

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE  
SOUTH RIVER BOROUGH BOARD OF EDUCATION**

**15 Montgomery Street  
South River, New Jersey 08882**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Prepared by**

**Borough of South River Board of Education  
Kenneth J. Kokoszka  
Board Secretary/Business Administrator**

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## **INTRODUCTORY SECTION**

# South River Board of Education

15 Montgomery Street, South River NJ 08882  
Tel: 732-613-4000 Fax: 732-238-8415

Regis Wyluda.....	President
Cynthia A. Urbanik. ....	Vice-President
Edward Andre	Kelly Cruz
Raymond Baszak	Kevin J. Nielsen
Cheryl Beck	Anthony Razzano
Renaë Bush	

Sylvia Zircher  
*Superintendent; Ext. 223*

Kenneth J. Kokoszka  
*Business Administrator/  
Board Secretary; Ext. 227*

February 11, 2019

Honorable President and Members  
of the Board of Education  
South River School District  
South River, NJ 08882

Dear Board Members:

The comprehensive annual financial report of the South River School District (the "District") for the fiscal year ended June 30, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the South River Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations 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 tables 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 auditors' report thereon. The statistical tables 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 of 1984 and in addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 US *Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08. Information related to this single audit, including the auditors' report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** The District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The South River Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational as well as special education for disabled youngsters. The District completed the 2018 fiscal year with an enrollment of 2,193 students, which is 17 students less than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last seven years.

Average Daily Enrollment

<u>Fiscal Year Ending June 30,</u>	<u>Student Enrollment</u>	<u>Percent Increase/(Decrease)</u>
2018	2,193	(0.8%)
2017	2,210	(0.4%)
2016	2,218	(2.6%)
2015	2,277	(2.0%)
2014	2,323	(0.3%)
2013	2,329	0.4%
2012	2,319	(0.7%)

2. **ECONOMIC CONDITION AND OUTLOOK:** South River is a community that has little to no ratables to establish a firm tax base to support its education program. There is an attempt to revitalize the downtown district and there are several new housing developments that have been approved and will add not only to the tax base but, more importantly, to the educational costs. The town receives funds as a result of a shared Host Community Benefits program for the Edgeboro Landfill. Land available for additional industrial development is not plentiful.
3. **MAJOR INITIATIVES:** South River Public Schools have continued to provide Internet access parent link to every student in the District to enhance our ability to utilize distance learning activities with our students and their parents.

Our scholastic aptitude tests continue to meet state averages, with the mean SAT writing score of 528 and the mean SAT math score of 536. Eighty-seven percent (87%) of our 2018 graduates went on to further education; forty-two percent (42%) of them to four-year institutions.

Moreover, we continue to attempt to maintain our class size at a reasonable level and have every student use technology as an educational tool.

Finally, we continue to provide new programs or have enhanced our existing programs that tie into the State Contents Standards established by the New Jersey Department of Education and to assist in No Child Left Behind.

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



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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, as well as to determine that the District has complied with applicable laws and regulations.

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. These amounts to be reappropriated are reported as reservations of fund balance at June 30, 2018.
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds as explained in the "Notes to the Financial Statements", Note 2.
7. **DEBT ADMINISTRATION:** The School District had outstanding debt as of June 30, 2018 of \$8,853,000. The remaining annual maturity schedule for principal as well as annual interest payments are detailed in the "Notes to Financial Statements", Note 8.
8. **FINANCIAL STATUS:** The Business Administrator and the Board of Education continue to guide the District with fiscal prudence while working within the limitations imposed by the state's 2% cap on the annual increase of the tax revenue collected from the Borough of South River. The business office utilizes purchasing co-operatives, state contracts and bids to purchase the materials needed to operate the District at the lowest possible price.
9. **OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Gerard Stankiewicz, CPA, PSA of the accounting firm of Samuel Klein and Company, Certified Public Accountants, was selected by the Board's Finance Committee. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 *US Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

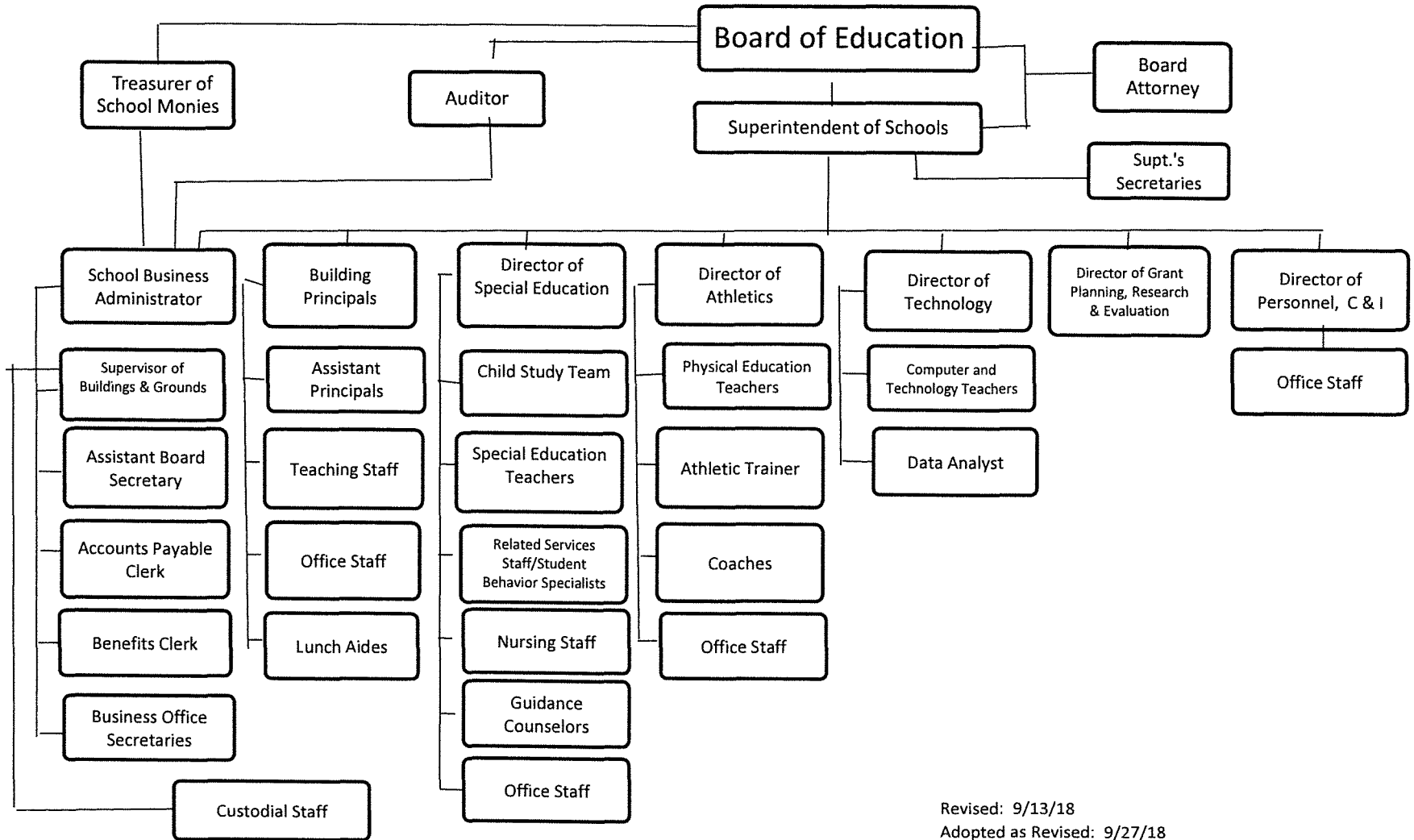


Sylvia Zircher  
Superintendent of Schools



Kenneth J. Kokoszka  
School Business Administrator/Board Secretary

**SOUTH RIVER BOARD OF EDUCATION  
ORGANIZATION CHART**



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Revised: 9/13/18  
Adopted as Revised: 9/27/18

**SOUTH RIVER BOROUGH BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Regis Wyluda, President .....	2020
Cynthia Urbanik, Vice President .....	2019
Kelly Cruz .....	2018
Cheryl Beck.....	2018
Kevin Nielsen. ....	2019
Anthony Razzano .....	2020
Renaë Bush .....	2018
Raymond Baszak.....	2019
Edward Andre .....	2020

Other Officials

Sylvia Zircher, Superintendent of Schools

Kenneth J. Kokoszka, Board Secretary/School Business Administrator

Joseph Zanga, Treasurer

**SOUTH RIVER BOROUGH BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**JUNE 30, 2018**

**AUDIT FIRM**

Gerard Stankiewicz, CPA, RMA, PSA  
of the firm  
Samuel Klein and Company  
36 West Main Street  
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Freehold, New Jersey 07728

**ATTORNEY**

Christopher Parton, Esq.  
of the firm  
Kenny, Gross, Kovats & Parton  
130 Maple Avenue  
Building 8  
PO Box 8610  
Red Bank, NJ 07701

**OFFICIAL DEPOSITORIES**

PNC Bank  
55 Main Street  
South River, New Jersey 08882

## **FINANCIAL SECTION**

# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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FAX (973) 624-6101

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FREEHOLD, NJ 07728-2291  
PHONE (732) 780-2600  
FAX (732) 780-1030

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Education  
South River Borough Board of Education  
County of Middlesex, New Jersey

### Report on the Financial Statement

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 Board of Education of the South River Borough School District, County of Middlesex, State of New Jersey, as of and for the year ended June 30, 2018 and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion 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 *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 of 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis and Budgetary Comparison Information and schedule of the District's proportionate share of the net pension liability – PERS, schedule of District contributions, schedule of the State's proportionate share of the net pension liability associated with the District – TPAF, the District's proportionate share of the net OPEB Liability – PERS and TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of South River School District's basic financial statements. The introductory section, combining statements and related major fund supporting statements and schedules, and statistical section are presented for purposes of additional analysis, as required by the Division of Finance, Department of Education, State of New Jersey, and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by US Office of Management and Budget *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.



**INDEPENDENT AUDITOR'S REPORT**  
**(CONTINUED)**

The accompanying Combining and Individual Fund Statements, Long-term Debt Schedules and the Schedule of Expenditures of Federal Awards and State Financial Assistance are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 accompanying Combining and Individual Fund Statements, Long-term Debt Schedules and Schedule of Expenditures of Federal Awards and State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other information identified above has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2019, on our consideration of the Board of Education of the South River Borough School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 Borough of South River School District'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 River Borough School District internal control over financial reporting compliance.



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
February 11, 2019

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

# South River Board of Education

15 Montgomery Street, South River NJ 08882  
Tel: 732-613-4000 Fax: 732-238-8415

Regis Wyluda.....	President
Cynthia A. Urbanik.....	Vice-President
Edward Andre	Kelly Cruz
Raymond Baszak	Kevin J. Nielsen
Cheryl Beck	Anthony Razzano
Renaë Bush	

Sylvia Zircher  
*Superintendent; Ext. 223*

Kenneth J. Kokoszka  
*Business Administrator/  
Board Secretary; Ext. 227*

February 11, 2019

Honorable President and Members  
of the Board of Education  
South River School District  
South River, NJ 08882

Dear Board Members:

## **Management's Discussion and Analysis**

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

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

## **Overview of Financial Statements**

The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This document also contains required and supplementary information and other information in addition to the basic financial statements themselves.

## **Financial Highlights**

Key financial highlights for 2018 are as follows:

In total, net position totaled \$26,285,242 which represents a \$566,883 or 2.2% increase from 2017 net position as adjusted, which is attributed to a higher level of revenues and an increase in expenditures.

General revenues accounted for \$42,432,050 or 94.07% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, accounted for \$2,666,489 or 5.93% of total revenues of \$45,098,539.

Total position of governmental activities increased by \$501,508 as cash and cash equivalents increased by \$751,548, receivables increased by \$128,321 and liabilities decreased by \$2,583,586.

The District had \$44,405,334 in expenses; only \$2,666,489 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes and state aid) of \$42,318,278 were adequate to provide for these programs.

Among major funds, the General Fund had \$34,056,999 in revenues and \$33,193,295 in expenditures. The General Fund's fund balance increased \$863,704 over 2017, which was caused by an anticipated increase in expenditures. The General Fund's fund balance is \$2,553,222.

### **Using this Comprehensive Annual Financial Report (CAFR)**

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

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

### **Reporting the District as a Whole**

#### **Statement of Net Position and the Statement of Activities**

This document contains all funds used by the District to provide programs and activities, viewing the District as a whole and reports the culmination of all financial transactions. The report answers the question "How We Did Financially During Fiscal Year 2018". The Statement of Net Position and the Statement of Activities provides the summary. The statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in those assets. This change in net position is important because they report on whether the District's financial position has improved or diminished.

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

**Governmental activities** — All of the District's programs and services are reported here including, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

**Business-Type Activities** — This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

## **Reporting the District's Most Significant Funds,**

### **Fund Financial Statement**

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds.

The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund, special revenue fund and debt service fund to demonstrate compliance with this budget

The basic governmental fund financial statements can be found on pages 27-29 of this report.

### **Proprietary Funds**

The District maintains one proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for the operations of its food service program, child care initiative and Falcon Care.

The basic proprietary fund financial statements can be found on pages 30-32 of this report.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District uses agency funds to account for resources held for student activities and groups and payroll related liabilities. The fiduciary fund financial statements can be found on pages 33-34 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the financial statements can be found on pages 35 to 86 of this report.

### **The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of government's financial position.

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

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

Table 1 provides a comparative summary of the School District's net position for 2018 and 2017.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the assets, deferred inflows and outflows and liabilities of the District, with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flow. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The Government-wide financial statements can be found on pages 25 and 26 of this report.

The Statement of Net Position provides the financial perspective of the District as a whole. Table 1 provides a comparative summary of the School District's net position for 2018 and 2017.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$25,815,258 at the close of fiscal 2018. The following table provides a summary of net position at June 30, 2018 and 2017 relating to the District's governmental and business-type activities:

**Table 1 – Comparative Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
<b>Assets</b>						
Current and other assets	\$ 4,789,714	\$ 4,328,382	\$ 249,793	\$ 209,036	\$ 5,039,507	\$ 4,537,418
Capital assets, net	38,035,985	39,360,258	291,583	302,188	38,327,568	39,662,446
Total Assets	<u>\$ 42,825,699</u>	<u>\$ 43,688,640</u>	<u>\$ 541,376</u>	<u>\$ 511,224</u>	<u>\$ 43,367,075</u>	<u>\$ 44,199,864</u>
<b>Deferred outflows of resources</b>						
Unamortized Loss on						
Defeasance of Debt	\$ 56,710	\$ 68,052			\$ 56,710	\$ 68,052
Pension	1,586,112	1,887,357			1,586,112	1,887,357
Total Deferred outflows of resources	<u>\$ 1,642,822</u>	<u>\$ 1,955,409</u>			<u>\$ 1,642,822</u>	<u>\$ 1,955,409</u>
<b>Liabilities</b>						
Current and other liabilities	\$ 2,464,813	\$ 2,625,499	\$ 71,392	\$ 46,583	\$ 2,536,205	\$ 2,672,082
Net pension liability	5,213,807	6,349,516			5,213,807	6,349,516
Long-term liabilities outstanding	9,511,755	10,798,945		60,032	9,511,755	10,858,977
Total Liabilities	<u>\$ 17,190,374</u>	<u>\$ 19,773,960</u>	<u>\$ 71,392</u>	<u>\$ 106,615</u>	<u>\$ 17,261,766</u>	<u>\$ 19,880,575</u>
<b>Deferred inflow of resources</b>						
	<u>\$ 1,462,889</u>	<u>\$ 556,339</u>			<u>\$ 1,462,889</u>	<u>\$ 556,339</u>
<b>Net Position</b>						
Net investment in capital assets	\$ 29,027,869	\$ 28,643,432	\$ 291,583	\$ 242,156	\$ 29,319,452	\$ 28,885,588
Restricted	261,130	470,477			261,130	470,477
Unrestricted (deficit)	(3,473,741)	(3,800,159)	178,401	162,453	(3,295,340)	(3,637,706)
Total Net Position	<u>\$ 25,815,258</u>	<u>\$ 25,313,750</u>	<u>\$ 469,984</u>	<u>\$ 404,609</u>	<u>\$ 26,285,242</u>	<u>\$ 25,718,359</u>

The District's combined net position were \$26,285,242 on June 30, 2018. This is an increase of \$566,883, or 2.20% from the prior year.

The largest portion of the District's net position is its net investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, and machinery, equipment and vehicles), less any related debt (bonds payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (namely, property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

Capital assets, net decreased from the prior year due to the amount of new additions associated with the District's capital projects that significantly less than the amount of depreciation on capital assets in the current year.

Long-term liabilities decreased due to the scheduled payments of principal on debt.

Unrestricted net position increased by \$326,418 which was caused primarily by less construction grant proceeds, reduction of bond proceeds and less operating expenditures.



Table 2 shows the comparative change in net position from fiscal year 2018 and 2017.

**Table 2 – Comparative Statement of Changes in Net Position**

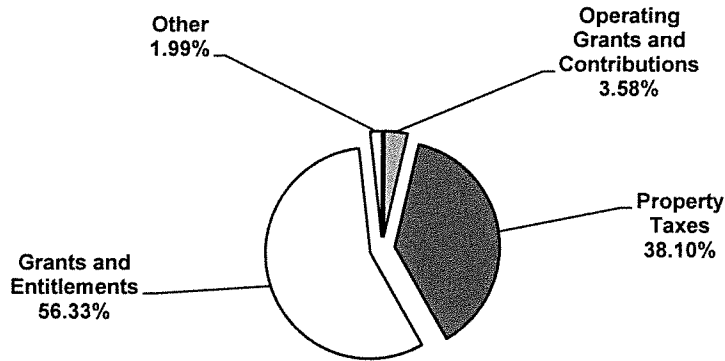
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2017-2018</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2016-2017</u>
<b>Revenues:</b>						
Program Revenues:						
Charges for Services			\$ 375,787	\$ 377,712	\$ 375,787	\$ 377,712
Operating Grants and Contributions	\$ 1,571,417	\$ 1,408,526	719,284	662,217	2,290,701	2,070,743
General Revenue:						
Property Taxes	16,724,849	16,444,319			16,724,849	16,444,319
Tuition	46,680	48,525			46,680	48,525
Federal and State Aid	24,721,541	27,372,018			24,721,541	27,372,018
Miscellaneous	825,208	147,823			825,208	147,823
<b>Total Revenue</b>	<b>\$ 43,889,695</b>	<b>\$ 45,421,210</b>	<b>\$ 1,095,071</b>	<b>\$ 1,039,929</b>	<b>\$ 44,984,766</b>	<b>\$ 46,461,139</b>
<b>Expenses:</b>						
Instruction	\$ 23,135,225	\$ 24,780,692			\$ 23,135,225	\$ 24,780,692
Tuition	1,754,246	1,579,407			1,754,246	1,579,407
Student and Instruction						
Related Services	5,690,662	5,870,139			5,690,662	5,870,139
School Administration	2,415,281	2,537,395			2,415,281	2,537,395
General Administration	1,820,535	2,084,059			1,820,535	2,084,059
Operation and Maintenance						
of Facilities	5,380,033	6,212,261			5,380,033	6,212,261
Pupil Transportation	2,548,180	2,473,038			2,548,180	2,473,038
Interest on Debt	336,144	367,736			336,144	367,736
Charter Schools	295,331	248,461			295,331	248,461
Business Type Actives			\$ 1,029,696	\$ 996,555	1,029,696	996,555
<b>Total Expenses</b>	<b>\$ 43,375,637</b>	<b>\$ 46,153,188</b>	<b>\$ 1,029,696</b>	<b>\$ 996,555</b>	<b>\$ 44,405,333</b>	<b>\$ 47,149,743</b>
Special and Extraordinary Items, Net	(12,550)	303,771			(12,550)	303,771
<b>Change in Net Position</b>	<b>501,507</b>	<b>(428,207)</b>	<b>65,375</b>	<b>43,374</b>	<b>566,882</b>	<b>(384,833)</b>
Net Position - beginning	25,313,750	25,741,957	404,609	361,235	25,718,359	26,103,192
<b>Net Position - ending</b>	<b>\$ 25,815,257</b>	<b>\$ 25,313,750</b>	<b>\$ 469,984</b>	<b>\$ 404,609</b>	<b>\$ 26,285,241</b>	<b>\$ 25,718,359</b>

*The 2016-2017 Governmental Activities has been restated to conform to the 2017-2018 presentation as a result of GASB #75 related to post-retirement benefits other than pension.*

## Governmental Activities

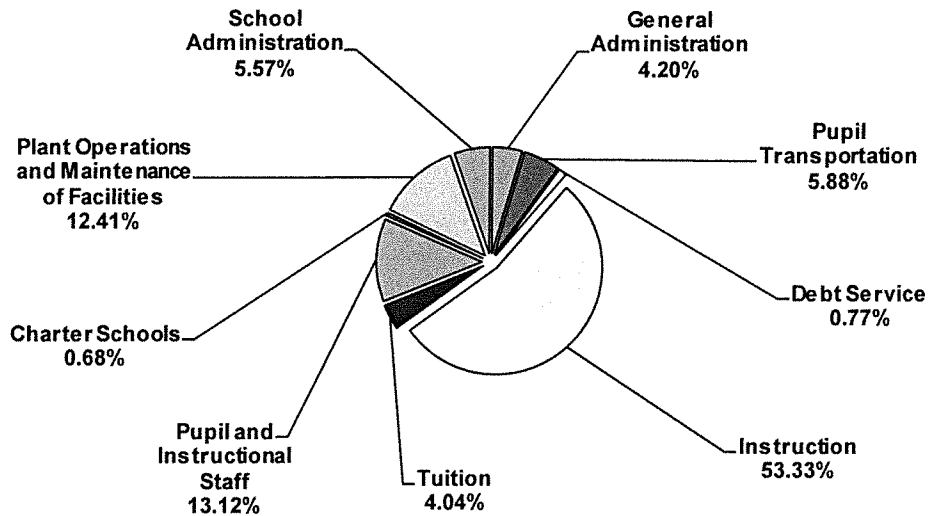
### Revenue for Fiscal Year 2018

The total revenues of the governmental activities for the year ended June 30, 2018 were \$43,889,695. Property taxes as approved by the District made up \$16,724,849 or 38.10% of revenues for governmental activities for the fiscal year 2018. Federal, state and local grants accounted for \$24,721,541, another 56.33%.



### Expenses for Fiscal Year 2018

The total cost of all programs and services was \$43,375,637. Instruction comprises 53.33% of the District's expenses.



## Business-Type Activities

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

Food service revenues exceeded expenses by \$65,376 as charges for services represent \$375,788 or 34.32% of revenue. This represents the amount paid by patrons for daily food service and catering.

Federal and state reimbursements for meals including payments for free and reduced lunches and donated commodities were \$719,284 or 65.68% of revenue.

## Governmental Activities

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

**Table 3 – Comparative Statement of Activities**

	Total Cost of Services			Net Cost of Services		
	2017-2018	2016-2017	% Change	2017-2018	2016-2017	% Change
Instruction	\$ 23,135,225	\$ 24,780,692	-6.64%	\$ 21,701,090	\$ 23,627,757	-8.15%
Support Services:						
Pupils and Instructional Staff	5,690,662	5,870,139	-3.06%	5,553,380	5,614,547	-1.09%
Tuition	1,754,246	1,579,407	11.07%	1,754,246	1,579,407	11.07%
General Administration	1,820,535	2,084,059	-12.64%	1,820,535	2,084,059	-12.64%
School Administration	2,415,281	2,537,395	-4.81%	2,415,281	2,537,395	-4.81%
Operations & Maintenance of Facilities	5,380,033	6,212,261	-13.40%	5,380,033	6,212,261	-13.40%
Pupil Transportation	2,548,180	2,473,038	3.04%	2,548,180	2,473,038	3.04%
Debt Service	336,144	367,736	-8.59%	336,144	367,736	-8.59%
Transfer to Charter School	295,331	248,461	18.86%	295,331	248,461	18.86%
Total Expenses	\$ <u>43,375,637</u>	\$ <u>46,153,188</u>		\$ <u>41,804,221</u>	\$ <u>44,744,662</u>	

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

Extracurricular activities includes expenses related to student activities provided by the District which are designed to provide opportunities for students to participate in school and public events for the purpose of motivation, enjoyment, skill improvement, school spirit and leadership.

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

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

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

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

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

## **General Fund Budgetary Highlights**

The District budget is prepared according to New Jersey Statutes. The most significant budgeted fund is the general fund. During the fiscal year, there were several differences between the original budget and the final amended budget as a result of transfers being applied to certain line items. These transfers were made between line items as part of the normal process as permitted by State guidelines. Readers should refer to Section C of the financial report for comparisons between actual and budgeted amounts.

Described on the next page are explanations for variations in revenues and expenditures for certain lines where the modified budgeted amounts differ from the original budget by significant amounts. All other fluctuations were considered immaterial and no explanations were deemed required.

### **Revenue**

Miscellaneous revenues of \$786,212 exceeded the anticipated amount of \$30,000 by \$756,212 due primarily to refunds from prior year expenditures mostly in the area of health insurance.

### **Expenditures**

- Regular programs – instruction in total final budget exceeded the original by \$346,505, or 4.74%. Actual expenditures of \$7,592,381 represented 98.97% of budget. This was caused additional expenditures for teachers grades 1-12.
- Total instructional expenditures final budget exceeded the original by \$344,054, or 2.69%. Actual total instructional expenditures were \$12,429,661 or 96.96% of the budget. The increase in the budget was caused by additional need for teacher throughout the District.
- Undistributed – unallocated benefits – employee benefits budget after modified was lower by \$209,147, or 4.25% lower than anticipated health benefit were the principal cause.
- Total undistributed expenditures in total were lower than the final budget by \$964,456 or 5.67%. Expenditures net of on behalf payments were \$28,466,964, or 95.39% of final budget. This was aided by favorable health benefits and other support services extra at the level anticipated.

**The District's Funds**

Information about the District's major funds starts on page 21. These funds are accounted for using the modified accrual basis of accounting. All governmental funds, except for capital projects, had total revenues of \$37,095,937 and expenditures of \$36,270,591.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a comparative summary of the revenues of the governmental funds exclusive of the capital projects fund for the fiscal year ended June 30, 2018, and the amount of increases and decreases in relation to prior year revenues.

**Comparative Summary of Revenues**

Revenue	2017-2018		2016-2017		Increase/ (Decrease) from 2016-2017 to 2017-2018
	Amount	Percent of Total	Amount	Percent of Total	
Local Sources	\$ 17,577,239	47.38%	\$ 16,647,662	47.05%	\$ 929,577
State Sources	17,989,664	48.50%	17,131,612	48.43%	858,052
Federal Sources	1,529,034	4.12%	1,600,904	4.52%	(71,870)
	<u>\$ 37,095,937</u>	<u>100.00%</u>	<u>\$ 35,380,178</u>	<u>100.00%</u>	<u>\$ 1,715,759</u>

The increase in Local Sources is attributed to an increase in miscellaneous revenue and tax levy.

The increase in State Sources is attributed to an increase in general fund state aid and in on-behalf payments.

The decrease in Federal Sources is caused by the fact that less funding was provided in 2018.

The following schedule presents a comparative summary of governmental fund expenditures exclusive of the capital projects fund for the fiscal year ended June 30, 2018, and the amount of increases and decreases in relation to prior year expenditures.

**Comparative Summary of Expenditures**

Expenditures	2017-2018		2016-2017		Increase/ (Decrease) from 2016-2017 to 2017-2018
	Amount	Percent of Total	Amount	Percent of Total	
Instruction	\$ 13,532,041	37.31%	\$ 13,457,005	37.82%	\$ 75,036
Undistributed					
Expenditures	20,689,265	57.04%	20,189,472	56.74%	499,793
Capital Outlay	267,573	0.74%	188,602	0.53%	78,971
Debt Service	1,486,380	4.11%	1,499,605	4.22%	(13,225)
Charter Schools	295,331	0.80%	248,461	0.69%	46,870
	<u>\$ 36,270,591</u>	<u>100.00%</u>	<u>\$ 35,583,145</u>	<u>100.00%</u>	<u>\$ 687,445</u>

The increase in Current – Instruction is attributed to the increased costs of salaries for teachers and the increased costs of other instructional programs and supplies.

The increase in Undistributed Expenditures relates to increases in special education tuition and health benefits and other employee benefits.

The increase in capital outlay is primarily due to a budgeted increase from the prior year.

**General Fund Budgeting Highlights**

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

During the course of the fiscal year 2018, the District amended its general fund budget as needed. The District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management. Transfers from one program to another must be approved by the Business Administrator, Superintendent and Board of Education. Transfers were necessitated during the year were not significant in consideration of specific line items; however, a provision for unemployment was made for pending reduction of staff and retirement sick pay.

While the District final budget for the general fund anticipated that revenues and expenditures would roughly equal, the actual results for the year shows a surplus increase of \$890,011 caused primarily by an increase in miscellaneous revenue.

**Capital Assets**

At the end of the fiscal year 2018, the School District had \$59,425,685 invested in land, buildings, furniture and equipment and vehicles. Table 4 shows fiscal 2018 balances compared to 2017.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>	
	<u>2017-2018</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2016-2017</u>
Construction in Progress					-	\$ -
Site and Site						
Improvements	\$ 775,714	\$ 751,936			\$ 775,714	751,936
Building and Building						
Improvements	36,744,359	38,046,072	\$ 171,955	\$ 126,348	36,916,314	38,172,420
Machinery and						
Equipment	513,309	555,482	119,528	175,840	632,837	731,322
Vehicles	<u>2,603</u>	<u>6,769</u>			<u>2,603</u>	<u>6,769</u>
Total Capital Assets - Net of Depreciations	<u>\$ 38,035,985</u>	<u>\$ 39,360,258</u>	<u>\$ 291,483</u>	<u>\$ 302,188</u>	<u>\$ 38,327,468</u>	<u>\$ 39,662,446</u>

Refer to Notes to Financial Statements Note 7 for more detailed information.

Overall capital assets (net) decreased from fiscal year 2017 to fiscal year 2018. The decrease in capital assets is primarily due to annual depreciation in excess of fixed asset additions.

## Debt Administration

At the end of the fiscal year 2018 and 2017, the School District had outstanding debt as follows:

**Table 5 – Debt Administration**

	June 30,	
	<u>2018</u>	<u>2017</u>
Capital Leases	\$ 92,191	\$ 182,757
Compensated Absences	446,929	453,645
Serial Bonds	<u>8,853,000</u>	<u>10,013,000</u>
Totals	<u>\$ 9,392,120</u>	<u>\$ 10,649,402</u>

Refer to Notes to Financial Statements Note 8 for more detailed information.

### For the Future

The District is sufficiently funded to meet the educational and capital requirements.

The primary concern the District faces is the Borough of South River's inability to increase the tax base. The town is primarily residential with very few commercial ratables; thus the burden of taxes levied by the District falls squarely on the homeowners. As a result of a 2012 storm, the town has lost approximately \$7 million in tax ratables.

The Borough's tax base remains relatively flat and in light of the fact the town is at full build (which means there is no space available for future development which would increase the ratable base), the probability of a tax increase on the average homeowner next year is very likely. Additionally, the cost of three major bond issues, \$6.1 million in 2003, \$7.05 million in 2012 and \$2.4 million in 2015, cost the District nearly \$1.5 million per year for debt service.

In closing, the District's Board of Education practices long term financial planning. The District is proud of its system for budgeting and internal financial controls. Moreover, the Administration is determined to address the educational needs of the students while delivering a responsible budget to the taxpayers.

### Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, you may contact Kenneth J. Kokoszka, School Business Administrator/Board Secretary at the South River Board of Education, 15 Montgomery Street, South River, NJ 08882.

Respectfully submitted,



Sylvia Zircher  
Superintendent of Schools



Kenneth J. Kokoszka  
Board Secretary/School Business Administrator



## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**STATEMENT OF NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 3,742,157.73	\$ 109,994.20	\$ 3,852,151.93
Receivables - Net	786,426.58	133,326.68	919,753.26
Inventory		6,472.31	6,472.31
Restricted Assets:			
Capital Reserve Account	261,129.84		261,129.84
Capital Assets, Net	<u>38,035,985.05</u>	<u>291,583.04</u>	<u>38,327,568.09</u>
Total Assets	<u>\$ 42,825,699.20</u>	<u>\$ 541,376.23</u>	<u>\$ 43,367,075.43</u>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>			
Unamortized Loss on Defeasance of Debt Pension	\$ 56,709.75		\$ 56,709.75
	<u>1,586,112.00</u>		<u>1,586,112.00</u>
	<u>\$ 1,642,821.75</u>		<u>\$ 1,642,821.75</u>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 2,429,362.72	\$ 71,392.02	\$ 2,500,754.74
Intergovernmental Accounts Payable	9,755.88		9,755.88
Unearned Revenue	1,000.00		1,000.00
Accrued Interest	24,694.17		24,694.17
Net Pension Liability	5,213,807.00		5,213,807.00
Noncurrent Liabilities:			
Due Within One Year	1,326,792.27		1,326,792.27
Due Beyond One Year	<u>8,184,962.24</u>		<u>8,184,962.24</u>
Total Liabilities	<u>\$ 17,190,374.28</u>	<u>\$ 71,392.02</u>	<u>\$ 17,261,766.30</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>			
Pension	<u>\$ 1,462,889.00</u>		<u>\$ 1,462,889.00</u>
<b><u>NET POSITION</u></b>			
Invested in Capital Assets	\$ 29,027,869.29	\$ 291,583.04	\$ 29,319,452.33
Restricted for:			
Capital Reserve	261,129.84		261,129.84
Unrestricted (Deficit)	<u>(3,473,741.46)</u>	<u>178,401.17</u>	<u>(3,295,340.29)</u>
Total Net Position	<u>\$ 25,815,257.67</u>	<u>\$ 469,984.21</u>	<u>\$ 26,285,241.88</u>

See accompanying notes to financial statements.

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
Instruction:						
Regular	\$ 13,704,036.71			\$ (13,704,036.71)		\$ (13,704,036.71)
Special Education	7,523,081.67		\$ 1,434,134.70	(6,088,946.97)		(6,088,946.97)
Other Special Instruction	821,318.29			(821,318.29)		(821,318.29)
Other Instruction	1,086,788.02			(1,086,788.02)		(1,086,788.02)
Support Services:						
Tuition	1,754,246.23			(1,754,246.23)		(1,754,246.23)
Student and Instruction Related Services	5,690,662.34		137,282.12	(5,553,380.22)		(5,553,380.22)
General Administrative Services	1,820,534.62			(1,820,534.62)		(1,820,534.62)
School Administrative Services	2,415,281.33			(2,415,281.33)		(2,415,281.33)
Plant Operations and Maintenance	5,380,033.15			(5,380,033.15)		(5,380,033.15)
Pupil Transportation	2,548,179.54			(2,548,179.54)		(2,548,179.54)
Transfer to Charter Schools	295,331.00			(295,331.00)		(295,331.00)
Interest on Noncurrent Debt	336,144.46			(336,144.46)		(336,144.46)
<b>Total Governmental Activities</b>	<b>\$ 43,375,637.36</b>		<b>\$ 1,571,416.82</b>	<b>\$ (41,804,220.54)</b>		<b>\$ (41,804,220.54)</b>
<b>Business-Type Activities:</b>						
Food Service	\$ 1,029,696.22	\$ 375,787.98	\$ 719,283.94		\$ 65,375.70	\$ 65,375.70
<b>Total Primary Government</b>	<b>\$ 44,405,333.58</b>	<b>\$ 375,787.98</b>	<b>\$ 2,290,700.76</b>	<b>\$ (41,804,220.54)</b>	<b>\$ 65,375.70</b>	<b>\$ (41,738,844.84)</b>
<b>General Revenues</b>						
Taxes:						
				\$ 15,276,846.00		\$ 15,276,846.00
				1,448,003.00		1,448,003.00
				24,721,541.17		24,721,541.17
				46,680.40		46,680.40
				825,207.68		825,207.68
				<u>\$ 42,318,278.25</u>		<u>\$ 42,318,278.25</u>
				514,057.71	65,375.70	579,433.41
				<u>(12,550.30)</u>		<u>(12,550.30)</u>
				<u>\$ 501,507.41</u>	<u>\$ 65,375.70</u>	<u>\$ 566,883.11</u>
				<u>\$ 25,313,750.26</u>	<u>\$ 404,608.51</u>	<u>\$ 25,718,358.77</u>
				<u>\$ 25,815,257.67</u>	<u>\$ 469,984.21</u>	<u>\$ 26,285,241.88</u>

See accompanying notes to financial statements.

**FUND FINANCIAL STATEMENTS**

**GOVERNMENTAL FUNDS**

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018**

<u>ASSETS</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Cash and Cash Equivalents	\$ 3,826,792.55			\$ 0.56	\$ 3,826,793.11
Intergovernmental Accounts Receivable	449,917.92	\$ 248,178.81	\$ 81,770.80		779,867.53
Accounts Receivable	5,799.25				5,799.25
Interfunds Receivable	759.80				759.80
Restricted Cash and Cash Equivalents	<u>261,129.84</u>				<u>261,129.84</u>
<b>Total Assets</b>	<b><u>\$ 4,544,399.36</u></b>	<b><u>\$ 248,178.81</u></b>	<b><u>\$ 81,770.80</u></b>	<b><u>\$ 0.56</u></b>	<b><u>\$ 4,874,349.53</u></b>
 <u>LIABILITIES AND FUND BALANCE</u>					
Liabilities:					
Cash Overdraft		\$ 45,657.80	\$ 38,977.58		\$ 84,635.38
Accounts Payable	\$ 1,991,177.59	191,765.13	39,900.00		2,222,842.72
Unearned Revenue		1,000.00			1,000.00
Intergovernmental Accounts Payable		<u>9,755.88</u>			<u>9,755.88</u>
<b>Total Liabilities</b>	<b><u>\$ 1,991,177.59</u></b>	<b><u>\$ 248,178.81</u></b>	<b><u>\$ 78,877.58</u></b>		<b><u>\$ 2,318,233.98</u></b>
Fund Balances:					
Restricted:					
Capital Projects			\$ 2,893.22	\$ 0.56	\$ 2,893.78
Capital Reserve Account	\$ 261,129.84				261,129.84
Reserve for Excess Surplus	662,091.93				662,091.93
Excess Surplus					
Designated for Subsequent Year's Expenditures	240,462.57				240,462.57
Maintenance Reserve	80,000.00				80,000.00
Assigned - Designated for Subsequent Year's Expenditures	<u>1,309,537.43</u>				<u>1,309,537.43</u>
<b>Total Fund Balances</b>	<b><u>\$ 2,553,221.77</u></b>		<b><u>\$ 2,893.22</u></b>	<b><u>\$ 0.56</u></b>	<b><u>\$ 2,556,115.55</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 4,544,399.36</u></b>	<b><u>\$ 248,178.81</u></b>	<b><u>\$ 81,770.80</u></b>	<b><u>\$ 0.56</u></b>	<b><u>\$ 4,874,349.53</u></b>
Total Fund Balance above					\$ 2,556,115.55
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of capital assets is \$59,425,684.89, and the accumulated depreciation is \$21,389,699.84. (See Note 7)					38,035,985.05
Noncurrent liabilities, including bonds, loans and leases payable are not payable in the current period and therefore are not reported as liabilities in the funds (See Note 8).					
Total Noncurrent Liabilities					(9,511,754.51)
Deferred loss on defeasance of debt, unamortized (See Note 8D)					56,709.75
Certain liabilities are not due and payable in the current period, and therefore, are not reported in funds:					
Accrued Interest Payable:					
(Accrued interest is a current liability that will be paid from the debt service fund. Therefore, the liability reduces the restricted for debt service net asset balance)					(24,694.17)
Accrued Pension Liability:					
(Accrued pension is a current liability that will be paid from the general fund, attributed to the fiscal year June 30, 2017, however will be raised in the budget for the fiscal year ending June 30, 2019)					(83,297.00)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds. (See Note 9)					<u>(5,213,807.00)</u>
Net position of governmental activities (A-1)					<u>\$ 25,815,257.67</u>

See accompanying notes to financial statements

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Government Funds</u>
<b><u>Revenues</u></b>					
Local sources:					
Local tax levy	\$ 15,276,846.00			\$ 1,448,003.00	\$ 16,724,849.00
Tuition	46,680.40				46,680.40
Miscellaneous	786,211.52	\$ 19,498.08			805,709.60
<b>Total - Local Sources</b>	<b>\$ 16,109,737.92</b>	<b>\$ 19,498.08</b>		<b>\$ 1,448,003.00</b>	<b>\$ 17,577,239.00</b>
State Sources	17,852,361.94	137,282.12			17,989,644.06
Federal Sources	94,899.23	1,434,134.70			1,529,033.93
<b>Total Revenues</b>	<b>\$ 34,056,999.09</b>	<b>\$ 1,590,914.90</b>		<b>\$ 1,448,003.00</b>	<b>\$ 37,095,916.99</b>
<b><u>Expenditures</u></b>					
Current:					
Regular Instruction	\$ 8,037,924.38				\$ 8,037,924.38
Special Education Instruction	3,280,173.23	\$ 1,102,380.88			4,382,554.11
Other Special Instruction	478,457.10				478,457.10
Other Instruction	633,105.89				633,105.89
Support Services and Undistributed Costs:					
Tuition	1,754,246.23				1,754,246.23
Student and Instruction Related Services	2,928,459.81	488,534.02			3,416,993.83
Other Administrative Services	1,060,548.30				1,060,548.30
School Administrative Services	1,407,016.64				1,407,016.64
Plant Operations and Maintenance	3,134,126.07				3,134,126.07
Pupil Transportation	1,484,436.19				1,484,436.19
Employee Benefits	8,431,897.48				8,431,897.48
Debt Service:					
Principal				\$ 1,160,000.00	1,160,000.00
Interest				326,380.00	326,380.00
Capital Outlay	267,572.54		\$ 214,565.26		482,137.80
Transfer to Charter Schools	295,331.00				295,331.00
<b>Total Expenditures</b>	<b>\$ 33,193,294.86</b>	<b>\$ 1,590,914.90</b>	<b>\$ 214,565.26</b>	<b>\$ 1,486,380.00</b>	<b>\$ 36,485,155.02</b>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 863,704.23		\$ (214,565.26)	\$ (38,377.00)	\$ 610,761.97
Other Financing Sources/(Uses):					
Transfers In/(Out)			\$ (12,487.67)		(12,487.67)
<b>Total Other Financing Sources/(Uses)</b>			<b>(12,487.67)</b>		<b>(12,487.67)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 863,704.23</b>		<b>\$ (227,052.93)</b>	<b>\$ (38,377.00)</b>	<b>\$ 598,274.30</b>
Fund Balance July 1	1,689,517.54		229,946.15	38,377.56	1,957,841.25
<b>Fund Balance June 30</b>	<b>\$ 2,553,221.77</b>		<b>\$ 2,893.22</b>	<b>\$ 0.56</b>	<b>\$ 2,556,115.55</b>

See accompanying notes to financial statements



**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**RECONCILIATION OF 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 \$ 598,274.30

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 depreciated expense. This is the amount by which capital outlays exceeded depreciation in the period.

Capital outlay	\$ 482,137.80	
Depreciation expense	(1,812,320.04)	
Capital assets, other	<u>5,908.78</u>	
		(1,324,273.46)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. 1,160,000.00

Governmental funds report the effect of premiums and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the premiums on bonds.

Amortization of premium 29,908.72

Governmental funds report the effect of defeasances and similar items when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This represents the following related to the deferred loss of refunding.

Amortization of deferred loss (11,341.96)

In the statement of activities, interest on noncurrent debt in the statement of activities is accrued, regardless of when due. In the government funds, interest is reported when due; when the accrued interest is decreased, the difference is a reduction in the reconciliation. (4,856.42)

Repayment of lease principal is an expenditure in the governmental funds, but the payment reduces noncurrent debt in the statement of net position and is not reported in the statement of activities. 90,565.89

Net pension obligation related to PERS which is attributable to June 30, 2016 not reported in governmental funds; however, it is reported in the statement of activities (66,725.00)

In the statement of activities, certain operating expenses, e.g. compensated absences (sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation. 6,716.00

Miscellaneous revenue not reported in governmental funds as revenues, however, in the Statement of Activities is recognized. 23,239.34

Change in Net Position of Governmental Activities (A-2) \$ 501,507.41

See accompanying notes to financial statements

**PROPRIETARY FUNDS**

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**PROPRIETARY FUND**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Business-Type Activities - Enterprise Fund
<u>ASSETS</u>	<u>Food Service Total Enterprise</u>
Current Assets:	
Cash and Cash equivalents	\$ 109,994.20
Accounts receivable:	
State sources	2,403.74
Federal sources	130,383.23
Other sources	539.71
Inventories	<u>6,472.31</u>
Total Current Assets	<u>\$ 249,793.19</u>
Noncurrent Assets:	
Furniture, machinery and equipment	\$ 647,113.02
Less: accumulated depreciation	<u>355,529.98</u>
Total Noncurrent Assets	<u>\$ 291,583.04</u>
Total Assets	<u>\$ 541,376.23</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	<u>\$ 71,392.02</u>
Total current liabilities	<u>\$ 71,392.02</u>
Total liabilities	<u>\$ 71,392.02</u>
<u>NET POSITION</u>	
Invested in Capital Assets	\$ 291,583.04
Unrestricted	<u>178,401.17</u>
Total Net Position	<u>\$ 469,984.21</u>

See accompanying notes to financial statements

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGE IN FUND NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-Type Activities - Enterprise Fund
	<u>Food Service</u> <u>Total Enterprise</u>
Operating Revenues:	
Local Sources:	
Daily sales - reimbursable programs:	
School lunch, breakfast and milk program	\$ 374,988.64
Daily sales - non-reimbursable programs	<u>799.34</u>
Total operating revenues	<u>\$ 375,787.98</u>
Operating Expenses:	
Cost of sales - reimbursable	\$ 393,562.82
Cost of sales - non-reimbursable	63,441.61
Salaries	309,551.18
Employee Benefits	42,748.69
Insurance	68,513.16
General supplies	31,683.56
Management fee and Administrative Fee	61,610.00
Cleaning, repairs and other expenses	40,829.02
Interest Expense on Lease	906.52
Depreciation	<u>16,849.66</u>
Total operating expenses	<u>\$ 1,029,696.22</u>
Operating income/(loss)	<u>\$ (653,908.24)</u>
Nonoperating revenues:	
State sources:	
State school lunch program	\$ 11,661.68
Federal sources:	
National school lunch program	464,209.18
School breakfast program	158,114.18
Food distribution system	<u>85,298.90</u>
Total nonoperating revenues	<u>\$ 719,283.94</u>
Income/(loss) before contributions and transfers	\$ 65,375.70
Total net position - beginning	<u>404,608.51</u>
Total net position - ending	<u><u>\$ 469,984.21</u></u>

See accompanying notes to financial statements

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>
	<u>Food Service</u> <u>Total Enterprise</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from Customers	\$ 375,734.02
Payment for Management Fee and Administrative Fee	(61,610.00)
Payments to Employees	(309,551.18)
Payments for Employee Benefits	(42,748.69)
Payments to Suppliers	<u>(567,846.02)</u>
Net Cash Provided by/(Used for) Operating Activities	\$ <u>(606,021.87)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
State Sources	\$ 9,796.30
Federal Sources	<u>609,965.53</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	\$ <u>619,761.83</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Principal Payment on Lease	\$ (60,031.90)
Acquisition of Fixed Assets	<u>(6,245.00)</u>
Net Cash Provided by/(Used for) Investing Activities	\$ <u>(66,276.90)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (52,536.94)
Balances - Beginning of Year	<u>162,531.14</u>
Balances - End of Year	\$ <u><u>109,994.20</u></u>
<u>Reconciliation of Operating Income/(Loss) to Net Cash</u> <u>Provided/(Used) by Operating Activities</u>	
Operating Gain/(Loss)	\$ <u>(653,908.24)</u>
Adjustments to Reconcile Operating Loss to Cash Provided/ (Used) by Operating Activities:	
Depreciation	\$ 16,849.66
Change in Assets and Liabilities:	
(Increase)/Decrease Other Sources Receivable	(53.96)
(Increase)/Decrease in Inventory	6,281.92
Increase/(Decrease) in Accounts Payable	<u>24,808.75</u>
Total Adjustments	\$ <u>47,886.37</u>
Net Cash Provided/(Used) by Operating Activities	\$ <u><u>(606,021.87)</u></u>

See accompanying notes to financial statements

## **FIDUCIARY FUNDS**

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	Trust		Agency Fund	
	Unemployment Compensation	Private Purpose Scholarship Fund	Student Activity	Payroll
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ <u>115,729.72</u>	\$ <u>34,042.63</u>	\$ <u>132,639.81</u>	\$ <u>131,660.04</u>
Total Assets	\$ <u><u>115,729.72</u></u>	\$ <u><u>34,042.63</u></u>	\$ <u><u>132,639.81</u></u>	\$ <u><u>131,660.04</u></u>
<b><u>LIABILITIES</u></b>				
Accounts Payable	\$ 13,325.78			
Payable to Student Groups			\$ 132,639.81	
Payroll Deductions and Withholdings				\$ 130,900.24
Interfund Payable - General Fund				<u>759.80</u>
Total Liabilities	\$ <u><u>13,325.78</u></u>		\$ <u><u>132,639.81</u></u>	\$ <u><u>131,660.04</u></u>
<b><u>NET POSITION</u></b>				
Held in Trust for Unemployment Claims and Other Purposes	\$ 102,403.94			
Reserved for Scholarships		<u>\$ 34,042.63</u>		
Total Net Position	\$ <u><u>102,403.94</u></u>	\$ <u><u>34,042.63</u></u>		

See accompanying notes to financial statements

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**COMBINING STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Trust</u>	<u>Agency</u>
	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Scholarship Fund</u>
<u>Additions</u>		
Contributions:		
Plan Members	\$ 9,870.98	
Board	25,000.00	
Total Contributions	\$ 34,870.98	
Investment Earnings:		
Interest	\$ 1,799.88	1,630.00
Net Investment Earnings	\$ 1,799.88	\$ 1,630.00
Total Additions	\$ 36,670.86	\$ 1,630.00
<u>Deductions</u>		
Unemployment Claims	\$ 90,173.20	
Scholarships Awarded		\$ 4,666.96
Decrease in Fair Value of Investments		1,533.15
Total Deductions	\$ 90,173.20	\$ 6,200.11
Change in Net Position - Increase	\$ (53,502.34)	\$ (4,570.11)
Total Net Position - Beginning of the Year	155,906.28	38,612.74
Total Net Position - End of the Year	\$ 102,403.94	\$ 34,042.63

See accompanying notes to financial statements



**NOTES TO THE FINANCIAL STATEMENTS**

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2018**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The South River Borough School District (the "District") is a Type II district located in the County of Middlesex, State of New Jersey. As a Type II district, the District functions independently through a Board of Education (the "Board"). The Board is comprised of nine (9) members elected to three-year staggered terms. The purpose of the District is to educate students in grades K-12. The District had an approximate enrollment at June 30, 2018 of 2,193 students.

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

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the District's accounting policies are described below.

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Basis of Presentation (Continued)**

**1. Government-Wide Financial Statements (Continued)**

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**2. Fund Financial Statements**

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

**1. Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

**General Fund** – The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment that are classified in the Capital Outlay subfund.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**1. Governmental Funds (Continued)**

**General Fund (Continued)**

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America (GAAP) as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** – The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs. This fund is not applicable in this fiscal year.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**2. Proprietary Fund Type**

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary fund of the District:

**Enterprise Fund** – The Enterprise Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on the statement of net position. Their reported fund equity (net position) is segregated into net investment in capital assets and unrestricted net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net position.

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of the equipment used in the operations of the Enterprise Funds are approximately 10 years.

**3. Fiduciary Funds**

**Trust and Agency Funds** – The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Private Purpose Scholarship Funds**

**Expendable Trust Fund** - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The Expendable Trust Fund includes the Unemployment Compensation Insurance Fund and five (5) scholarship funds.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Fund Accounting (Continued)**

**3. Fiduciary Funds (Continued)**

**Private Purpose Scholarship Funds (Continued)**

**Nonexpendable Trust Fund** - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District presently has two (2) scholarship fund assets that can be deemed as nonexpendable Trust Fund types.

**Agency Funds** – Agency Funds are used to account for the assets that the District holds on behalf of others as their agent. Agency Funds are custodial in nature and do not involve measurement of results of operations. Agency Funds include payroll and student activities funds.

**4. Noncurrent Debt**

Noncurrent liabilities expected to be financed from governmental funds are accounted for in the General Noncurrent Debt, not in the governmental funds. This includes the outstanding principal balance on capital leases.

**C. Measurement Focus**

**1. Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the Statement on Net Position.

**2. Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the statement of net position. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus (Continued)**

**2. Fund Financial Statements (Continued)**

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. Fund equity (i.e., net position) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Fiduciary funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

Ad Valorem (Property) Taxes are susceptible to accrual and under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable".

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the winter of each year for the general, special revenue, and debt service funds. The budgets are approved and voted on by the Board of Education of the District, submitted to the County office for approval and if determined to be within the allowable tax levy cap and within the allowable appropriation cap, become effective upon the holding of a public hearing and final adoption by the District. In accordance with P.L. 2011, c.202, which became effective 17, 2012, the district elected to move the annual School Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year subject to the limitation of N.J.A.C 6A:23A-2.3 (et seq.). All budget amendments must be approved by School Board resolution and certain others require approved by the County Superintendent of Schools. Budgetary transfers were made during the current year in accordance with statutory guidelines. The amendments made by the District were part of the normal course of operations.

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 (GAAP) with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.



**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Budgets/Budgetary Control (Continued)**

The following presents a reconciliation of the general fund revenue and special revenue fund revenue from the budgetary basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General, Special Revenue and Debt Service Funds to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules.	\$ 34,083,306.09	\$ 1,590,914.90
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2017	None	None
June 30, 2018	None	None
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,283,793.00	None
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,310,100.00)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 34,056,999.09</u>	<u>\$ 1,590,914.90</u>
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule.	\$ 33,193,294.86	\$ 1,590,914.90
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year supplies are received for financial reporting purposes.		
June 30, 2017	None	None
June 30, 2018	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 33,193,294.86</u>	<u>\$ 1,590,914.90</u>

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Encumbrances**

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 reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

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

**G. Assets, Liabilities and Equity**

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

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**2. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund are recorded as an expenditure during the year of purchase.

Inventories in the Proprietary Funds are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the Enterprise Fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

**3. Allowance for Uncollectible Accounts**

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

**4. Tuition Receivable**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**5. Tuition Payable**

Tuition charges for the fiscal years 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

**6. Short-Term Interfund Receivables/Payables**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

**7. Capital Assets**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000.00. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**7. Capital Assets (Continued)**

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
School Buildings	50 years
Building Improvements	20 years
Electrical/Plumbing	30 years
Vehicles	8 years
Office and Computer Equipment	5-10 years
Instructional Equipment	10 years
Grounds Equipment	15 years
Food Service Equipment	7-20 years

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

In addition to assets, the statement of net 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. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**9. Compensated Absences**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

The entire sick leave and vacation leave liabilities are reported on the government-wide financial statements.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**9. Compensated Absences (Continued)**

For governmental fund financial statements, the current portion of unpaid compensated absences is in the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

**10. Accrued Liabilities and Noncurrent Obligations**

All payables, accrued liabilities and noncurrent obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. However, the noncurrent portion of capital leases, compensated absences and loans payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable, available financial resources.

**11. Deferred Loss on Refunding of Debt**

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest expense. (Refer to Note 8-D).

**12. Net Position**

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and established standards for reporting deferred outflows of resources, deferred inflows of resources and net position. Net Position represents the difference between assets, deferred outflows, deferred inflows and liabilities in the government-wide financial statements. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any noncurrent debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**13. Unearned (Deferred) Revenue**

Unearned revenue in the special revenue fund represents federal and state grants that have been received but not yet earned.

**14. Fund Equity**

Contributed capital represents the amount of fund capital contributed to the proprietary funds from other funds. Reserves represent those portions of fund equity not available for appropriation for expenditure or legally segregated for a specific future use. Designated fund balances represent plans for future use of financial resources.

**15. Fund Balance Reserves**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54") established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five (5) categories, as defined below:

- a. Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, noncurrent receivables and corpus of any permanent funds.
- b. Restricted – includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.
- c. Committed – includes amounts that can be used only for the specific purposes imposed by a formal action of the government's highest level of decision-making authority. The District's highest level of decision-making authority is the Board of Education (the "Board") and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revised or changes the specified use by taking the same action (resolution) taken to originally commit these funds.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**15. Fund Balance Reserves (Continued)**

- d. Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Interest is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
  
- e. Unassigned – includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a position unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

**16. Proprietary Funds Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the School District enterprise fund, (the Food Service) are charges to customers for sales of food service.

Operating expenses for enterprise funds include the cost of sales and services, administrative expense and depreciation on Capital Assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**17. On-Behalf Payments**

Revenues and expenditures of the general fund include payments made by the State of New Jersey for social security, post-retirement medical pension and contributions for the certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. The amounts are not required to be included in the District's annual budget.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**18. Non-Monetary Transactions**

Commodities received under the Federal Food Distribution Program are received by the district and are recorded as nonoperating revenue when received in the food service enterprise fund at market value. The use of the commodities is included in cost of sales.

**19. Allocation of Expenses**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the direct expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is reported separately on the Statement of Activities. No expenses were allocated as "Indirect Expenses".

**20. Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

**21. Accounting and Financial Reporting for Pensions**

The District implemented GASB 68 which amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.



**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Assets, Liabilities and Equity (Continued)**

**21. Accounting and Financial Reporting for Pensions (Continued)**

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events.

**22. Accounting and Financial Reporting for Other Post-Retirement Benefits ("OPEB")**

In 2018 the District implemented GASB #75 which addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, revenues and expense/expenditures. The Statement GASB #45 supersedes Accounting and Financial Reporting for Post-Employment Benefits with other than Pension.

The participating local education employer allocations included in the supplemental Schedule of special funding amounts by employer are provided as each local education employer is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation and to include their respective amount of total OPEB liability in their notes to their financial statements.

**23. Management Estimates**

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

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Other Accounting Standards**

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 83. Certain Asset Retirement Obligations.* This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District does not expect this Statement to impact its financial statements.

The District is currently reviewing the following for applicability and potential impact on the financial statements:

- *GASB Statement No. 84. Fiduciary Activities.* This 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 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 85. Omnibus 2017.* This 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 postemployment benefits (pensions and other postemployment benefits [OPEB]).

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The District does not expect this Statement to impact its financial statements.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Other Accounting Standards (Continued)**

- *GASB Statement 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.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 27, 2017. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 87. Leases.* 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.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

- *GASB Statement No. 88. Certain Disclosure Related to Debt, including Direct Borrowings and Direct Placements.* 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.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District does not expect this Statement to impact its financial statements.

- *GASB Statement No. 89. Accounting for Interest Cost Incurred before the End of a Construction Period.* 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.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encourage. The requirements of this Statement should be applied prospectively. The District does not expect this Statement to impact its financial statements.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Other Accounting Standards (Continued)**

- GASB Statement No. 90. *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The District does not expect this Statement to impact its financial statements.

**I. Subsequent Events**

Management has reviewed and evaluated all events and transactions from June 30, 2018 through February 11, 2019, the date that the financial statements are issued for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less. Cash equivalents are defined as short-term, highly liquid securities that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only securities with original maturities of three (3) months or less meet this definition.

Investments are stated at fair value, which is in excess of cost value. The District classifies securities that have original maturity date of more than three months from the date of purchase as investments. The District is in compliance with GASB Statement No. 3 as amended by GASB Statement No. 40.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey that are insured by the Federal Deposit Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Investments**

New Jersey statutes permit the District to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.
- Bonds or other obligations of the school district or local unit of which the school district is a part.
- Any other obligations with maturities not exceeding 397 days, as permitted by the Division of Investments, New Jersey State Department of Treasury.
- Local government investment pools.
- New Jersey State Cash Management Fund.
- Repurchase agreements of fully collateralized securities, subject to special conditions.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**New Jersey Cash Management Fund**

All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis. As of June 30, 2018, the District had \$114,729 on deposit with the New Jersey Cash Management Fund.

**Allocation of Cash and Cash Equivalents:**

Unrestricted		\$	4,908,602.61
Restricted			<u>1,272,730.77</u>
			<u>\$ 6,181,333.38</u>

As of June 30, 2018, cash, cash equivalents and investment of all funds of the District consisted of the following:

		<u>Cash and Cash Equivalents</u>
Cash and Cash Equivalents:		
Checking Accounts, interest bearing		\$ 6,046,066.80
New Jersey Cash Management Fund (NJCMF)		114,729.14
Investment *		<u>20,537.44</u>
		<u>\$ 6,181,333.38</u>
Reconciliation:		
Governmental Funds		\$ 5,059,798.25
Proprietary Funds		109,994.20
Fiduciary Funds		<u>1,011,600.93</u>
		<u>\$ 6,181,393.38</u>
* Investment - Fiduciary - Restricted		
U.S. Treasury Note (Face Value \$16,000.00)		<u>\$ 20,537.44</u>

**Risk Analysis** – All of the balances were covered by either federal depository insurance or Government Unit Deposit Protection Act ("GUDPA") and are considered to have minimal custodial risk. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have concentration of credit risk.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**4. CAPITAL RESERVE ACCOUNT**

A Capital Reserve Account was established by Board Resolution and Budget Appropriation in a prior year for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The combined Capital Reserve Account balance at June 30, 2018 is \$261,129.84 and is reflected in the General Fund.

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

Board Contributions:		
Prior to June 30, 2017	\$ 493,773.26	
During fiscal year ended June 30, 2018	<u>150,000.00</u>	\$ 643,773.26
Interest Earnings:		
Prior to June 30, 2017	\$ 1,822.38	
During fiscal year ended June 30, 2018	<u>-</u>	1,822.38
Withdrawals:		
Prior to June 30, 2017	\$ 225,119.00	
During fiscal year ended June 30, 2018	<u>159,346.80</u>	<u>384,465.80</u>
Balance at June 30, 2018		<u><u>\$ 261,129.84</u></u>

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A. 19:60-2*. Pursuant to *N.J.A.C. 6:23A-5.1(d) 7*, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE**

Intergovernmental Accounts Receivable at June 30, 2018 consisted of Federal sources, State sources and State aid. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund</u>
General Fund:	
State Aid:	
Extraordinary Aid	\$ 373,183.00
Non-Public Transportation - Cost Reimbursement	27,997.00
TPAF FICA Reimbursement	<u>48,737.92</u>
	<u>\$ 449,917.92</u>
Special Revenue Fund:	
Federal:	
Adult Basic Education	\$ 18,796.16
Title I	133,149.72
Title II - Part A	22,318.65
Title III - Part A	5,044.30
Title III - Immigrant	2,267.00
IDEA Part B	37,176.00
IDEA Pre-School	876.00
Perkins	3,447.99
Title IV	3,660.99
Impact Aid	19,875.00
State:	
NJ Nonpublic:	
Home Instruction	906.00
Local:	
Due from ESCNJ - Non-Public	<u>661.00</u>
	<u>\$ 248,178.81</u>
Capital Projects Fund:	
NJSDA ROD Grant	<u>81,770.80</u>
 Total	 <u><u>\$ 779,867.53</u></u>



**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**5. INTERGOVERNMENTAL ACCOUNTS RECEIVABLE (CONTINUED)**

	<u>Business Type</u>
Proprietary Fund:	
Enterprise Fund	
State Sources:	
Lunch	\$ <u>2,403.74</u>
Federal Sources:	
Breakfast	\$ 34,090.28
Lunch	96,292.95
Other Source	<u>539.71</u>
	\$ <u>130,922.94</u>
 Total	 \$ <u><u>133,326.68</u></u>

**6. INVENTORY**

The value of Federal donated commodities as reflected on Schedule A of \$85,298.90 (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of the purchase and has been included as an item of nonoperating revenue in the financial statements. For the year ended June 30, 2018, the federal donated commodities food inventory of \$930.42 was included in the year end food and supplies amount of \$6,472.31.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**7. CAPITAL ASSETS, NET**

The following schedule is a summarization of the changes in capital assets by source for the fiscal year ended June 30, 2018:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Transfers</u> <u>(Retirements)</u>	<u>Ending</u> <u>Balance</u>
<b><u>Governmental Activities:</u></b>				
Capital assets being depreciated:				
Site and Site Improvements	\$ 2,286,602.30	\$ 126,749.00		\$ 2,413,351.30
Building and Building Improvements	54,081,862.63	327,926.04		54,409,788.67
Machinery and Equipment	2,436,353.78	33,371.54		2,469,725.32
Vehicles	132,819.60			132,819.60
Totals at historical cost	<u>\$ 58,937,638.31</u>	<u>\$ 488,046.58</u>		<u>\$ 59,425,684.89</u>
Less accumulated depreciation for:				
Site and Site Improvements	\$ (1,534,666.29)	\$ (102,971.04)		\$ (1,637,637.33)
Building and Building Improvements	(16,035,790.69)	(1,629,639.42)		(17,665,430.11)
Machinery and Equipment	(1,880,872.07)	(75,544.14)	\$ 0.05	(1,956,416.16)
Vehicles	(126,050.80)	(4,165.44)		(130,216.24)
Total accumulated depreciation	<u>\$ (19,577,379.85)</u>	<u>\$ (1,812,320.04)</u>	<u>\$ 0.05</u>	<u>\$ (21,389,699.84)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>\$ 39,360,258.46</u>	<u>\$ (1,324,273.46)</u>	<u>\$ 0.05</u>	<u>\$ 38,035,985.05</u>
Governmental activities capital assets, net	<u>\$ 39,360,258.46</u>	<u>\$ (1,324,273.46)</u>	<u>\$ 0.05</u>	<u>\$ 38,035,985.05</u>
<b><u>Business-Type Activities:</u></b>				
Furniture, machinery and equipment	\$ 451,623.63	\$ 6,245.00		\$ 457,868.63
Building improvements	189,244.39			189,244.39
Totals at historical cost	<u>\$ 640,868.02</u>	<u>\$ 6,245.00</u>		<u>\$ 647,113.02</u>
Less accumulated depreciation for:				
Furniture, machinery and equipment	\$ (325,275.81)	\$ (13,064.86)		\$ (338,340.67)
Building improvements	(13,404.51)	(3,884.00)		(17,288.51)
Total accumulated depreciation	<u>\$ (338,680.32)</u>	<u>\$ (16,948.86)</u>		<u>\$ (355,629.18)</u>
Business type activities capital assets, net	<u>\$ 302,187.70</u>	<u>\$ (10,703.86)</u>		<u>\$ 291,483.84</u>
Detail of Additions:				
General fund		\$ 267,572.54		
Capital projects fund		214,565.26		
Other		5,908.78		
		<u>\$ 488,046.58</u>		

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**7. CAPITAL ASSETS, NET (CONTINUED)**

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 689,205.18
Special Education Instruction	247,334.45
Other Special Instruction	36,077.03
Other	47,738.00
Support Services and Undistributed Cost:	
Student and Instruction Related Services	257,651.11
School Administrative Services	79,968.38
General and Business Administrative Services	106,093.08
Plant Operations and Maintenance	236,322.08
Pupil Transportation	111,930.73
	<u>\$ 1,812,320.04</u>

**8. NONCURRENT DEBT**

During the fiscal year ended June 30, 2018 the following changes occurred in liabilities:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One Year	Noncurrent Portion
<u>Governmental Activities:</u>						
Bonds Payable -						
General						
Obligation Debt	\$ 10,013,000.00		\$ (1,160,000.00)	\$ 8,853,000.00	\$ 1,160,000.00	\$ 7,693,000.00
Add - Premium on Sale of Bonds	<u>149,543.58</u>		<u>(29,908.72)</u>	<u>119,634.86</u>	<u>29,908.72</u>	<u>89,726.14</u>
	10,162,543.58		(1,189,908.72)	8,972,634.86	1,189,908.72	7,782,726.14
Capital Leases	<u>182,756.54</u>		<u>(90,565.89)</u>	<u>92,190.65</u>	<u>92,190.65</u>	
	10,345,300.12		(1,280,474.61)	9,064,825.51	1,282,099.37	7,782,726.14
Compensated						
Absences Payable	<u>453,645.00</u>		<u>(6,716.00)</u>	<u>446,929.00</u>	<u>44,692.90</u>	<u>402,236.10</u>
	<u>\$ 10,798,945.12</u>		<u>\$ (1,287,190.61)</u>	<u>\$ 9,511,754.51</u>	<u>\$ 1,326,792.27</u>	<u>\$ 8,184,962.24</u>

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**8. NONCURRENT DEBT (CONTINUED)**

**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality(ies) through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. As of June 30, 2018, the District had the following serial bonds outstanding.

General Serial Bonds:

\$7,005,000 General Obligation Bonds, Series 2011 - District's share of improvements to the High School (9-12). Annual maturities of \$380,000 to \$550,000 through June 1, 2027 at interest rates ranging from 3.00% to 4.25%. The bonds maturing prior to June 1, 2021 are not subject to redemption prior to maturity. The bonds maturing on or after June 1, 2021 are subject to redemption prior to maturity at the option of the Board, in whole at any time or in part on any interest payment date on or after June 1, 2020.	\$ 4,780,000.00
\$3,845,000 of Refunding School Bonds, Series 2012 - Refinance \$3,953,000 of the General Obligation Bonds 2003. Annual maturities of \$385,000 to \$445,000 through June 1, 2023 at interest rate of 4.00%. The bonds are not subject to redemption prior to maturity.	2,070,000.00
\$2,453,000 of General Obligation Bonds, Series 2015 - District's share of improvements to the schools. Annual maturities ranging from \$225,000 to \$450,000 commencing on June 1, 2017 through June 1, 2025 at net interest rates ranging from 2.00% to 2.50%. The bonds are not subject to redemption prior to maturity.	<u>2,003,000.00</u>
	\$ <u><u>8,853,000.00</u></u>

The Bonds are general obligations of the Board and are secured by a pledge of the full faith and credit of the Board for the payment of the principal thereof and the interest thereon and, unless paid from other sources, the Bonds are payable from ad valorem taxes to be levied on all taxable real property in the school district, without limitation as to rate or amount. The Bonds are additionally secured by the provisions of the New Jersey School Bond Reserve Act.

The District, in conjunction with the issuance of the Bonds, has agreed to undertake and provide certain information to Bondholders on a continuing basis. The Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) "Continuing Disclosure" requirements, which the District has adopted, requires that various financial information about the District and the Municipality be provided annually to various information repositories. This requirement has been complied with for the year ended June 30, 2018.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**8. NONCURRENT DEBT (CONTINUED)**

**A. Bonds Payable (Continued)**

Principal and interest due on serial bonds outstanding is as follows:

<b>School District Bonds, Series 2011</b>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next five (5) year			
2019	\$ 550,000	\$ 170,150	\$ 720,150
2020	550,000	153,650	703,650
2021	550,000	137,150	687,150
2022	550,000	120,650	670,650
2023	550,000	102,775	652,775
	<u>2,750,000</u>	<u>684,375</u>	<u>3,434,375</u>
Thereafter			
2024	550,000	83,525	633,525
2025	550,000	61,525	611,525
2026	550,000	39,525	589,525
2027	380,000	16,150	396,150
	<u>2,030,000</u>	<u>200,725</u>	<u>2,230,725</u>
	<u>\$ 4,780,000</u>	<u>\$ 885,100</u>	<u>\$ 5,665,100</u>

<b>School District Refunding Bonds 2012</b>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next five (5) year			
2019	\$ 385,000	\$ 82,800	\$ 467,800
2020	405,000	67,400	472,400
2021	410,000	51,200	461,200
2022	425,000	34,800	459,800
2023	445,000	17,800	462,800
	<u>2,070,000</u>	<u>254,000</u>	<u>2,324,000</u>

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**8. NONCURRENT DEBT (CONTINUED)**

**A. Bonds Payable (Continued)**

<b>School District Bonds, Series 2015</b>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next five (5) year			
2019	\$ 225,000	\$ 43,380	\$ 268,380
2020	225,000	38,880	263,880
2021	225,000	34,380	259,380
2022	225,000	29,880	254,880
2023	225,000	25,380	250,380
	<u>1,125,000</u>	<u>171,900</u>	<u>1,296,900</u>
Thereafter			
2024	428,000	20,880	448,880
2025	450,000	11,250	461,250
	<u>878,000</u>	<u>32,130</u>	<u>910,130</u>
	<u>\$ 2,003,000</u>	<u>\$ 204,030</u>	<u>\$ 2,207,030</u>

<b>TOTAL DEBT SERVICE</b>			
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Next five (5) years			
2019	\$ 1,160,000	\$ 296,330	\$ 1,456,330
2020	1,180,000	259,930	1,439,930
2021	1,185,000	222,730	1,407,730
2022	1,200,000	185,330	1,385,330
2023	1,220,000	145,955	1,365,955
	<u>5,945,000</u>	<u>1,110,275</u>	<u>7,055,275</u>
Thereafter			
2024	978,000	104,405	1,082,405
2025	1,000,000	72,775	1,072,775
2026	550,000	39,525	589,525
2027	380,000	16,150	396,150
	<u>2,908,000</u>	<u>232,855</u>	<u>3,140,855</u>
	<u>\$ 8,853,000</u>	<u>\$ 1,343,130</u>	<u>\$ 10,196,130</u>

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**8. NONCURRENT DEBT (CONTINUED)**

**B. Bonds and Notes Authorized But Not Issued**

As of June 30, 2018 there were bonds and notes authorized but not issued of \$81,770.80 which will be reduced accordingly as the NJSDA (Capital Projects Fund) reimbursement funds are received. The authorization was approved as part of the referendum approved by the voters on February 10, 2015 for improvements to the high school.

The amount is equivalent to the balance due to the District for the project grant and is calculated as follows:

Grant Awarded			\$ 2,768,981.68
Less: Cash Receipts prior to June 30, 2017	\$ 2,335,325.50		
Cash Receipt for the period ended June 30, 2018	340,825.51		
Cancellation	<u>11,059.87</u>	<u>2,687,210.88</u>	
Balance			<u><u>\$ 81,770.80</u></u>

**C. Capital Lease Obligations Payable**

The District is leasing equipment totaling \$448,000.00 under two (2) capital leases. The capital leases are for terms of five years. The following is a schedule of future minimum lease payments under the capital leases at June 30, 2018:

<u>Governmental Funds:</u>	<u>Payment</u>	<u>Interest</u>	<u>Total</u>
General Fund			
2014 Lease			
2018	\$ 47,274.82	\$ 894.91	\$ 48,169.73
2015 Lease			
2018	<u>44,915.83</u>	<u>759.07</u>	<u>45,674.90</u>
General Fund Total	<u><u>\$ 92,190.65</u></u>	<u><u>\$ 1,653.98</u></u>	<u><u>\$ 93,844.63</u></u>

**D. Defeasance**

As a result of the accounting requirement under GASB#23/65, Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities, the recording of the transaction related to the new vs. old debt and related costs resulted in accounting losses which in conjunction with the premium will be amortized over the remaining life of the respective bond issues using the "straight-line".

**Unamortized Loss on Defeasance of Debt**

<u>Refunding Bonds</u>	<u>Loss</u>	<u>Beginning Balance</u>	<u>Amortization</u>	<u>Ending Balance</u>
2012 Series	\$ <u>136,103</u>	\$ <u>68,052</u>	\$ <u>11,342</u>	\$ <u>56,710</u>

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**8. NONCURRENT DEBT (CONTINUED)**

**E. Compensated Absences**

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

District employees earn sick leave at the rate of one day for each month of service. Upon departure from the district, teachers who have obtained tenure and ten month support staff who have completed three or more years of employment shall be paid for accumulated sick leave at the rate of ¼ of the unused accumulated sick leave multiplied by 1/200 of the last annual contracted salary. Twelve month employees who have completed three or more years of employment shall be paid at the rate of ¼ of the unused accumulated sick leave multiplied by 1/240 of the last annual contracted salary.

For teachers employed after September 1, 1981, the sick leave payment shall be limited to no more than \$15,000.00. For all support staff employed after September 1, 1981, the sick leave payment shall be limited to no more than \$15,000.00.

Twelve month employees earn vacation, the carryover of which is limited to August 31, of the year following the time earned.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of net position in the current and noncurrent liabilities. The current portion of the compensated absence balance of the governmental funds is shown separately from the noncurrent liability balance of compensated absences.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018 no liability existed for compensated absences in the proprietary fund types.

**F. Operating Lease**

The District leases various non-capitalized equipment that is deemed as an operating lease. The lease payment schedule is as follows:

<u>Due Date</u>		<u>Total</u>		<u>Principal</u>		<u>Interest</u>
<u>November 1,</u>						
2018	\$	53,968.94	\$	49,513.41	\$	4,455.53
2019		53,968.94		50,591.56		3,377.38
2020		53,968.94		51,693.19		2,275.75
2021		53,968.94		52,818.80		1,150.14
		<u>53,968.94</u>		<u>52,818.80</u>		<u>1,150.14</u>
	\$	<u>215,875.76</u>	\$	<u>204,616.96</u>	\$	<u>11,258.80</u>



**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**9. PENSION PLANS**

**Description of Plans:** All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund that have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division of Pension issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund.

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

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

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 represents 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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tiers 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 reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**9. PENSION PLANS (CONTINUED)**

**Description of Plans (Continued)**

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

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

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. The following represents the membership tiers for PERS:

<u>Tier</u>	<u>Definition</u>
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 tiers 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 reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 before age 65 with 30 or more years of service credit. 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 10 years of service credit and have not reached the service retirement age for the respective tier.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**9. PENSION PLANS (CONTINUED)**

**Funding Policy:** The contribution policy is set by New Jersey Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased from 5.5% to 6.5% of employees' annual compensation. An additional increase is to be phased in over the next seven years that will bring the total pension contribution rate to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

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

During the year ended June 30, 2018 for TPAF, which is a cost sharing plan with special funding situations, the annual pension costs equals annual required contribution. For PERS, which is a cost sharing multi-employer pension plan, the annual pension costs differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997.

**Three-Year Trend Information for PERS**

<u>Fiscal Year Ended June 30,</u>	<u>Net Cost to District</u>	<u>Percentage of APC Contributed</u>	<u>Employee Contribution</u>
2018	\$ 207,490	100%	\$ 105,145
2017	190,458	100%	104,088
2016	198,134	100%	105,024

**Three-Year Trend Information for TPAF (Paid on-behalf of the District)**

<u>Fiscal Year Ended June 30</u>	<u>Pension Paid on-behalf of District</u>				<u>TPAF FICA</u>
	<u>Cost (APC)</u>	<u>APC Contributed</u>	<u>Total On-Behalf of</u>	<u>Employee Contribution</u>	
2018	\$ None	100%	\$ 1,462,959	\$ 995,405	\$ 992,639
2017	None	100%	1,465,423	985,872	990,106
2016	None	100%	1,018,741	928,484	943,699

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**9. PENSION PLANS (CONTINUED)**

**Funding Policy (Continued)**

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$1,462,959 to the TPAF for normal pension. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$992,639 during the 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 included in the basic financial statements, and the individual fund statements and schedules as a revenue and expenditure in accordance with GASB 24.

**Public Employees Retirement System (PERS)**

The information for PERS was abstracted from State of New Jersey Public Employees' Retirement System Schedules of Employer Allocations and Schedules of Pension Amounts by Employer as of June 30, 2017 and June 30, 2016 Independent Auditor's Report dated April 27, 2018 and April 6, 2017, respectively.

The District reported a liability of \$5,213,807 and \$6,349,516 for its proportionate share of the net pension liability as of June 30, 2018 and June 30, 2017, respectively. The net pension liability was measured as of June 30, 2017 and June 30, 2016 (the *Measurement Date*), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportion of the collective pension liability is as follows:

	June 30,	
	<u>2017</u>	<u>2016</u>
District Proportionate Share	0.0223976169 %	0.0214386607 %
Difference - Increase	0.0009589562	

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**9. PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS)**

For the year ended June 30, 2018, the District recognized pension expense of \$66,725. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions	\$ 1,050,402	\$ 1,046,552
Difference between expected and actual experience	122,767	
Net difference between projected and actual savings on pension plan investments	35,503	
Changes in proportion	170,920	416,337
District contributions subsequent to the measurement date	-	-
	<u>206,520</u>	<u>                    </u>
Total	<u>\$ 1,586,112</u>	<u>\$ 1,462,889</u>

The \$206,520 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2018, the plan measurement date is June 30, 2017) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2017	\$ 122,738
2018	185,215
2019	112,231
2020	(149,267)
2021	(108,795)

**Additional Information**

Collective balances are as follows:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Collective deferred outflows of resources	\$ 6,424,455,842	\$ 8,685,338,380
Collective deferred inflows of resources	5,700,625,981	870,133,595
Collective net pension liability	23,278,401,588	29,617,131,759
Collective pension expenses	1,694,305,613	2,830,763,540

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**9. PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS) (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 rolled forward to June 30, 2017. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

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

Mortality Rates

Pre-retirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2017 (*measurement date*) are summarized in the following table:

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**9. PENSION PLANS (CONTINUED)**

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

Long-Term Rate of Return (Continued)

<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 Asset	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 Market Equities	6.50	11.64
Buyouts/Venture Capital	8.25	13.08
	<u>100.00 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**9. PENSION PLANS (CONTINUED)**

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

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

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

	June 30, 2017		
	1% Decrease 4.00%	At Current Discount Rate 5.00%	1% Increase 6.00%
District's proportionate share of the pension liability	\$ 6,468,082	\$ 5,213,807	\$ 4,168,841

Pension Plan Fiduciary Net Position.

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS) or by visiting their website at [www.state.nj.us/treasury/pensions/pers1](http://www.state.nj.us/treasury/pensions/pers1).

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

Data for the TPAF was abstracted from the State of New Jersey Teachers' Pension and Annuity Fund Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer as of June 30, 2017 and June 30, 2016 Independent Auditor's Reports dated June 13, 2018 and July 13, 2017.

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net Pension Liability:	
District's proportionate share	None
State's proportionate share associated with the District	\$ 87,841,279
	\$ 87,841,279



**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**9. PENSION PLANS (CONTINUED)**

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The proportion of the TPAF net pension liability associated with the District is as follows:

	June 30,	
	<u>2017</u>	<u>2016</u>
District Proportionate Share	0.1302826775 %	0.1272410992 %
Difference - Increase	0.0030415783	

For the year ended June 30, 2018, the District recognized on-behalf pension expense and revenue of \$6,085,199 for contributions provided by the State.

**Actuarial Assumptions**

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation	2.25 Percent
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00 Percent

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**9. PENSION PLANS (CONTINUED)**

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the table as follows:

<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 asset	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	<u>8.25</u>	13.08
	<u>100.00 %</u>	

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**9. PENSION PLANS (CONTINUED)**

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

Discount Rate

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.58% as of June 30, 2017, based on the *Bond Buyer* GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the most recent fiscal years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the proportionate share of the net pension liability associated with the District as of June 30, 2018 (*measurement date June 30, 2017*) calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease <u>3.25%</u>	At Current Discount Rate <u>4.25%</u>	At 1% Increase <u>5.25%</u>
State's proportionate share of the net pension associated with the District	\$ 104,418,605	\$ 87,841,279	\$ 74,184,805

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued TPAF financial report.

Collective balances of the Local Group are as follows:

	June 30, [Measurement Date]	
	<u>2017</u>	<u>2016</u>
Deferred outflows of resources	\$ 14,251,854,934	\$ 17,440,003,201
Deferred inflows of resources	11,807,238,433	195,027,919
Net pension liability	67,423,605,859	78,666,367,052
Total expenses - non-employer	4,682,493,081	5,915,682,656

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2016 is \$5,915,082,626.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**10. POST-RETIREMENT BENEFITS (OPEB)**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. Seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

Employees covered by benefit terms. At June 30, 2017 the following employees were covered by the benefit terms:

TPAF participant retirees – There were 112,966 retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf.

PERS participant retirees – The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in fiscal year 2017

Three-Year Trend Information for TPAF Medical (Paid on-behalf of the District)

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Post-Retirement Medical</u>
2018	\$ 3,916,340.00
2017	3,684,000.00
2016	3,729,689.00

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**10. POST-RETIREMENT BENEFITS (OPEB) (CONTINUED)**

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. The District is required to record in their financial statements, as an expense and corresponding revenue, their respective amount of total OPEB expense attributable to the State of New Jersey under the special funding situation. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education/board of trustees. Note that actual numbers will be published in the NJ State's CAFR:

(<https://www.nj.gov/treasury/omb/publications/archives.shtml>).

The portion of the TPAF OPEB Liability that was associated with the District recognized at June 30, 2017 was as follows:

Net OPEB Liability:

Districts proportionate share	None
State's proportionate share associated with the District	\$ 63,626,946
	<u>\$ 63,626,946</u>

The proportion of the PERS and TPAF Net OPEB Liability associated with the District's liability is as follows:

June 30,	
2017	2016
.00118648817 %	.00118861131 %

**Total Nonemployer OPEB Liability**

The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%	
	<b>TPAF/ABP</b>	<b>PERS</b>
	<i>(based on years of service)</i>	<i>(based on age)</i>
Salary increases:		
through 2026	1.55 - 4.55%	2.15 - 4.15%
Thereafter	2.00 - 5.45%	3.15 - 5.15%

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**10. POST-RETIREMENT BENEFITS (OPEB) (CONTINUED)**

Total Nonemployer OPEB Liability (Continued)

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2017 was 3.58%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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

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

June 30, 2017 [ <i>Measurement Date</i> ]		
At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
\$ 75,548,877	\$ 63,626,946	\$ 54,199,212

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**10. POST-RETIREMENT BENEFITS (“OPEB”) (CONTINUED)**

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate

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

	June 30, 2017		
1% Decrease	Healthcare Cost Trend Rate		1% Increase
\$ 52,340,246	\$ 63,626,946		\$ 78,653,012

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2016.

Shown below are details regarding the Total OPEB Liability for the measurement period from June 30, 2016 to June 30, 2017:

	<u>Total OPEB Liability</u>
Balance as of June 30, 2016 Measurement Date	\$ 68,739,513
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 2,734,975
Interest on the Total OPEB Liability	2,016,938
Changes of Assumptions	(8,445,012)
Gross Benefit Payments	(1,473,735)
Contributions from the Members	54,267
Net Changes	\$ (5,112,567)
Balance as of June 30, 2017 Measurement Date	\$ 63,626,946

Changes of benefit terms reflect an increase in the retirees' share of health insurance premiums from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**10. POST-RETIREMENT BENEFITS (“OPEB”) (CONTINUED)**

Sensitivity of Total Nonemployer OPEB Liability to Changes in the Healthcare Trend Rate (Continued)

The components of the Net OPEB Liability as of June 30, 2017 are as follows:

	<u>Measurement Date</u> <u>June 30, 2017</u>
Total OPEB Liability	\$ 63,626,946
Plan Fiduciary Net Position	None
Net OPEB Liability	\$ 63,626,946
Net Position as a Percentage of OPEB Liability	0.0%
OPEB Expense	\$ 3,856,730

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

For the year ended June 30, 2018, the board of education recognized OPEB expense of \$3,856,730 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee’s OPEB from the following sources:

The following table illustrates the Deferred Inflows and Outflows as of June 30, 2017 under GASB 75 prior to any reduction due to the Fiscal Year 2018 amortizations.

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Assumption Changes		\$ (7,524,904)
Changes in Proportion	-	(110,731)
Sub-total	<u>None</u>	<u>(7,635,635)</u>
Contributions made in Fiscal Year Ending 2018		
After June 30, 2017 Measurement Date	None	None
Total	None	\$ (7,635,635)



**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**10. POST-RETIREMENT BENEFITS (CONTINUED)**

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

Amount recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense/(revenue) as follows:

Measurement Period Ending June 30,	
2018	\$ (881,359)
2019	(881,359)
2020	(881,359)
2021	(881,359)
2022	(881,359)
Total Thereafter	(3,120,011)

Additional Information

Collective balances of the Local Education Group are as follows:

	June 30,	
	2017	2016
Deferred outflows of resources	\$ 99,843,255	N/A
Deferred inflows of resources	6,443,612,287	N/A
Net OPEB liability	53,639,841,858	\$ 57,831,784,184
Total expenses - non-employer	3,348,490,523	N/A

Other

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**11. DEFERRED COMPENSATION**

The District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are AXA Equitable and Met Life.

**12. RISK MANAGEMENT**

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

**Property and Liability Insurance:** The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Interest</u> <u>Earnings</u>	<u>Board</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2018	\$ 1,799.88	\$ 25,000.00	\$ 9,870.98	\$ 90,173.20	\$ 102,403.94
2017	769.63	25,000.00	31,018.68	45,764.90	155,906.28
2016	315.75	49,998.11	11,889.91	48,986.86	144,882.87

**Health Benefits:** The Board of Education has procured medical insurance coverage for its employees under a monthly per employee premium (traditional plan).

**Other Coverage:** The Board has contracted with a commercial insurance company to provide coverage for various losses. The coverages are subject to various deductibles and coverage limits based on the type of policy coverage included. The coverages and its limits are detailed in the statistical section. The Board also maintains surety bond coverage on key financial employees.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**13. INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Governmental:		
General	\$ 759.80	
Other:		
Trust and Agency		759.80

**14. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$2,553,221.77 General Fund fund balance at June 30, 2018, \$261,129.84 is restricted for the Capital Reserve Account; \$240,462.57 is restricted - excess surplus – designated for subsequent years expenditures, \$1,309,537.43 is assigned-designated for subsequent year's expenditures and \$80,000.00 is reserved for maintenance and \$662,091.93 is reserved for excess surplus.

**Capital Projects Fund** – Of the \$2,893.22 Capital Projects Fund balance at June 30, 2018, all is restricted for capital projects.

**Debt Service Fund** – Of the \$.56 Debt Service Fund balance at June 30, 2018, all is restricted for debt service.

**15. CALCULATION OF EXCESS SURPLUS – BUDGETARY BASIS**

In accordance with N.J.S.A. 18A:7F-7 as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. There was excess fund balance as a result of the fiscal year ended June 30, 2017 of \$240,462.57 and as a result of the fiscal year ended June 30, 2018 of \$990,414.57.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**16. RECONCILIATION OF FUND BALANCES – GENERAL FUND**

The Surpluses are Presented on a GAAP Basis and a Reconciliation to the Budget Basis as follows:

	<u>Reserve for Excess Surplus</u>	<u>Unassigned</u>
Balance on a Budget Basis on the General Fund Budgetary Basis Comparison	\$ 990,414.57	\$ 981,777.36
Less:		
Allocation of State Aid Payment of \$1,310,100.00 not Recognized on GAAP Basis	<u>328,322.64</u>	<u>981,777.36</u>
Balances on a GAAP Basis on the Governmental Fund Balance Sheet	<u>\$ 662,091.93</u>	<u>\$ None</u>

**17. CONTINGENT LIABILITIES**

- A. **Grant Programs** – The school district participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of those grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.
  
- B. **Pending Litigation** - As of the date of this report, in the opinion of the Board Attorney and management, there was no litigation pending of which, in the event of an adverse or unfavorable outcome, would materially impair the financial position of the District.
  
- C. **Contractual Commitments** – The District has no contractual commitments at June 30, 2018.

**18. ECONOMIC DEPENDENCY**

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**19. NET POSITION – NET INVESTMENT IN CAPITAL ASSETS**

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. The net investment in capital assets of \$59,425,865.89 is calculated as follows:

		<u>Amount</u>
		<u>Governmental</u>
Capital assets, net of depreciation	\$	38,035,985.05
Bonds payable		(8,853,000.00)
<i>(used to build or acquire capital assets)</i>		
Capital Lease Obligation -		
<i>Proceeds (used to build or acquire capital assets)</i>		(92,190.65)
Deferred loss on defeasance of debt		56,709.75
Unamortized deferred premium		<u>(119,634.86)</u>
	\$	<u><u>29,027,869.29</u></u>

**20. TAX ABATEMENTS**

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

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provision at N.J.S.A.18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Borough of South River provides for long-term tax exemptions, as authorized by New Jersey State Statutes. N.J.S.A. 40A:20-1 et seq. sets forth the criteria and mechanism by which property taxes can and are abated. The exemptions provided by the Borough of South River are for two (2) senior citizen housing projects and religious entities. Taxes abated include municipal, local school and county taxes.

The Borough of South River recognized revenue of \$68,714.10 from the annual service charge in lieu of payment of taxes in 2018 and taxes in 2018 that otherwise would have been due on these long-term tax exemptions amounted to \$315,639.73 based upon the assessed valuation of the long-term tax exemption properties. A portion of the \$246,925.63 tax abatement would have been allocated to the District.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**BUDGETARY COMPARISON SCHEDULES**

**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 15,276,846.00		\$ 15,276,846.00	\$ 15,276,846.00	
Tuition	50,000.00		50,000.00	46,680.40	\$ (3,319.60)
Miscellaneous	30,000.00		30,000.00	786,211.52	756,211.52
	<hr/>		<hr/>	<hr/>	
Total - local sources	15,356,846.00		15,356,846.00	16,109,737.92	752,891.92
State sources:					
Categorical Transportation Aid	112,277.00		112,277.00	112,277.00	
Categorical Special Education Aid	1,448,923.00		1,448,923.00	1,448,923.00	
Equalization Aid	10,618,713.00	\$ 277,174.00	10,895,887.00	10,895,887.00	
Categorical Security Aid	287,765.00		287,765.00	287,765.00	
PARCC Readiness Aid	23,460.00		23,460.00	23,460.00	
Per Pupil Growth Aid	23,460.00		23,460.00	23,460.00	
Under Adequacy Aid	500,000.00		500,000.00	500,000.00	
Professional Learning Community Aid	22,290.00		22,290.00	22,290.00	
Extraordinary Aid				373,183.00	373,183.00
Non-public transportation aid				27,997.00	27,997.00
TPAF - on behalf of pension contribution (on behalf - non budgeted)				1,924,595.00	1,924,595.00
TPAF - on behalf of post retirement medical (on-behalf - non budgeted)				1,243,054.00	1,243,054.00
TPAF - on behalf of long-term disability (on-behalf - non budgeted)				3,139.00	3,139.00
Reimbursed TPAF social security contributions (non-budgeted)				992,638.94	992,638.94
	<hr/>		<hr/>	<hr/>	
Total - state sources	13,036,888.00	\$ 277,174.00	13,314,062.00	17,878,668.94	4,564,606.94
Federal sources:					
Medical Assistance Program	47,943.00		47,943.00	94,899.23	46,956.23
	<hr/>		<hr/>	<hr/>	
Total - federal sources	47,943.00		47,943.00	94,899.23	46,956.23
	<hr/>		<hr/>	<hr/>	
Total revenues	\$ 28,441,677.00	\$ 277,174.00	\$ 28,718,851.00	\$ 34,083,306.09	\$ 5,364,455.09



**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE:</b>					
Regular programs - instruction:					
Salaries of teachers:					
Kindergarten	\$ 332,856.00	\$ 60,021.00	\$ 392,877.00	\$ 384,877.50	\$ 7,999.50
Grades 1 - 5	2,369,522.00	190,353.15	2,559,875.15	2,531,974.14	27,901.01
Grades 6 - 8	2,132,594.00	(42,455.40)	2,090,138.60	2,069,100.04	21,038.56
Grades 9 - 12	2,489,861.00	138,586.00	2,628,447.00	2,606,429.00	22,018.00
	<u>7,324,833.00</u>	<u>346,504.75</u>	<u>7,671,337.75</u>	<u>7,592,380.68</u>	<u>78,957.07</u>
Total Regular Programs - Instruction					
Home instruction:					
Salaries of teachers	25,000.00	(6,300.00)	18,700.00	13,277.95	5,422.05
Purchased professional - education services	10,000.00	12,600.00	22,600.00	22,260.00	340.00
	<u>35,000.00</u>	<u>6,300.00</u>	<u>41,300.00</u>	<u>35,537.95</u>	<u>5,762.05</u>
Total home instruction					
Regular programs - undistributed instruction:					
Other salaries for instruction	9,090.00	(9,090.00)			
Purchased professional - educational services	15,539.00	86,600.00	102,139.00	86,896.61	15,242.39
Purchased technical services	15,725.00	(512.94)	15,212.06	7,700.08	7,511.98
Other purchased services (400-500 series)	101,134.00	(2,667.00)	98,467.00	85,138.61	13,328.39
General supplies	259,094.00	(2,877.06)	256,216.94	209,484.80	46,732.14
Textbooks	10,031.00	10,469.82	20,500.82	20,390.65	110.17
Other objects	900.00		900.00	395.00	505.00
	<u>411,513.00</u>	<u>81,922.82</u>	<u>493,435.82</u>	<u>410,005.75</u>	<u>83,430.07</u>
Total regular programs - undistributed instruction					
Total regular programs					
	<u>7,771,346.00</u>	<u>434,727.57</u>	<u>8,206,073.57</u>	<u>8,037,924.38</u>	<u>168,149.19</u>
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	52,160.00		52,160.00	29,766.00	22,394.00
Purchased professional educational services	54,651.00	19,349.00	74,000.00	66,738.48	7,261.52
General supplies	242.00		242.00	205.89	36.11
	<u>107,053.00</u>	<u>19,349.00</u>	<u>126,402.00</u>	<u>96,710.37</u>	<u>29,691.63</u>
Total learning and/or language disabilities					

**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Multiple Disabilities:					
Salaries of teachers	\$ 449,587.00	\$ (43,724.63)	\$ 405,862.37	\$ 367,471.50	\$ 38,390.87
Purchased professional educational services	244,189.00	18,000.00	262,189.00	248,682.02	13,506.98
General Supplies	2,604.00		2,604.00	2,157.83	446.17
<b>Total Multiple Disabilities</b>	<b>696,380.00</b>	<b>(25,724.63)</b>	<b>670,655.37</b>	<b>618,311.35</b>	<b>52,344.02</b>
Resource room/resource center:					
Salaries of teachers	1,987,846.00	(156,902.92)	1,830,943.08	1,800,415.23	30,527.85
Purchased professional - educational services	196,907.00	111,253.00	308,160.00	301,855.42	6,304.58
General supplies	10,858.00		10,858.00	3,693.40	7,164.60
<b>Total resource room/resource center</b>	<b>2,195,611.00</b>	<b>(45,649.92)</b>	<b>2,149,961.08</b>	<b>2,105,964.05</b>	<b>43,997.03</b>
Preschool disabilities - part-time:					
Salaries of teachers	336,368.00	(163,415.00)	172,953.00	170,825.60	2,127.40
Purchased professional educational services	130,665.00	35,000.00	165,665.00	157,344.53	8,320.47
General supplies	2,545.00		2,545.00	2,245.33	299.67
<b>Total preschool disabilities</b>	<b>469,578.00</b>	<b>(128,415.00)</b>	<b>341,163.00</b>	<b>330,415.46</b>	<b>10,747.54</b>
Preschool disabilities - full-time:					
Salaries of teachers		128,772.00	128,772.00	128,772.00	
<b>Total preschool disabilities</b>		<b>128,772.00</b>	<b>128,772.00</b>	<b>128,772.00</b>	
<b>Total special education - instruction</b>	<b>3,468,622.00</b>	<b>(51,668.55)</b>	<b>3,416,953.45</b>	<b>3,280,173.23</b>	<b>136,780.22</b>
Basic skills/remedial:					
Salaries of teachers	338,951.00	(66,324.55)	272,626.45	247,902.10	24,724.35
Purchased professional - educational services		2,100.00	2,100.00	2,100.00	
<b>Total basic skills/remedial</b>	<b>338,951.00</b>	<b>(64,224.55)</b>	<b>274,726.45</b>	<b>250,002.10</b>	<b>24,724.35</b>
Bilingual education:					
Salaries of teachers	230,988.00	25,219.20	256,207.20	228,455.00	27,752.20
<b>Total bilingual education</b>	<b>\$ 230,988.00</b>	<b>\$ 25,219.20</b>	<b>\$ 256,207.20</b>	<b>\$ 228,455.00</b>	<b>\$ 27,752.20</b>

**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
School sponsored co/extracurricular activities:					
Salaries	\$ 116,807.00		\$ 116,807.00	\$ 105,102.19	\$ 11,704.81
Purchased services (300-500 series)	14,520.00	\$ (1,315.00)	13,205.00	10,835.00	2,370.00
Supplies and materials	981.00	515.00	1,496.00	552.24	943.76
Other objects	5,470.00	800.00	6,270.00	1,230.76	5,039.24
<b>Total school sponsored co/extracurricular activities</b>	<b>137,778.00</b>		<b>137,778.00</b>	<b>117,720.19</b>	<b>20,057.81</b>
School sponsored athletic activities:					
Salaries	401,418.00		401,418.00	393,644.43	7,773.57
Purchased services (300-500 series)	21,994.00	500.00	22,494.00	20,543.04	1,950.96
Supplies and materials	28,412.00	89.40	28,501.40	27,272.28	1,229.12
Other objects	75,229.00	(589.40)	74,639.60	73,925.95	713.65
<b>Total school sponsored athletic activities</b>	<b>527,053.00</b>		<b>527,053.00</b>	<b>515,385.70</b>	<b>11,667.30</b>
<b>Total instructional programs</b>	<b>12,474,738.00</b>	<b>344,053.67</b>	<b>12,818,791.67</b>	<b>12,429,660.60</b>	<b>389,131.07</b>
Undistributed expenditures:					
Instruction:					
Tuition to other LEAs within the state - regular		1,931.44	1,931.44	1,931.44	
Tuition to other LEAs within the state - special		70,170.68	70,170.68	70,170.68	
Tuition to county vocational school district - regular	44,000.00	(25,350.00)	18,650.00	18,650.00	
Tuition to CSSD and regular day schools	822,929.00	(56,630.45)	766,298.55	766,298.00	0.55
Tuition to private schools-disabled within the state	808,643.00	(110,956.44)	697,686.56	697,686.56	0.00
Tuition - other	131,300.00	68,209.55	199,509.55	199,509.55	
<b>Total undistributed expenditures - instruction</b>	<b>1,806,872.00</b>	<b>(52,625.22)</b>	<b>1,754,246.78</b>	<b>1,754,246.23</b>	<b>0.55</b>
Attendance and social work:					
Salaries	50,211.00	5,215.82	55,426.82	55,426.82	
Purchased professional and technical services	900.00		900.00	708.82	191.18
<b>Total attendance and social work</b>	<b>51,111.00</b>	<b>5,215.82</b>	<b>56,326.82</b>	<b>56,135.64</b>	<b>191.18</b>

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures: (Continued)					
Health services:					
Salaries	\$ 235,575.00	\$ (22,514.00)	\$ 213,061.00	\$ 213,061.00	
Purchased professional and technical services	9,580.00	9,500.00	19,080.00	15,390.46	\$ 3,689.54
Supplies and materials	<u>7,234.00</u>	<u></u>	<u>7,234.00</u>	<u>4,146.35</u>	<u>3,087.65</u>
Total health services	<u>252,389.00</u>	<u>(13,014.00)</u>	<u>239,375.00</u>	<u>232,597.81</u>	<u>6,777.19</u>
Other support services - student-related services:					
Salaries	292,545.00	(3,506.00)	289,039.00	288,563.80	475.20
Purchased professional - educational services	44,268.00	12,761.00	57,029.00	52,857.00	4,172.00
Supplies and materials	<u>2,713.00</u>	<u></u>	<u>2,713.00</u>	<u>2,610.56</u>	<u>102.44</u>
Total other support services - student-related services	<u>339,526.00</u>	<u>9,255.00</u>	<u>348,781.00</u>	<u>344,031.36</u>	<u>4,749.64</u>
Other support services - student-extra. ordinary services:					
Purchased professional - educational services	<u>314,760.00</u>	<u>(21,589.10)</u>	<u>293,170.90</u>	<u>293,170.90</u>	<u></u>
Total other support services - student-extra services	<u>314,760.00</u>	<u>(21,589.10)</u>	<u>293,170.90</u>	<u>293,170.90</u>	<u></u>
Other support services - students - regular:					
Salaries of other professional staff	548,078.00	(17,550.00)	530,528.00	516,622.80	13,905.20
Salaries of secretarial and clerical assistants	74,937.00		74,937.00	73,983.26	953.74
Purchased professional - educational services		11,900.00	11,900.00	11,900.00	
Other purchased services (400-500 series)	2,012.00	100.00	2,112.00	876.00	1,236.00
Supplies and materials	6,627.00	(100.00)	6,527.00	5,709.58	817.42
Other objects	<u>4,185.00</u>	<u></u>	<u>4,185.00</u>	<u>4,185.00</u>	<u></u>
Total other support services - students - regular	<u>635,839.00</u>	<u>(5,650.00)</u>	<u>630,189.00</u>	<u>613,276.64</u>	<u>16,912.36</u>
Other support services - students - special:					
Salaries of other professional staff	899,709.00	9,921.39	909,630.39	909,624.14	6.25
Salaries of secretarial and clerical assistants	51,012.00	7,403.68	58,415.68	58,187.83	227.85
Purchased professional - educational services	105,000.00	70,428.98	175,428.98	157,863.52	17,565.46
Other Purchased Services (400-500 Series)	600.00		600.00	200.00	400.00
Supplies and materials	19,791.00	(1,216.00)	18,575.00	16,831.00	1,744.00
Other objects	<u>1,000.00</u>	<u></u>	<u>1,000.00</u>	<u>758.91</u>	<u>241.09</u>
Total other support services - students - special	<u>1,077,112.00</u>	<u>86,538.05</u>	<u>1,163,650.05</u>	<u>1,143,465.40</u>	<u>20,184.65</u>

EXPENDITURES (CONTINUED):

**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Improvement of instructional services:					
Salaries of supervisors of instruction	\$ 201,444.00	\$ (39,177.40)	\$ 162,266.60	\$ 92,625.91	\$ 69,640.69
Salaries of other professional staff	22,000.00	(4,552.00)	17,448.00	14,712.00	2,736.00
Salaries of secretarial and clerical assistants	28,526.00	13,098.40	41,624.40	38,497.81	3,126.59
Purchased professional - educational services		147.79	147.79		147.79
Supplies and materials	2,000.00	4,864.00	6,864.00	6,863.62	0.38
Other objects	600.00		600.00		600.00
	<u>254,570.00</u>	<u>(25,619.21)</u>	<u>228,950.79</u>	<u>152,699.34</u>	<u>76,251.45</u>
Total improvement of instructional services					
Educational media/school library:					
Salaries	101,206.00	(42,346.00)	58,860.00	54,715.00	4,145.00
Purchased professional and technical services	1,600.00	27.50	1,627.50	1,455.00	172.50
Other purchased services (400-500 series)	900.00		900.00	727.50	172.50
Supplies and materials	13,570.00		13,570.00	4,486.74	9,083.26
	<u>117,276.00</u>	<u>(42,318.50)</u>	<u>74,957.50</u>	<u>61,384.24</u>	<u>13,573.26</u>
Total educational media/school library					
Instructional staff training services:					
Purchased professional - educational services	15,000.00	2,370.00	17,370.00	17,370.00	
Other purchased services (400-500 series)	14,024.00	1,487.00	15,511.00	11,267.35	4,243.65
Supplies and materials	2,766.00	300.00	3,066.00	3,061.13	4.87
	<u>31,790.00</u>	<u>4,157.00</u>	<u>35,947.00</u>	<u>31,698.48</u>	<u>4,248.52</u>
Total instructional staff training services					
Support services - general administration:					
Salaries	280,124.00	(6,466.21)	273,657.79	264,789.35	8,868.44
Legal services	56,000.00	7,005.00	63,005.00	62,970.00	35.00
Audit fees	38,000.00		38,000.00	34,310.00	3,690.00
Architectural/Engineer Services	12,000.00		12,000.00	3,500.00	8,500.00
Other purchased professional services	16,000.00		16,000.00	13,907.50	2,092.50
Communications/telephone	85,000.00	(775.02)	84,224.98	82,056.31	2,168.67

**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Support services - general administration: (continued)					
BOE other purchased services	\$ 5,000.00		\$ 5,000.00	\$ 3,628.35	\$ 1,371.65
Other purchased services (400-500 series)	13,000.00	\$ 2,000.00	15,000.00	13,099.06	1,900.94
Supplies and materials	6,000.00		6,000.00	3,824.52	2,175.48
Judgments against the school district	8,000.00		8,000.00		8,000.00
Miscellaneous expenditures	8,000.00		8,000.00	2,568.23	5,431.77
BOE membership dues and fees	17,000.00		17,000.00	12,711.65	4,288.35
	<u>544,124.00</u>	<u>1,763.77</u>	<u>545,887.77</u>	<u>497,364.97</u>	<u>48,522.80</u>
Total support services - general administration					
Support services - school administration:					
Salaries of principals/assistant principals	996,541.00	51,035.73	1,047,576.73	1,047,576.73	
Salaries of secretarial and clerical assistants	351,655.00	255.86	351,910.86	351,275.23	635.63
Other purchased services (400-500 series)	5,510.00	(1,384.19)	4,125.81	346.95	3,778.86
Supplies and materials	17,158.00	(7,031.07)	10,126.93	7,817.73	2,309.20
Other objects	350.00		350.00		350.00
	<u>1,371,214.00</u>	<u>42,876.33</u>	<u>1,414,090.33</u>	<u>1,407,016.64</u>	<u>7,073.69</u>
Total support services - school administration					
Central services:					
Salaries	358,200.00	4,101.00	362,301.00	361,725.75	575.25
Purchased Technical Services	63,500.00		63,500.00	46,695.60	16,804.40
Miscellaneous purchased services (400-500 series)	5,000.00		5,000.00	3,815.46	1,184.54
Supplies and materials	12,500.00		12,500.00	9,889.42	2,610.58
Other objects	1,000.00		1,000.00	435.81	564.19
	<u>440,200.00</u>	<u>4,101.00</u>	<u>444,301.00</u>	<u>422,562.04</u>	<u>21,738.96</u>
Total central services					
Administration information technology:					
Salaries	145,652.00		145,652.00	126,642.43	19,009.57
Other purchased services (400-500 series)	6,700.00	4,293.21	10,993.21	10,993.21	
Supplies and materials	4,466.00	(12.00)	4,454.00	2,985.65	1,468.35
	<u>156,818.00</u>	<u>4,281.21</u>	<u>161,099.21</u>	<u>140,621.29</u>	<u>20,477.92</u>
Total administration information technology					

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Required maintenance for school facilities:					
Salaries	\$ 394,021.00	\$ 7,206.35	\$ 401,227.35	\$ 394,742.72	\$ 6,484.63
Water Testing		2,130.00	2,130.00	2,130.00	
Cleaning, repair and maintenance services	314,311.00	(29,524.72)	284,786.28	204,891.84	79,894.44
General supplies	133,200.00		133,200.00	98,701.69	34,498.31
Other objects	5,400.00	402.40	5,802.40	5,802.40	
Total required maintenance for school facilities	<u>846,932.00</u>	<u>(19,785.97)</u>	<u>827,146.03</u>	<u>706,268.65</u>	<u>120,877.38</u>
Other operation and maintenance of plant:					
Salaries of Non-Instructional Aides	147,042.00	(24,512.00)	122,530.00	117,475.58	5,054.42
Cleaning, repair and services	657,922.00	21,500.00	679,422.00	667,826.33	11,595.67
Purchased professional and technical services		15,000.00	15,000.00	10,975.88	4,024.12
Rental of Land & Bldg. Other than Lease Purchase Agreement	2,000.00	1,320.64	3,320.64	3,277.80	42.84
Other purchased property services	378,359.00	11,134.80	389,493.80	335,476.26	54,017.54
Insurance	201,950.00		201,950.00	188,365.00	13,585.00
Miscellaneous purchased services	1,640.00		1,640.00	1,139.77	500.23
Energy (Heat & Electricity)	152,000.00	(17,000.00)	135,000.00	109,752.96	25,247.04
Energy (Gasoline)	4,700.00		4,700.00	2,023.69	2,676.31
Energy (Electricity)	1,030,000.00		1,030,000.00	942,615.66	87,384.34
Total operation and maintenance of plant	<u>2,575,613.00</u>	<u>7,443.44</u>	<u>2,583,056.44</u>	<u>2,378,928.93</u>	<u>204,127.51</u>
Care and up keep of grounds					
Clearing, Repair and Maintenance of services	29,500.00	2,519.68	32,019.68	32,019.68	
General Supplies	19,500.00	(2,130.00)	17,370.00	16,908.81	461.19
Total Care and upkeep of grounds	<u>49,000.00</u>	<u>389.68</u>	<u>49,389.68</u>	<u>48,928.49</u>	<u>461.19</u>

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance <u>Final to Actual</u>
EXPENDITURES (CONTINUED):					
CURRENT EXPENSE (CONTINUED):					
Undistributed expenditures (continued):					
Student transportation services:					
Management Fee - ESC & CTSA Trans. Program	\$ 45,000.00		\$ 45,000.00	\$ 44,221.56	\$ 778.44
Contracted services - aide in lieu payments - nonpublic schools	130,000.00	\$ 3,267.05	133,267.05	131,267.05	2,000.00
Contracted services (between home and school) - vendors	83,982.00	(984.47)	82,997.53	82,967.53	30.00
Contracted services (other than between home and school) - vendors	130,429.00	21,789.00	152,218.00	119,542.20	32,675.80
Contracted services (between home and school) - joint statements		8,866.50	8,866.50	8,866.50	
Contracted services (special education students) - joint agreements	166,062.00	13,661.00	179,723.00	179,723.00	
Contracted Services (regular students) - ESC and CTSA	8,274.00	24,426.00	32,700.00	32,700.00	
Contracted services (special education students) - ESC and CTSA	876,146.00	9,002.35	885,148.35	885,148.35	(0.00)
<b>Total student transportation</b>	<u>1,439,893.00</u>	<u>80,027.43</u>	<u>1,519,920.43</u>	<u>1,484,436.19</u>	<u>35,484.24</u>
Unallocated benefits- employee benefits:					
Social security contribution	333,421.00	500.00	333,921.00	333,275.07	645.93
Other retirement contributions - regular	227,000.00	1,616.15	228,616.15	228,616.15	
Unemployment compensation	25,000.00		25,000.00	25,000.00	
Workmen's compensation	151,000.00	(29,129.20)	121,870.80	121,870.26	0.54
Health benefits	4,039,000.00	(181,402.93)	3,857,597.07	3,506,054.34	351,542.73
Tuition reimbursement	20,000.00	(730.96)	19,269.04	18,898.00	371.04
Other employee benefits	45,000.00		45,000.00	34,756.72	10,243.28
<b>Total unallocated benefits- employee benefits</b>	<u>4,840,421.00</u>	<u>(209,146.94)</u>	<u>4,631,274.06</u>	<u>4,268,470.54</u>	<u>362,803.52</u>
On behalf - TPAF - pension contributions (non budgeted)				1,924,595.00	(1,924,595.00)
On behalf - TPAF - post retirement medical (non budgeted)				1,243,054.00	(1,243,054.00)
On behalf - TPAF - long-term disability insurance (non budgeted)				3,139.00	(3,139.00)
Reimbursed TPAF social security contributions (non budgeted)				992,638.94	(992,638.94)
<b>Total on behalf - Contributions</b>				<u>4,163,426.94</u>	<u>(4,163,426.94)</u>
<b>Total undistributed expenditures</b>	<u>17,145,460.00</u>	<u>(143,700.21)</u>	<u>17,001,759.79</u>	<u>20,200,730.72</u>	<u>(3,198,970.93)</u>
<b>TOTAL EXPENDITURES - CURRENT EXPENSE</b>	<u>\$ 29,620,198.00</u>	<u>\$ 200,353.46</u>	<u>\$ 29,820,551.46</u>	<u>\$ 32,630,391.32</u>	<u>\$ (2,809,839.86)</u>



**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES (CONTINUED):					
CAPITAL OUTLAY:					
Equipment:					
Undistributed expenditures:					
School Sponsored and Other Instructional Program		\$ 5,070.00	\$ 5,070.00	\$ 5,070.00	
Operation and maintenance of plant services		26,090.92	26,090.92	26,090.92	
Non-instructional services		2,210.62	2,210.62	2,210.62	
Total equipment		33,371.54	33,371.54	33,371.54	
Facilities acquisition and construction services:					
Architectural/Engineering services		26,750.00	26,750.00	26,750.00	
Construction Services	\$ 143,344.00	(26,750.00)	116,594.00	99,999.00	\$ 16,595.00
Assessment for Debt Service on SDA Funding	107,452.00		107,452.00	107,452.00	
Total facilities acquisition and construction services	250,796.00		250,796.00	234,201.00	16,595.00
TOTAL EXPENDITURES - CAPITAL OUTLAY	250,796.00	33,371.54	284,167.54	267,572.54	16,595.00
Transfer of funds to charter schools	264,183.00	43,449.00	307,632.00	295,331.00	12,301.00
Total transfer of funds to charter schools	264,183.00	43,449.00	307,632.00	295,331.00	12,301.00
TOTAL GENERAL FUND EXPENDITURES	30,135,177.00	\$ 277,174.00	30,412,351.00	33,193,294.86	(2,780,943.86)
Excess/(deficiency) of revenues over/(under) expenditures	(1,693,500.00)		(1,693,500.00)	890,011.23	2,583,511.23

**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess/(deficiency) of revenues and other financing sources over/(under) expenditures and other financing sources/(uses)	\$ (1,693,500.00)	_____	\$ (1,693,500.00)	\$ 890,011.23	\$ 2,583,511.23
Fund balance, July 1	2,973,310.54	_____	2,973,310.54	2,973,310.54	_____
Fund balance, June 30	\$ 1,279,810.54	=====	\$ 1,279,810.54	\$ 3,863,321.77	\$ 2,583,511.23
Reconciliation of Original Budget:					
Fund Balance Appropriated	\$ 1,550,000.00				
Capital Reserve Appropriated	143,500.00				
Excess/(deficiency of revenues) over/(under) expenditures	\$ 1,693,500.00				
Recapitulation of Fund Balance:					
Restricted:					
Capital Reserve - unassigned				\$ 261,129.84	
Maintenance Reserve - unassigned				80,000.00	
Reserve for excess surplus				990,414.57	
Restricted-Excess Surplus designated for subsequent year's expenditure		\$ 240,462.57			
Assigned -designated for subsequent year's expenditures		1,309,537.43		1,550,000.00	
Unassigned				981,777.36	
				\$ 3,863,321.77	
Reconciliation to governmental funds statements (GAAP):					
Last two (2) State Aid Payments not recognized on GAAP basis				1,310,100.00	
Fund balance per governmental funds (GAAP)				\$ 2,553,221.77	

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Federal Sources	\$ 1,284,500.00	\$ 221,551.16	\$ 1,506,051.16	\$ 1,442,891.30	\$ 63,159.86
State Sources	67,640.00	41,205.00	108,845.00	102,370.85	6,474.15
Local Sources	<u>8,400.94</u>	<u>8,400.94</u>	<u>8,400.94</u>	<u>7,400.94</u>	<u>1,000.00</u>
Total Revenues	<u>\$ 1,352,140.00</u>	<u>\$ 271,157.10</u>	<u>\$ 1,623,297.10</u>	<u>\$ 1,552,663.09</u>	<u>\$ 70,634.01</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 485,080.40	\$ 42,329.63	\$ 527,410.03	\$ 512,017.10	\$ 15,392.93
Other Salaries for Instruction	97,000.00	1,920.00	98,920.00	95,275.34	3,644.66
Purchased Professional and Technical Services	70,855.00	15,915.29	86,770.29	80,766.00	6,004.29
Other Purchased Services	300,000.00	31,534.10	331,534.10	331,534.00	0.10
General Supplies	76,584.00	67,263.42	143,847.42	116,934.85	26,912.57
Textbooks	<u>12,400.00</u>	<u>4,056.00</u>	<u>16,456.00</u>	<u>16,406.96</u>	<u>49.04</u>
Total Instruction	<u>1,041,919.40</u>	<u>163,018.44</u>	<u>1,204,937.84</u>	<u>1,152,934.25</u>	<u>52,003.59</u>
Support Services:					
Salaries of Other Professional Staff	5,000.00	8,988.00	13,988.00	13,988.00	
Salaries of Secretarial and Clerical Assistants	47,649.79		47,649.79	47,649.79	
Personal Services - Employee Benefits	86,507.81	31,925.14	118,432.95	117,387.20	1,045.75
Purchased Professional - Technical Services	157,906.00	9,195.56	167,101.56	156,002.81	11,098.75
Other Purchased Services	6,582.00	(1,838.68)	4,743.32	3,973.66	769.66
Cleaning, Repair and Maintenance		11,241.00	11,241.00	11,241.00	
Supplies and Materials	6,275.00	22,177.64	28,452.64	22,736.38	5,716.26
Other Objects	<u>300.00</u>	<u>(300.00)</u>			
Total Support Services	<u>310,220.60</u>	<u>81,388.66</u>	<u>391,609.26</u>	<u>372,978.84</u>	<u>18,630.42</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		<u>26,750.00</u>	<u>26,750.00</u>	<u>26,750.00</u>	
Total Facilities Acquisition and Construction Services		<u>26,750.00</u>	<u>26,750.00</u>	<u>26,750.00</u>	
Total Expenditures	<u>\$ 1,352,140.00</u>	<u>\$ 271,157.10</u>	<u>\$ 1,623,297.10</u>	<u>\$ 1,552,663.09</u>	<u>\$ 70,634.01</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

	<u>General Fund</u>	<u>Revenue Fund</u>
<b>Sources/Inflows of Resources:</b>		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	C-1 \$ 34,083,306.09	C-2 \$ 1,590,514.90
<b>Difference - Budget to GAAP:</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
June 30, 2017	None	None
June 30, 2018	None	None
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	1,283,793.00	None
State aid payment recognized for budgetary purposes, not recognized for GAAP statements.	<u>(1,310,100.00)</u>	<u>None</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2 \$ <u>34,056,999.09</u>	B-2 \$ <u>1,590,514.90</u>
<b>Uses/Outflows of Resources:</b>		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	C-1 \$ 33,193,294.86	C-2 \$ 1,590,914.90
<b>Difference - Budget to GAAP:</b>		
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
June 30, 2017	None	None
June 30, 2018	<u>None</u>	<u>None</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds.	B-2 \$ <u>33,193,294.86</u>	B-2 \$ <u>1,590,914.90</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST FIVE (5) FISCAL YEARS \***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability (asset)	0.0256904111 %	0.0241030000 %	0.0230460420 %	0.0214386607 %	0.0223976169 %
District's proportionate share of the net pension liability (asset)	\$ 4,909,948	\$ 4,512,839	\$ 5,174,474	\$ 6,349,516	\$ 5,213,807
District's covered-employee payroll	\$ 1,542,101	\$ 1,457,609	\$ 1,487,597	\$ 1,459,577	\$ 1,457,479
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	318 %	309 %	347 %	435 %	357 %
Plan fiduciary net position as a percentage of the total pension liability	52.08 %	48.72 %	47.92 %	40.14 %	48.10 %

Note: Only the last five (5) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**  
**LAST FIVE (5) FISCAL YEARS \***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 193,572	\$ 198,706	\$ 198,134	\$ 190,458	\$ 207,490
Contributions in relation to the contractually required contribution	<u>\$ 193,572</u>	<u>\$ 198,706</u>	<u>\$ 198,134</u>	<u>\$ 190,458</u>	<u>\$ 207,490</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 1,542,101	\$ 1,457,609	\$ 1,487,597	\$ 1,459,577	\$ 1,457,479
Contributions as a percentage of covered-employee payroll	12.55 %	13.63 %	13.60 %	13.04 %	14.23

Note: Only the last five (5) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten (10) years schedule will be compiled.



**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS**  
**TEACHERS PENSION AND ANNUITY FUND (TPAF)**  
**LAST FIVE (5) FISCAL YEARS \***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
District's proportion of the net pension liability (asset)	0.1234879961 %	0.1211042219 %	0.1243058644 %	0.1272410992 %	0.1302826775 %
District's proportionate share of the net pension liability (asset)	None	None	None	None	None
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 62,409,862</u>	<u>\$ 64,726,265</u>	<u>\$ 78,566,615</u>	<u>\$ 100,095,950</u>	<u>\$ 87,841,279</u>
Total	<u>\$ 62,409,862</u>	<u>\$ 64,726,265</u>	<u>\$ 78,566,615</u>	<u>\$ 100,095,950</u>	<u>\$ 87,841,279</u>
District's covered-employee payroll	\$ 12,707,624	\$ 13,198,273	\$ 13,150,301	\$ 13,781,318	\$ 13,851,680
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	None	None	None	None	None
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%	28.71%	22.33%	25.41%

Note: Only the last five (5) years of information are presented as GASB 68 was implemented during fiscal year ended June 30, 2015. Eventually a full ten

**Notes to Required Supplementary Information:**

Benefit Changes - There were none.

Changes of Assumptions - The discount rate changed from 3.22% as of June 30, 2016 to \_\_\_\_% as of June 30, 2017.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S**  
**TOTAL OPEB LIABILITY FOR PERS AND TPAF AND RELATED RATIOS**

**LAST FISCAL YEAR \***

<u>Total OPEB Liability</u>	<u>2018</u>
Service cost	\$ 2,734,975
Interest	2,016,938
Changes of assumptions	(8,445,012)
Benefit payments	(1,473,735)
Contributions from members	<u>54,267</u>
Net changes in total OPEB liability	(5,112,567)
Total OPEB liability - beginning	<u>68,739,513</u>
Total OPEB liability - ending	<u><u>\$ 63,626,946</u></u>
Covered-employee payroll (PERS and TPAF)	<u><u>\$ 15,309,159</u></u>
Total OPEB liability as a percentage of covered-employee payroll	<u><u>None</u></u>

Note: Only the last year of information is presented as GASB 75 was implemented during fiscal year ended June 30, 2018. Eventually a full ten (10) years schedule will be compiled.

**Notes to Required Supplementary Information:**

Benefit Changes - For pre-Medicare preferred provider organization (PPO) medical benefits, this amount liability is 5.9%. For self-insured post-65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9%. For prescription drug benefits, the initial trend rate is 10.5%. The Medicare Advantage trend rate is 4.5%.

Changes of Assumptions - The discount rate utilized was 3.58% as of June 30, 2017.

**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**

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

	Total Brought Forward (Exh. E-1a)	I.D.E.A. Part B				Title I		Title I SIA	Totals 2018
		2017-2018 Regular Program	Regular Program Carryover	2017-2018 Preschool	Preschool Carryover	2017-2018	Carryover	2017-2018	
<b>REVENUES:</b>									
State sources	\$ 137,282.12								\$ 137,282.12
Federal sources	221,297.51	\$ 505,402.00	\$ 11,163.00	\$ 14,640.00	\$ 876.00	\$ 609,855.72	\$ 48,382.61	\$ 22,517.86	1,434,134.70
Local sources	19,498.08								19,498.08
<b>Total revenues</b>	<b>\$ 378,077.71</b>	<b>\$ 505,402.00</b>	<b>\$ 11,163.00</b>	<b>\$ 14,640.00</b>	<b>\$ 876.00</b>	<b>\$ 609,855.72</b>	<b>\$ 48,382.61</b>	<b>\$ 22,517.86</b>	<b>\$ 1,590,914.90</b>
<b>EXPENDITURES:</b>									
Instruction:									
Salaries of teachers	\$ 100,383.03					\$ 357,399.60			\$ 457,782.63
Personal services - salaries	3,878.00								3,878.00
Purchased professional and technical services	122,109.82						\$ 6,000.00		128,109.82
Other purchased services	7,080.50	\$ 300,000.00	\$ 11,163.00			53,897.60	3,545.40		375,686.50
Supplies and materials	8,836.14					12,203.88	32,873.18	\$ 21,917.86	75,831.06
General supplies	7,770.58								7,770.58
Textbooks	15,172.30								15,172.30
Other Objects	38,149.99								38,149.99
<b>Total instruction</b>	<b>303,380.36</b>	<b>300,000.00</b>	<b>11,163.00</b>			<b>423,501.08</b>	<b>42,418.58</b>	<b>21,917.86</b>	<b>1,102,380.88</b>
Support services:									
Salaries of other professional staff	8,170.00					60,000.00			68,170.00
Salaries of secretarial and clerical assistants		24,000.00							24,000.00
Personal services-employee benefits	22,204.51	1,836.00				113,189.82			137,230.33
Purchased professional/educational services	27,586.94	89,011.00				1,164.82		600.00	118,362.76
Purchased professional/technical services		3,359.00				10,000.00			13,359.00
Other purchased services	5,446.90	87,196.00		\$ 14,640.00					107,282.90
Supplies and materials	2,789.00				\$ 876.00	2,000.00	5,964.03		11,629.03
Other objects	8,500.00								8,500.00
<b>Total support services</b>	<b>74,697.35</b>	<b>205,402.00</b>		<b>14,640.00</b>	<b>876.00</b>	<b>186,354.64</b>	<b>5,964.03</b>	<b>600.00</b>	<b>488,534.02</b>
Facilities acquisition and construction services:									
Instructional equipment									
<b>Total facilities acquisition and construction services</b>									
<b>Total expenditures</b>	<b>\$ 378,077.71</b>	<b>\$ 505,402.00</b>	<b>\$ 11,163.00</b>	<b>\$ 14,640.00</b>	<b>\$ 876.00</b>	<b>\$ 609,855.72</b>	<b>\$ 48,382.61</b>	<b>\$ 22,517.86</b>	<b>\$ 1,590,914.90</b>

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

	Total Brought Forward (Exh. E-1b)	Title II		Title III				Title IV	Impact Aid 2017-2018	Adult Basic Education	Totals Carried Forward 2018
		2017-2018 Part A	Part A Carryover	2017-2018	Carryover	Immigrant	Immigrant Carryover				
<b>REVENUES:</b>											
State sources	\$ 137,282.12										\$ 137,282.12
Federal sources	18,274.99	\$ 86,512.65	\$ 691.79	\$ 39,590.30	\$ 7.42	\$ 6,827.62	\$ 2,266.59	\$ 7,966.99	\$ 19,875.00	\$ 39,284.16	\$ 221,297.51
Local sources	19,498.08										19,498.08
<b>Total revenues</b>	<b>\$ 175,055.19</b>	<b>\$ 86,512.65</b>	<b>\$ 691.79</b>	<b>\$ 39,590.30</b>	<b>\$ 7.42</b>	<b>\$ 6,827.62</b>	<b>\$ 2,266.59</b>	<b>\$ 7,966.99</b>	<b>\$ 19,875.00</b>	<b>\$ 39,284.16</b>	<b>\$ 378,077.71</b>
<b>EXPENDITURES:</b>											
<b>Instruction:</b>											
Salaries of teachers		\$ 50,000.00		\$ 29,117.03		\$ 1,400.00				\$ 19,866.00	\$ 100,383.03
Personal services - salaries										3,878.00	3,878.00
Purchased professional and technical services	\$ 122,109.82										122,109.82
Other purchased services	1,760.00					5,320.50					7,080.50
Supplies and materials				4,291.90	\$ 4.34		\$ 2,266.59	\$ 889.00		1,384.31	8,836.14
General supplies	7,770.58										7,770.58
Textbooks	15,172.30										15,172.30
Other Objects	18,274.99								\$ 19,875.00		38,149.99
<b>Total instruction</b>	<b>165,087.69</b>	<b>50,000.00</b>		<b>33,408.93</b>	<b>4.34</b>	<b>6,720.50</b>	<b>2,266.59</b>	<b>889.00</b>	<b>19,875.00</b>	<b>25,128.31</b>	<b>303,380.36</b>
<b>Support services:</b>											
Salaries of other professional staff								6,575.00		1,595.00	8,170.00
Salaries of secretarial and clerical assistants											
Personal services-employee benefits		15,750.00		3,183.55		107.12		502.99		2,660.85	22,204.51
Purchased professional/educational services	1,367.50	15,916.93	\$ 402.51							9,900.00	27,586.94
Purchased professional/technical services											
Other purchased services		2,408.72	289.28	2,748.90							5,446.90
Supplies and materials	100.00	2,437.00		248.92	3.08						2,789.00
Other objects	8,500.00										8,500.00
<b>Total support services</b>	<b>9,967.50</b>	<b>36,512.65</b>	<b>691.79</b>	<b>6,181.37</b>	<b>3.08</b>	<b>107.12</b>		<b>7,077.99</b>		<b>14,155.85</b>	<b>74,697.35</b>
<b>Facilities acquisition and construction services:</b>											
Instructional equipment											
<b>Total facilities acquisition and construction services</b>											
<b>Total expenditures</b>	<b>\$ 175,055.19</b>	<b>\$ 86,512.65</b>	<b>\$ 691.79</b>	<b>\$ 39,590.30</b>	<b>\$ 7.42</b>	<b>\$ 6,827.62</b>	<b>\$ 2,266.59</b>	<b>\$ 7,966.99</b>	<b>\$ 19,875.00</b>	<b>\$ 39,284.16</b>	<b>\$ 378,077.71</b>

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

	Total Brought Forward (Exh. E-1c)	Perkins Grant	Nonpublic Technology	Nonpublic Textbooks	Totals Carried Forward 2018
<b>REVENUES:</b>					
State sources	\$ 111,506.00		\$ 10,603.82	\$ 15,172.30	\$ 137,282.12
Federal sources		\$ 18,274.99			18,274.99
Local sources	<u>19,498.08</u>				<u>19,498.08</u>
Total revenues	<u>\$ 131,004.08</u>	<u>\$ 18,274.99</u>	<u>\$ 10,603.82</u>	<u>\$ 15,172.30</u>	<u>\$ 175,055.19</u>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers					
Personal services - salaries					
Purchased professional and technical services	\$ 111,506.00		\$ 10,603.82		\$ 122,109.82
Other purchased services	1,760.00				1,760.00
Supplies and materials					
General supplies	7,770.58				7,770.58
Textbooks				\$ 15,172.30	15,172.30
Other Objects		<u>\$ 18,274.99</u>			<u>18,274.99</u>
Total instruction	<u>121,036.58</u>	<u>18,274.99</u>	<u>10,603.82</u>	<u>15,172.30</u>	<u>165,087.69</u>
Support services:					
Salaries of other professional staff					
Salaries of secretarial and clerical assistants					
Personal services-employee benefits					
Purchased professional/educational services	1,367.50				1,367.50
Purchased professional/technical services					
Other purchased services					
Supplies and materials	100.00				100.00
Other objects	<u>8,500.00</u>				<u>8,500.00</u>
Total support services	<u>9,967.50</u>				<u>9,967.50</u>
Facilities acquisition and construction services:					
Instructional equipment					
Total facilities acquisition and construction services					
Total expenditures	<u>\$ 131,004.08</u>	<u>\$ 18,274.99</u>	<u>\$ 10,603.82</u>	<u>\$ 15,172.30</u>	<u>\$ 175,055.19</u>

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

	New Jersey Chapter 226	New Jersey Chapter 192 Auxiliary			Home Instruction 2017-2018	Chapter 193 Handicapped			Nonpublic Security Grant	Private Donor 2017-2018	SRFEE 2017-2018	NJSIG Grant	Totals Carried Forward 2018
	Nonpublic Nursing Services	Nonpublic Comp. Education	Nonpublic E.S.L.	Nonpublic Transp.		Nonpublic Exam. and Class	Nonpublic Supplemental Instruction	Nonpublic Corrective Speech					
<b>REVENUES:</b>													
State sources	\$ 27,469.00	\$ 23,386.00	\$ 9,937.00	\$ 3,214.00	\$ 906.00	\$ 17,101.00	\$ 3,410.00	\$ 6,428.00	\$ 19,655.00				\$ 111,506.00
Federal sources										\$ 8,500.00	\$ 3,289.13	\$ 7,708.95	19,498.08
Local sources													
<b>Total revenues</b>	<b>\$ 27,469.00</b>	<b>\$ 23,386.00</b>	<b>\$ 9,937.00</b>	<b>\$ 3,214.00</b>	<b>\$ 906.00</b>	<b>\$ 17,101.00</b>	<b>\$ 3,410.00</b>	<b>\$ 6,428.00</b>	<b>\$ 19,655.00</b>	<b>\$ 8,500.00</b>	<b>\$ 3,289.13</b>	<b>\$ 7,708.95</b>	<b>\$ 131,004.08</b>
<b>EXPENDITURES:</b>													
<b>Instruction:</b>													
Salaries of teachers													
Personal services - salaries													
Purchased professional and technical services	\$ 27,469.00	\$ 23,386.00	\$ 9,937.00	\$ 3,214.00	\$ 906.00	\$ 17,101.00	\$ 3,410.00	\$ 6,428.00	\$ 19,655.00			\$ 1,760.00	\$ 111,506.00
Other purchased services													1,760.00
Supplies and materials													
General supplies										\$ 1,821.63	5,948.95		7,770.58
Textbooks													
Other Objects													
<b>Total instruction</b>	<b>27,469.00</b>	<b>23,386.00</b>	<b>9,937.00</b>	<b>3,214.00</b>	<b>906.00</b>	<b>17,101.00</b>	<b>3,410.00</b>	<b>6,428.00</b>	<b>19,655.00</b>		<b>1,821.63</b>	<b>7,708.95</b>	<b>121,036.58</b>
<b>Support services:</b>													
Salaries of other professional staff													
Salaries of secretarial and clerical assistants													
Personal services-employee benefits													
Purchased professional/educational services											1,367.50		1,367.50
Purchased professional/technical services													
Other purchased services													
Supplies and materials										100.00			100.00
Other objects									\$ 8,500.00				8,500.00
<b>Total support services</b>									<b>8,500.00</b>	<b>1,467.50</b>			<b>9,967.50</b>
<b>Facilities acquisition and construction services:</b>													
Instructional equipment													
<b>Total facilities acquisition and construction services</b>													
<b>Total expenditures</b>	<b>\$ 27,469.00</b>	<b>\$ 23,386.00</b>	<b>\$ 9,937.00</b>	<b>\$ 3,214.00</b>	<b>\$ 906.00</b>	<b>\$ 17,101.00</b>	<b>\$ 3,410.00</b>	<b>\$ 6,428.00</b>	<b>\$ 19,655.00</b>	<b>\$ 8,500.00</b>	<b>\$ 3,289.13</b>	<b>\$ 7,708.95</b>	<b>\$ 131,004.08</b>



**CAPITAL PROJECTS FUND**

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CAPITAL PROJECTS FUND**  
**SUMMARY SCHEDULE OF PROJECT EXPENDITURES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Project Title/Issue</u>	<u>Original Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Various Improvements (2015)					
Roof Replacement - High School	02/10/15	\$ 1,877,217.07	\$ 1,875,052.81	\$ 2,164.26	
Roof Replacement - Elementary/Middle School	02/10/15	2,786,990.21	2,574,493.84	209,603.15	\$ 2,893.22
Security Upgrades - Elementary/Middle School	02/10/15	328,973.00	328,543.42	429.58	
Security Upgrades - Primary School	02/10/15	216,443.05	214,074.78	2,368.27	
		<u>\$ 5,209,623.33</u>	<u>\$ 4,992,164.85</u>	<u>\$ 214,565.26</u>	<u>\$ 2,893.22</u>

BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**Revenues and Other Financing Sources**

**Expenditures and Other Financing Uses**

Purchased professional and technical services	\$ 5,423.26
Construction services	<u>209,142.00</u>
Total expenditures	<u>\$ 214,565.26</u>
Excess(deficiency) of revenues over (under) expenditures	\$ (214,565.26)
Other financing sources/(uses):	
Grant cancellation	\$ (12,358.35)
Local funds cancellation	<u>(129.32)</u>
Net change in fund balance/(Decrease)	\$ (227,052.93)
Fund balance, beginning	229,946.15
Fund balance, ending	<u>\$ 2,893.22</u>

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE**  
**AND PROJECT STATUS - BUDGETARY BASIS**  
**IMPROVEMENT TO SOUTH RIVER HIGH SCHOOL - ROOF REPLACEMENT**  
**FROM INCEPTION TO JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grant	\$ 996,674.38	\$ (2,442.63)	\$ 994,231.75	\$ 994,231.75
Bond proceeds	<u>882,985.62</u>	<u>(0.30)</u>	<u>882,985.32</u>	<u>882,985.32</u>
Total revenues	<u>\$ 1,879,660.00</u>	<u>(2,442.93)</u>	<u>\$ 1,877,217.07</u>	<u>\$ 1,877,217.07</u>
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	\$ 160,524.31	\$ 2,164.26	\$ 162,688.57	\$ 149,360.00
Construction services	<u>1,714,528.50</u>	<u></u>	<u>1,714,528.50</u>	<u>1,730,300.00</u>
Total expenditures	<u>1,875,052.81</u>	<u>2,164.26</u>	<u>1,877,217.07</u>	<u>\$ 1,879,660.00</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>\$ 4,607.19</u>	<u>\$ (4,607.19)</u>	<u></u>	<u></u>
<b>Additional project information:</b>				
Project Number	4920-050-14-1002			
Grant Date	5/1/2015			
Bond Authorization Date	2/10/2015			
Bonds Authorized	\$ 882,985.62			
Bonds Issued	882,985.62			
Grant Awarded	994,231.75			
Original Authorized Cost	1,877,217.07			
Additional Authorized Cost				
Revised Authorized Cost	\$ 1,877,217.37			
Percentage Increase over Original Authorized Cost				
Percentage completion	100.00%			
Original target completion date	10/1/2015			
<b>Memo: Expenditures</b>				
Grant Proceeds (K-4) (53.0242%)	\$ 994,231.75			
Bond Proceeds	<u>882,985.32</u>			
	<u>\$ 1,877,217.07</u>			

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
ROOF REPLACEMENT AND BUILDING ENVELOPE UPGRADES - ELEMENTARY/MIDDLE SCHOOL  
FROM INCEPTION TO JUNE 30, 2018**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
<b>Revenues and Other Financing Sources</b>				
State sources - SCC Grant	\$ 1,481,879.21	\$ (5,634.06)	\$ 1,476,245.15	\$ 1,476,245.15
Bond proceeds	1,312,714.47	(1,969.41)	1,310,745.06	1,310,745.06
Local Share	129.32	(129.32)		
Total revenues	\$ 2,794,723.00	\$ (7,732.79)	\$ 2,786,990.21	\$ 2,786,990.21
<b>Expenditures and Other Financing Uses</b>				
Purchased professional and technical services	\$ 231,424.04	\$ 461.15	\$ 231,885.19	\$ 223,000.00
Construction services	2,343,069.80	209,142.00	2,552,211.80	2,571,723.00
Total expenditures	2,574,493.84	\$ 209,603.15	\$ 2,784,096.99	\$ 2,794,723.00
Excess (deficiency) of revenues over/(under) expenditures	\$ 220,229.16	\$ (217,335.94)	\$ 2,893.22	
<b>Additional project information:</b>				
Project Number	4920-055-14-1004			
Grant Date	5/1/2015			
Bond Authorization Date	2/10/2015			
Bonds Authorized	\$ 1,312,714.47			
Bonds Issued	1,312,714.47			
Grant Awarded	1,481,879.21			
Original Authorized Cost	2,794,593.68			
Additional Authorized Cost				
Revised Authorized Cost	\$ 2,794,593.68			
Percentage Increase over Original Authorized Cost				
Percentage completion	99.90%			
Original target completion date	9/1/2016			
<b>Memo: Expenditures</b>				
Grant Proceeds (K-4)	\$ 1,476,245.15			
Bond Proceeds	1,307,851.84			
	\$ 2,784,096.99			

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE**  
**AND PROJECT STATUS - BUDGETARY BASIS**  
**SECURITY UPGRADES - ELEMENTARY/MIDDLE SCHOOL**  
**FROM INCEPTION TO JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State sources - SCC Grant	\$ 174,435.00		\$ 174,435.00	\$ 174,435.00
Bond proceeds	<u>154,538.00</u>		<u>154,538.00</u>	<u>154,538.00</u>
Total revenues	<u>\$ 328,973.00</u>		<u>\$ 328,973.00</u>	<u>\$ 328,973.00</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	\$ 25,252.42	\$ 429.58	\$ 25,682.00	\$ 25,682.00
Construction services	<u>303,291.00</u>		<u>303,291.00</u>	<u>303,291.00</u>
Total expenditures	<u>328,543.42</u>	<u>429.58</u>	<u>\$ 328,973.00</u>	<u>\$ 328,973.00</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>\$ 429.58</u>	<u>\$ (429.58)</u>	<u>\$ _____</u>	<u>_____</u>

Additional project information:

Project Number	4920-055-14-G2VX
Grant Date	5/1/2015
Bond Authorization Date	2/10/2015
Bonds Authorized	\$ 154,538.00
Bonds Issued	154,538.00
Grant Awarded	174,435.00
Original Authorized Cost	328,973.00
Additional Authorized Cost	
Revised Authorized Cost	\$ 328,973.00

Percentage Increase over Original Authorized Cost	
Percentage completion	100.00%
Original target completion date	9/1/2015

Memo: Expenditures	
Grant Proceeds (K-4)	\$ 173,933.45
Bond Proceeds	<u>155,039.55</u>
	<u>\$ 328,973.00</u>

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE**  
**AND PROJECT STATUS - BUDGETARY BASIS**  
**SECURITY UPGRADES - PRIMARY SCHOOL**  
**FROM INCEPTION TO JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State sources - SCC Grant	\$ 115,993.09	\$ (2,311.95)	\$ 113,681.14	\$ 113,681.14
Bond proceeds	<u>102,761.91</u>		<u>102,761.91</u>	<u>102,761.91</u>
Total revenues	<u>\$ 218,755.00</u>	<u>\$ (2,311.95)</u>	<u>\$ 216,443.05</u>	<u>\$ 216,443.05</u>
Expenditures and Other Financing Uses				
Purchased professional and technical services	\$ 16,673.78	\$ 2,368.27	\$ 19,042.05	\$ 21,354.00
Construction services	<u>197,401.00</u>		<u>197,401.00</u>	<u>197,401.00</u>
Total expenditures	<u>214,074.78</u>	<u>2,368.27</u>	<u>\$ 216,443.05</u>	<u>\$ 218,755.00</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>\$ 4,680.22</u>	<u>\$ (4,680.22)</u>		
Additional project information:				
Project Number	4920-070-14-1009			
Grant Date	5/1/2015			
Bond Authorization Date	2/10/2015			
Bonds Authorized	\$ 102,761.91			
Bonds Issued	102,761.91			
Grant Awarded	113,681.14			
Original Authorized Cost	216,443.05			
Additional Authorized Cost				
Revised Authorized Cost	\$ 216,443.05			
Percentage Increase over Original Authorized Cost				
Percentage completion	100.00%			
Original target completion date	9/1/2015			
Memo: Expenditures				
Grant Proceeds (K-4)	\$ 113,511.14			
Bond Proceeds	<u>102,931.91</u>			
	<u>\$ 216,443.05</u>			

## **FIDUCIARY FUNDS**



**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**STUDENT ACTIVITY AGENCY FUND**  
**SCHEDULE OF RECEIPTS AND DISBURSEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance July 1, <u>2017</u>	Cash Receipts	Cash Disbursements	Balance June 30, <u>2018</u>
Middle School:				
Cash and Cash Equivalents	\$ <u>28,012.83</u>	\$ <u>46,479.63</u>	\$ <u>48,358.16</u>	\$ <u>26,134.30</u>
Total Middle School	<u>28,012.83</u>	<u>46,479.63</u>	<u>48,358.16</u>	<u>26,134.30</u>
High School:				
Cash and Cash Equivalents	\$ <u>93,191.92</u>	\$ <u>225,175.98</u>	<u>212,729.89</u>	\$ <u>105,638.01</u>
Total High School	<u>93,191.92</u>	<u>225,175.98</u>	<u>212,729.89</u>	<u>105,638.01</u>
Athletic Fund:				
Cash and Cash Equivalents	\$ <u>866.50</u>	\$ <u>808.00</u>	\$ <u>807.00</u>	\$ <u>867.50</u>
Total Other Accounts	<u>866.50</u>	<u>808.00</u>	<u>807.00</u>	<u>867.50</u>
Total All Schools	\$ <u><u>122,071.25</u></u>	\$ <u><u>272,463.61</u></u>	\$ <u><u>261,895.05</u></u>	\$ <u><u>132,639.81</u></u>

BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Balance July 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2018</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ <u>128,240.84</u>	\$ <u>13,423,990.45</u>	\$ <u>13,422,466.25</u>	\$ <u>129,765.04</u>
Total Assets	\$ <u><u>128,240.84</u></u>	\$ <u><u>13,423,990.45</u></u>	\$ <u><u>13,422,466.25</u></u>	\$ <u><u>129,765.04</u></u>
<u>LIABILITIES</u>				
Payroll Deductions and Withholdings	\$ 127,481.04	\$ 13,423,990.45	\$ 13,422,466.25	\$ 129,005.24
Interfund Payable - General Fund	<u>759.80</u>			<u>759.80</u>
Total Liabilities	\$ <u><u>128,240.84</u></u>	\$ <u><u>13,423,990.45</u></u>	\$ <u><u>13,422,466.25</u></u>	\$ <u><u>129,765.04</u></u>

**NONCURRENT DEBT**

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
NONCURRENT DEBT  
SCHEDULE OF SERIAL BONDS  
JUNE 30, 2018**

Issue	Original		Annual Maturities		Interest Rate	Balance July 1, 2017	Issued	Retired	Balance June 30, 2018
	Date of Original Issue	Amount of Issue	Date	Amount					
Improvements to the High School	6/1/2011	\$ 7,005,000.00	6/1/2019	\$ 550,000.00	3.00%	\$ 5,330,000.00			\$ 4,780,000.00
			6/1/2020	550,000.00	3.00%				
			6/1/2021	550,000.00	3.00%				
			6/1/2022	550,000.00	3.25%				
			6/1/2023	550,000.00	3.50%				
			6/1/2024	550,000.00	4.00%				
			6/1/2025	550,000.00	4.00%				
			6/1/2026	550,000.00	4.25%				
			6/1/2027	380,000.00	4.25%				
Series 2012 Refunding Bonds	6/1/2012	\$ 3,845,000.00	6/1/2019	\$ 385,000.00	4.00%	\$ 2,455,000.00			\$ 2,070,000.00
			6/1/2020	405,000.00	4.00%				
			6/1/2021	410,000.00	4.00%				
			6/1/2022	425,000.00	4.00%				
			6/1/2023	445,000.00	4.00%				
School Bonds Series 2015 (Various Improvements)	5/6/2015	\$ 2,453,000.00	6/1/2019	\$ 225,000.00	2.00%	\$ 2,228,000.00		225,000.00	\$ 2,003,000.00
			6/1/2020	225,000.00	2.00%				
			6/1/2021	225,000.00	2.00%				
			6/1/2022	225,000.00	2.00%				
			6/1/2023	225,000.00	2.25%				
			6/1/2024	428,000.00	2.25%				
			6/1/2025	450,000.00	2.50%				
<b>Total</b>						<b>\$ 10,013,000.00</b>	<b>\$ 1,160,000.00</b>	<b>\$ 8,853,000.00</b>	

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE**  
**JUNE 30, 2018**

<u>Series</u>	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding July 1, 2017</u>	<u>Increased by Current Year</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2018</u>
Governmental Fund:						
2014 - Various Equipment	1.893%	228,000.00	\$ 93,671.35		\$ 46,396.53	\$ 47,274.82
2015 - Various Equipment	1.690%	220,000.00	<u>89,085.19</u>		<u>44,169.36</u>	<u>44,915.83</u>
			<u>\$ 182,756.54</u>		<u>\$ 90,565.89</u>	<u>\$ 92,190.65</u>
Business-Type Activities:						
2013 - Various Equipment	1.50%	\$ 295,389.00	<u>\$ 60,031.90</u>		<u>\$ 60,031.90</u>	
Total			<u>\$ 242,788.44</u>		<u>\$ 150,597.79</u>	<u>\$ 92,190.65</u>

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DEBT SERVICE FUND**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 1,448,003.00	_____	\$ 1,448,003.00	\$ 1,448,003.00	_____
Total - Local Sources	<u>1,448,003.00</u>	_____	<u>1,448,003.00</u>	<u>1,448,003.00</u>	_____
 Total Revenues	 \$ 1,448,003.00	 _____	 \$ 1,448,003.00	 \$ 1,448,003.00	 _____
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	\$ 326,380.00	_____	\$ 326,380.00	\$ 326,380.00	\$ _____
Redemption of Principal	1,160,000.00	_____	1,160,000.00	1,160,000.00	_____
Total Regular Debt Service	<u>1,486,380.00</u>	_____	<u>1,486,380.00</u>	<u>1,486,380.00</u>	_____
Total Expenditures	\$ 1,486,380.00	_____	\$ 1,486,380.00	\$ 1,486,380.00	\$ _____
Excess of Revenues Over Expenditures	\$ (38,377.00)	_____	\$ (38,377.00)	\$ (38,377.00)	\$ _____
Other Financing Sources:					
Transfer from Capital Projects Fund	_____	_____	_____	_____	_____
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures	\$ (38,377.00)	_____	\$ (38,377.00)	\$ (38,377.00)	\$ _____
Fund Balance, July 1	<u>38,377.56</u>	_____	<u>38,377.56</u>	<u>38,377.56</u>	_____
Fund Balance, June 30	\$ <u>0.56</u>	<u>_____</u>	\$ <u>0.56</u>	\$ <u>0.56</u>	<u>\$ _____</u>

**STATISTICAL TABLES (SECTION)**  
**(UNAUDITED)**

**SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**INTRODUCTION TO STATISTICAL TABLES (SECTION)**  
**(UNAUDITED)**

<b><u>Contents</u></b>	<b><u>Exhibit</u></b>
<b>Financial Trends</b>	<b>J-1 to J-5</b>
<p>These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.</p>	
<b>Revenue Capacity</b>	<b>J-6 to J-9</b>
<p>These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.</p>	
<b>Debt Capacity</b>	<b>J-10 to J-13</b>
<p>These schedules contain information to help the reader assess the district's outstanding debt.</p>	
<b>Demographic and Economic Information</b>	<b>J-14 &amp; J-15</b>
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</p>	
<b>Operating Information</b>	<b>J-16 to J-20</b>
<p>These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.</p>	

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



## FINANCIAL TRENDS

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**NET POSITION BY COMPONENT**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(accrual basis of accounting)*

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 13,809,519	\$ 14,457,360	\$ 9,169,681	\$ 17,659,301	\$ 23,919,454	\$ 25,708,837	\$ 23,918,290	\$ 26,943,881	\$ 28,643,432	\$ 29,027,869
Restricted	1,380,109	64,211	5,257,090	3,034,972	867,976	146,522	5,111,611	2,466,373	470,477	261,130
Unrestricted	<u>(255,513)</u>	<u>244,095</u>	<u>2,205,276</u>	<u>1,224,305</u>	<u>370,670</u>	<u>363,857</u>	<u>(6,367,573)</u>	<u>(3,668,297)</u>	<u>(3,800,159)</u>	<u>(3,473,741)</u>
<b>Total governmental activities net position</b>	<u>\$ 14,934,116</u>	<u>\$ 14,765,666</u>	<u>\$ 16,632,047</u>	<u>\$ 21,918,578</u>	<u>\$ 25,158,101</u>	<u>\$ 26,219,216</u>	<u>\$ 22,662,328</u>	<u>\$ 25,741,957</u>	<u>\$ 25,313,750</u>	<u>\$ 25,815,258</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 94,340	\$ 89,079	\$ 95,979	\$ 80,283	\$ 67,873	\$ 81,156	\$ 127,822	\$ 190,893	\$ 242,156	\$ 291,583
Unrestricted	<u>97,565</u>	<u>155,875</u>	<u>143,362</u>	<u>172,442</u>	<u>160,263</u>	<u>159,277</u>	<u>170,039</u>	<u>170,343</u>	<u>162,453</u>	<u>178,401</u>
<b>Total business-type activities net position</b>	<u>\$ 191,905</u>	<u>\$ 244,954</u>	<u>\$ 239,341</u>	<u>\$ 252,705</u>	<u>\$ 228,136</u>	<u>\$ 240,433</u>	<u>\$ 297,861</u>	<u>\$ 361,236</u>	<u>\$ 404,609</u>	<u>\$ 469,984</u>
<b>District-wide</b>										
Invested in capital assets	\$ 13,903,859	\$ 14,636,439	\$ 9,265,660	\$ 17,739,564	\$ 23,987,327	\$ 25,789,993	\$ 24,046,112	\$ 27,134,725	\$ 28,885,588	\$ 29,319,452
Restricted	1,380,109	64,211	5,257,090	3,034,972	867,976	146,522	5,111,611	2,466,373	470,477	261,130
Unrestricted (Deficit)	<u>(157,947)</u>	<u>399,970</u>	<u>2,348,638</u>	<u>1,396,747</u>	<u>530,933</u>	<u>523,134</u>	<u>(6,197,534)</u>	<u>(3,497,193)</u>	<u>(3,637,706)</u>	<u>(3,295,340)</u>
<b>Total district net position</b>	<u>\$ 15,126,021</u>	<u>\$ 15,100,620</u>	<u>\$ 16,871,388</u>	<u>\$ 22,171,283</u>	<u>\$ 25,386,237</u>	<u>\$ 26,459,649</u>	<u>\$ 22,960,189</u>	<u>\$ 26,103,905</u>	<u>\$ 25,718,359</u>	<u>\$ 26,285,242</u>

Source: CAFR Exhibit A-1.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CHANGE IN NET POSITION**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 11,023,816	\$ 12,268,142	\$ 11,732,382	\$ 11,551,328	\$ 11,957,961	\$ 12,241,777	\$ 13,420,550	\$ 14,068,135	\$ 16,940,567	\$ 13,704,037
Special education	2,198,879	2,625,934	2,764,415	3,179,808	3,762,012	3,769,556	4,455,953	5,051,427	5,815,225	7,523,082
Other special education	710,525	693,288	530,370	551,501	412,509	464,961	532,647	748,801	874,350	821,318
Other instruction	799,102	832,589	703,749	799,517	822,034	821,453	921,934	998,756	1,150,549	1,086,788
<b>Support Services:</b>										
Tuition	1,450,886	1,324,093	1,263,360	1,584,402	1,456,134	1,459,294	1,390,316	1,456,789	1,579,407	1,754,246
Student & instruction related services	3,831,323	4,037,049	3,447,023	3,806,830	4,137,274	3,844,589	4,536,243	4,761,164	5,870,139	5,690,662
School Administrative services	1,022,191	1,672,687	1,678,713	1,134,349	1,257,402	1,707,108	1,963,236	2,081,738	2,537,395	2,415,281
General administration	1,229,571	1,103,919	1,054,703	1,832,561	1,729,541	1,429,557	1,620,069	1,656,649	2,084,059	1,820,535
Central Services	296,588									
Plant operations and maintenance	3,071,578	3,381,306	3,159,647	3,118,496	3,619,811	3,788,275	4,482,944	4,799,132	6,212,261	5,380,033
Pupil transportation	1,318,462	1,433,134	1,549,400	1,687,175	1,955,258	1,887,978	2,017,717	1,994,186	2,473,038	2,548,180
Other support services	136,889									
Charter Schools	-			4,257	41,437	160,833	198,091	199,526	248,461	295,331
Interest on long-term debt	648,023	582,693	531,758	653,737	566,576	513,367	447,051	417,363	367,736	336,144
<b>Total governmental activities expenses</b>	<u>\$ 27,737,835</u>	<u>\$ 29,954,834</u>	<u>\$ 28,415,520</u>	<u>\$ 29,903,961</u>	<u>\$ 31,717,949</u>	<u>\$ 32,088,748</u>	<u>\$ 35,986,751</u>	<u>\$ 38,233,666</u>	<u>\$ 46,153,188</u>	<u>\$ 43,375,637</u>
<b>Business-type activities:</b>										
Food service	\$ 766,623	\$ 778,674	\$ 797,185	\$ 827,557	\$ 859,761	\$ 874,188	\$ 885,215	\$ 910,714	\$ 996,555	\$ 1,029,696
<b>Total business-type activities expense</b>	<u>\$ 766,623</u>	<u>\$ 778,674</u>	<u>\$ 797,185</u>	<u>\$ 827,557</u>	<u>\$ 859,761</u>	<u>\$ 874,188</u>	<u>\$ 885,215</u>	<u>\$ 910,714</u>	<u>\$ 996,555</u>	<u>\$ 1,029,696</u>
<b>Total district expenses</b>	<u>\$ 28,504,458</u>	<u>\$ 30,733,508</u>	<u>\$ 29,212,705</u>	<u>\$ 30,731,518</u>	<u>\$ 32,577,710</u>	<u>\$ 32,962,936</u>	<u>\$ 36,871,966</u>	<u>\$ 39,144,380</u>	<u>\$ 47,149,743</u>	<u>\$ 44,405,333</u>

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CHANGE IN NET POSITION**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Operating grants and contributions	\$ 2,523,019	\$ 1,974,129	\$ 2,323,220	\$ 2,234,855	\$ 1,835,427	\$ 1,936,324	\$ 1,867,726	\$ 1,750,606	\$ 1,408,526	\$ 1,571,417
<b>Total governmental activities program revenues</b>	<u>2,523,019</u>	<u>1,974,129</u>	<u>2,323,220</u>	<u>2,234,855</u>	<u>1,835,427</u>	<u>1,936,324</u>	<u>1,867,726</u>	<u>1,750,606</u>	<u>1,408,526</u>	<u>1,571,417</u>
<b>Business-type activities:</b>										
Charges for services										
Food service	\$ 461,481	\$ 442,057	\$ 420,478	\$ 397,523	\$ 348,677	\$ 381,611	\$ 378,447	\$ 377,545	\$ 377,711	\$ 375,788
Operating grants and contributions	273,224	339,172	411,245	394,050	486,514	504,874	566,508	596,543	662,217	719,284
<b>Total business type activities program revenues</b>	<u>734,705</u>	<u>781,229</u>	<u>831,723</u>	<u>791,572</u>	<u>835,191</u>	<u>886,485</u>	<u>944,955</u>	<u>974,088</u>	<u>1,039,928</u>	<u>1,095,072</u>
<b>Total district program revenues</b>	<u>\$ 3,257,724</u>	<u>\$ 2,755,358</u>	<u>\$ 3,154,943</u>	<u>\$ 3,026,427</u>	<u>\$ 2,670,618</u>	<u>\$ 2,822,809</u>	<u>\$ 2,812,681</u>	<u>\$ 2,724,694</u>	<u>\$ 2,448,454</u>	<u>\$ 2,666,489</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (25,214,816)	\$ (25,763,707)	\$ (27,631,614)	\$ (27,669,106)	\$ (29,882,523)	\$ (30,152,424)	\$ (34,119,025)	\$ (36,483,060)	\$ (44,744,662)	\$ (41,804,221)
Business-type activities	(31,918)	2,555	34,538	(35,985)	(24,570)	12,297	59,740	63,374	43,373	65,376
<b>Total district-wide net expense</b>	<u>\$ (25,246,734)</u>	<u>\$ (25,761,152)</u>	<u>\$ (27,597,076)</u>	<u>\$ (27,705,091)</u>	<u>\$ (29,907,093)</u>	<u>\$ (30,140,127)</u>	<u>\$ (34,059,285)</u>	<u>\$ (36,419,686)</u>	<u>\$ (44,701,289)</u>	<u>\$ (41,738,845)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities:</b>										
Property taxes levied for general purposes, net	\$ 11,908,593	\$ 11,908,593	\$ 11,908,593	\$ 12,384,937	\$ 12,885,289	\$ 13,394,657	\$ 14,015,039	\$ 14,474,933	\$ 14,977,299	\$ 15,276,846
Taxes levied for debt service	1,485,340	1,475,444	1,516,832	1,578,905	1,925,968	1,978,530	1,956,510	1,941,922	1,467,020	1,448,003
Unrestricted grants and contributions	11,912,306	13,019,525	13,711,598	13,221,029	15,359,724	15,494,146	16,988,442	20,283,606	27,372,018	24,721,541
Restricted grants	-	-	-	392,493	2,255,545	191,453	2,345,614	2,359,714	296,693	296,693
Tuition Received	28,906	68,648	34,640	35,340	118,229	60,266	37,155	40,411	48,525	46,680
Investment earnings	131,285	70,577	19,670	8,245	-	-	-	-	-	-
Miscellaneous income	76,955	502,410	361,831	336,098	577,291	164,350	326,392	364,650	147,823	825,208
Transfers	(30,000)	-	-	-	-	-	-	-	-	-
Write off of fixed assets	-	-	-	-	-	(183,283)	-	-	-	-
Special and extraordinary revenue	-	13,374	-	-	-	-	42,447	97,208	7,078	(12,550)
<b>Total governmental activities</b>	<u>\$ 25,513,385</u>	<u>\$ 27,058,571</u>	<u>\$ 27,553,164</u>	<u>\$ 27,957,046</u>	<u>\$ 33,122,046</u>	<u>\$ 31,100,119</u>	<u>\$ 35,711,599</u>	<u>\$ 39,562,444</u>	<u>\$ 44,316,455</u>	<u>\$ 42,305,728</u>
<b>Business-type activities:</b>										
Special and extraordinary revenue	\$ 12,463	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,311)	\$ -	\$ -	\$ -
Transfers	30,000	-	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	<u>\$ 42,463</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,311)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total district-wide</b>	<u>\$ 25,555,848</u>	<u>\$ 27,058,571</u>	<u>\$ 27,553,164</u>	<u>\$ 27,957,046</u>	<u>\$ 33,122,046</u>	<u>\$ 31,100,119</u>	<u>\$ 35,709,288</u>	<u>\$ 39,562,444</u>	<u>\$ 44,316,455</u>	<u>\$ 42,305,728</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 298,569	\$ 1,294,865	\$ (78,450)	\$ 287,940	\$ 3,239,523	\$ 947,695	\$ 1,592,574	\$ 3,079,384	\$ (428,207)	\$ 501,507
Business-type activities	10,545	2,555	34,538	(35,985)	(24,570)	12,297	57,429	63,374	43,373	65,376
<b>Total district</b>	<u>\$ 309,114</u>	<u>\$ 1,297,419</u>	<u>\$ (43,912)</u>	<u>\$ 251,955</u>	<u>\$ 3,214,953</u>	<u>\$ 959,992</u>	<u>\$ 1,650,003</u>	<u>\$ 3,142,758</u>	<u>\$ (384,834)</u>	<u>\$ 566,883</u>

Source: CAFR Exhibit A-2.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 100,812	\$ 64,211								
Unreserved	1,514,414	761,129								
Restricted			\$ 712,216	\$ 1,397,130	\$ 350,081	\$ 1,153,048	\$ 1,662,184	\$ 1,843,197	\$ 859,588	\$ 1,163,684
Assigned				245,362			16,298	16,298	829,930	1,309,537
Maintenance										80,000
Unassigned			614,852		802,967					
<b>Total general fund</b>	<b>\$ 1,615,226</b>	<b>\$ 825,340</b>	<b>\$ 1,327,068</b>	<b>\$ 1,642,492</b>	<b>\$ 1,153,048</b>	<b>\$ 1,153,048</b>	<b>\$ 1,678,482</b>	<b>\$ 1,859,495</b>	<b>\$ 1,689,518</b>	<b>\$ 2,553,222</b>
All Other Governmental Funds										
Reserved	\$ -	\$ -								
Unreserved, reported in:										
Special revenue fund	-	-	-							
Capital projects fund	-	-	-							
Debt service fund	-	-	-							
Restricted:										
Capital projects fund			13,417,338	5,651,562	517,896	138,929	5,041,134	2,609,203	229,946	2,893
Debt service fund				127,975	26,180	7,639	71,329	70,963	38,378	1
<b>Total all other governmental funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,417,338</b>	<b>\$ 5,779,537</b>	<b>\$ 544,076</b>	<b>\$ 146,568</b>	<b>\$ 5,112,463</b>	<b>\$ 2,680,166</b>	<b>\$ 268,324</b>	<b>\$ 2,894</b>

Source: CAFR Exhibit B-1.

Note: GASB 54 was implemented in the 2011 fiscal year, which required the presentation of fund balances to be reported in different classifications from those presented in prior years (See Notes to financial statements - Note 2G 15(a-c). Prior years have not been restated above and are not required to be.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Tax levy	\$13,384,037	\$13,425,425	\$13,963,842	\$14,538,482	\$14,811,257	\$15,373,187	\$15,971,549	\$16,416,855	\$16,444,319	\$16,724,849
Tuition	68,648	34,640	35,340	93,655	118,229	60,266	37,155	40,411	48,525	46,680
Interest earnings	70,577		1,111	5,648	3,161	386	756	2,105	405	
Miscellaneous	502,911	387,547	345,953	354,343	177,576	163,964	325,636	369,058	154,818	805,710
State sources	13,827,611	12,555,940	13,790,037	14,575,126	15,796,792	15,920,661	16,407,002	16,756,987	17,131,612	17,989,644
Federal sources	1,165,542	3,472,832	1,702,734	1,665,558	1,402,591	1,509,809	1,631,621	1,492,254	1,600,904	1,529,034
<b>Total revenue</b>	<b>29,019,326</b>	<b>29,876,384</b>	<b>29,839,018</b>	<b>31,232,812</b>	<b>32,309,606</b>	<b>33,028,273</b>	<b>34,373,719</b>	<b>35,077,670</b>	<b>35,380,583</b>	<b>37,095,917</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	8,389,684	9,299,999	9,041,218	8,502,541	8,796,081	9,374,943	9,250,349	9,224,780	9,270,752	8,037,924
Special education instruction	1,638,658	1,933,694	2,070,460	2,288,231	2,700,404	2,728,685	2,886,019	3,109,241	3,105,054	4,382,554
Other special instruction	529,501	510,526	397,231	396,867	296,103	336,579	344,984	460,900	466,861	478,457
Other instruction	595,511	613,105	527,086	575,343	590,063	594,624	597,115	614,752	614,339	633,106
<b>Support Services:</b>										
Tuition	1,450,886	1,324,093	1,263,360	1,584,402	1,456,134	1,459,294	1,390,316	1,456,789	1,579,407	1,754,246
Student & inst. related services	2,912,013	3,048,110	2,640,183	2,792,811	3,039,156	2,978,436	3,093,400	3,098,710	3,173,212	3,416,994
General administration	761,762	812,907	789,940	816,292	902,574	1,046,271	1,049,282	1,019,696	1,112,788	1,060,548
School administrative services	825,914	1,231,739	1,257,303	1,318,734	1,241,479	1,249,407	1,271,543	1,281,346	1,354,848	1,407,017
Central services	311,417									
Plant operations and maintenance	2,289,015	2,489,937	2,366,477	2,244,109	2,598,331	2,772,582	2,903,500	2,953,949	3,317,052	3,134,126
Pupil transportation	982,550	1,055,336	1,160,452	1,214,113	1,403,501	1,381,783	1,306,829	1,227,456	1,320,485	1,484,436
Other Support Services	102,013									
Employee benefits	5,441,565	6,134,831	5,674,157	6,622,522	7,232,586	6,412,842	7,020,944	7,822,593	8,331,678	8,431,897
<b>Special Schools</b>										
Charter Schools				4,257	41,437	160,633	198,091	199,526	248,461	295,331
Capital outlay	215,302	173,633	958,185	7,994,083	5,289,667	756,417	598,934	2,569,031	2,567,859	482,138
<b>Debt service:</b>										
Principal	1,330,000	1,450,000	1,500,000	1,530,000	1,890,000	1,890,000	1,915,000	1,884,000	1,145,000	1,160,000
Interest and other charges	653,220	588,360	519,110	670,885	571,863	508,425	431,625	406,186	354,605	326,380
<b>Total expenditures</b>	<b>28,429,012</b>	<b>30,666,270</b>	<b>30,165,162</b>	<b>38,555,190</b>	<b>38,049,379</b>	<b>33,651,121</b>	<b>34,257,931</b>	<b>37,328,955</b>	<b>37,962,402</b>	<b>36,485,155</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>590,314</b>	<b>(789,886)</b>	<b>(326,144)</b>	<b>(7,322,378)</b>	<b>(5,739,773)</b>	<b>(622,848)</b>	<b>115,788</b>	<b>(2,251,285)</b>	<b>(2,581,819)</b>	<b>610,762</b>

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Other Financing sources (uses)</b>										
Proceeds from borrowing										
Capital leases (non-budgeted)			53,646				220,000			
Bond Proceeds			7,005,000		14,868	227,500	2,453,000			
State Sources			7,186,565							
Grant Awarded							2,768,982			
Grant Receivable Cancelled							(68,601)			
Transfers in				5,648	3,161	386				
Transfers out				(5,648)	(3,161)	(386)				(12,488)
<b>Total other financing sources (uses)</b>	-	-	14,245,211	-	14,868	227,500	5,373,381	-	-	(12,488)
<b>Net change in fund balances</b>	<u>\$ 590,314</u>	<u>\$ (789,886)</u>	<u>\$ 13,919,066</u>	<u>\$ (7,322,378)</u>	<u>\$ (5,724,905)</u>	<u>\$ (395,348)</u>	<u>\$ 5,489,169</u>	<u>\$ (2,251,285)</u>	<u>\$ (2,581,819)</u>	<u>\$ 598,275</u>
<b>Debt service as a percentage of noncapital expenditures</b>	7.03%	6.68%	6.91%	7.20%	7.51%	7.29%	6.97%	6.59%	4.24%	4.13%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(modified accrual basis of accounting)*

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Miscellaneous</u>	<u>Athletic Events</u>	<u>Refund of</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Tuition</u>	<u>Annual Totals</u>
2009	70,577	43,877	5,220	453,314	-	572,988
2010	19,310	67,856	5,836	253,858	34,640	381,500
2011	42,091	9,660	4,903	279,472	35,340	371,466
2012	5,887	145,371	5,262	193,140	93,655	443,315
2013	6,197	174,540	-	-	118,229	298,966
2014	2,400	41,586	5,026	114,953	60,266	224,231
2015	1,978	73,430	6,024	229,663	37,155	348,250
2016	2,401	39,980	6,823	272,930	40,411	362,545
2017	3,529	62,611	6,317	75,366	48,525	196,348
2018	11,385	54,437	6,446	667,264	46,680	786,212

Source: District records



## REVENUE CAPACITY

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN (10) FISCAL YEARS  
 (UNAUDITED)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Tax-Exempt Property	Net Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>b</sup>
2009	3,372,100	368,722,400	25,533,400	19,303,000	9,572,300	426,503,200	308,699	50,705,400	477,517,299	1,676,492,016	3.145
2010	3,001,300	368,742,000	25,338,600	19,287,800	8,906,300	425,276,000	318,179	50,809,400	476,403,579	1,620,353,673	3.281
2011	3,008,200	367,827,300	25,293,500	17,614,100	8,749,400	422,492,500	272,585	50,860,900	473,625,985	1,559,875,073	3.439
2012	3,024,600	366,234,400	25,329,600	17,585,400	8,633,700	420,807,700	293,382	50,654,200	471,755,282	1,441,461,958	3.517
2013	3,031,600	360,459,700	24,176,900	17,289,900	8,392,700	413,350,800	287,694	50,529,600	464,168,094	1,331,956,265	3.717
2014	2,926,800	360,673,400	24,320,900	17,247,100	8,774,700	413,942,900	198,325	97,657,100	511,798,325	1,319,732,478	3.857
2015	2,965,000	358,560,500	24,954,400	17,237,400	8,774,700	412,492,000	-	49,583,200	462,075,200	1,293,849,676	3.980
2016	2,929,800	357,919,900	24,922,700	17,141,900	8,774,700	411,689,000	-	48,880,600	460,569,600	1,314,187,237	3.995
2017	3,006,500	357,199,100	24,841,400	17,097,400	9,068,000	411,212,400	-	48,999,800	460,212,200	1,354,166,813	4.068
2018	3,009,200	356,487,700	24,601,200	17,118,400	9,260,200	410,476,700	-	53,040,800	463,517,500	1,386,482,532	4.254

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100 of assessed valuation

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**  
*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Borough of South River School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	(From J-6) Total Direct School Tax Rate	Municipality of South River	County of Middlesex	
2009	2.790	0.355	3.145	1.938	1.166	6.249
2010	2.910	0.370	3.281	1.987	1.133	6.401
2011	2.988	0.451	3.439	1.986	1.241	6.666
2012	3.060	0.447	3.517	1.978	1.221	6.716
2013	3.238	0.479	3.717	1.962	1.231	6.910
2014	3.385	0.472	3.857	1.994	1.267	7.118
2015	3.509	0.471	3.980	2.057	1.248	7.285
2016	3.639	0.356	3.995	2.181	1.276	7.452
2017	3.716	0.352	4.068	2.363	1.314	7.745
2018	3.900	0.354	4.254	2.443	1.342	8.039

Source: Municipal Tax Collector

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

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

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

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 PRINCIPAL PROPERTY TAXPAYERS  
 CURRENT YEAR AND NINE (9) YEARS AGO  
 (UNAUDITED)**

	2018				2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Lit Industrial LP	\$ 7,266,200	1	1.77%	Lit Northend LLC	\$ 13,700,000	1	3.21%
Lit Northend LLC	4,942,500	2	1.20%	Leonardine Associates LLC	2,500,000	2	0.59%
Lighthouse South River LG LLC	2,350,000	3	0.57%	East Coast Leonardine Village Green	1,716,000	3	0.40%
Emess Apts Ltd.	1,571,400	4	0.38%	Emmess Apts., Ltd.	1,671,900	4	0.39%
East Coast Village Green Apts	1,200,000	5	0.29%	425 Whitehead LLC	980,000	5	0.23%
425 Whitehead Ave LLC	980,000	6	0.24%	Sherwood Court	765,000	6	0.18%
Zifovski, Zlatan & Luba	792,400	7	0.19%	Diosnorides Diaz	712,800	7	0.17%
Felmore Associates	700,000	8	0.17%	Felmore Associates	700,000	8	0.16%
Sherwood Court	633,100	9	0.15%	M&C Bram	662,400	9	0.16%
Patrick and Barbara DiNicola	622,500	10	0.15%	Zlatan & Luba Zifovski	641,100	10	0.15%
<b>Total</b>	<b>\$ 21,058,100</b>		<b>5.13%</b>		<b>\$ 24,049,200</b>		<b>5.64%</b>
<b>Total Assessed Valuation</b>	<b>\$ 410,476,700</b>				<b>\$ 426,503,200</b>		

Source: Municipal Tax Assessor

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2009	26,694,630	26,139,382	97.92%	517,149
2010	27,258,682	26,541,779	97.37%	632,115
2011	28,202,908	27,520,398	97.58%	498,818
2012	28,288,692	27,553,186	97.40%	569,445
2013	28,611,549	27,553,240	97.40%	633,864
2014	29,524,807	28,976,314	97.49%	640,721
2015	30,073,830	29,350,585	97.60%	488,129
2016	30,696,741	30,045,970	97.88%	636,498
2017	31,882,585	31,128,301	97.63%	583,562
2018	32,997,133	N/A	97.40% <i>Anticipated</i>	650,000 <i>Anticipated</i>

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

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

## DEBT CAPACITY

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2009	13,867,000	-	-	-	-	-	13,867,000	3.82%	905
2010	12,417,000	-	-	-	-	-	12,417,000	3.42%	810
2011	17,922,000	-	-	-	-	-	17,922,000	4.72%	1,120
2012	16,284,000	-	42,257	-	-	-	16,326,257	4.19%	1,123
2013	14,394,000	-	32,436	-	295,389	-	14,721,825	3.26%	920
2014	12,504,000	-	250,134	-	234,822	-	12,988,956	2.53%	811
2015	13,042,000	-	370,458	-	177,430	-	13,589,888	3.02%	849
2016	11,158,000	-	271,726	-	119,171	-	11,548,897	2.56%	721
2017	10,013,000	-	182,756	-	60,032	-	10,255,788	2.27%	640
2018	8,853,000	-	92,191	-	-	-	8,945,191	1.98%	559

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

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

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

<u>General Bonded Debt Outstanding</u>					
<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value <sup>a</sup> of Property</u>	<u>Per Capita <sup>b</sup></u>
2009	13,867,000	-	13,867,000	2.90%	905
2010	12,417,000	-	12,417,000	2.60%	810
2011	17,922,000	-	17,922,000	3.78%	1,120
2012	16,284,000	-	16,284,000	3.45%	1,017
2013	14,394,000	-	14,394,000	3.10%	899
2014	12,504,000	-	12,504,000	2.44%	781
2015	13,042,000	-	13,042,000	2.83%	815
2016	11,158,000	-	11,158,000	2.43%	697
2017	10,013,000	-	10,013,000	2.17%	675
2018	8,853,000	-	8,853,000	1.91%	553

**Notes:**

- Details regarding the district's outstanding debt can be found in the notes to the financial statements.
- a** See Exhibit NJ J-6 for property tax data.
- b** Population data can be found in Exhibit NJ J-14.

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Deductions are allowable for resources that are restricted to repaying the principal of debt outstanding.



**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2018**  
**(UNAUDITED)**

<b><u>Governmental Unit</u></b>	<b><u>Debt Outstanding</u></b>	<b><u>Estimated Percentage Applicable <sup>a</sup></u></b>	<b><u>Estimated Share of Overlapping Debt</u></b>
Debt repaid with property taxes			
Borough of South River	\$ 28,383,344	100.000%	\$ 28,383,344
County of Middlesex	468,226,361	1.3009%	6,091,157
Other debt			<u>None</u>
Subtotal, overlapping debt			34,474,501
<b>Borough of South River District Direct Debt:</b>			
Issued and outstanding - Bonds	\$ 8,853,000	100%	
Authorized but not Issued - Bonds and Notes	<u>80,771</u>	100%	<u>8,933,771</u>
<b>Total direct and overlapping debt</b>			<b><u>\$ 43,408,272</u></b>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Middlesex County Board of Taxation.  
Debt outstanding data provided by each governmental unit.

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of South River Borough. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN (10) FISCAL YEARS  
(UNAUDITED)**

**Legal Debt Margin Calculation for Fiscal Year 2018**

	Equalized valuation basis
	2017 \$ 1,383,622,476
	2016 1,350,242,703
	2015 <u>1,338,389,682</u>
	\$ <u>4,072,254,861</u>
	Average equalized valuation of taxable property \$ 1,357,418,287
	Debt limit (4 % of average equalization value) 54,296,731 <sup>a</sup>
	Total Net Debt Applicable to Limit <u>8,933,771</u>
	Legal debt margin \$ <u>45,362,960</u>

	Fiscal Year									
	<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>
Debt limit	\$ 66,687,682	\$ 64,715,983	\$ 61,607,935	\$ 61,607,935	\$ 58,040,039	\$ 54,699,271	\$ 52,716,622	\$ 52,572,821	\$ 53,085,280	\$ 54,296,731
Total net debt applicable to limit	<u>13,867,000</u>	<u>12,417,000</u>	<u>25,108,565</u>	<u>21,136,285</u>	<u>19,305,557</u>	<u>13,000,172</u>	<u>15,810,982</u>	<u>12,546,371</u>	<u>10,446,656</u>	<u>8,933,771</u>
Legal debt margin	<u>\$ 52,820,682</u>	<u>\$ 52,298,983</u>	<u>\$ 36,499,370</u>	<u>\$ 40,471,650</u>	<u>\$ 38,734,482</u>	<u>\$ 41,699,099</u>	<u>\$ 36,905,640</u>	<u>\$ 40,026,450</u>	<u>\$ 42,638,624</u>	<u>\$ 45,362,960</u>
Total net debt applicable to the limit as a percentage of debt limit	20.79%	19.19%	40.76%	34.31%	33.26%	23.77%	29.99%	23.86%	19.68%	16.45%

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

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

## **DEMOGRAPHIC AND ECONOMIC INFORMATION**

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2009	15,322	362,886,248	23,684	4.10%
2010	15,322	362,886,248	23,684	11.90%
2011	16,008	451,073,424	28,178	11.90%
2012	16,008	451,073,424	28,178	11.60%
2013	16,008	451,073,424	28,178	11.70%
2014	16,008	451,073,424	28,178	13.40%
2015	16,008	451,073,424	28,178	8.20%
2016	16,008	451,073,424	28,178	7.10%
2017	16,008	451,073,424	28,178	6.30%
2018	16,008	451,073,424	28,178	5.50%

**Source:**

<sup>a</sup> Population information provided by 2000 US Census for 2009-2010 and the 2010 census for 2011-2018.

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented.

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census for 2009 to 2010 and the 2010 Census for 2011-2018 published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development previous year and annual average

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE (9) YEARS AGO**  
**(UNAUDITED)**

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Rank [Optional]</u>	<u>Percentage of Total Municipal Employment</u>
South River Board of Education	243	1	0.00%	235	1	0.00%
Borough of South River	106	2	0.00%	170	2	0.00%
Wawa	20	3	0.00%	-		0.00%
U.S. Postal Service	15	4	0.00%	15	4	0.00%
Rite Aid	10	5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
Kelloggs			-	40	3	0.00%
	<u>394</u>		<u>0.00% (1)</u>	<u>460</u>		<u>0.00%</u>

Source: Borough of South River

(1) Total employment within Municipality not available from authoritative source.

## **OPERATING INFORMATION**

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	157	128	128	128	128	131	131	131	131	132
Special education	9	34	34	34	34	38	38	48	48	48
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Student & instruction related services	32	25	26	26	26	26	26	26	26	26
General administration	3	3	3	3	3	3	3	3	3	3
School administrative services	16	16	16	16	16	16	16	17	17	17
Other administrative services										
Central services	5	5	5	5	5	6	6	6	6	6
Administrative Information Technology										
Plant operations and maintenance	8	8	7	7	7	6	6	6	6	6
Pupil transportation										
Other support services	6	6	6	6	6	6	6	6	6	6
Special Schools										
Food Service										
Child Care										
<b>Total</b>	<u>236.00</u>	<u>225.00</u>	<u>225.00</u>	<u>225.00</u>	<u>225.00</u>	<u>232.00</u>	<u>232.00</u>	<u>243.00</u>	<u>243.00</u>	<u>244.00</u>

**Source:** District Personnel Records

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 OPERATING STATISTICS  
 LAST TEN (10) FISCAL YEARS  
 (UNAUDITED)**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio				Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Primary (K-2) <sup>e</sup>	Elementary (3-5)	Middle School (6-8)	Senior High School				
2009	2,264	26,230,490	11,586	-2.13%	181.00	1:21	1:21	1:25	1:17	2239.0	2,117	2.19%	94.55%
2010	2,343	28,454,276	12,144	4.82%	173.00	1:19	1:19	1:17	1:17	2298.0	2,170	2.64%	94.43%
2011	2,336	27,187,867	11,639	-4.16%	173.00	1:19	1:19	1:17	1:17	2341.0	2,205	1.87%	94.19%
2012	2,319	28,360,222	12,230	5.08%	176.00	1:19	1:20	1:17	1:17	2317.0	2,189	-1.03%	94.48%
2013	2,329	30,297,849	13,009	6.37%	176.00	1:19	1:20	1:17	1:17	2338.0	2,202	0.91%	94.18%
2014	2,323	30,496,279	13,128	0.91%	176.00	1:19	1:20	1:17	1:17	2321.0	2,245	-0.73%	96.73%
2015	2,277	31,312,373	13,752	4.75%	176.00	1:18	1:20	1:16	1:17	2280.0	2,151	-1.77%	94.34%
2016	2,218	32,469,737	14,639	6.45%	179.00	1:18	1:20	1:16	1:17	2211.0	2,103	-3.03%	95.12%
2017	2,210	33,894,938	15,337	4.77%	181.00	1:18	1:20	1:16	1:17	2208.0	2,074	-0.14%	93.93%
2018	2,193	34,516,637	15,739	2.62%	182.00	1:18	1:20	1:16	1:17	2192.1	2,073	-0.72%	94.56%

Sources: District records

Note: Enrollment based on June district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil calculated by dividing operating expenditures by enrollment; not intended to represent the statutory calculation of cost per pupil.



**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHOOL BUILDING INFORMATION  
LAST TEN (10) FISCAL YEARS  
(UNAUDITED)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b><u>District Building</u></b>										
<b><u>Primary (2005)</u></b>										
Square Feet	58,350	58,350	58,350	58,350	58,350	58,350	58,350	58,350	58,350	58,350
Capacity (Students)	440	440	440	440	440	440	440	440	440	440
Enrollment	503	474	474	557	555	535	507	501	469	475
<b><u>Elementary (1997)</u></b>										
Square Feet	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770	78,770
Capacity (Students)	540	540	540	540	540	540	540	540	540	540
Enrollment	580	622	622	622	606	623	616	587	567	548
<b><u>Middle School (1997)</u></b>										
Square Feet	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180	73,180
Capacity (Students)	559	559	559	559	559	559	559	559	559	559
Enrollment	564	552	552	497	539	552	542	516	534	533
<b><u>High School (1957)</u></b>										
Square Feet	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768	102,768
Capacity (Students)	625	625	625	625	625	625	625	625	625	625
Enrollment	617	642	642	643	629	613	611	614	640	635
<b><u>Other</u></b>										
<b>Central Administration</b>										
Square Feet	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274	2,274
Number of Schools at June 30, 2018										
Primary =	1									
Elementary =	1									
Middle School =	1									
Senior High School =	1									

**Source:** District Facilities Office

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

**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN (10) FISCAL YEARS**  
**(UNAUDITED)**

UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES  
 11-000-261-xxx  
 11-000-262-xxx

	* School Facilities Project # (s)	High School	Middle School	Elementary School	K-2 Primary School	Administration Office	Total
2009	N/A	306,720	223,881	278,820	219,940	17,564	1,046,925
2010	N/A	241,132	196,719	255,272	181,945	21,214	896,282
2011	N/A	245,000	202,000	207,794	158,048	15,100	827,942
2012	N/A	248,914	198,400	197,850	163,750	14,260	823,174
2013	N/A	324,600	261,000	270,247	210,250	20,198	1,086,295
2014	N/A	249,938	229,762	236,623	98,066	27,455	841,844
2015	N/A	257,256	207,698	206,528	115,288	39,125	825,895
2016	N/A	262,150	192,800	180,100	133,500	23,418	791,968
2017	N/A	217,150	326,100	324,175	147,350	26,543	1,041,318
2018	N/A	194,651	194,586	174,107	107,725	35,200	706,269
Total School Facilities		<u>\$ 2,547,511</u>	<u>\$ 2,232,946</u>	<u>\$ 2,331,516</u>	<u>\$ 1,535,862</u>	<u>\$ 240,077</u>	<u>\$ 8,887,912</u>

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

Source: District records

**BOARD OF EDUCATION**  
**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2018**  
**UNAUDITED**

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
<b>MULTI PERIL PACKAGE POLICY</b>		
<b>PROPERTY</b>		
Blanket Building and Contents	\$ 81,236,036	\$ 5,000
Extra Expense	50,000,000	
Computers and Media	500,000	
<b>ENERGY SYSTEMS</b>		
Boiler and Machinery	Included	
<b>COMMERCIAL LIABILITY</b>		
Bodily Injury/Property Damage	11,000,000	Each occurrence
Products and Completed Operation	11,000,000	
Personal Injury/Advertising Inj.	Statutory	
Medical Expense	10,000	
Employee Benefits Liability	11,000,000	
<b>CRIME</b>		
Money and Securities	50,000	Inside/Outside
Employee Dishonesty	100,000	500
Forgery or Alteration	100,000	1,000
<b>BUSINESS AUTO</b>		
Bodily Injury/Prop Damage Liab.	11,000,000	
Personal Injury Protection	Statutory	
Medical Payments (PIP)	10,000	
Uninsured/Underinsured	1,000,000	
Comprehensive Deductible		1,000
Collision Deductible		1,000
<b>SCHOOL BOARD LEGAL</b>		
<b>Coverage A</b>		
Limit of Liability	11,000,000	
Each Claim	5,000	
<b>Coverage B</b>		
Limit of Liability	300,000	5,000
Each Claim	100,000	

**BOARD OF EDUCATION**  
**SOUTH RIVER BOROUGH SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**INSURANCE SCHEDULE**  
**JUNE 30, 2018**  
**UNAUDITED**

<u>Type of Policy</u>	<u>Coverage</u>	<u>Deductible</u>
<b>CATASTROPHE ACCESS PLAN</b>		
Limit of Liability	\$ 50,000,000	
<b>WORKERS COMPENSATION</b>		
Section B	2,000,000	
<b>ENVIRONMENTAL LIABILITY</b>		
Limit of Liability	1,000,000 Each Loss 1,000,000 Aggregate	\$ 10,000
<b>STUDENT ACCIDENT</b>		
Limit of Liability	1,000,000	
Interscholastic Sports	10,000,000	
<b>BONDS</b>		
Board Secretary - Ken Kokoszka	25,000	
Treasurer of School Monies - Joseph Zanga	240,000	

**SINGLE AUDIT SECTION**

**INDEPENDENT AUDITORS 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**

Honorable President and Members  
of the Board of Education  
Borough of South River Board of Education  
County of Middlesex, 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 as prescribed by the Office of School Finance Department, 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 Borough of South River Board of Education, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Borough of South River Board of Education's basic financial statements, and have issued our report thereon dated February 11, 2019.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

**INDEPENDENT AUDITORS 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 (CONTINUED)**

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 and therefore, material weaknesses or significant deficiencies may exist that may not have been identified. 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 Board of Education of the Borough of South River School District's financial statements are free of 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 basic 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey  
February 11, 2019

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FREEHOLD, NJ 07728-2291  
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Exhibit K-2  
Sheet 1 of 3

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08**

The Honorable President and Members  
of the Board of Education  
Borough of South River Board of Education  
County of Middlesex, New Jersey

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of South River Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance); the *New Jersey State Aid/Grant Compliance Supplement*; the audit requirements 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, Uniform Guidance and NJOMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether on compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about Borough of South River Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.



**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08  
(CONTINUED)**

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control over Compliance

Management of the Borough of South River Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of South River Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey State Aid/Grant Compliance Supplement, 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 Borough of South River Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and 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 non-compliance with a type of compliance requirement of a federal and 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 federal and 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

**INDEPENDENT AUDITORS REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND NJOMB 15-08  
(CONTINUED)**

Purpose of Report

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



Gerard Stankiewicz  
Certified Public Accountant  
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

February 11, 2019  
Freehold, New Jersey

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	June 30, 2017		Cash Received	Budgetary Expenditures	Adjustment	June 30, 2018		
					Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	Due to Grantor
General Fund:												
US Department of Education												
Passed-Through State Department of Education:												
Medical Assistance Program	93.778	1805NJ5MAP	7/1/17-6/30/18	94,899.23			94,899.23	(94,899.23)				
Total General Fund							\$ 94,899.23	\$ (94,899.23)				
Enterprise Fund:												
U.S. Department of Agriculture												
Passed-Through State Department of Education:												
Food Distribution Program	10.555	1711NJ304N1099	7/1/16-6/30/17	\$ 88,851.15	\$ 2,757.13			\$ (2,757.13)				
Food Distribution Program	10.555	1811NJ304N1099	7/1/17-6/30/18	85,298.90			85,298.80	(84,368.38)		\$ 930.42		
National School Lunch Program	10.555	1711NJ304N1099	7/1/16-6/30/17	423,676.82		\$ (22,436.00)	\$ 22,436.00					
National School Lunch Program	10.555	1811NJ304N1099	7/1/17-6/30/18	464,209.18			367,916.23	(464,209.18)			\$ (96,292.95)	
School Breakfast Program	10.553	1711NJ304N1099	7/1/16-6/30/17	139,452.19		(10,290.00)	10,290.00					
School Breakfast Program	10.553	1811NJ304N1099	7/1/17-6/30/18	158,114.18			124,023.90	(158,114.18)			(34,090.28)	
Total Enterprise Fund					\$ 2,757.13	\$ (32,726.00)	\$ 609,964.93	\$ (709,448.87)		\$ 930.42	(130,383.23)	

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	June 30, 2017			Cash Received	Budgetary Expenditures	Adjustment	June 30, 2018		
					Deferred Revenue	(Accounts Receivable)					Deferred Revenue	(Accounts Receivable)	Due to Grantor
Special Revenue Fund:													
U.S. Department of Education:													
Passed-Through State Department of Education:													
Title I, Part A	84.010	S010A160030	7/1/16-6/30/17	\$ 635,292.00		\$ (134,485.59)	\$ 134,485.00	\$ (48,382.61)	\$ 0.20		\$ (48,383.00)		
Title I, Part A	84.010	S010A170030	7/1/17-6/30/18	632,902.00			525,089.00	(609,855.72)			(84,766.72)		
Title SIA	84.010	S010A170030	7/1/17-6/30/18	51,514.00			22,518.00	(22,517.86)	(0.14)				
Title II, Part A	84.367A	S367A160029	7/1/16-6/30/17	65,462.00		(15,135.48)	15,854.00	(691.79)	(26.73)				
Title II, Part A	84.367A	S367A015029	7/1/15-8/30/16	70,504.00	\$ 9.91				(9.91)				
Title II, Part A	84.367A	S367A170029	7/1/17-6/30/18	86,746.00			64,201.00	(86,512.65)			(22,311.65)		
Title III	84.365	S365A160030	7/1/16-6/30/17	32,620.00		(1,452.15)	1,453.00	(7.42)	(0.43)		(7.00)		
Title III	84.365	S365A170030	7/1/17-6/30/18	41,603.00			34,546.00	(39,590.30)			(5,044.30)		
Title III Immigrant	84.365	S365A160030	7/1/16-6/30/17	7,799.00		(2,588.09)	2,588.00	(2,266.59)	(0.32)		(2,267.00)		
Title III Immigrant	84.365	S365A170030	7/1/17-6/30/18	7,612.00			6,828.00	(6,827.62)	(0.38)				
Title IV	84.369	S369A170031	7/1/17-6/30/18	10,000.00			4,306.00	(7,966.99)			(3,660.99)		
Impact Aid	84.938C	S938C18005	7/1/17-6/30/18	19,875.00				(19,875.00)			(19,875.00)		
I.D.E.A. Preschool	84.173	H173A160114	7/1/16-6/30/17	15,193.00		(2,489.39)	2,490.00	(876.00)	(0.61)		(876.00)		
I.D.E.A. Preschool	84.173	H173A170114	7/1/17-6/30/18	15,047.00			14,640.00	(14,640.00)					
I.D.E.A. Part B	84.027	H027A160100	7/1/16-6/30/17	536,344.00		(85,733.15)	85,734.00	(11,163.00)	(0.85)		(11,163.00)		
I.D.E.A. Part B	84.027	H027A170100	7/1/17-6/30/18	527,977.00			479,389.00	(505,402.00)			(26,013.00)		
Perkins Grant	84.048	V048A160030	7/1/16-6/30/17	19,083.00		(503.00)	503.00						
Perkins Grant	84.048	V048A170030	7/1/17-6/30/18	18,274.99			14,827.00	(18,274.99)			(3,447.99)		
Adult Basic Education	84.002	N/A	7/1/16-6/30/17	48,992.45		(26,381.45)	26,381.45						
Adult Basic Education	84.002	N/A	9/1/17-6/30/18	39,284.16			20,488.00	(39,284.16)			(18,796.16)		
Total Special Revenue Fund					\$ 9.91	\$ (268,766.30)	\$ 1,456,320.45	\$ (1,434,134.70)	\$ (39.17)		\$ (246,611.81)		
Total Federal Financial Assistance					\$ 2,767.04	\$ (301,494.30)	\$ 2,161,184.61	\$ (2,238,482.80)	\$ (39.17)	\$ 930.42	\$ (376,995.04)		

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See Accompanying Notes to Schedules of Federal Awards and State Financial Assistance.

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2017			Cash Received	Budgetary Expenditures	Adjustments/ Repayment of Prior Year's Balance	Balance, June 30, 2018			MEMO	
				Due to Grantor	Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund:														
Categorical Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 1,448,923.00				\$ 1,448,923.00	\$ (1,448,923.00)				142,574.00	\$ (1,448,923.00)	
Categorical Security Aid	18-495-034-5120-084	7/1/17-6/30/18	287,765.00				287,765.00	(287,765.00)				28,316.00	(287,765.00)	
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	10,895,887.00				10,895,887.00	(10,895,887.00)				1,072,152.00	(10,895,887.00)	
Categorical Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	112,277.00				112,277.00	(112,277.00)				11,048.00	(112,277.00)	
Educational Adequacy Aid	18-495-034-5120-083	7/1/17-6/30/18	500,000.00				500,000.00	(500,000.00)				49,200.00	(500,000.00)	
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	23,460.00				23,460.00	(23,460.00)				2,308.00	(23,460.00)	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	23,460.00				23,460.00	(23,460.00)				2,308.00	(23,460.00)	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	22,290.00				22,290.00	(22,290.00)				2,193.00	(22,290.00)	
Extraordinary Aid	18-100-034-5120-473	7/1/17-6/30/18	373,183.00					(373,183.00)		\$ (373,183.00)			(373,183.00)	
Extraordinary Aid	17-100-034-5120-473	7/1/16-6/30/17	315,983.00		\$ (315,983.00)		315,983.00							
Non-public Transportation	18-495-034-5120-014	7/1/17-6/30/18	27,997.00					(27,997.00)			(27,997.00)		(27,997.00)	
Non-public Transportation	17-495-034-5120-014	7/1/16-6/30/17	19,338.00		(19,388.00)		19,388.00						(27,997.00)	
Reimbursed T.P.A.F. Social Security Contribution	18-495-034-5095-003	7/1/17-6/30/18	992,638.94				943,901.02	(992,638.94)			(48,737.92)		(992,638.94)	
Reimbursed T.P.A.F. Social Security Contribution	17-495-034-5095-003	7/1/16-6/30/17	990,105.76		(48,069.99)		48,069.99							
On-behalf TPAF - Pension	18-495-034-5094-002	7/1/17-6/30/18	1,924,595.00				1,924,595.00	(1,924,595.00)					(1,924,595.00)	
On-behalf TPAF - Post Retirement Medical	18-495-034-5094-001	7/1/17-6/30/2018	1,243,056.00				1,243,054.00	(1,243,054.00)					(1,243,054.00)	
On-behalf TPAF - Long Term Disability	18-495-034-5094-001	7/1/17-6/30/2018	3,139.00				3,139.00	(3,139.00)					(3,139.00)	
<b>Total General Fund</b>					<b>\$ (383,440.99)</b>		<b>\$ 17,812,192.01</b>	<b>\$ (17,878,668.94)</b>			<b>\$ (449,917.92)</b>	<b>\$ 1,310,099.00</b>	<b>\$ (17,878,668.94)</b>	
Enterprise Fund:														
National School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	\$ 10,236.51		\$ (538.36)		\$ 538.36							
National School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	11,661.68				9,257.94	(11,661.68)			(2,403.74)		(11,661.68)	
<b>Total Enterprise Fund</b>					<b>\$ (538.36)</b>		<b>\$ 9,796.30</b>	<b>\$ (11,661.68)</b>			<b>\$ (2,403.74)</b>		<b>(11,661.68)</b>	

**BOARD OF EDUCATION  
BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
COUNTY OF MIDDLESEX  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

State Grantor/ Program Title	Grant or State Project Number	Grant Period	Award Amount	June 30, 2017			Cash Received	Budgetary Expenditures	Adjustments/ Payment of Prior Year's Balance	Balance, June 30, 2018			MEMO	
				Due to Grantor	Deferred Revenue	(Accounts Receivable)				Deferred Revenue	(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
<b>Capital Projects Fund:</b>														
Elementary/Middle School	4920-050-14-1004	5/1/15-11/1/16	\$ 1,481,879.21		\$ (263,412.22)		\$ 340,825.51	\$ (159,184.09)		\$ (81,770.80)				\$ (1,317,061.08)
<b>Total Capital Projects Fund</b>					\$ (263,412.22)		\$ 340,825.51	\$ (159,184.09)		\$ (81,770.80)				\$ (2,311,292.83)
<b>Special Revenue Fund:</b>														
<b>N.J. Nonpublic Aid:</b>														
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	\$ 15,621.00	\$ 49.00				\$ (49.00)						
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	15,886.00			\$ 15,886.00	\$ (15,172.30)			\$ 713.70			\$ (15,172.30)	
Nonpublic Nursing	17-100-034-5120-070	7/1/16-6/30/17	24,390.00	49.00				(49.00)						
Nonpublic Nursing	18-100-034-5120-070	7/1/17-6/30/18	28,130.00			28,130.00	(27,469.00)			661.00			(27,469.00)	
Nonpublic Security	17-100-034-5120-509	7/1/16-6/30/17	13,550.00	504.00				(504.00)						
Nonpublic Security	18-100-034-5120-509	7/1/17-6/30/18	21,750.00			21,750.00	(19,655.00)			2,095.00			(19,655.00)	
Nonpublic Technology	17-100-034-5120-070	7/1/16-6/30/17	7,046.00	49.00	\$ (1,409.00)	1,409.00		(49.00)						
Nonpublic Technology	18-100-034-5120-070	7/1/17-6/30/18	10,730.00			10,730.00	(10,603.82)			126.18			(10,603.82)	
<b>Auxiliary Services:</b>														
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	18,812.00	895.00				(895.00)						
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	23,386.00			23,386.00	(23,386.00)			906.00			(23,386.00)	
Transportation Aid	18-100-034-5120-067	7/1/17-6/30/18	3,214.00			3,214.00	(3,214.00)						(3,214.00)	
English as a Second Language	17-100-034-5120-067	7/1/16-6/30/17	13,703.00	4,566.00				(4,566.00)						
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	13,550.00			13,550.00	(9,937.00)			3,613.00			(9,937.00)	
<b>Handicapped Services:</b>														
Home Instruction	15-100-034-5121-06	7/1/17-6/30/18	906.00							906.00			(906.00)	
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	3,410.00			3,410.00	(3,410.00)						(3,410.00)	
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	6,484.00	362.00				(362.00)						
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	19,648.00			19,648.00	(17,101.00)			2,547.00			(17,101.00)	
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	6,428.00			6,428.00	(6,428.00)						(6,428.00)	
<b>Total Special Revenue Fund</b>				\$ 6,474.00	\$ (1,409.00)		\$ 147,541.00	\$ (137,282.12)	\$ (6,474.00)	906.00	\$ 9,755.88		\$ (137,282.12)	
<b>Total State Financial Assistance</b>				\$ 6,474.00	\$ (648,800.57)		\$ 18,310,354.82	\$ (18,186,796.83)	\$ (6,474.00)	\$ (533,186.46)	\$ 9,755.88	\$ 1,310,099.00	\$ (20,338,905.57)	
<b>Less On-behalf TPAF:</b>														
Pension	18-495-034-5094-002						\$ 1,924,595.00							
Post-Retirement Medical	18-495-034-5094-001						1,243,054.00							
Non Contributory Insurance	18-495-034-5094-004						3,139.00							
<b>Total for State Assistance Major Program</b>							\$ (15,016,008.83)							

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2018**

**1. GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Board of Education, Borough of South River School District. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. The Board of Education is defined in Note 1 (A) to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedules or expenditures of federal awards and state financial assistance.

**2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2, *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and NJOMB 15-08. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or 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 the modified accrual basis with the exception of the revenue recognition of the last two (2) state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last two (2) 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, whereas the GAAP basis does not.

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF**  
**FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

**3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$26,307.00 for the General Fund. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 94,899.23	\$ 17,852,361.94	\$ 17,947,261.17
Special Revenue Fund	1,434,134.70	137,282.12	1,571,416.82
Capital Projects Fund		159,184.09	159,184.09
Food Service Fund	<u>707,592.26</u>	<u>11,661.68</u>	<u>719,253.94</u>
	<u>\$ 2,236,626.19</u>	<u>\$ 18,160,489.83</u>	<u>\$ 20,397,116.02</u>

**4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**5. FEDERAL AND STATE LOANS OUTSTANDING**

The District had no loans outstanding payable to federal or state entities at June 30, 2018.

**6. OTHER**

The amount reported as TPAF Pension Contributions and Post Retirement Medical Contributions represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share social security contributions for TPAF members for the year ended June 30, 2018.

The State of New Jersey also makes TPAF post-retirement medical and pension contribution expenditures on-behalf of the District. These expenditures are not subject to New Jersey OMB Circular 15-08 because the contributions are made by the State directly and do not have any compliance related requirements, and therefore have not been included on the Schedule of State Awards, as directed by the funding agency.

**7. INDIRECT COSTS**

The District did not use the 10% di minimus indirect cost rate.



**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified, dated February 11, 2019

Internal control over financial reporting:

1. Material weakness(es) identified?        yes   X   no
2. Reportable condition(s) identified that are not considered to be material weaknesses?        yes   X   none reported

Noncompliance material to basic financial statements noted?        yes   X   no

**Federal Awards**

Internal control over major programs:

1. Material weakness(es) identified?        yes   X   no
2. Reportable condition(s) identified that are not considered to be material weaknesses?        yes   X   none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated February 11, 2019

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of *Uniform Guidance*?        yes   X   no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010A</u>	<u>Title I</u>
<u>82.027</u>	<u>IDEA</u>
<u>10.555</u>	<u>National School Lunch Program</u>

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

Auditee qualified as low-risk auditee?   X   yes        no

**BOARD OF EDUCATION  
 BOROUGH OF SOUTH RIVER SCHOOL DISTRICT  
 COUNTY OF MIDDLESEX  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Section I - Summary of Auditor's Results (Continued)**

**State Financial Assistance**

Internal control over major programs:

1. Material weakness(es) identified? \_\_\_\_\_ yes      X   no
2. Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ yes      X   none reported

Type of auditor's report issued on compliance for major programs: Unmodified, dated February 11, 2019

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? \_\_\_\_\_ yes      X   no

Identification of major programs:

<u>GMIS Number</u>	<u>Name of State Program or Cluster</u>
<u>18-495-034-5120-089</u>	<u>Categorical Special Education Aid</u>
<u>18-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>18-495-034-5094-003</u>	<u>Reimbursed TPAF FICA Contribution</u>

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

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

**Section II - Schedule of Financial Statement Findings**

No financial statement findings noted that are required to be reported under *Government Auditing Standards*.

**Section III - Schedule of State Financial Assistance  
 Findings and Questioned Costs**

No federal or state award findings or questioned costs noted that are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

**BOARD OF EDUCATION**  
**BOROUGH OF SOUTH RIVER SCHOOL DISTRICT**  
**COUNTY OF MIDDLESEX**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**YEAR ENDED JUNE 30, 2018**

**FOR THE YEAR ENDED JUNE 30, 2017:**

There were no findings for the year ended June 30, 2017.