was an increase of 0.00731 percent from its proportionate share measured as of June 30, 2016 of 0.08149 percent.

**SOUTH BERGEN JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Actuarial Assumptions**

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

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

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

**Long-Term Expected Rate of Return**

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Discount Rate***

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

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

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

**Period of Projected Benefit**

Payments for which the Following Rates were Applied:

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

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

***Sensitivity of Net Pension Liability***

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

	<b>1% Decrease <u>(3.25%)</u></b>	<b>Current Discount Rate <u>(4.25%)</u></b>	<b>1% Increase <u>(5.25%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the Commission	<u>\$ 71,151,262</u>	<u>\$ 59,890,053</u>	<u>\$ 50,613,020</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the Commission at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the Commission at June 30, 2017 was not provided by the pension system.



**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

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

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

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

***Pension Plan Fiduciary Net Position***

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

**D. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts and commissions.

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

**Plan Description and Benefits Provided**

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

**State Health Benefit Program Fund – Local Education Retired** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a commission, board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a commission, board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

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

**Measurement Focus and Basis of Accounting**

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

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

**Investment Valuation**

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

**Funded Status and Funding Progress**

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

**Funded Status and Funding Progress (Continued)**

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

**Actuarial Methods and Assumptions**

In the July 1, 2016, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a commission, board of education or county college with 25 years of service. The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the Commission for the fiscal years ended June 30, 2018, 2017 and 2016 were \$943,868, \$832,498 and \$776,950, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the Commission was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

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

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

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

For the fiscal year ended June 30, 2018, the Commission recognized in the commission-wide statement of activities (accrual basis) OPEB expense of \$2,898,899. This amount has been included in the commission-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the Commission is \$33,575,370. The nonemployer allocation percentages are based on the ratio of the State’s contributions made as an employer and nonemployer towards the actuarially determined contribution amount to total contributions to OPEB during the year ended June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the Commission was 0.06259 percent, which was an increase of 0.0004 percent from its proportionate share measured as of June 30, 2016 of 0.06219 percent.

**Actuarial Assumptions**

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

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

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

**Actuarial Assumptions (Continued)**

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

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

**Long-Term Expected Rate of Return**

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

**Discount Rate**

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

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

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

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

**Changes in the Total OPEB Liability**

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

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ 35,965,895
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 2,306,975
Interest on the Total OPEB Liability	1,056,892
Changes of Assumptions	(4,435,792)
Gross Benefit Payments	(1,369,010)
Contributions from the Member	50,410
<b>Net Changes</b>	<b>\$ (2,390,525)</b>
Balance, June 30, 2017 Measurement Date	\$ 33,575,370

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

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

**Sensitivity of OPEB Liability**

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

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 39,856,387	\$ 33,575,370	\$ 28,593,208

**SOUTH BERGEN JOINTURE COMMISSION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 4 OTHER INFORMATION (Continued)**

**D. Post-Retirement Medical Benefits (Continued)**

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

**Sensitivity of OPEB Liability (Continued)**

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

	<b><u>1%</u> <u>Decrease</u></b>	<b><u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u></b>	<b><u>1%</u> <u>Increase</u></b>
Total OPEB Liability (School Retirees)	<u>\$ 27,612,496</u>	<u>\$ 33,575,370</u>	<u>\$ 41,493,996</u>

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

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**



**BUDGETARY COMPARISON SCHEDULES**

**SOUTH BERGEN JOINTURE COMMISSION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT C-1**

	Original Budget	Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>					
<b>Local Sources</b>					
Tuition from Other LEA's - Within the State	\$ 18,292,485		\$ 18,292,485	\$ 19,787,062	\$ 1,494,577
Transportation Fees from Other LEA's	20,750,350		20,750,350	19,439,884	(1,310,466)
Interest		\$ 19,750	19,750	38,089	18,339
Miscellaneous	4,899,900	(19,750)	4,880,150	5,283,165	403,015
<b>Total Local Sources</b>	<u>43,942,735</u>	<u>-</u>	<u>43,942,735</u>	<u>44,548,200</u>	<u>605,465</u>
<b>State Sources</b>					
On Behalf TPAF Pension Contribution (Non Budgeted) - Normal Costs				1,426,747	1,426,747
On Behalf TPAF Pension Contribution (Non Budgeted) - NCGI Premium				34,624	34,624
On Behalf TPAF Pension Contribution (Non Budgeted) - Post Retirement Medical				943,868	943,868
On Behalf TPAF Pension Contribution (Non Budgeted) - Long-Term Disab. Insurance				2,315	2,315
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	737,471	737,471
<b>Total State Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,145,025</u>	<u>3,145,025</u>
<b>Total Revenues</b>	<u>43,942,735</u>	<u>-</u>	<u>43,942,735</u>	<u>47,693,225</u>	<u>3,750,490</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
<b>Special Education</b>					
<b>Behavioral Disabilities</b>					
Salaries of Teachers	608,129	36,313	644,442	644,441	1
Other Salaries for Instruction	396,086	13,374	409,460	351,390	58,070
Other Purchased Services	34,500	34,579	69,079	45,050	24,029
General Supplies	9,280	1,489	10,769	10,768	1
Textbooks	7,417	511	7,928	7,928	-
<b>Total Behavioral Disabilities</b>	<u>1,055,412</u>	<u>86,266</u>	<u>1,141,678</u>	<u>1,059,577</u>	<u>82,101</u>
<b>Multiple Disabilities</b>					
Salaries of Teachers	500,295	7,553	507,848	507,847	1
Other Salaries for Instruction	512,388	-	512,388	437,776	74,612
Other Purchased Services	22,365	40,135	62,500	38,317	24,183
General Supplies	7,524	-	7,524	5,696	1,828
Textbooks	-	-	-	-	-
<b>Total Multiple Disabilities</b>	<u>1,042,572</u>	<u>47,688</u>	<u>1,090,260</u>	<u>989,636</u>	<u>100,624</u>
<b>Autistic Program</b>					
Salaries of Teachers	1,553,623	181,081	1,734,704	1,734,703	1
Other Salaries for Instruction	1,611,896	400,614	2,012,510	2,003,632	8,878
Other Purchased Services	49,376	13,124	62,500	45,899	16,601
General Supplies	19,779	1,559	21,338	21,338	-
Textbooks	-	-	-	-	-
<b>Total Autistic Program</b>	<u>3,234,674</u>	<u>596,378</u>	<u>3,831,052</u>	<u>3,805,572</u>	<u>25,480</u>

**SOUTH BERGEN JOINTURE COMMISSION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT C-1**

	Original Budget	Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education (Continued)					
Preschool Disabilities - Part-Time					
Salaries of Teachers	\$ 619,717	\$ 53,834	\$ 673,551	\$ 672,941	\$ 610
Other Salaries for Instruction	474,546	45,388	519,934	519,481	453
Other Purchased Services	28,304	34,196	62,500	33,051	29,449
General Supplies	8,826	10,197	19,023	19,023	-
<b>Total Preschool Disabilities - Part-Time</b>	<b>1,131,393</b>	<b>143,615</b>	<b>1,275,008</b>	<b>1,244,496</b>	<b>30,512</b>
Home Instruction					
Salaries of Teachers	81,140	16,577	97,717	97,716	1
Other Salaries for Instruction	62,123	5,741	67,864	67,864	-
<b>Total Home Instruction</b>	<b>143,263</b>	<b>22,318</b>	<b>165,581</b>	<b>165,580</b>	<b>1</b>
<b>Total Special Education</b>	<b>6,607,314</b>	<b>896,265</b>	<b>7,503,579</b>	<b>7,264,861</b>	<b>238,718</b>
Undistributed Expenditures					
Health Services					
Salaries	316,310	-	316,310	227,213	89,097
Purchased Professional and Technical Services	39,550	450	40,000	31,500	8,500
Supplies and Materials	5,861	3,108	8,969	8,924	45
<b>Total Health Services</b>	<b>361,721</b>	<b>3,558</b>	<b>365,279</b>	<b>267,637</b>	<b>97,642</b>
Speech, OT/PT, and Related Services					
Salaries	5,030,062	335,691	5,365,753	5,365,752	1
Supplies and Materials	24,858	11,695	36,553	35,118	1,435
Other Objects	-	-	-	-	-
<b>Total Speech, OT/PT, and Related Services</b>	<b>5,054,920</b>	<b>347,386</b>	<b>5,402,306</b>	<b>5,400,870</b>	<b>1,436</b>
Child Study Teams					
Salaries of Other Professional Staff	1,485,702	-	1,485,702	1,270,942	214,760
Supplies and Materials	17,926	-	17,926	14,963	2,963
<b>Total Child Study Teams</b>	<b>1,503,628</b>	<b>-</b>	<b>1,503,628</b>	<b>1,285,905</b>	<b>217,723</b>
Improvement of Instructional Services					
Purchase Professional - Educational Services	9,675	-	9,675	1,485	8,190
Other Purchased Services	1,530	-	1,530	68	1,462
Other Objects	5,799	5,429	11,228	9,698	1,530
<b>Total Improvement of Instructional Services</b>	<b>17,004</b>	<b>5,429</b>	<b>22,433</b>	<b>11,251</b>	<b>11,182</b>

**SOUTH BERGEN JOINTURE COMMISSION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

EXPENDITURES	Original Budget	Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>CURRENT EXPENDITURES (Continued)</b>					
<b>Support Services General Administration</b>					
Salaries	\$ 236,073	\$ 33,440	\$ 269,513	\$ 269,513	
Legal Service	18,560	1,440	20,000	12,516	\$ 7,484
Audit Fees	23,500	-	23,500	23,090	410
Communications/Telephone	103,754	6,020	109,774	83,770	26,004
BOE Other Purchased Services	-	-	-	-	-
Misc. Purchased Services	2,350	-	2,350	220	2,130
General Supplies	11,654	-	11,654	1,909	9,745
Miscellaneous Expenditures	24,360	16,482	40,842	40,791	51
<b>Total Support Services General Administration</b>	<b>420,251</b>	<b>57,382</b>	<b>477,633</b>	<b>431,809</b>	<b>45,824</b>
<b>Support Services School Administration</b>					
Salaries of Principals/Asst. Principals	691,829	113,467	805,296	652,944	152,352
Salaries of Other Professional Staff	-	15,997	15,997	15,996	1
Salaries of Secretarial and Clerical Assistants	148,260	-	148,260	143,754	4,506
Purchased Professional and Technical Services	54,845	-	54,845	23,328	31,517
Other Purchased Services	38,260	-	38,260	21,240	17,020
Supplies and Materials	359,292	-	359,292	256,626	102,666
Other Objects	34,953	-	34,953	21,217	13,736
<b>Total Support Services School Administration</b>	<b>1,327,439</b>	<b>129,464</b>	<b>1,456,903</b>	<b>1,135,105</b>	<b>321,798</b>
<b>Central Services</b>					
Salaries	326,952	16,569	343,521	343,521	-
Purchased Professional Services	61,320	56,289	117,609	117,609	-
Misc Purchased Services	3,750	665	4,415	4,108	307
Supplies and Materials	9,325	-	9,325	1,626	7,699
Miscellaneous Expenditures	5,245	4,948	10,193	10,193	-
<b>Total Central Services</b>	<b>406,592</b>	<b>78,471</b>	<b>485,063</b>	<b>477,057</b>	<b>8,006</b>
<b>Administration Information Technology</b>					
Other Purchased Services	1,900	-	1,900	552	1,348
<b>Total Administration Information Technology</b>	<b>1,900</b>	<b>-</b>	<b>1,900</b>	<b>552</b>	<b>1,348</b>
<b>Custodial Services</b>					
Cleaning, Repair and Maintenance Services	407,625	-	407,625	406,860	765
Rental of Land and Buildings	1,655,777	-	1,655,777	1,629,959	25,818
Insurance	32,725	-	32,725	30,644	2,081
General Supplies	78,854	-	78,854	5,869	72,985
Energy (Natural Gas)	16,520	-	16,520	10,404	6,116
<b>Total Custodial Services</b>	<b>2,191,501</b>	<b>-</b>	<b>2,191,501</b>	<b>2,083,736</b>	<b>107,765</b>
<b>Student Transportation Services</b>					
Salaries for Pupil Transp. Btw. Home and Sch.- Sp Ed	514,560	(199,670)	314,890	314,886	4
Other Purchased Professional and Technical Services	4,000	8,794	12,794	12,794	-
Contracted Services - Transportation (Other than Between Home and School) - Vendors	133,470	41,766	175,236	175,236	-
Contracted Services ( Special Education Students) - Vendors	20,145,970	(1,305,094)	18,840,876	18,840,873	3
<b>Total Student Transportation Services</b>	<b>20,798,000</b>	<b>(1,454,204)</b>	<b>19,343,796</b>	<b>19,343,789</b>	<b>7</b>

**SOUTH BERGEN JOINTURE COMMISSION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**EXHIBIT C-1**

	Original <u>Budget</u>	Transfers	Final <u>Budget</u>	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>					
CURRENT EXPENDITURES (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 364,010	\$ 14,526	\$ 378,536	\$ 378,536	
Other Retirement Contribution	335,120	-	335,120	313,522	\$ 21,598
Unemployment Compensation	68,575	(67,535)	1,040	1,036	4
Worker's Compensation	112,590	-	112,590	109,726	2,864
Health Benefits	4,139,370	65,079	4,204,449	4,159,009	45,440
Tuition Reimbursement	30,000	5,255	35,255	35,255	-
Other Employee Benefits	4,760	-	4,760	3,717	1,043
	<u>5,054,425</u>	<u>17,325</u>	<u>5,071,750</u>	<u>5,000,801</u>	<u>70,949</u>
On Behalf Payments (Non-Budgeted)					
On Behalf TPAF Pension Contribution (Non Budgeted) - Normal Costs				1,426,747	(1,426,747)
On Behalf TPAF Pension Contribution (Non Budgeted) - NCGI Premium				34,624	(34,624)
On Behalf TPAF Pension Contribution (Non Budgeted) - Post Retirement Medical				943,868	(943,868)
On Behalf TPAF Pension Contribution (Non Budgeted) - Long-Term Disab. Insurance				2,315	(2,315)
Reimbursed TPAF Social Security Contribution (Non Budgeted)	-	-	-	737,471	(737,471)
	<u>37,137,381</u>	<u>(815,189)</u>	<u>36,322,192</u>	<u>38,583,537</u>	<u>(2,261,345)</u>
Total - Current Expenditures	<u>43,744,695</u>	<u>81,076</u>	<u>43,825,771</u>	<u>45,848,398</u>	<u>(2,022,627)</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
General Administration	28,500	-	28,500		28,500
School Administration	125,540	(81,076)	44,464	-	44,464
	<u>154,040</u>	<u>(81,076)</u>	<u>72,964</u>	<u>-</u>	<u>72,964</u>
Total Capital Outlay	<u>154,040</u>	<u>(81,076)</u>	<u>72,964</u>	<u>-</u>	<u>72,964</u>
Total Expenditures - General Fund	<u>43,898,735</u>	<u>-</u>	<u>43,898,735</u>	<u>45,848,398</u>	<u>(1,949,663)</u>
Excess of Revenues Over Expenditures	<u>44,000</u>	<u>-</u>	<u>44,000</u>	<u>1,844,827</u>	<u>1,800,827</u>
Other Financing Uses					
Operating Transfers Out - Food Service	(44,000)	-	(44,000)	(44,000)	-
	<u>(44,000)</u>	<u>-</u>	<u>(44,000)</u>	<u>(44,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(44,000)</u>	<u>-</u>	<u>(44,000)</u>	<u>(44,000)</u>	<u>-</u>
Excess of Revenues Over Expenditures and Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,800,827</u>	<u>1,800,827</u>
Fund Balances, Beginning of Year	<u>9,662,705</u>	<u>-</u>	<u>9,662,705</u>	<u>9,662,705</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 9,662,705</u>	<u>\$ -</u>	<u>\$ 9,662,705</u>	<u>\$ 11,463,532</u>	<u>\$ 1,800,827</u>
<u>Recapitulation of Fund Balance</u>					
Committed Fund Balance					
Designator for STEM Labs and Programs				\$ 997,340	
Unassigned Fund Balance				<u>10,466,192</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 11,463,532</u>	

SOUTH BERGEN JOINTURE COMMISSION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>					
Local Sources	-	\$ 551	\$ 551	\$ 550	\$ (1)
Total Revenues	-	\$ 551	\$ 551	\$ 550	\$ (1)
<b>EXPENDITURES</b>					
Instruction					
General Supplies	-	\$ 551	\$ 551	\$ 550	\$ 1
Total Instruction	-	551	551	550	1
Total Expenditures	-	551	551	550	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**SOUTH BERGEN JOINTURE COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) revenue from the budgetary comparison schedule (Exhibit C-1)	\$ 47,693,225	\$ 550
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 47,693,225</u>	<u>\$ 550</u>
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) total outflows from the budgetary comparison schedule	\$ 45,848,398	\$ 550
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 45,848,398</u>	<u>\$ 550</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**PENSION INFORMATION**

**AND**

**OTHER POST-EMPLOYMENT BENEFITS INFORMATION**

**SOUTH BERGEN JOINTURE COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Public Employees Retirement System**

**Last Five Fiscal Years\*  
(Dollar amounts in thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportionate Share of the Net Pension Liability (Asset)	0.02616%	0.02548%	0.08219%	0.03034%	0.03510
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,090,146	\$ 7,547,623	\$ 6,330,038	\$ 5,681,464	\$ 6,708,121
District's Covered-Employee Payroll	\$ 1,710,632	\$ 1,741,527	\$ 1,833,132	\$ 1,927,098	\$ 2,126,937
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	356.02%	433.39%	345.31%	294.82%	315.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.92%	52.08%	48.72%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

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

**SOUTH BERGEN JOINTURE COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS**

**Public Employees Retirement System**

**Last Five Fiscal Years  
(Dollar amounts in thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 242,365	\$ 229,396	\$ 242,433	\$ 250,162	\$ 264,464
Contributions in Relation to the Contractually Required Contribution	<u>242,365</u>	<u>229,396</u>	<u>242,433</u>	<u>250,162</u>	<u>264,464</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,710,632	\$ 1,741,527	\$ 1,833,132	\$ 1,927,098	\$ 2,126,937
Contributions as a Percentage of Covered-Employee Payroll	14.17%	13.17%	13.23%	12.98%	12.43%

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

**SOUTH BERGEN JOINTURE COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**Teachers Pension and Annuity Fund**

**Last Five Fiscal Years\*  
(Dollar amounts in thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$59,890,053</u>	<u>\$64,111,285</u>	<u>\$ 51,874,146</u>	<u>\$ 45,078,903</u>	<u>\$45,568,935</u>
<b>Total</b>	<u>\$59,890,053</u>	<u>\$64,111,285</u>	<u>\$ 51,874,146</u>	<u>\$ 45,078,903</u>	<u>\$45,568,935</u>
District's Covered-Employee Payroll	\$10,304,758	\$ 9,849,559	\$ 8,908,782	\$ 8,264,745	\$ 8,243,046
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.74%	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

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

**SOUTH BERGEN JOINTURE COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 4.

**SOUTH BERGEN JOINTURE COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**Postemployment Health Benefit Plan**

**Last One Fiscal Year\***

	<b>2018</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 2,306,975
Interest on Total OPEB Liability	1,056,892
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(4,435,792)
Gross Benefit Payments	(1,369,010)
Contribution from the Member	50,410
<b>Net Change in Total OPEB Liability</b>	(2,390,525)
<b>Total OPEB Liability - Beginning</b>	<b>35,965,895</b>
<b>Total OPEB Liability - Ending</b>	<b>33,575,370</b>
District's Proportionate Share of OPEB Liability	\$0
State's Proportionate Share of OPEB Liability	33,575,370
Total OPEB Liability - Ending	33,575,370
District's Covered-Employee Payroll	\$12,015,390
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

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

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**SOUTH BERGEN JOINTURE COMMISSION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

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

**SCHOOL LEVEL SCHEDULES**

**EXHIBITS D-1, D-2 AND D-3**

**NOT APPLICABLE**



**SPECIAL REVENUE FUND**

**SOUTH BERGEN JOINTURE COMMISSION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Miscellaneous <u>Local Grant</u>	<u>Total</u>
<b>REVENUES</b>		
Local Sources	\$ <u>550</u>	\$ <u>550</u>
 Total Revenues	 \$ <u>550</u>	 \$ <u>550</u>
 <b>EXPENDITURES</b>		
Instruction		
General Supplies	\$ <u>550</u>	\$ <u>550</u>
 Total Instruction	 <u>550</u>	 <u>550</u>
 Total Expenditures	 \$ <u>550</u>	 \$ <u>550</u>

**CAPITAL PROJECTS FUND**

**SOUTH BERGEN JOINTURE COMMISSION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS SCHEDULE IS NOT APPLICABLE

**ENTERPRISE FUNDS**

**SOUTH BERGEN JOINTURE COMMISSION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2018**

THIS SCHEDULE IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

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

THIS SCHEDULE IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

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

THIS SCHEDULE IS NOT APPLICABLE  
FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**INTERNAL SERVICE FUND**

**EXHIBITS G-4, G-5 AND G-6**

**NOT APPLICABLE**

**FIDUCIARY FUNDS**



**SOUTH BERGEN JOINTURE COMMISSION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES  
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 2,522	\$ 36,694	\$ 39,216
Total Assets	<u>\$ 2,522</u>	<u>\$ 36,694</u>	<u>\$ 39,216</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings		\$ 14,795	\$ 14,795
Accrued Salaries and Wages		21,899	21,899
Due to Other Funds			-
Due to Student Groups	\$ 2,522	-	<u>2,522</u>
Total Liabilities	<u>\$ 2,522</u>	<u>\$ 36,694</u>	<u>\$ 39,216</u>

**SOUTH BERGEN JOINTURE COMMISSION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-8

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

	<u>Balance, July 1, 2017</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2018</u>
Due to Student Groups	\$ 859	\$ 2,463	\$ 800	\$ 2,522
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total All Schools	 <u>\$ 859</u>	 <u>\$ 2,463</u>	 <u>\$ 800</u>	 <u>\$ 2,522</u>

**SOUTH BERGEN JOINTURE COMMISSION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Balance, July 1, <u>2017</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2018</u></b>
<b>LIABILITIES</b>				
Payroll Deductions and Withholdings	\$ 12,563	\$ 7,364,474	\$ 7,362,242	\$ 14,795
Accrued Salaries and Wages	<u>21,899</u>	<u>9,693,401</u>	<u>9,693,401</u>	<u>21,899</u>
 Total	 <u>\$ 34,462</u>	 <u>\$ 17,057,875</u>	 <u>\$ 17,055,643</u>	 <u>\$ 36,694</u>

**LONG-TERM DEBT**

**SOUTH BERGEN JOINTURE COMMISSION  
LONG TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

**LONG TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

**DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

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

J-1 to J-5

#### **Revenue Capacity**

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

J-6 to J-9

#### **Debt Capacity**

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

J-10 to J-13

#### **Demographic and Economic Information**

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

J-14 and J-15

#### **Operating Information**

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

J-16 to J-20

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

**SOUTH BERGEN JOINTURE COMMISSION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
**(accrual basis of accounting)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 109,761	\$ 134,363	\$ 137,527	\$ 125,987	\$ 136,352	\$ 264,247	\$ 357,975	\$ 244,068	\$ 107,185	\$ 13,670
Restricted										
Unrestricted	<u>4,697,302</u>	<u>4,175,790</u>	<u>3,269,169</u>	<u>4,570,932</u>	<u>5,799,014</u>	<u>(563,941)</u>	<u>1,125,375</u>	<u>2,164,948</u>	<u>2,830,630</u>	<u>4,690,782</u>
<b>Total Governmental Activities Net Position</b>	<u>\$ 4,807,063</u>	<u>\$ 4,310,153</u>	<u>\$ 3,406,696</u>	<u>\$ 4,696,919</u>	<u>\$ 5,935,366</u>	<u>\$ (299,694)</u>	<u>\$ 1,483,350</u>	<u>\$ 2,409,016</u>	<u>\$ 2,937,815</u>	<u>\$ 4,704,452</u>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 15,141	\$ 17,859	\$ 14,420	\$ 11,911	\$ 10,201	\$ 8,304	\$ 6,407	\$ 4,510	\$ 2,613	\$ 716
Restricted										
Unrestricted	<u>6,982</u>	<u>34,564</u>	<u>36,541</u>	<u>39,237</u>	<u>42,570</u>	<u>43,782</u>	<u>45,613</u>	<u>46,812</u>	<u>47,364</u>	<u>54,525</u>
<b>Total Business-Type Activities Net Position</b>	<u>\$ 22,123</u>	<u>\$ 52,423</u>	<u>\$ 50,961</u>	<u>\$ 51,148</u>	<u>\$ 52,771</u>	<u>\$ 52,086</u>	<u>\$ 52,020</u>	<u>\$ 51,322</u>	<u>\$ 49,977</u>	<u>\$ 55,241</u>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 124,902	\$ 152,222	\$ 151,947	\$ 137,898	\$ 146,553	\$ 272,551	\$ 364,382	\$ 248,578	\$ 109,798	\$ 14,386
Restricted										
Unrestricted	<u>4,704,284</u>	<u>4,210,354</u>	<u>3,305,710</u>	<u>4,610,169</u>	<u>5,841,584</u>	<u>(520,159)</u>	<u>1,170,988</u>	<u>2,211,760</u>	<u>2,877,994</u>	<u>4,745,307</u>
<b>Total District Net Position</b>	<u>\$ 4,829,186</u>	<u>\$ 4,362,576</u>	<u>\$ 3,457,657</u>	<u>\$ 4,748,067</u>	<u>\$ 5,988,137</u>	<u>\$ (247,608)</u>	<u>\$ 1,535,370</u>	<u>\$ 2,460,338</u>	<u>\$ 2,987,792</u>	<u>\$ 4,759,693</u>

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

**SOUTH BERGEN JOINTURE COMMISSION**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental Activities</b>										
Instruction										
Special Education	\$ 8,849,199	\$ 9,510,780	\$ 9,260,471	\$ 8,801,671	\$ 8,816,759	\$ 8,765,898	\$ 10,799,247	\$ 10,642,272	\$ 11,131,466	\$ 12,482,828
Support Services:										
Student & Instruction Related Services	6,881,322	7,404,335	7,780,761	7,262,586	7,453,090	7,159,895	8,042,814	11,097,934	12,776,326	13,206,650
School Administrative Services	372,020	418,994	417,343	439,354	449,341	459,214	2,268,258	2,345,133	1,916,551	1,883,528
General Administration	942,456	1,153,772	1,130,810	1,238,862	1,354,085	1,436,669	359,641	712,010	632,574	687,040
Central Services	354,803	442,179	398,494	465,685	451,666	485,136	545,508	676,760	544,524	663,964
Plant Operations And Maintenance	1,411,136	1,527,340	1,550,322	1,604,497	1,718,053	1,925,426	1,944,218	2,087,439	2,015,571	2,085,057
Pupil Transportation	18,414,733	18,110,840	16,761,062	15,308,673	16,263,959	17,217,172	17,922,633	20,831,751	22,299,374	19,514,611
Unallocated Benefits										
TPAF Pension										
TPAF Social Security										
<b>Total Governmental Activities Expenses</b>	<b>37,225,669</b>	<b>38,568,240</b>	<b>37,299,263</b>	<b>35,121,328</b>	<b>36,506,953</b>	<b>37,449,410</b>	<b>41,882,319</b>	<b>48,393,299</b>	<b>51,316,386</b>	<b>50,525,678</b>
<b>Business-Type Activities:</b>										
Food Service	194,807	185,578	185,719	195,793	190,880	202,201	211,174	214,967	218,121	219,066
<b>Total Business-Type Activities Expense</b>	<b>194,807</b>	<b>185,578</b>	<b>185,719</b>	<b>195,793</b>	<b>190,880</b>	<b>202,201</b>	<b>211,174</b>	<b>214,967</b>	<b>218,121</b>	<b>219,066</b>
<b>Total District Expenses</b>	<b>\$ 37,420,476</b>	<b>\$ 38,753,818</b>	<b>\$ 37,484,982</b>	<b>\$ 35,317,121</b>	<b>\$ 36,697,833</b>	<b>\$ 37,651,611</b>	<b>\$ 42,093,493</b>	<b>\$ 48,608,266</b>	<b>\$ 51,534,507</b>	<b>\$ 50,744,744</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
Charges For Services:										
Instruction (Tuition)	\$ 18,151,003	\$ 18,433,495	\$ 18,328,400	\$ 19,710,875	\$ 19,606,499	\$ 19,269,624	\$ 22,057,777	\$ 23,754,275	\$ 23,356,191	\$ 25,070,227
Pupil Transportation	18,694,562	18,403,634	16,756,290	15,248,829	16,292,208	17,108,392	17,828,139	20,914,639	22,085,148	19,439,884
Operating Grants And Contributions	1,372,674	1,237,006	1,275,409	1,468,649	1,862,863	1,561,985	3,805,181	4,672,388	6,392,586	7,788,115
<b>Total Governmental Activities Program Revenues</b>	<b>38,218,239</b>	<b>38,074,135</b>	<b>36,360,099</b>	<b>36,428,353</b>	<b>37,761,570</b>	<b>37,940,001</b>	<b>43,691,097</b>	<b>49,341,302</b>	<b>51,833,925</b>	<b>52,298,226</b>
<b>Business-Type Activities:</b>										
Charges For Services										
Food Service	70,340	66,144	63,381	62,404	55,211	50,211	51,435	51,530	45,045	46,523
Operating Grants And Contributions	97,765	109,567	95,667	103,427	102,126	111,017	119,641	121,939	116,731	133,807
<b>Total Business-Type Activities Program Revenues</b>	<b>168,105</b>	<b>175,711</b>	<b>159,048</b>	<b>165,831</b>	<b>157,337</b>	<b>161,228</b>	<b>171,076</b>	<b>173,469</b>	<b>161,776</b>	<b>180,330</b>
<b>Total District Program Revenues</b>	<b>\$ 38,386,344</b>	<b>\$ 38,249,846</b>	<b>\$ 36,519,147</b>	<b>\$ 36,594,184</b>	<b>\$ 37,918,907</b>	<b>\$ 38,101,229</b>	<b>\$ 43,862,173</b>	<b>\$ 49,514,771</b>	<b>\$ 51,995,701</b>	<b>\$ 52,478,556</b>
<b>Net (Expense)/Revenue</b>										
<b>Governmental Activities</b>	\$ 992,570	\$ (494,105)	\$ (939,164)	\$ 1,307,025	\$ 1,254,617	\$ 490,591	\$ 1,808,778	\$ 948,003	\$ 517,539	\$ 1,772,548
<b>Business-Type Activities</b>	(26,702)	(9,867)	(26,671)	(29,962)	(33,543)	(40,973)	(40,098)	(41,498)	(56,345)	(38,736)
<b>Total District-Wide Net Expense</b>	<b>\$ 965,868</b>	<b>\$ (503,972)</b>	<b>\$ (965,835)</b>	<b>\$ 1,277,063</b>	<b>\$ 1,221,074</b>	<b>\$ 449,618</b>	<b>\$ 1,768,680</b>	<b>\$ 906,505</b>	<b>\$ 461,194</b>	<b>\$ 1,733,812</b>
<b>General Revenues And Other Changes In Net Position</b>										
<b>Governmental Activities:</b>										
Investment Earnings	\$ 53,883	\$ 37,195	\$ 29,145	\$ 13,198	\$ 18,830	\$ 22,470	\$ 14,266	\$ 18,463	\$ 66,260	\$ 38,089
Transfers	(80,000)	(40,000)	(25,000)	(30,000)	(35,000)	(40,000)	(40,000)	(40,800)	(55,000)	(44,000)
<b>Total Governmental Activities</b>	<b>(26,117)</b>	<b>(2,805)</b>	<b>4,145</b>	<b>(16,802)</b>	<b>(16,170)</b>	<b>(17,530)</b>	<b>(25,734)</b>	<b>(22,337)</b>	<b>11,260</b>	<b>(5,911)</b>
<b>Business-Type Activities:</b>										
Investment Earnings	278	167	209	149	166	288	32	-	-	-
Transfers	80,000	40,000	25,000	30,000	35,000	40,000	40,000	40,800	55,000	44,000
<b>Total Business-Type Activities</b>	<b>80,278</b>	<b>40,167</b>	<b>25,209</b>	<b>30,149</b>	<b>35,166</b>	<b>40,288</b>	<b>40,032</b>	<b>40,800</b>	<b>55,000</b>	<b>44,000</b>
<b>Total District-Wide</b>	<b>\$ 54,161</b>	<b>\$ 37,362</b>	<b>\$ 29,354</b>	<b>\$ 13,347</b>	<b>\$ 18,996</b>	<b>\$ 22,758</b>	<b>\$ 14,298</b>	<b>\$ 18,463</b>	<b>\$ 66,260</b>	<b>\$ 38,089</b>
<b>Change In Net Position</b>										
<b>Governmental Activities</b>	\$ 966,453	\$ (496,910)	\$ (935,019)	\$ 1,290,223	\$ 1,238,447	\$ 473,061	\$ 1,783,044	\$ 925,666	\$ 528,799	\$ 1,766,637
<b>Business-Type Activities</b>	53,576	30,300	(1,462)	187	1,623	(685)	(66)	(698)	(1,345)	5,264
<b>Total District</b>	<b>\$ 1,020,029</b>	<b>\$ (466,610)</b>	<b>\$ (936,481)</b>	<b>\$ 1,290,410</b>	<b>\$ 1,240,070</b>	<b>\$ 472,376</b>	<b>\$ 1,782,978</b>	<b>\$ 924,968</b>	<b>\$ 527,454</b>	<b>\$ 1,771,901</b>



SOUTH BERGEN JOINTURE COMMISSION  
FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Unaudited)  
*(modified accrual basis of accounting)*

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Committed						\$ 997,340	\$ 997,340	\$ 997,340	\$ 997,340	\$ 997,340
Assigned									639	
Unassigned	\$ 4,786,140	\$ 4,280,372	\$ 3,342,909	\$ 4,631,296	\$ 5,856,741	5,202,845	6,793,216	7,796,279	8,664,726	10,466,192
Total General Fund	<u>\$ 4,786,140</u>	<u>\$ 4,280,372</u>	<u>\$ 3,342,909</u>	<u>\$ 4,631,296</u>	<u>\$ 5,856,741</u>	<u>\$ 6,200,185</u>	<u>\$ 7,790,556</u>	<u>\$ 8,793,619</u>	<u>\$ 9,662,705</u>	<u>\$ 11,463,532</u>

**SOUTH BERGEN JOINTURE COMMISSION**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tuition	\$ 15,065,903	\$ 15,070,228	\$ 14,549,488	\$ 15,832,659	\$ 15,521,494	\$ 15,576,178	\$ 17,451,550	\$ 18,571,406	\$ 18,032,878	\$ 19,787,062
Transportation Fees	18,694,562	18,403,634	16,756,290	15,248,829	16,292,208	17,108,392	17,828,139	20,914,639	22,085,148	19,439,884
Miscellaneous	3,138,983	3,407,179	3,814,340	3,897,414	4,106,335	3,716,916	4,622,493	5,202,964	5,390,050	5,321,804
State Sources	1,134,919	1,218,044	1,269,126	1,462,649	1,860,363	1,560,985	1,821,234	2,155,874	2,574,162	3,145,025
Federal Sources	237,755	12,245	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>38,272,122</b>	<b>38,111,330</b>	<b>36,389,244</b>	<b>36,441,551</b>	<b>37,780,400</b>	<b>37,962,471</b>	<b>41,723,416</b>	<b>46,844,883</b>	<b>48,082,238</b>	<b>47,693,775</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction										
Special Education Instruction	8,833,052	9,495,036	9,289,788	8,813,522	8,817,871	8,766,095	9,188,952	9,853,837	9,808,001	10,785,774
<b>Support Services:</b>										
Student and Inst. Related Services	6,881,322	7,404,335	7,764,405	7,246,230	7,436,734	7,145,249	7,956,177	9,592,467	10,416,786	10,727,214
School Administrative Services	937,008	1,147,874	1,129,597	1,237,649	1,352,872	1,399,697	1,973,036	2,079,095	1,567,729	1,562,908
General Administration	372,020	415,838	407,603	431,072	441,441	449,419	443,935	634,403	532,371	579,507
Plant Operations And Maintenance	1,408,734	1,524,938	1,547,708	1,602,491	1,716,047	1,923,420	1,942,212	2,085,433	2,013,486	2,083,736
Pupil Transportation	18,414,733	18,110,840	16,761,062	15,308,673	16,263,959	17,217,172	17,922,633	20,840,058	22,278,060	19,481,723
Administrative Info Tech	-	-	-	-	-	-	-	-	-	-
Central Services	354,803	442,179	398,494	465,685	451,666	485,136	469,632	687,600	530,943	628,086
Unallocated Benefits										
Capital Outlay	18,313	36,058	3,050	17,842	39,365	192,839	196,468	28,127	10,776	-
<b>Total Expenditures</b>	<b>37,219,985</b>	<b>38,577,098</b>	<b>37,301,707</b>	<b>35,123,164</b>	<b>36,519,955</b>	<b>37,579,027</b>	<b>40,093,045</b>	<b>45,801,020</b>	<b>47,158,152</b>	<b>45,848,948</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,052,137	(465,768)	(912,463)	1,318,387	1,260,445	383,444	1,630,371	1,043,863	924,086	1,844,827
<b>Other Financing Sources (Uses)</b>										
Transfers Out	(80,000)	(40,000)	(25,000)	(30,000)	(35,000)	(40,000)	(40,000)	(40,800)	(55,000)	(44,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(80,000)</b>	<b>(40,000)</b>	<b>(25,000)</b>	<b>(30,000)</b>	<b>(35,000)</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(40,800)</b>	<b>(55,000)</b>	<b>(44,000)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 972,137</b>	<b>\$ (505,768)</b>	<b>\$ (937,463)</b>	<b>\$ 1,288,387</b>	<b>\$ 1,225,445</b>	<b>\$ 343,444</b>	<b>\$ 1,590,371</b>	<b>\$ 1,003,063</b>	<b>\$ 869,086</b>	<b>\$ 1,800,827</b>

**SOUTH BERGEN JOINTURE COMMISSION  
GENERAL FUND REVENUE BY SOURCE  
LAST TEN YEARS  
(Unaudited)**

<b>Fiscal Year Ended June 30,</b>	<b><u>Tuition</u></b>	<b><u>Transportation Fees</u></b>	<b><u>Other Local Revenue</u></b>	<b><u>State Revenue</u></b>	<b><u>Federal Revenue</u></b>	<b><u>Total</u></b>
2018	\$ 19,787,062	\$ 19,439,884	\$ 5,321,254	\$ 3,145,025		\$ 47,693,225
2017	18,032,878	22,085,148	5,389,573	2,574,162		48,081,761
2016	18,571,406	20,914,639	5,201,332	2,155,874		46,843,251
2015	17,451,550	17,828,139	4,620,493	1,821,234		41,721,416
2014	15,576,178	17,108,392	3,715,916	1,560,985		37,961,471
2013	15,521,494	16,292,208	4,103,835	1,860,363		37,777,900
2012	15,832,659	15,248,829	3,897,414	1,462,649		36,441,551
2011	14,549,488	16,756,290	3,814,340	1,269,126		36,389,244
2010	15,070,228	18,403,634	3,407,179	1,218,044	\$ 12,245	\$ 38,111,330
2009	15,065,903	18,694,562	3,138,983	1,134,919	237,755	38,272,122

**SOUTH BERGEN JOINTURE COMMISSION  
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
LAST TEN YEARS  
(Unaudited)**

**NOT APPLICABLE**

**SOUTH BERGEN JOINTURE COMMISSION  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
(Unaudited)  
*(rate per \$100 of assessed value)***

**NOT APPLICABLE**

**SOUTH BERGEN JOINTURE COMMISSION  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

**NOT APPLICABLE**

**SOUTH BERGEN JOINTURE COMMISSION  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

**NOT APPLICABLE**

**SOUTH BERGEN JOINTURE COMMISSION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

**NOT APPLICABLE**



**SOUTH BERGEN JOINTURE COMMISSION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

**NOT APPLICABLE**

**SOUTH BERGEN JOINTURE COMMISSION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF JUNE 30, 2018  
(Unaudited)**

**NOT APPLICABLE**

**SOUTH BERGEN JOINTURE COMMISSION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**NOT APPLICABLE**

**SOUTH BERGEN JOINTURE COMMISSION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

**NOT APPLICABLE**

**SOUTH BERGEN JOINTURE COMMISSION  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

**NOT APPLICABLE**

**SOUTH BERGEN JOINTURE COMMISSION  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
LAST TEN FISCAL YEARS  
(Unaudited)**

**NOT APPLICABLE**

**SOUTH BERGEN JOINTURE COMMISSION**  
**ATTENDANCE DATA**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30	Average Daily Enrollment	Average Daily Attendance	% Change in Average Daily Enrollment	ADA Rate
2018	324.7	299.2	5.7%	92.2%
2017	308.2	283.2	-10.9%	91.9%
2016	343.8	317.9	2.4%	92.5%
2015	339.5	310.4	6.6%	91.4%
2014	314.4	291.3	-0.8%	92.6%
2013	316.0	293.6	-7.5%	92.9%
2012	314.0	317.3	-0.3%	93.0%
2011	343.9	318.4	-11.4%	92.6%
2010	385.5	359.2	0.8%	93.2%
2009	382.7	356.3	4.4%	93.1%

**SOUTH BERGEN JOINTURE COMMISSION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

**NOT APPLICABLE**



**SOUTH BERGEN JOINTURE COMMISSION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN YEARS  
(Unaudited)**

**NOT APPLICABLE**

**SOUTH BERGEN JOINTURE COMMISSION  
SCHEDULE OF INSURANCE  
JUNE 30, 2018  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - (Pooled Coverage) Property Blanket Real and Personal Property	\$500,000,000	\$1,000
Comprehensive General Liability	6,000,000	1,000
Comprehensive Automobile	6,000,000	
Liability		
Comprehensive Crime Coverage	25,000	500
Excess Property		
Hardware/Software	250,000	1,000
Paper & Records	10,000,000	1,000
School Board Legal Liability	3,000,000	5,000
Public Employees' Faithful Performance Blanket		
Position Bond - Western Surety		
Treasurer	250,000	1,000
Business Administrator	150,000	1,000
Property Damage	100,000,000	1,000

Source School District's records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
DONNA L. JAPHET, CPA, PSA  
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ELIZABETH A. SHICK, CPA, RMA, PSA  
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DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Commission  
South Bergen Jointure Commission  
Hasbrouck Heights, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Bergen Jointure Commission as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the South Bergen Jointure Commission's basic financial statements and have issued our report thereon dated January 21, 2019.

***Internal Control Over Financial Reporting***

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

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

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

**Compliance and Other Matters**

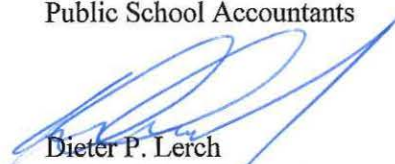
As part of obtaining reasonable assurance about whether the South Bergen Jointure Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the South Bergen Jointure Commission'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 South Bergen Jointure Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Dieter P. Lerch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
January 21, 2019



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
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ROBERT LERCH, CPA

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Commission  
South Bergen Jointure Commission  
Hasbrouck Heights, New Jersey

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state program. However, our audit does not provide a legal determination of the South Bergen Jointure Commission's compliance.

### *Opinion on Each Major State Program*

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

### **Report on Internal Control Over Compliance**

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

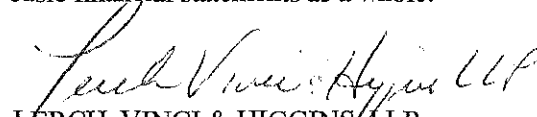
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

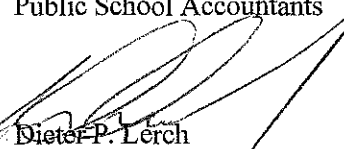
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the South Bergen Jointure Commission, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements. We issued our report thereon dated January 21, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Dieter P. Lérch  
Public School Accountant  
PSA Number CS00756

Fair Lawn, New Jersey  
January 21, 2019



**SOUTH BERGEN JOINTURE COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2017	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	Balance, June 30, 2018		
										(Accounts Receivable)	Unearned Revenue	Due to Grantor
<b>U.S. Department of Education</b>												
<b>Passed-through State Department of Education</b>												
<i>Enterprise Fund</i>												
Food Distribution Program - Non-Cash Assistance	10.555	181NJ304N1099	7/1/17-6/30/18	\$ 11,506		\$ 11,506	\$ 10,624				\$ 882	
Food Distribution Program - Non-Cash Assistance	10.555	181NJ304N1099	7/1/16-6/30/17	11,778	\$ 1,056		1,056					
National School Lunch Program	10.555	181NJ304N1099	7/1/17-6/30/18	74,314		66,284	74,314			\$ (8,030)		
National School Lunch Program	10.555	16161NJ304N1099	7/1/16-6/30/17	65,845	(6,404)	6,404						
National School Lunch PB	10.555	181NJ304N1099	7/1/17-6/30/18	1,977		1,763	1,977			(214)		
National School Lunch PB	10.555	16161NJ304N1099	7/1/16-6/30/17	1,848	(176)	176						
School Breakfast Program	10.553	181NJ304N1099	7/1/17-6/30/18	44,078		39,160	44,078			(4,918)		
School Breakfast Program	10.553	16161NJ304N1099	7/1/16-6/30/17	36,239	(3,702)	3,702	-	-	-	-	-	-
<b>Total Enterprise Fund</b>					<b>(9,226)</b>	<b>128,995</b>	<b>132,049</b>	<b>-</b>	<b>-</b>	<b>(13,162)</b>	<b>882</b>	<b>-</b>
<b>Total Federal Financial Awards</b>					<b>\$ (9,226)</b>	<b>\$ 128,995</b>	<b>\$ 132,049</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (13,162)</b>	<b>\$ 882</b>	<b>\$ -</b>

This schedule was not subject to single audit in accordance with U.S. Uniform Guidance

SOUTH BERGEN JOINTURE COMMISSION  
 SCHEDULE 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				Balance, June 30, 2018				Memo			
				(Accounts Receivable)	Deferred Revenue	Due to Grantor	Cash Received	Budgetary Expenditures	Adjustments	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>															
<i>General Fund</i>															
On-Behalf TPAF Pension System Contributions (Normal Cost)	18-495-034-5094-006	7/1/17-6/30/18	\$ 1,426,747				\$ 1,426,747	\$ 1,426,747					\$ 1,426,747		
On-Behalf TPAF Pension System Contributions (NCGI Premium)	18-495-034-5094-007	7/1/17-6/30/18	34,624				34,624	34,624					34,624		
On-Behalf TPAF Pension Systems Contributions (Post Retirement Medical)	18-495-034-5095-001	7/1/17-6/30/18	943,868				943,868	943,868					943,868		
On-Behalf TPAF Pension Systems Contributions (Long Term Disability Insurance)	18-495-034-5095-004	7/1/17-6/30/18	2,315				2,315	2,315					2,315		
Reimbursed TPAF Social Security	18-495-034-5094-003	7/1/17-6/30/18	737,471				700,410	737,471			\$ (37,061)		\$ 37,061	737,471	
Reimbursed TPAF Social Security	17-495-034-5094-003	7/1/16-6/30/17	740,422	\$ (36,485)	-	-	36,485	-	-	-	-	-	-	-	
<b>Total General Fund</b>				<b>(36,485)</b>	<b>-</b>	<b>-</b>	<b>3,144,449</b>	<b>3,145,025</b>	<b>-</b>	<b>-</b>	<b>(37,061)</b>	<b>-</b>	<b>37,061</b>	<b>3,145,025</b>	
<i>Enterprise Fund</i>															
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	1,758				1,568	1,758			(190)		190	1,758	
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	1,532	(147)	-	-	147	-	-	-	-	-	-	-	
<b>Total Enterprise Fund</b>				<b>(147)</b>	<b>-</b>	<b>-</b>	<b>1,715</b>	<b>1,758</b>	<b>-</b>	<b>-</b>	<b>(190)</b>	<b>-</b>	<b>190</b>	<b>1,758</b>	
<b>Total</b>				<b>(36,632)</b>	<b>-</b>	<b>-</b>	<b>3,146,164</b>	<b>3,146,783</b>	<b>-</b>	<b>-</b>	<b>(37,251)</b>	<b>-</b>	<b>37,251</b>	<b>3,146,783</b>	
<b>State Financial Assistance Not Subject to Single Audit Determination</b>															
On-Behalf TPAF Pension System Contributions (Normal Cost)	18-495-034-5094-006	7/1/17-6/30/18	\$ 1,426,747				(1,426,747)	(1,426,747)					\$ (1,426,747)		
On-Behalf TPAF Pension System Contributions (NCGI Premium)	18-495-034-5094-007	7/1/17-6/30/18	34,624				(34,624)	(34,624)					(34,624)		
On-Behalf TPAF Pension Systems Contributions (Post Retirement Medical)	18-495-034-5095-001	7/1/17-6/30/18	943,868				(943,868)	(943,868)					(943,868)		
On-Behalf TPAF Pension Systems Contributions (Long Term Disability Insurance)	18-495-034-5095-004	7/1/17-6/30/18	2,315				(2,315)	(2,315)					(2,315)		
<b>State Financial Assistance Subject to Major Program Determination</b>				<b>\$ (36,632)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 738,610</b>	<b>\$ 739,229</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (37,251)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,251</b>	<b>\$ 739,229</b>

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 GENERAL**

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

**NOTE 2 BASIS OF ACCOUNTING**

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

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

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

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

There was no adjustment required to reconcile from the budgetary basis to the GAAP basis. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Commission's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,145,025	\$ 3,145,025
Food Service Fund	\$ 132,049	1,758	133,807
Total Awards Financial Assistance	<u>\$ 132,049</u>	<u>\$ 3,146,783</u>	<u>\$ 3,278,832</u>

**SOUTH BERGEN JOINTURE COMMISSION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018****NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the Commission's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$737,471 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$1,461,371, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$943,868 and TPAF Long-Term Disability Insurance in the amount of \$2,315 represents the amount paid by the State on behalf of the Commission for the fiscal year ended June 30, 2018.

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

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

**SOUTH BERGEN JOINTURE COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

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

**Federal Awards Section - NOT APPLICABLE**

**SOUTH BERGEN JOINTURE COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Internal Control over compliance:

- 1) Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- 2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Type of auditor's report on compliance for major programs: \_\_\_\_\_   Unmodified  

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? \_\_\_\_\_ yes      X   none

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
495-034-5094-003	Reimbursed TPAF Social Security

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

Auditee qualified as low-risk auditee?      X   yes    \_\_\_\_\_ no

**SOUTH BERGEN JOINTURE COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Part 2 – Schedule of Financial Statement Findings*

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

THERE ARE NONE.

**SOUTH BERGEN JOINTURE COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

**CURRENT YEAR FEDERAL AWARDS**

Not Applicable.

**CURRENT YEAR STATE AWARDS**

There are none.



**SOUTH BERGEN JOINTURE COMMISSION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

There were none.