

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

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Upper Saddle River Board of Education

Upper Saddle River, New Jersey

For The Fiscal Year Ended June 30, 2018

Prepared by

Business Office

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INTRODUCTORY SECTION



Upper Saddle River Schools

Administrative Offices

395 West Saddle River Road
Upper Saddle River, New Jersey 07458
201-961-6500 (voice) ~ 201-934-4923 (fax)

Brad Siegel, Ed.D.
Superintendent of Schools

Dana Imbasciani
Board Secretary/Business Administrator

January 22, 2019

Honorable President and
Members of the Board of Education
Upper Saddle River Board of Education
Upper Saddle River, NJ 07458

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the Independent Auditor's Report, Management's Discussion and Analysis and basic financial statements including the district-wide financial statements presented in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". The basic financial statements also include individual fund financial statements, Notes to Financial Statements and Required Supplementary Information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the State Treasury OMB Circular Letter 15-08. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES:

The Upper Saddle River Board of Education is an independent reporting entity. All funds of the District are included in this report. The Upper Saddle 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 8. The District completed the 2017/18 fiscal year with an enrollment of 1,164, which is 27 students less than the previous year's enrollment. The following details the changes in the average daily enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2017/2018	1,164	(2.27%)
2016/2017	1,191	(2.70%)
2015/2016	1,224	(2.00%)
2014/2015	1,249	(3.78%)
2013/2014	1,298	(3.71%)
2012/2013	1,348	(0.44%)
2011/2012	1,354	(1.81%)
2010/2011	1,379	(0.51%)
2009/2010	1,386	0.22%
2008/2009	1,383	0.29%

2. ECONOMIC CONDITION AND OUTLOOK:

Development and expansion in the Upper Saddle River area has increased this year. The Upper Saddle River area is expected to continue to prosper.

3. MAJOR INITIATIVES:

The district committed to the following new programs/goals:

- Support for students in the area of language arts continued with classroom and special education teachers participating in ongoing sessions to strengthen existing units of study and improve instructional practice to meet the expectations of the NJ Student Learning Standards. Teachers attended professional development workshops and institutes to support all areas of Balanced Literacy. Link It! benchmark data was used again this year to identify student strengths and respond to skill deficiencies. This data continues to inform daily instruction and conversations focused on enhancing and modifying existing units of study. In addition, Basic Skills Instruction (BSI) was provided for all students in grades K – 2 who were not on track to meeting the locally developed benchmarks. Again this year, students in grades 3 – 8 who needed additional targeted instruction to meet the NJ Student Learning Standards were provided with support.

- Support for students in mathematics was provided through the teachers' use of formative assessment to guide targeted instruction for individual students. This included those needing basic skills support, in addition to those needing enrichment experiences. Professional learning workshops led to a new unit of study in grade 8.
- Support for teachers in science was provided in the form of professional learning focused on integration of the science and engineering practices. Teachers continue to serve on vertical and horizontal articulation teams. Support for teachers in science/technology/engineering/mathematics was provided to promote the utilization of our new STEM labs. Teachers, parents, administrators and students worked to create a vision for STEM education and developed systems to continually assess resources and curricula.
- The district continued its commitment to small elementary class size by maintaining an average of 18.4 students in all classes grades K-5.
- Given the expansion of the World Language program during the 2015-2016 school year to include a full-time teacher of Spanish for students in grades K-2, a comprehensive review of the scope and sequence of the Spanish curriculum K-8 continues as revisions are implemented to reflect the additional instructional time. Teachers participated in professional learning and curricula development in Spanish (K-8) and French (6-8). Targeted goals include increasing the amount of instruction in the target language, creating more authentic experiences for students, and better integration of balanced literacy structures and routines. The units of study are focused on themes that allow for a balance of content, culture, and language acquisition.
- The goals of the strategic plan continued to be addressed during the 2017-2018 school year. Students' social, emotional, and academic wellness continues to be a district goal and a high priority for the district. Teachers served on Wellness Committees and subcommittees to address parent education, anxiety training for staff, and K-8 curricula development.

4. INTERNAL ACCOUNTING CONTROLS:

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

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that 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. Annual appropriated 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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as either restriction or assigned 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).

7. CASH MANAGEMENT:

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

8. RISK MANAGEMENT:

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

9. OTHER INFORMATION:

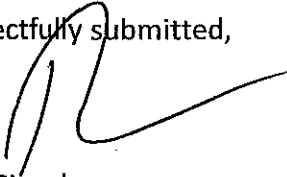
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Higgins, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the State Treasury OMB Circular 15-08. The auditor's report on the basic

financial statements is included in the financial section of this report. The auditor's report related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS:

We would like to express our appreciation to the members of the Upper Saddle River Board of Education for the 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,

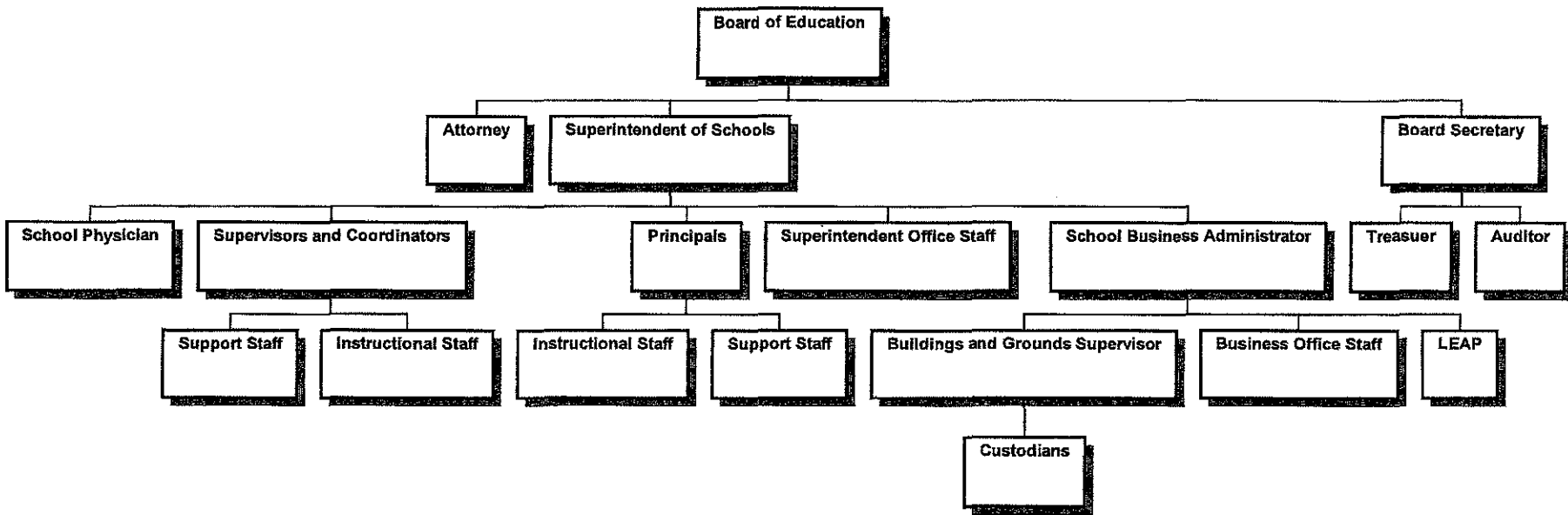


Brad Siegel
Superintendent of Schools



Dana Imbasciani
Board Secretary/Business Administrator

Upper Saddle River Schools Organizational Chart



UPPER SADDLE RIVER BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Jennifer Johnston, President	2020
Kenneth Amano, Vice President	2020
Karen Fusaro	2018
Susan Gandara	2018
Elizabeth Pittman	2019
Marc Prisco	2018
Dr. David Verducci	2019

Other Officials

Dr. Brad Siegel, Superintendent

Dana Imbasciani, Business Administrator/Board Secretary

Jennifer Pfohl, Treasurer

**UPPER SADDLE RIVER BOARD OF EDUCATION
CONSULTANTS AND ADVISORS**

Board Auditor

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

Board Attorney

Fogarty & Hara
16-00 Route 208 South
Fair Lawn, NJ 07410

Official Depository

Capital One
1300 Route 17 North
Ramsey, NJ 07446

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Upper Saddle River Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Adoption of New Accounting Pronouncement

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 22, 2019 on our consideration of the Upper Saddle River Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Upper Saddle River Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Upper Saddle River Board of Education's internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
January 22, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Upper Saddle River Board of Education

Management's Discussion and Analysis

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

FINANCIAL HIGHLIGHTS

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

- The assets and deferred outflows of resources of the Upper Saddle River Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,011,902 (net position).
- The District's total net position increased \$434,374.
- Overall district revenues were \$33,311,182. General revenues and other items accounted for \$23,121,538 or 69% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$10,189,644 or 31% of total revenues.
- The school district had \$32,437,964 in expenses (including loss on disposal of capital assets) for governmental activities; only \$9,742,231 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$5,081,876. Of this amount, \$413,689 (GAAP Basis) is available for spending at the District's discretion (unassigned/undesignated fund balance – General Fund).
- The General Fund unassigned budgetary basis fund balance at June 30, 2018 was \$711,468, which represents a decrease of \$41,031 compared to the ending unassigned budgetary basis fund balance at June 30, 2017 of \$752,499.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Upper Saddle River Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the Upper Saddle River Board of Education's operation in more detail than the district-wide statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the District operates like businesses.

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

Major Features of the District-Wide and Fund Financial Statements

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

District-Wide Statements

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

District-Wide Statements (Continued)

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

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

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

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

Fund Financial Statements

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

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

The district has three kinds of funds:

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

Fund Financial Statements (Continued)

- *Fiduciary funds*- The District is the trustee, or fiduciary, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations.

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

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

Below is a summary of the school district's net position as of June 30, 2018 along with comparative data for June 30, 2017.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and Other Assets	\$ 5,081,876	\$ 5,034,889	\$ 137,808	\$ 129,062	\$ 5,219,684	\$ 5,163,951
Capital Assets	<u>14,326,380</u>	<u>14,671,092</u>	<u>1,743</u>	<u>2,179</u>	<u>14,328,123</u>	<u>14,673,271</u>
Total Assets	<u>19,408,256</u>	<u>19,705,981</u>	<u>139,551</u>	<u>131,241</u>	<u>19,547,807</u>	<u>19,837,222</u>
Deferred Outflows of Resources	<u>2,986,086</u>	<u>3,379,870</u>	<u>-</u>	<u>-</u>	<u>2,986,086</u>	<u>3,379,870</u>
Total Assets and Deferred Outflows of Resources	<u>22,394,342</u>	<u>23,085,851</u>	<u>139,551</u>	<u>131,241</u>	<u>22,533,893</u>	<u>23,217,092</u>
Liabilities						
Long-Term Liabilities	12,666,929	15,077,313			12,666,929	15,077,313
Other Liabilities	<u>31,999</u>	<u>226,988</u>	<u>-</u>	<u>259</u>	<u>31,999</u>	<u>227,247</u>
Total Liabilities	<u>12,698,928</u>	<u>15,304,301</u>	<u>-</u>	<u>259</u>	<u>12,698,928</u>	<u>15,304,560</u>
Deferred Inflows of Resources	<u>1,823,063</u>	<u>335,004</u>	<u>-</u>	<u>-</u>	<u>1,823,063</u>	<u>335,004</u>
Total Liabilities and Deferred Inflows of Resources	<u>14,521,991</u>	<u>15,639,305</u>	<u>-</u>	<u>259</u>	<u>14,521,991</u>	<u>15,639,564</u>
Net Position:						
Net Investment in Capital Assets	11,015,775	10,222,682	1,743	2,179	11,017,518	10,224,861
Restricted	1,965,250	1,977,677			1,965,250	1,977,677
Unrestricted	<u>(5,108,674)</u>	<u>(4,753,813)</u>	<u>137,808</u>	<u>128,803</u>	<u>(4,970,866)</u>	<u>(4,625,010)</u>
Total Net Position	<u>\$ 7,872,351</u>	<u>\$ 7,446,546</u>	<u>\$ 139,551</u>	<u>\$ 130,982</u>	<u>\$ 8,011,902</u>	<u>\$ 7,577,528</u>

Below is a schedule of changes in net position for fiscal year ended June 30, 2018, along with comparative data for the prior fiscal year.

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program Revenues						
Charges for Services	\$ 301,280	\$ 260,305	\$ 447,413	\$ 427,857	\$ 748,693	\$ 688,162
Operating Grants and Contributions	9,440,951	8,068,634			9,440,951	8,068,634
Capital Grants and Contributions		12,713			-	12,713
General Revenues						
Property Taxes	22,699,503	22,222,151			22,699,503	22,222,151
State Aid - Formula Grants	338,457	340,698			338,457	340,698
Investment Earnings	21,245	15,517		104	21,245	15,621
Miscellaneous and Other Items	62,333	56,941	-	-	62,333	56,941
Total Revenues	<u>32,863,769</u>	<u>30,976,959</u>	<u>447,413</u>	<u>427,961</u>	<u>33,311,182</u>	<u>31,404,920</u>
Expenses						
Instruction						
Regular	14,685,297	14,352,425			14,685,297	14,352,425
Special Education	4,085,024	3,757,293			4,085,024	3,757,293
Other Instruction	703,424	560,623			703,424	560,623
School Sponsored Activities and Ath.	189,182	184,771			189,182	184,771
Support Services						
Student and Instruction Related Serv.	4,914,789	4,997,725			4,914,789	4,997,725
General Administrative Services	881,978	717,077			881,978	717,077
School Administrative Services	1,689,849	1,564,850			1,689,849	1,564,850
Plant Operations and Maintenance	3,906,330	3,513,763			3,906,330	3,513,763
Pupil Transportation	489,729	449,611			489,729	449,611
Business Services	747,585	698,737			747,585	698,737
Food Services			5,119	4,169	5,119	4,169
LEAP Program			55,423	55,755	55,423	55,755
QUAD Tech Program			378,302	361,339	378,302	361,339
Interest on Long-Term Debt	144,777	185,226		-	144,777	185,226
Loss on Disposal of Capital Assets	-	96,829	-	-	-	96,829
Total Expenses	<u>32,437,964</u>	<u>31,078,930</u>	<u>438,844</u>	<u>421,263</u>	<u>32,876,808</u>	<u>31,500,193</u>
Change in Net Position	425,805	(101,971)	8,569	6,698	434,374	(95,273)
Net Position, Beginning of Year	<u>7,446,546</u>	<u>7,548,517</u>	<u>130,982</u>	<u>124,284</u>	<u>7,577,528</u>	<u>7,672,801</u>
Net Position, End of Year	<u>\$ 7,872,351</u>	<u>\$ 7,446,546</u>	<u>\$ 139,551</u>	<u>\$ 130,982</u>	<u>\$ 8,011,902</u>	<u>\$ 7,577,528</u>

Governmental Activities. The District's total revenues were \$32,863,769. The local share of the revenues, that included property taxes, tuition, interest, and miscellaneous revenue, amounted to \$23,121,538 or 70% of total revenues. Funding from state and federal sources amounted to \$9,742,231 or 30%.

The District's expenses are predominantly related to instruction and support services. Instruction totaled \$19,662,927 (61%) and student and other support services totaled \$12,538,878 (39%) of total expenditures.

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

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Governmental Activities				
Instruction				
Regular	\$ 14,685,297	\$ 14,352,425	\$ 9,423,386	\$ 9,745,949
Special Education	4,085,024	3,757,293	2,444,487	2,356,602
Other Instruction	703,424	560,623	425,560	321,893
School Sponsored Activities and Athletics	189,182	184,771	173,304	184,771
Support Services				
Student and Instruction Related Svcs.	4,914,789	4,997,725	3,405,913	3,679,643
General Administrative Services	881,978	717,077	729,602	618,638
School Administrative Services	1,689,849	1,564,850	1,232,584	1,185,776
Plant Operations and Maintenance	3,906,330	3,513,763	3,698,956	3,375,552
Pupil Transportation	489,729	449,611	435,263	402,531
Business Services	747,585	698,737	581,901	583,868
Interest on Long-Term Debt	144,777	185,226	144,777	185,226
Total Governmental Activities	<u>\$ 32,437,964</u>	<u>\$ 30,982,101</u>	<u>\$ 22,695,733</u>	<u>\$ 22,640,449</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$438,844. These costs were funded by program fees and charges for services of \$447,413.

General Fund

The following schedule presents a summary of General Fund (GAAP Basis) revenues.

	<u>Fiscal Year Ended June 30, 2018</u>	<u>Fiscal Year Ended June 30, 2017</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
Local Sources:				
Property Taxes	\$ 21,798,681	\$ 21,311,495	\$ 487,186	2.3%
Tuition	301,280	260,305	40,975	15.7%
Interest Earnings	21,245	15,517	5,728	36.9%
Miscellaneous	16,283	22,594	(6,311)	-27.9%
Intergovernmental				
State Sources	<u>3,911,479</u>	<u>3,455,590</u>	<u>455,889</u>	<u>13.2%</u>
Total Revenues	<u>\$ 26,048,968</u>	<u>\$ 25,065,501</u>	<u>\$ 983,467</u>	<u>3.9%</u>

The following schedule presents a summary of General Fund (GAAP Basis) expenditures.

	<u>Fiscal Year Ended June 30, 2018</u>	<u>Fiscal Year Ended June 30, 2017</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Change</u>
Instruction	\$ 15,701,092	\$ 15,381,322	\$ 319,770	2.08%
Support Services	9,725,844	9,399,939	325,905	3.47%
Debt Service	165,498	165,498	-	0.00%
Capital Outlay	<u>212,079</u>	<u>246,602</u>	<u>(34,523)</u>	-14.00%
Total Expenditures	<u>\$ 25,804,513</u>	<u>\$ 25,193,361</u>	<u>\$ 611,152</u>	<u>2.43%</u>

Capital Assets. At June 30, 2018 and 2017, the school district had invested in land, buildings, furniture, machinery and equipment as stated below:

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Land	\$ 100,820	\$ 100,820
Construction in Progress	366,583	429,270
Buildings	21,445,499	20,971,918
Improvements Other Than Buildings	3,593,111	3,571,223
Machinery and Equipment	<u>2,432,777</u>	<u>2,550,087</u>
Total	27,938,790	27,623,318
Less: Accumulated Depreciation	<u>(13,612,410)</u>	<u>(12,952,226)</u>
Total	<u>\$ 14,326,380</u>	<u>\$ 14,671,092</u>

Debt Administration. As of June 30, 2018 and 2017 the school district had long-term debt and outstanding long-term liabilities as follows:

	<u>2018</u>	<u>2017</u>
Serial Bonds Payable, net	\$ 3,461,973	\$ 4,586,087
Obligation Under Capital Leases	505,302	460,270
Compensated Absences Payable	837,658	804,024
Net Pension Liability	<u>7,861,996</u>	<u>9,226,932</u>
Total	<u>\$ 12,666,929</u>	<u>\$ 15,077,313</u>

General Fund Budgetary Highlights

Over the course of the year, the District amended the annual operating budget in order to prevent over-expenditures in specific line item accounts. These budget revisions were related to:

- Salary accounts were adjusted to reflect changes in staff assignments, retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Unanticipated costs for related services for special education students.
- TPAF, which is the state's contribution to the pension funds and social security is neither a revenue item nor an expenditure item in the District's budget but is required to be reflected in the Board's financial statements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dana Imbasciani, School Business Administrator/Board Secretary, Upper Saddle River Board of Education, 395 West Saddle River Road, Upper Saddle River, New Jersey 07458.

FINANCIAL STATEMENTS

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,008,652	\$ 137,808	\$ 5,146,460
Receivables, net	73,224		73,224
Capital Assets			
Not Being Depreciated	467,403		467,403
Being Depreciated, Net	<u>13,858,977</u>	<u>1,743</u>	<u>13,860,720</u>
Total Assets	<u>19,408,256</u>	<u>139,551</u>	<u>19,547,807</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding Bonds	151,368		151,368
Deferred Amounts on Net Pension Liability	<u>2,834,718</u>	<u>-</u>	<u>2,834,718</u>
Total Deferred Outflows of Resources	<u>2,986,086</u>	<u>-</u>	<u>2,986,086</u>
Total Assets and Deferred Outflows of Resources	<u>22,394,342</u>	<u>139,551</u>	<u>22,533,893</u>
LIABILITIES			
Accrued Interest Payable	31,999		31,999
Noncurrent Liabilities			
Due Within One Year	1,263,894		1,263,894
Due Beyond One Year	<u>11,403,035</u>	<u>-</u>	<u>11,403,035</u>
Total Liabilities	<u>12,698,928</u>	<u>-</u>	<u>12,698,928</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	<u>1,823,063</u>	<u>-</u>	<u>1,823,063</u>
Total Deferred Inflows of Resources	<u>1,823,063</u>	<u>-</u>	<u>1,823,063</u>
Total Liabilities and Deferred Inflows of Resources	<u>14,521,991</u>	<u>-</u>	<u>14,521,991</u>
NET POSITION			
Net Investment in Capital Assets	11,015,775	1,743	11,017,518
Restricted for:			
Capital Projects	1,965,250		1,965,250
Unrestricted	<u>(5,108,674)</u>	<u>137,808</u>	<u>(4,970,866)</u>
Total Net Position	<u>\$ 7,872,351</u>	<u>\$ 139,551</u>	<u>\$ 8,011,902</u>

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

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 14,685,297	\$ 301,280	\$ 4,960,631	\$ (9,423,386)		\$ (9,423,386)
Special Education	4,085,024		1,640,537	(2,444,487)		(2,444,487)
Other Instruction	703,424		277,864	(425,560)		(425,560)
School Sponsored Activities and Athletics	189,182		15,878	(173,304)		(173,304)
Support Services:						
Student and Instruction Related Services	4,914,789		1,508,876	(3,405,913)		(3,405,913)
General Administrative Services	881,978		152,376	(729,602)		(729,602)
School Administrative Services	1,689,849		457,265	(1,232,584)		(1,232,584)
Plant Operations and Maintenance	3,906,330		207,374	(3,698,956)		(3,698,956)
Pupil Transportation	489,729		54,466	(435,263)		(435,263)
Business and Other Support Services	747,585		165,684	(581,901)		(581,901)
Interest on Long-Term Debt	144,777	-	-	(144,777)	-	(144,777)
Total Governmental Activities	32,437,964	301,280	9,440,951	(22,695,733)	-	(22,695,733)
Business-Type Activities:						
Food Service	5,119	4,625			\$ (494)	(494)
LEAP Program	55,423	64,486			9,063	9,063
Quad Tech Program	378,302	378,302	-	-	-	-
Total Business-Type Activities	438,844	447,413	-	-	8,569	8,569
Total Primary Government	\$ 32,876,808	\$ 748,693	\$ 9,440,951	(22,695,733)	8,569	(22,687,164)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes			21,798,681			21,798,681
Property Taxes Levied for Debt Service			900,822			900,822
State Aid Restricted for Debt Service			301,268			301,268
Unrestricted State Aid			37,189			37,189
Investment Earnings			21,245			21,245
Miscellaneous Income			62,333			62,333
Total General Revenues and Other Items			23,121,538		-	23,121,538
Change in Net Position			425,805	8,569		434,374
Net Position, Beginning of Year			7,446,546	130,982		7,577,528
Net Position, End of Year			\$ 7,872,351	\$ 139,551		\$ 8,011,902

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 4,762,514		\$ 246,137	\$ 1	\$ 5,008,652
Receivables, Net	15,080	\$ 57,213			72,293
Due from Other Funds	<u>58,144</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,144</u>
Total Assets	<u>\$ 4,835,738</u>	<u>\$ 57,213</u>	<u>\$ 246,137</u>	<u>\$ 1</u>	<u>\$ 5,139,089</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	<u>-</u>	<u>\$ 57,213</u>	<u>-</u>	<u>-</u>	<u>57,213</u>
Total Liabilities	<u>-</u>	<u>57,213</u>	<u>-</u>	<u>-</u>	<u>57,213</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus - Designated for Subsequent Year's (2018/19) Budget	\$ 1,116,701				1,116,701
Excess Surplus	1,265,105				1,265,105
Capital Reserve	1,419,113				1,419,113
Capital Reserve - Designated for Subsequent Year's (2018/19) Budget	300,000				300,000
Capital Projects			\$ 246,137		246,137
Debt Service				\$ 1	1
Assigned Fund Balance					
Designated for Subsequent Year's (2018/19) Budget	268,477				268,477
Encumbrances	52,653				52,653
Unassigned Fund Balance					
General Fund	<u>413,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,689</u>
Total Fund Balances	<u>4,835,738</u>	<u>-</u>	<u>246,137</u>	<u>1</u>	<u>5,081,876</u>
Total Liabilities and Fund Balances	<u>\$ 4,835,738</u>	<u>\$ 57,213</u>	<u>\$ 246,137</u>	<u>\$ 1</u>	

Total Fund Balances (Exhibit B-1) 5,081,876

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the Funds. The cost of the assets is \$27,938,790 and the accumulated depreciation is \$13,612,410 14,326,380

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 151,368

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

Deferred Outflows of Resources	\$ 2,834,718	
Deferred Inflows of Resources	<u>(1,823,063)</u>	1,011,655

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (31,999)

Long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported as liabilities in the funds (Note 2). (12,666,929)

Net position of governmental activities \$ 7,872,351

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 21,798,681			\$ 900,822	\$ 22,699,503
Interest	21,245				21,245
Tuition	301,280				301,280
Miscellaneous	16,283	\$ 69,211	-	-	85,494
Total Local Sources	<u>22,137,489</u>	<u>69,211</u>	<u>-</u>	<u>900,822</u>	<u>23,107,522</u>
State Sources	3,911,479			301,268	4,212,747
Federal Sources	-	347,278	-	-	347,278
Total Revenues	<u>26,048,968</u>	<u>416,489</u>	<u>-</u>	<u>1,202,090</u>	<u>27,667,547</u>
EXPENDITURES					
Current					
Regular Instruction	11,567,803	51,271			11,619,074
Special Education Instruction	3,532,434				3,532,434
Other Instruction	442,612	71,407			514,019
School Sponsored Activities and Athletics	158,243				158,243
Support Services					
Student and Instruction Related Services	3,692,137	293,811			3,985,948
General Administrative Services	757,988				757,988
School Administrative Services	1,264,477				1,264,477
Plant Operations and Maintenance	2,919,694				2,919,694
Pupil Transportation	489,729				489,729
Business and Other Support Services	601,819				601,819
Debt Service:					
Principal	156,646			1,082,719	1,239,365
Interest and Other Charges	8,852			119,372	128,224
Capital Outlay	212,079	-	\$ 255,695	-	467,774
Total Expenditures	<u>25,804,513</u>	<u>416,489</u>	<u>255,695</u>	<u>1,202,091</u>	<u>27,678,788</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>244,455</u>	<u>-</u>	<u>(255,695)</u>	<u>(1)</u>	<u>(11,241)</u>
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	247,728				247,728
Transfer In	287,332		330,000		617,332
Transfer Out	(330,000)	-	(287,332)	-	(617,332)
Total Other Financing Sources and Uses	<u>205,060</u>	<u>-</u>	<u>42,668</u>	<u>-</u>	<u>247,728</u>
Net Change in Fund Balances	449,515	-	(213,027)	(1)	236,487
Fund Balance, Beginning of Year	<u>4,386,223</u>	<u>-</u>	<u>459,164</u>	<u>2</u>	<u>4,845,389</u>
Fund Balance, End of Year	<u>\$ 4,835,738</u>	<u>\$ -</u>	<u>\$ 246,137</u>	<u>\$ 1</u>	<u>\$ 5,081,876</u>

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

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

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 236,487**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation Expense	\$ (721,104)	
Capital Outlay	<u>467,774</u>	
		(253,330)

The net effect of various transactions involving capital assets is to increase or decrease net position. These transactions are reported in the governmental funds financial statements.

Loss on Disposal of Capital Assets		(91,382)
------------------------------------	--	----------

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

Capital Lease Proceeds	(247,728)	
Lease Payable Cancelled	46,050	
Principal Repayments		
Capital Leases	156,646	
General Obligation Bonds	<u>1,082,719</u>	
		1,037,687

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Amortization of Deferred Charge on Refunding Bonds	(63,437)	
Amortization of Premium	<u>41,395</u>	
		(22,042)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. 5,489

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

Net Increase in Compensated Absences	(33,634)	
Increase in Pension Expense	<u>(453,470)</u>	
		(487,104)

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 425,805**

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

	<u>Business-Type Activities</u> <u>Other Nonmajor Enterprise Funds</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ <u>137,808</u>
Capital Assets	
Furniture, Machinery, and Equipment	6,829
Less: Accumulated Depreciation	<u>(5,086)</u>
Total Capital Assets, Net	<u>1,743</u>
Total Assets	<u>139,551</u>
NET POSITION	
Investment in Capital Assets	1,743
Unrestricted	<u>137,808</u>
Total Net Position	<u>\$ 139,551</u>

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

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

	<u>Business-Type Activities</u> <u>Other Nonmajor Enterprise Funds</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ 4,625
Program Fees	442,788
	447,413
OPERATING EXPENSES	
Salaries and Wages	354,160
Personnel Services - Employee Benefits	51,990
Cost of Sales	3,283
Other Purchased Services	23,699
Supplies and Materials	3,757
Miscellaneous	1,519
Depreciation Expense	436
	438,844
Operating Income	8,569
Change in Net Position	8,569
Net Position, Beginning of Year	130,982
Net Position, End of Year	\$ 139,551

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

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

	Business-Type Activities
	Other Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from Customers	\$ 447,413
Payments to Employees	(406,150)
Payments to Suppliers for Goods and Services	(32,517)
Net Cash Provided by Operating Activities	8,746
Net Change in Cash and Cash Equivalents	8,746
Cash and Cash Equivalents, Beginning of Year	129,062
Cash and Cash Equivalents, End of Year	\$ 137,808
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 8,569
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation Expense	436
Increase/(Decrease) in Accounts Payable	(259)
Total Adjustments	177
Net Cash Provided by Operating Activities	\$ 8,746

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

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

	<u>Unemployment Compensation Trust Fund</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 158,391	\$ 33,470	\$ 605,495
Total Assets	<u>158,391</u>	<u>33,470</u>	<u>\$ 605,495</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 45,244
Accrued Salaries and Wages			497,068
Other Liabilities			6,635
Due to Student Groups			55,617
Due to Other Funds			931
Due to State of New Jersey	<u>2,354</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>2,354</u>	<u>-</u>	<u>\$ 605,495</u>
NET POSITION			
Held In Trust For Unemployment Compensation Claims and Other Purposes	<u>\$ 156,037</u>	<u>\$ 33,470</u>	

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

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

	Unemployment Compensation <u>Trust Fund</u>	Private Purpose <u>Trust Fund</u>
ADDITIONS		
Contributions		
Board Contribution	\$ 12,223	
Employee Contribution	<u>30,552</u>	<u>-</u>
Total Additions	<u>42,775</u>	<u>-</u>
DEDUCTIONS		
Unemployment Compensation Claims	<u>10,765</u>	<u>-</u>
Total Deductions	<u>10,765</u>	<u>-</u>
Change in Net Position	32,010	-
Net Position, Beginning of Year	<u>124,027</u>	<u>\$ 33,470</u>
Net Position, End of Year	<u>\$ 156,037</u>	<u>\$ 33,470</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

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

C. Basis of Presentation - Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

The *food service fund* accounts for the activities of the school cafeteria, which provides milk to students.

The *learning enrichment activities program (LEAP) fund* accounts for the activities of the District's technology program which provides statements with various enrichment activities offered in the fall and winter.

The *quad technology program fund* accounts for the activities of the District's technology program which provides technology services to the Northern Highlands, Ho-Ho-Kus and Allendale.

Additionally, the government reports the following fund types:

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

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

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

Reclassifications

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *Inventories*

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

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

4. *Capital Assets*

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

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

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

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	20-50
Building Improvements	20
Machinery and Equipment	5-10
Computer Equipment	5

5. *Deferred Outflows/Inflows of Resources*

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds do not permit the accrual of unused vacation and sick leave. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

7. *Pensions*

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

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

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported including the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations (Continued)*

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance* (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

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

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

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

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

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

10. *Fund Balance Policies*

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

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

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

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

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

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, capital leases, compensated absences and net pension liability are not due and payable in the current period and therefore are not reported in the funds.” The details are as follows:

Bonds Payable	\$ 3,346,312
Issuance Premium (to be amortized as interest expense)	115,661
Capital Leases Payable	505,302
Compensated Absences	837,658
Net Pension Liability	<u>7,861,996</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 12,666,929</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$217,589. The increase was funded by grant awards and the reappropriation of prior year general fund encumbrances.

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

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriation resulted in an unfavorable variance.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Capital Outlay Fund			
Facilities Acquisition and Construction Service			
Architectural/Engineering Services		\$510	\$510

The above variances were offset with other available resources.

C. Capital Reserve

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

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

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

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

Balance, July 1, 2017		\$ 1,518,813
Increased by		
Interest Earnings	\$ 300	
Transfer Authorized by Board Resolution	<u>500,000</u>	
		<u>500,300</u>
		2,019,113
Withdrawals		
Budgeted Withdrawal		<u>300,000</u>
Balance, June 30, 2018		<u>\$ 1,719,113</u>

Analysis of Balance

Designated for Subsequent Year's (2018/19) Budget	\$ 300,000
Capital Reserve	<u>1,419,113</u>
	<u>\$ 1,719,113</u>

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$2,381,806. Of this amount, \$1,116,701 was designated and appropriated in the 2018/2019 original budget certified for taxes and the remaining amount of \$1,265,105 will be appropriated in the 2019/2020 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$5,943,816 and bank and brokerage firm balances of the Board's deposits amounted to \$6,453,701. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>6,453,701</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board had no deposits exposed to custodial credit risk.

Investments

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

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

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

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

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Receivables:			
Intergovernmental			
State	\$ 15,080		\$ 15,080
Federal	-	\$ 57,213	57,213
Gross Receivables	15,080	57,213	72,293
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 15,080</u>	<u>\$ 57,213</u>	<u>\$ 72,293</u>

C. Capital Assets

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

	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2018</u>
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 100,820				\$ 100,820
Construction In Progress	429,270	\$ 255,695	-	\$ (318,382)	366,583
Total Capital Assets, Not Being Depreciated	<u>530,090</u>	<u>255,695</u>	<u>-</u>	<u>(318,382)</u>	<u>467,403</u>
Capital Assets, Being Depreciated:					
Buildings	20,971,918	155,199		318,382	21,445,499
Improvements Other Than Buildings	3,571,223	21,888			3,593,111
Machinery and Equipment	2,550,087	34,992	\$ (152,302)	-	2,432,777
Total Capital Assets Being Depreciated	<u>27,093,228</u>	<u>212,079</u>	<u>(152,302)</u>	<u>318,382</u>	<u>27,471,387</u>
Less Accumulated Depreciation for:					
Buildings	(9,233,925)	(269,298)			(9,503,223)
Improvements Other Than Buildings	(1,810,207)	(323,699)			(2,133,906)
Machinery and Equipment	(1,908,094)	(128,107)	60,920	-	(1,975,281)
Total Accumulated Depreciation	<u>(12,952,226)</u>	<u>(721,104)</u>	<u>60,920</u>	<u>-</u>	<u>(13,612,410)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,141,002</u>	<u>(509,025)</u>	<u>(91,382)</u>	<u>318,382</u>	<u>13,858,977</u>
Governmental Activities Capital Assets, Net	<u>\$ 14,671,092</u>	<u>\$ (253,330)</u>	<u>\$ (91,382)</u>	<u>\$ -</u>	<u>\$ 14,326,380</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2018</u>
Business-Type Activities:				
Food Service Enterprise Fund				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 6,829	-	-	\$ 6,829
Total Capital Assets, Being Depreciated	<u>6,829</u>	<u>-</u>	<u>-</u>	<u>6,829</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(4,650)	\$ (436)	-	(5,086)
Total Accumulated Depreciation	<u>(4,650)</u>	<u>(436)</u>	<u>-</u>	<u>(5,086)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,179</u>	<u>(436)</u>	<u>-</u>	<u>1,743</u>
Business-Type Activities Capital Assets, Net	<u>\$ 2,179</u>	<u>\$ (436)</u>	<u>\$ -</u>	<u>\$ 1,743</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 25,033
Support Services	
Student and Instruction Related Services	50,057
School Administration	13,853
Operations and Maintenance of Plant	<u>632,161</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 721,104</u>
Business-Type Activities	
Food Service Fund	<u>\$ 436</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
Partial Window Replacement at Cavallini Middle School - Phase IV	\$ 46,478
Partial Window Replacement at Cavallini Middle School - Phase V	<u>101,234</u>
	<u>\$ 147,712</u>

D. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 57,213
General Fund	Agency Fund	<u>931</u>
Total		<u>\$ 58,144</u>

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

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

Interfund Transfers

	<u>Transfer In:</u>		<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	
Transfer Out:			
General Fund		\$ 330,000	\$ 330,000
Capital Projects Fund	\$ 287,332	-	<u>287,332</u>
	<u>\$ 287,332</u>	<u>\$ 330,000</u>	<u>\$ 617,332</u>

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

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases

Capital Leases

The District is leasing copiers totaling \$247,728 under capital leases. The leases are for terms of 5 years. The District is also leasing chromebooks totaling \$257,574. The lease is for a four-year term.

The capital assets acquired through capital leases are as follows:

	Governmental <u>Activities</u>
Machinery and Equipment	\$ 247,728
Total	<u>247,728</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Fiscal Year Ending June 30</u>	Governmental <u>Activities</u>
2019	\$ 211,820
2020	194,077
2021	49,893
2022	51,800
2023	<u>53,739</u>
Total Minimum Lease Payments	561,329
Less: Amount Representing Interest	<u>(56,027)</u>
Present Value of Minimum Lease Payments	<u>\$ 505,302</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt

General Obligation Bonds

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

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

\$6,480,000, 2004 Refunding Bonds, due in annual installments of \$680,000 to \$690,000 through December, 2019, interest at 3.875% to 4.000%	\$1,370,000
\$715,775, 2009 School Bonds, due in annual installments of \$47,719 through December, 2023, interest at 1.21%	286,312
\$3,255,000, 2012 Refunding Bonds, due in annual installments of \$225,000 to \$380,000 through July, 2023, interest at 2.00% to 3.00%	<u>1,690,000</u>
Total	<u>\$3,346,312</u>

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

Governmental Activities:

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 1,107,718	\$ 81,901	\$ 1,189,619
2020	1,117,719	42,948	1,160,667
2021	272,719	19,496	292,215
2022	277,719	13,243	290,962
2023	282,718	8,016	290,734
2024	<u>287,719</u>	<u>2,689</u>	<u>290,408</u>
	<u>\$ 3,346,312</u>	<u>\$ 168,293</u>	<u>\$ 3,514,605</u>

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

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

Statutory Borrowing Power

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

3% of Equalized Valuation Basis (Municipal)	\$ 82,934,673
Less: Net Debt	<u>3,346,312</u>
Remaining Borrowing Power	<u>\$ 79,588,361</u>

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Cancellations</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:						
Serial Bonds Payable	\$ 4,429,031		\$ 1,082,719		\$ 3,346,312	\$ 1,107,718
Add:						
Unamortized Premium	<u>157,056</u>	-	<u>41,395</u>	-	<u>115,661</u>	-
	4,586,087	-	1,124,114		3,461,973	1,107,718
Capital Leases Payable	460,270	\$ 247,728	156,646	\$ 46,050	505,302	127,702
Compensated Absences	804,024	62,107	28,473	-	837,658	28,474
Net Pension Liability	<u>9,226,932</u>	<u>453,470</u>	<u>1,818,406</u>	-	<u>7,861,996</u>	-
Governmental Activity Long-Term Liabilities	<u>\$ 15,077,313</u>	<u>\$ 763,305</u>	<u>\$ 3,127,639</u>	<u>\$ 46,050</u>	<u>\$ 12,666,929</u>	<u>\$ 1,263,894</u>

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

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

NOTE 5 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

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

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

Fiscal Year Ended June 30,	Board Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2018	\$ 12,223	\$ 30,552	\$ 10,765	\$ 156,037
2017	13,312	30,059	32,392	124,027
2016	8,229	30,455	22,421	112,946

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

NOTE 5 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

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

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2018, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

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

The following represent the membership tiers for TPAF:

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

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

Other Pension Funds

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

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

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

Annual Pension Costs (APC)

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

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

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 312,878	\$ 1,403,423	\$ 7,005
2017	276,768	1,043,553	7,912
2016	247,881	709,316	8,039

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$6,019 and \$2,204, respectively for PERS and the State contributed \$3,397 and \$3,509, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$700,216 during the fiscal year ended June 30, 2018 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$7,861,996 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District's proportionate share was .03377 percent, which was an increase of .00262 percent from its proportionate share measured as of June 30, 2016 of .03115 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$766,348 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 185,123	
Changes of Assumptions	1,583,921	\$ 1,578,114
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	53,535	
Changes in Proportion and Differences Between Board Contributions and Proportionate Share of Contributions	<u>1,012,139</u>	<u>244,949</u>
Total	<u>\$ 2,834,718</u>	<u>\$ 1,823,063</u>

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 392,000
2020	479,892
2021	321,632
2022	(83,679)
2023	(98,190)
Thereafter	<u>-</u>
	<u>\$ 1,011,655</u>

Actuarial Assumptions

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

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

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

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

Discount Rate

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

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

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease <u>(4.00%)</u>	Current Discount Rate <u>(5.00%)</u>	1% Increase <u>(6.00%)</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 9,753,340</u>	<u>\$ 7,861,996</u>	<u>\$ 6,286,272</u>

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

Pension Plan Fiduciary Net Position

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$4,333,374 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$62,553,271. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .09277 percent, which was an increase of .00418 percent from its proportionate share measured as of June 30, 2016 of .08859 percent.

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

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

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

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

UPPER SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

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

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

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return Through June 30, 2036

Municipal Bond Rate * From July 1, 2036
 and Thereafter

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

Sensitivity of Net Pension Liability

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

	<u>1% Decrease (3.25%)</u>	<u>Current Discount Rate (4.25%)</u>	<u>1% Increase (5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 74,315,248	\$ 62,553,271	\$ 52,863,703

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

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

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

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

Plan Description and Benefits Provided

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

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Funded Status and Funding Progress

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

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

Post-Retirement Medical Benefits Contributions

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

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$906,441, \$869,517 and \$844,600, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$3,126,662. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$46,233,484. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .08619 percent, which was a decrease of .00016 percent from its proportionate share measured as of June 30, 2016 of .08635 percent.

Actuarial Assumptions

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

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

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

Long-Term Expected Rate of Return

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

Discount Rate

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

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

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

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

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

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ 49,940,349
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 2,299,381
Interest on the Total OPEB Liability	1,467,544
Changes of Assumptions	(6,108,112)
Gross Benefit Payments	(1,417,888)
Contributions from the Member	52,210
Net Changes	\$ (3,706,865)
Balance, June 30, 2017 Measurement Date	\$ 46,233,484

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

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

Sensitivity of OPEB Liability

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

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 54,882,481	\$ 46,233,484	\$ 39,373,017

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

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability (Continued)

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

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ <u>38,022,571</u>	\$ <u>46,233,484</u>	\$ <u>57,137,480</u>

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

F. Subsequent Events

On November 19, 2018, Upper Saddle River Board of Education restored unexpended balances for Phase IV and Phase V of the partial window replacement at Cavallini Middle School to Capital Reserve, in the amount of \$159,643.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
REVENUES					
Local Sources					
Property Tax Levy	\$ 21,798,681		\$ 21,798,681	\$ 21,798,681	
Tuition from Individuals	200,250		200,250	301,280	\$ 101,030
Interest on Capital Reserve	300		300	300	-
Interest on Deposits	12,000		12,000	20,945	8,945
Miscellaneous	85,000	-	85,000	16,283	(68,717)
Total Local Sources	22,096,231	-	22,096,231	22,137,489	41,258
State Sources					
Special Education Aid	447,379		447,379	489,279	41,900
Security Aid	22,454		22,454	22,454	
Transportation Aid	39,526		39,526	39,526	
PARCC Readiness Aid	12,770		12,770	12,770	
Per Pupil Growth Aid	12,770		12,770	12,770	
Professional Learning Community Aid	11,780		11,780	11,780	
Nonpublic School Transportation				15,080	15,080
Extraordinary Aid				238,922	238,922
Lead Testing for Schools Aid				3,088	3,088
On-Behalf TPAF (Non-Budget)					
Pension Contribution				1,403,423	1,403,423
Post Retirement Medical Benefits				906,441	906,441
Long Term Disability Insurance				3,397	3,397
Social Security Contribution	-	-	-	700,216	700,216
Total State Sources	546,679	-	546,679	3,859,146	3,312,467
Total Revenues	22,642,910	-	22,642,910	25,996,635	3,353,725
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	611,200	\$ 6,659	617,859	617,859	-
Grades 1-5	3,276,800	(28,919)	3,247,881	3,225,577	22,304
Grades 6-8	2,625,900	22,260	2,648,160	2,558,029	90,131
Regular Programs - Home Instruction					
Salaries of Teachers	5,000	-	5,000	1,487	3,513
Purchased Prof. - Ed. Services	6,450	8,730	15,180		15,180
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	212,500	(14,808)	197,692	182,016	15,676
Other Purchased Services	500	-	500		500
General Supplies	799,268	51,616	850,884	736,638	114,246
General Supplies Acquired Under Capital Leases (Non-Budgeted)				247,728	(247,728)
Textbooks	8,950	(700)	8,250	634	7,616
Total Instruction Regular Programs	7,546,568	44,838	7,591,406	7,569,968	21,438
Learning and/or Language Disabilities					
Salaries of Teachers	133,000	2,048	135,048	135,048	-
General Supplies	3,600	(48)	3,552	1,909	1,643
Total Learning and/or Language Disabilities	136,600	2,000	138,600	136,957	1,643
Resource Room					
Salaries of Teachers	802,300	(3,395)	798,905	781,958	16,947
Other Salaries for Instruction	380,900	18,750	399,650	393,864	5,786
General Supplies	15,200	(47)	15,153	13,159	1,994
Textbooks	765	-	765	-	765
Total Resource Room	1,199,165	15,308	1,214,473	1,188,981	25,492
Preschool Disabilities - Part Time					
Salaries of Teachers	119,537	2,963	122,500	122,409	91
General Supplies	1,500	-	1,500	1,010	490
Total Preschool Disabilities - Part Time	121,037	2,963	124,000	123,419	581

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Home Instruction					
Salaries of Teachers	\$ 10,000	-	\$ 10,000		\$ 10,000
Purchased Professional - Educational Services	52,820	82,350	135,170	76,906	58,264
Total Home Instruction	62,820	82,350	145,170	76,906	68,264
Total Special Education	1,519,622	102,621	1,622,243	1,526,263	95,980
Basic Skills / Remedial - Instruction:					
Salaries of Teachers	201,400	(2,366)	199,034	198,597	437
General Supplies	3,100	(597)	2,503	942	1,561
Total Basic Skills/Remedial	204,500	(2,963)	201,537	199,539	1,998
Bilingual Education					
Salaries of Teachers	72,100	300	72,400	72,400	-
General Supplies	1,400	(300)	1,100	-	1,100
Total Bilingual Education	73,500	-	73,500	72,400	1,100
School Sponsored Co/Extra Curricular Activities					
Salaries	50,000	-	50,000	46,710	3,290
Supplies and Materials	8,850	-	8,850	3,747	5,103
Total School Sponsored Co/Extra Curricular Activities	58,850	-	58,850	50,457	8,393
School Sponsored Athletics - Instruction					
Salaries	50,000	-	50,000	45,550	4,450
Purchased Services	6,270	-	6,270	5,514	756
Supplies and Materials	11,850	-	11,850	7,379	4,471
Total School Sponsored Athletics	68,120	-	68,120	58,443	9,677
Total - Instruction	9,471,160	144,496	9,615,656	9,477,070	138,586
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State-Special	917,450	(256,097)	661,353	588,496	72,857
Tuition to Priv. Sch. For Disabled Within the State	387,666	171,092	558,758	552,404	6,354
Total Undistributed Expenditures - Instruction	1,305,116	(85,005)	1,220,111	1,140,900	79,211
Health Services					
Salaries	231,700	9,382	241,082	237,713	3,369
Purchased Professional and Technical Services	1,800	-	1,800	1,800	-
Supplies and Materials	14,965	1,351	16,316	13,755	2,561
Total Health Services	248,465	10,733	259,198	253,268	5,930
Speech, OT, PT & Related Services					
Salaries	372,200	-	372,200	370,275	1,925
Purchased Professional - Educational Services	135,960	33,290	169,250	108,835	60,415
Supplies and Materials	1,000	-	1,000	909	91
Total Speech, OT, PT & Related Services	509,160	33,290	542,450	480,019	62,431
Other Support Services - Students - Extraordinary Svcs					
Salaries	135,000	(44,240)	90,760	-	90,760
Total Other Support Services - Students - Extraordinary Services	135,000	(44,240)	90,760	-	90,760

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Guidance					
Salaries of Other Professional Staff	\$ 299,100	\$ 2,804	\$ 301,904	\$ 301,904	-
Salaries of Secretarial and Clerical Assistants	100,380	-	100,380	98,049	\$ 2,331
Supplies and Materials	7,700	-	7,700	5,538	2,162
Total Guidance	407,180	2,804	409,984	405,491	4,493
Child Study Team					
Salaries of Other Professional Staff	627,800	(16,282)	611,518	533,156	78,362
Salaries of Secretarial and Clerical Assistants	54,500	-	54,500	53,145	1,355
Purchased Professional - Educational Services	20,000	(3,380)	16,620	14,858	1,762
Other Purchased Prof. and Technical Services	30,000	13,380	43,380	41,050	2,330
Other Purchased Services	1,000	233	1,233	1,233	-
Supplies and Materials	24,800	(2,863)	21,937	14,655	7,282
Other Objects	3,500	2,630	6,130	6,130	-
Total Child Study Team	761,600	(6,282)	755,318	664,227	91,091
Improvement of Instructional Services					
Salaries of Other Professional Staff	121,200	298	121,498	121,498	-
Purchased Prof. - Ed. Services	86,200	(298)	85,902	82,907	2,995
Supplies and Materials	5,000	-	5,000	-	5,000
Total Improvement of Instructional Services	212,400	-	212,400	204,405	7,995
Educational Media Services/School Library					
Salaries	234,000	(1,657)	232,343	181,112	51,231
Salaries of Technology Coordinators	157,600	-	157,600	155,758	1,842
Supplies and Materials	42,300	-	42,300	34,771	7,529
Total Educational Media Services/School Library	433,900	(1,657)	432,243	371,641	60,602
Instructional Staff Training Services					
Salaries of Other Professional Staff	29,640	-	29,640	1,152	28,488
Purchased Prof. - Ed. Services	133,350	-	133,350	33,061	100,289
Other Purchased Professional and Tech Services	55,250	(1,030)	54,220	24,175	30,045
Other Purchased Services	12,250	314	12,564	5,697	6,867
Supplies and Materials	15,125	750	15,875	10,397	5,478
Other Objects	1,683	(34)	1,649	1,443	206
Total Instructional Staff Training Services	247,298	-	247,298	75,925	171,373
Support Services General Administration					
Salaries	284,300	19,613	303,913	303,913	-
Legal Services	50,000	(12,613)	37,387	33,111	4,276
Audit Fees	30,000	26,164	56,164	22,865	33,299
Architectural/Engineering Services	20,000	(5,888)	14,112	-	14,112
Other Purchased Professional Service	20,000	9,000	29,000	15,778	13,222
Purchased Technical Services	76,500	-	76,500	65,677	10,823
Communications/Telephone	109,060	-	109,060	82,996	26,064
BOE Other Purchased Services	12,000	-	12,000	3,083	8,917
Miscellaneous Purchased Services	25,000	-	25,000	23,869	1,131
General Supplies	22,600	-	22,600	8,486	14,114
Miscellaneous Expenditures	31,950	-	31,950	19,553	12,397
Total Support Services General Administration	681,410	36,276	717,686	579,331	138,355
Support Services School Administration					
Salaries of Principals/Asst. Principals	551,800	8,397	560,197	560,197	-
Salaries of Secretarial and Clerical Assistants	183,900	(6,770)	177,130	177,130	-
Other Purchased Services	63,000	3,858	66,858	66,580	278
Supplies and Materials	53,600	(5,438)	48,162	41,847	6,315
Other Objects	4,660	(46)	4,614	4,598	16
Total Support Services School Administration	856,960	1	856,961	850,352	6,609

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Central Services					
Salaries	\$ 370,400	-	\$ 370,400	\$ 367,263	\$ 3,137
Purchased Technical Services	10,500	-	10,500	10,212	288
Miscellaneous Purchased Services	1,500	-	1,500	138	1,362
General Supplies	10,000	-	10,000	9,615	385
Miscellaneous Expenditures	5,550	-	5,550	1,665	3,885
Total Central Services	397,950	-	397,950	388,893	9,057
Required Maintenance for School Facilities					
Salaries	95,100	\$ 634	95,734	95,734	-
Cleaning, Repair, and Maint. Services	412,300	298,340	710,640	710,640	-
General Supplies	5,800	30,370	36,170	36,170	-
Total Required Maintenance of School Facilities	513,200	329,344	842,544	842,544	-
Custodial Services					
Salaries	1,008,000	(634)	1,007,366	961,278	46,088
Cleaning, Repair, and Maintenance Services	51,500	(19,418)	32,082	23,176	8,906
Other Purchase Property Services	1,000	-	1,000	457	543
Insurance	135,000	(3,792)	131,208	130,587	621
Miscellaneous Purchased Services	500	23	523	523	-
General Supplies	141,000	(43,411)	97,589	79,599	17,990
Energy (Natural Gas)	135,000	(13,758)	121,242	100,189	21,053
Energy (Electricity)	235,000	(25,331)	209,669	209,669	-
Energy (Oil)	4,000	-	4,000	1,596	2,404
Other Objects	8,550	(23)	8,527	4,755	3,772
Total Custodial Services	1,719,550	(106,344)	1,613,206	1,511,829	101,377
Student Transportation Services					
Contracted Services - Aid in Lieu Payments - Non Public Schools	50,000	10,718	60,718	54,218	6,500
Contracted Services (Than Between Home & School) - Vendors	140,000	(17,718)	122,282	117,364	4,918
Contracted Services (Other Than Between Home & School) - Vendors	32,000	-	32,000	28,444	3,556
Contracted Services (Special Education) - Joint Agreement	325,000	(25,000)	300,000	289,703	10,297
Total Student Transportation Services	547,000	(32,000)	515,000	489,729	25,271
Unallocated Benefits - Employee Benefits					
Social Security Contributions	285,000	-	285,000	269,676	15,324
Other Retirement Contributions - PERS	359,000	(28,000)	331,000	325,901	5,099
Unemployment Compensation	75,000	-	75,000	20,447	54,553
Workmen's Compensation	130,000	(50,000)	80,000	79,537	463
Health Benefits	4,299,467	(118,000)	4,181,467	4,077,787	103,680
Tuition Reimbursement	65,000	5,000	70,000	69,985	15
Total Unallocated Benefits-Employee Benefits	5,213,467	(191,000)	5,022,467	4,843,333	179,134
On-Behalf TPAF (Non-Budget)					
Pension Contribution - Normal Cost	-	-	-	1,403,423	(1,403,423)
Post Retirement Medical Benefits	-	-	-	906,441	(906,441)
Long Term Disability Insurance	-	-	-	3,397	(3,397)
Social Security Contr.	-	-	-	700,216	(700,216)
Total TPAF - On-Behalf	-	-	-	3,013,477	(3,013,477)
Total Undistributed Expenditures	14,189,656	(54,080)	14,135,576	16,115,364	(1,979,788)
Total Current Expenditures	23,660,816	90,416	23,751,232	25,592,434	(1,841,202)

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

	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget To Actual
EXPENDITURES					
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	\$ 300	-	\$ 300	-	\$ 300
Equipment					
Undistributed Expenditures - Instruction	132,000	-	132,000	\$ 119,428	12,572
Undistributed Expenditures - Custodial	78,000	14,141	92,141	92,141	-
Total Undistributed Expenditures	210,000	14,141	224,141	211,569	12,572
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	-	-	-	510	(510)
Total Facilities Acquisition and Construction Services	-	-	-	510	(510)
Total Capital Outlay	210,300	14,141	224,441	212,079	12,362
Total General Fund Expenditures	23,871,116	\$ 104,557	23,975,673	25,804,513	(1,828,840)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(1,228,206)	(104,557)	(1,332,763)	192,122	1,524,885
Other Financing Sources and (Uses)					
Capital Lease (Non-Budgeted)				247,728	247,728
Transfers In				287,332	287,332
Transfers Out	(330,000)	-	(330,000)	(330,000)	-
Total Other Financing Sources	(330,000)	-	(330,000)	205,060	535,060
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	(1,558,206)	(104,557)	(1,662,763)	397,182	2,059,945
Fund Balances, Beginning of Year	4,736,335	-	4,736,335	4,736,335	-
Fund Balances, End of Year	\$ 3,178,129	\$ (104,557)	\$ 3,073,572	\$ 5,133,517	\$ 2,059,945
Recapitulation					
Restricted Fund Balance:					
Excess Surplus - Designated for Subsequent Year's (2018/19) Budget				\$ 1,116,701	
Excess Surplus				1,265,105	
Capital Reserve				1,419,113	
Capital Reserve - Designated for Subsequent Year's (2018/19) Budget				300,000	
Assigned Fund Balance:					
Designated for Subsequent Year's (2018/19) Budget				268,477	
Encumbrances				52,653	
Unassigned Fund Balance				711,468	
				5,133,517	
Reconciliation to Governmental Fund Statements (GAAP)					
2017/2018 State Aid Payments Not Recognized on a GAAP Basis				297,779	
Fund Balance per Governmental Funds (GAAP)				\$ 4,835,738	

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources		\$ 69,211	\$ 69,211	\$ 69,211	
Intergovernmental Federal	\$ 290,000	57,962	347,962	347,278	\$ 684
Total Revenues	290,000	127,173	417,173	416,489	684
EXPENDITURES					
Instruction					
Salaries of Teachers	60,000	9,072	69,072	68,820	252
General Supplies		50,036	50,036	50,017	19
Miscellaneous	-	4,000	4,000	3,841	159
Total Instruction	60,000	63,108	123,108	122,678	430
Support Services					
Other Salaries for Instruction	230,000	13,071	243,071	243,071	-
Purchased Professional/Educational Services		21,175	21,175	21,175	-
General Supplies		29,519	29,519	29,519	-
Miscellaneous	-	300	300	46	254
Total Support Services	230,000	64,065	294,065	293,811	254
Total Expenditures	290,000	127,173	417,173	416,489	684
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

**UPPER SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Revenues (budgetary basis) (Exhibits C-1 and C-2)	\$ 25,996,635	\$ 416,489
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements - Current Year	(297,779)	
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes - Prior Year	<u>350,112</u>	<u>-</u>
Total Revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 26,048,968</u>	<u>\$ 416,489</u>
Uses/Outflows of Resources		
Actual expenditures (budgetary basis) (Exhibits C-1 and C-2)	<u>\$ 25,804,513</u>	<u>\$ 416,489</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit B-2)	<u>\$ 25,804,513</u>	<u>\$ 416,489</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**PENSION INFORMATION
AND
POST-EMPLOYMENT BENEFITS INFORMATION**

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

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Five Fiscal Years ***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03377 %	0.03115 %	0.02883 %	0.03150 %	0.02806 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,861,996	\$ 9,226,932	\$ 6,472,288	\$ 5,899,218	\$ 5,362,966
District's Covered-Employee Payroll	\$ 2,412,391	\$ 2,292,382	\$ 2,029,156	\$ 2,026,624	\$ 1,990,254
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	326%	403%	319%	291%	269%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Five Fiscal Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 312,878	\$ 276,768	\$ 247,881	\$ 248,869	\$ 222,312
Contributions in Relation to the Contractually Required Contributions	<u>312,878</u>	<u>276,768</u>	<u>247,881</u>	<u>248,869</u>	<u>222,312</u>
Contribution Deficiency (Excess)	-	-	-	-	-
District's Covered- Employee Payroll	\$ 2,412,391	\$ 2,292,382	\$ 2,029,156	\$ 2,026,624	\$ 1,990,254
Contributions as a Percentage of Covered-Employee Payroll	12.97%	12.07%	12.22%	12.28%	11.17%

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	- %	- %	- %	- %	- %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 62,553,271</u>	<u>\$ 69,693,481</u>	<u>\$ 56,392,957</u>	<u>\$ 48,361,663</u>	<u>\$ 44,823,719</u>
Total	<u>\$ 62,553,271</u>	<u>\$ 69,693,481</u>	<u>\$ 56,392,957</u>	<u>\$ 48,361,663</u>	<u>\$ 44,823,719</u>
District's Covered-Employee Payroll	\$ 9,782,167	\$ 9,659,577	\$ 9,185,713	\$ 9,006,986	\$ 9,071,340
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

UPPER SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and
statutorily required employer contributions are presented in Note 5.

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

Postemployment Health Benefit Plan

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 2,299,381
Interest on the Total OPEB Liability	1,467,544
Changes of Assumptions	(6,108,112)
Gross Benefit Payments	(1,417,888)
Contributions from the Member	52,210
Net Change in Total OPEB Liability	\$ (3,706,865)
Total OPEB Liability - Beginning	49,940,349
Total OPEB Liability - Ending	46,233,484
District's Proportionate Share of OPEB Liability	\$0
State's Proportionate Share of OPEB Liability	\$ 46,233,484
Total OPEB Liability - Ending	\$ 46,233,484
District's Covered-Employee Payroll	\$ 12,194,558
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

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

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

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

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

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 5E.

SPECIAL REVENUE FUND

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

	E.S.E.A.			I.D.E.A. Part B		Local	
	Title I Part A	Title II Part A	Title IV Part A	Basic	Preschool	Miscellaneous Donations	Total
REVENUES							
Local Sources						\$ 69,211	\$ 69,211
Intergovernmental Federal	\$ 77,728	\$ 16,644	\$ 9,835	\$ 230,587	\$ 12,484	-	347,278
Total Revenues	77,728	16,644	9,835	230,587	12,484	69,211	416,489
EXPENDITURES							
Instruction							
Salaries of Teachers	67,920					900	68,820
General Supplies	3,487		5,994			40,536	50,017
Miscellaneous	-	-	3,841	-	-	-	3,841
Total Instruction Services	71,407	-	9,835	-	-	41,436	122,678
Support Services							
Other Salaries for Instruction				230,587	12,484		243,071
Purchased Prof. Ed. Services	6,275	14,900					21,175
General Supplies		1,744				27,775	29,519
Miscellaneous	46	-	-	-	-	-	46
Total Support Services	6,321	16,644	-	230,587	12,484	27,775	293,811
Total Expenditures	77,728	16,644	9,835	230,587	12,484	69,211	416,489
Excess (Deficiency) of Revenues Over (Under) Expenditures							
Fund Balance, Beginning of Year	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CAPITAL PROJECTS FUND

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

<u>Project Title</u>	<u>Appropriation</u>	<u>Cancelled</u>	<u>Expended</u>		<u>Balance June 30, 2018</u>
			<u>Prior Year</u>	<u>Current Year</u>	
Replace Curtain Wall and Partial Window Replacement at Cavallini Middle School	\$ 634,398	\$ (389,008)	\$ 245,390		
Partial Window Replacement at Cavallini Middle School - Phase II	300,000	(27,073)	272,927		
Partial Window Replacement at Cavallini Middle School - Phase IV	296,861	(14,141)	202,624		\$ 80,096
Partial Window Replacement at Cavallini Middle School - Phase V	330,000			\$ 163,959	166,041
Emergency Generator at Cavallini Middle School	353,382	-	261,646	91,736	-
	<u>\$ 1,914,641</u>	<u>\$ (430,222)</u>	<u>\$ 982,587</u>	<u>\$ 255,695</u>	<u>\$ 246,137</u>

Recapitulation of Fund Balance

Restricted for Capital Projects:	
Encumbrances	\$ 147,712
Available for Capital Projects	<u>98,425</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 246,137</u>

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

Revenues and Other Financing Sources

Other Financing Sources	
Transfer from Capital Outlay	\$ 30,000
Transfer from Capital Reserve	<u>300,000</u>
 Total Revenues and Other Financing Sources	 <u>330,000</u>

Expenditures

Architect/Engineering Fees	6,192
Construction Services	249,503
Transfer to General Fund - Capital Outlay	14,141
Transfer to General Fund - Cancelled Project Balances	
Capital Reserve	182,712
Capital Outlay	<u>90,479</u>

Total Expenditures	<u>543,027</u>
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Deficiency of Revenues Over Expenditures	(213,027)
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Fund Balance, Beginning of Year	<u>459,164</u>
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Fund Balance, End of Year	<u>\$ 246,137</u>
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UPPER SADDLE RIVER BOARD OF EDUCATION
 CAPITAL PROJECTS FUND
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
 REPLACE CURTAIN WALL AND PARTIAL WINDOW REPLACEMENT AT CAVALLINI MIDDLE SCHOOL
 FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
SDA Grant	\$ 110,869		\$ 110,869	\$ 110,869
Transfer from Capital Outlay	225,000	\$ (90,479)	134,521	134,521
Transfer from Capital Reserve	<u>155,639</u>	<u>(155,639)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>491,508</u>	<u>(246,118)</u>	<u>245,390</u>	<u>245,390</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Construction Services	<u>245,390</u>	<u>-</u>	<u>245,390</u>	<u>245,390</u>
Total Expenditures and Other Financing Uses	<u>245,390</u>	<u>-</u>	<u>245,390</u>	<u>245,390</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 246,118</u>	<u>\$ (246,118)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	#5330-050-14-1001
Grant Date	May 21, 2014
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
SDA Grant Authorized	\$ 253,759
Capital Outlay	225,000
Capital Reserve	155,639
Original Authorized Cost	634,398
Increase/(Decrease)	(389,008)
Revised Authorized Cost	245,390

Percentage Increase/(Decrease) Over Original

Authorized Cost	-61.32%
Percentage Completion	100.00%
Original Target Completion Date	June 30, 2015
Revised Completion Date	June 30, 2015

**UPPER SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
PARTIAL WINDOW REPLACEMENT AT CAVALLINI MIDDLE SCHOOL - PHASE II
FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 300,000	\$ (27,073)	\$ 272,927	\$ 272,927
Total Revenues	<u>300,000</u>	<u>(27,073)</u>	<u>272,927</u>	<u>272,927</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Architect and Engineering Fees	6,427		6,427	6,427
Construction Services	<u>266,500</u>	<u>-</u>	<u>266,500</u>	<u>266,500</u>
Total Expenditures and Other Financing Uses	<u>272,927</u>	<u>-</u>	<u>272,927</u>	<u>272,927</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 27,073</u>	<u>\$ (27,073)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
SDA Grant Authorized	N/A			
Capital Outlay				
Capital Reserve	\$ 300,000			
Original Authorized Cost	300,000			
Increase/(Decrease)	(27,073)			
Revised Authorized Cost	272,927			
Percentage Increase Over Original				
Authorized Cost	-9.02%			
Percentage Completion	100.00%			
Original Target Completion Date	June 30, 2016			
Revised Completion Date	June 30, 2016			

**UPPER SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
PARTIAL WINDOW REPLACEMENT AT CAVALLINI MIDDLE SCHOOL - PHASE IV
FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 296,861	-	\$ 296,861	\$ 296,861
Total Revenues	<u>296,861</u>	<u>-</u>	<u>296,861</u>	<u>296,861</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Transfer to General Fund		\$ 14,141	14,141	
Architect and Engineering Fees	25,102		25,102	30,000
Construction Services	<u>177,522</u>	<u>-</u>	<u>177,522</u>	<u>266,861</u>
Total Expenditures and Other Financing Uses	<u>202,624</u>	<u>14,141</u>	<u>216,765</u>	<u>296,861</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 94,237</u>	<u>\$ (14,141)</u>	<u>\$ 80,096</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
SDA Grant Authorized	N/A			
Capital Reserve	\$	300,000		
Original Authorized Cost	\$	300,000		
Increase/(Decrease)		(3,139)		
Revised Authorized Cost		296,861		
Percentage Increase Over Original				
Authorized Cost	-1.05%			
Percentage Completion	73.02%			
Original Target Completion Date	December 31, 2017			
Revised Completion Date	December 31, 2018			

**UPPER SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
PARTIAL WINDOW REPLACEMENT AT CAVALLINI MIDDLE SCHOOL - PHASE V
FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Outlay		\$ 30,000	\$ 30,000	\$ 30,000
Transfer from Capital Reserve	-	300,000	300,000	300,000
		<u>330,000</u>	<u>330,000</u>	<u>330,000</u>
Total Revenues	-	330,000	330,000	330,000
EXPENDITURES AND OTHER FINANCING SOURCES				
Architect and Engineering Fees		6,192	6,192	30,000
Construction Services	-	157,767	157,767	300,000
		<u>163,959</u>	<u>163,959</u>	<u>330,000</u>
Total Expenditures and Other Financing Uses	-	163,959	163,959	330,000
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ 166,041	\$ 166,041	\$ -

Additional Project Information:

Project Number	N/A
SDA Grant Authorized	N/A
Capital Reserve	\$ 300,000
Capital Outlay	30,000
Original Authorized Cost	330,000
Increase/(Decrease)	-
Revised Authorized Cost	330,000

Percentage Increase Over Original

Authorized Cost	0.00%
Percentage Completion	49.68%
Original Target Completion Date	December 31, 2018
Revised Completion Date	December 31, 2018

**UPPER SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
HVAC/GENERATOR PROJECT AT CAVALLINI MIDDLE SCHOOL
FROM INCEPTION AND THROUGH THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Outlay	\$ 319,170		\$ 319,170	\$ 319,170
Transfer from Capital Reserve	34,212	-	34,212	34,212
	<u>353,382</u>	<u>-</u>	<u>353,382</u>	<u>353,382</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Architect and Engineering Fees	41,662		41,662	41,662
Construction Services	219,984	\$ 91,736	311,720	311,720
	<u>261,646</u>	<u>91,736</u>	<u>353,382</u>	<u>353,382</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ 91,736</u>	<u>\$ (91,736)</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Project Number	N/A			
SDA Grant Authorized	N/A			
Capital Outlay	\$ 319,170			
Capital Reserve	34,212			
Original Authorized Cost	\$ 256,000			
Increase/(Decrease)	97,382			
Revised Authorized Cost	353,382			
Percentage Increase Over Original Authorized Cost	38.04%			
Percentage Completion	100.00%			
Original Target Completion Date	June 30, 2015			
Revised Completion Date	December 31, 2017			

ENTERPRISE FUNDS

UPPER SADDLE RIVER BOARD OF EDUCATION
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	<u>Food Service</u>	<u>LEAP Program</u>	<u>QUAD Tech Program</u>	<u>Total NonMajor Enterprise Funds</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 1,190	\$ 120,772	\$ 15,846	\$ 137,808
Capital Assets				
Furniture, Machinery, and Equipment	6,829			6,829
Less: Accumulated Depreciation	<u>(5,086)</u>	<u>-</u>	<u>-</u>	<u>(5,086)</u>
Total Capital Assets, Net	<u>1,743</u>	<u>-</u>	<u>-</u>	<u>1,743</u>
Total Assets	<u>2,933</u>	<u>120,772</u>	<u>15,846</u>	<u>139,551</u>
NET POSITION				
Investment in Capital Assets	1,743			1,743
Unrestricted	<u>1,190</u>	<u>120,772</u>	<u>15,846</u>	<u>137,808</u>
Total Net Position	<u>\$ 2,933</u>	<u>\$ 120,772</u>	<u>\$ 15,846</u>	<u>\$ 139,551</u>

UPPER SADDLE RIVER BOARD OF EDUCATION
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Food Service</u>	<u>LEAP Program</u>	<u>QUAD Tech Program</u>	<u>Total NonMajor Enterprise Funds</u>
OPERATING REVENUES				
Charges for Services				
Daily Sales	\$ 4,625			\$ 4,625
Program Fees	-	\$ 64,486	\$ 378,302	442,788
	<u>4,625</u>	<u>64,486</u>	<u>378,302</u>	<u>447,413</u>
Total Operating Revenues				
OPERATING EXPENSES				
Salaries and Wages	1,400	29,706	323,054	354,160
Personnel Services - Employee Benefits			51,990	51,990
Cost of Sales	3,283			3,283
Other Purchase Services		21,960	1,739	23,699
Supplies and Materials		3,757		3,757
Miscellaneous			1,519	1,519
Depreciation Expense	436	-	-	436
	<u>5,119</u>	<u>55,423</u>	<u>378,302</u>	<u>438,844</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(494)</u>	<u>9,063</u>	<u>-</u>	<u>8,569</u>
Change in Net Position	(494)	9,063	-	8,569
Net Position, Beginning of Year	<u>3,427</u>	<u>111,709</u>	<u>15,846</u>	<u>130,982</u>
Net Position, End of Year	<u>\$ 2,933</u>	<u>\$ 120,772</u>	<u>\$ 15,846</u>	<u>\$ 139,551</u>

UPPER SADDLE RIVER BOARD OF EDUCATION
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Food Service</u>	<u>LEAP Program</u>	<u>QUAD Tech Program</u>	<u>Total NonMajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from Customers	\$ 4,625	\$ 64,486	\$ 378,302	\$ 447,413
Payments for Employees Salaries	(1,400)	(29,706)	(375,044)	(406,150)
Payments to Suppliers for Goods and Services	<u>(3,542)</u>	<u>(25,717)</u>	<u>(3,258)</u>	<u>(32,517)</u>
Net Cash Provided by (Used by) Operating Activities	<u>(317)</u>	<u>9,063</u>	<u>-</u>	<u>8,746</u>
Net Change in Cash and Cash Equivalents	(317)	9,063	-	8,746
Cash and Cash Equivalents, Beginning of Year	<u>1,507</u>	<u>111,709</u>	<u>15,846</u>	<u>129,062</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,190</u>	<u>\$ 120,772</u>	<u>\$ 15,846</u>	<u>\$ 137,808</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating Income (Loss)	<u>\$ (494)</u>	<u>\$ 9,063</u>	<u>\$ -</u>	<u>\$ 8,569</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used by) Operating Activities				
Change in Assets and Liabilities				
Depreciation Expense	436			436
Increase/(Decrease) in Accounts Payable	<u>(259)</u>	<u>-</u>	<u>-</u>	<u>(259)</u>
Total Adjustments	<u>177</u>	<u>-</u>	<u>-</u>	<u>177</u>
Net Cash Provided by (Used by) Operating Activities	<u>\$ (317)</u>	<u>\$ 9,063</u>	<u>\$ -</u>	<u>\$ 8,746</u>

FIDUCIARY FUNDS

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

	<u>Agency</u>		<u>Total</u>
	<u>Student Activity</u>	<u>Payroll</u>	
ASSETS			
Cash	\$ 55,617	\$ 549,878	\$ 605,495
Total Assets	<u>\$ 55,617</u>	<u>\$ 549,878</u>	<u>\$ 605,495</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 45,244	\$ 45,244
Accrued Salaries and Wages		497,068	497,068
Other Liabilities		6,635	6,635
Due to Other Funds		931	931
Due to Student Groups	<u>\$ 55,617</u>	<u>-</u>	<u>\$ 55,617</u>
Total Liabilities	<u>\$ 55,617</u>	<u>\$ 549,878</u>	<u>\$ 605,495</u>

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**UPPER SADDLE RIVER BOARD OF EDUCATION
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>School</u>	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
Bogert	\$ 18,553	\$ 42,242	\$ 35,676	\$ 25,119
Reynolds	18,117	21,847	20,610	19,354
Cavallini	13,274	40,553	42,683	11,144
Total	<u>\$ 49,944</u>	<u>\$ 104,642</u>	<u>\$ 98,969</u>	<u>\$ 55,617</u>

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

	<u>Balance, July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2018</u>
ASSETS				
Cash	\$ 513,580	\$ 15,944,432	\$ 15,908,134	\$ 549,878
Totals	<u>\$ 513,580</u>	<u>\$ 15,944,432</u>	<u>\$ 15,908,134</u>	<u>\$ 549,878</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 39,034	\$ 7,590,905	\$ 7,584,695	\$ 45,244
Accrued Salaries and Wages	466,980	8,353,527	8,323,439	497,068
Due to Other Funds	931			931
Other Liabilities	6,635	-	-	6,635
Totals	<u>\$ 513,580</u>	<u>\$ 15,944,432</u>	<u>\$ 15,908,134</u>	<u>\$ 549,878</u>

LONG-TERM DEBT

UPPER SADDLE RIVER BOARD OF EDUCATION
 SCHEDULE OF SERIAL BONDS PAYABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2017</u>	<u>Issued</u>	<u>Retirements</u>	<u>Balance, June 30, 2018</u>	
			<u>Date</u>	<u>Amount</u>						
Refunding Bonds	12/15/2004	\$ 6,480,000	12/15/2018	\$ 680,000	3.875 %	\$ 2,035,000		\$ 665,000	\$ 1,370,000	
			12/15/2019	690,000	4.000					
School Bonds (BCIA)	7/7/2009	715,775	12/15/2018-2023		1.21	334,031		47,719	286,312	
Refunding Bonds	11/29/2012	3,255,000	7/15/2018-2019		380,000	3.00	2,060,000		370,000	1,690,000
			7/15/2020		225,000	3.00				
			7/15/2021		230,000	2.00				
			7/15/2022		235,000	2.00				
			7/15/2023		240,000	2.00				
						<u>2,060,000</u>	<u>-</u>	<u>370,000</u>	<u>1,690,000</u>	
						<u>\$ 4,429,031</u>	<u>\$ -</u>	<u>\$ 1,082,719</u>	<u>\$ 3,346,312</u>	

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

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget To Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 900,822		\$ 900,822	\$ 900,822	
State Sources					
Debt Service Aid	<u>301,268</u>	<u>-</u>	<u>301,268</u>	<u>301,268</u>	<u>-</u>
Total Revenues	<u>1,202,090</u>	<u>-</u>	<u>1,202,090</u>	<u>1,202,090</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Principal	1,082,719		1,082,719	1,082,719	
Interest	<u>119,372</u>	<u>-</u>	<u>119,372</u>	<u>119,372</u>	<u>-</u>
Total Expenditures	<u>1,202,091</u>	<u>-</u>	<u>1,202,091</u>	<u>1,202,091</u>	<u>-</u>
Net Change in Fund Balance	(1)	-	(1)	(1)	-
Fund Balance, Beginning of Year	<u>2</u>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>
Recapitulation of Fund Balance:					
Restricted for Debt Service				<u>\$ 1</u>	

**UPPER SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2017</u>	<u>Additions</u>	<u>Retirements/ Cancellations</u>	<u>Balance, June 30, 2018</u>
2014 - Copiers	Various	152,302	\$ 77,128		\$ 77,128	
Chromebooks	1.699%	513,500	383,142		125,568	\$ 257,574
2018 - Copiers	1.699%	274,140	-	\$ 247,728	-	247,728
			<u>\$ 460,270</u>	<u>\$ 247,728</u>	<u>\$ 202,696</u>	<u>\$ 505,302</u>
				Cancelled Paid	\$ 46,050 <u>156,646</u>	
					<u>\$ 202,696</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities			(1)							
Net Investment in Capital Assets	\$ 4,595,911	\$ 4,749,158	\$ 5,005,659	\$ 5,440,930	\$ 6,875,092	\$ 7,438,818	\$ 8,157,043	\$ 8,984,318	\$ 10,222,682	\$ 11,015,775
Restricted	240,942	248,520	894,298	1,688,399	1,090,083	1,500,463	1,701,918	2,084,052	1,977,677	1,965,250
Unrestricted	458,871	1,100,250	1,236,119	1,852,310	2,059,799	2,105,866	(3,374,913)	(3,519,853)	(4,753,813)	(5,108,674)
Total Governmental Activities Net Position	\$ 5,295,724	\$ 6,097,928	\$ 7,136,076	\$ 8,981,639	\$ 10,024,974	\$ 11,045,147	\$ 6,484,048	\$ 7,548,517	\$ 7,446,546	\$ 7,872,351
Business-Type Activities										
Investment in Capital Assets	\$ 3,011	\$ 2,694	\$ 4,443	\$ 3,513	\$ 2,583	\$ 1,653	\$ 723		\$ 2,179	\$ 1,743
Unrestricted	5,438	41,754	43,003	52,656	67,729	82,453	87,886	\$ 124,284	128,803	137,808
Total Business-Type Activities Net Assets	\$ 8,449	\$ 44,448	\$ 47,446	\$ 56,169	\$ 70,312	\$ 84,106	\$ 88,609	\$ 124,284	\$ 130,982	\$ 139,551
District-Wide										
Net Investment in Capital Assets	\$ 4,598,922	\$ 4,751,852	\$ 5,010,102	\$ 5,444,443	\$ 6,877,675	\$ 7,440,471	\$ 8,157,766	\$ 8,984,318	\$ 10,224,861	\$ 11,017,518
Restricted	240,942	248,520	894,298	1,688,399	1,090,083	1,500,463	1,701,918	2,084,052	1,977,677	1,965,250
Unrestricted	464,309	1,142,004	1,279,122	1,904,966	2,127,528	2,188,319	(3,287,027)	(3,395,569)	(4,625,010)	(4,970,866)
Total District Net Position	\$ 5,304,173	\$ 6,142,376	\$ 7,183,522	\$ 9,037,808	\$ 10,095,286	\$ 11,129,253	\$ 6,572,657	\$ 7,672,801	\$ 7,577,528	\$ 8,011,902

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 9,086,495	\$ 9,399,908	\$ 9,271,906	\$ 8,964,853	\$ 9,881,525	\$ 10,113,325	\$ 11,680,775	\$ 12,492,130	\$ 14,352,425	\$ 14,685,297
Special Education	3,413,326	3,628,533	3,409,545	3,346,003	3,368,583	3,201,829	3,665,144	3,647,796	3,757,293	4,085,024
Other Instruction	249,749	247,671	131,803	124,623	137,514	168,694	187,415	432,817	560,623	703,424
School Sponsored Activities And Athletics	107,340	112,202	124,692	139,724	110,029	140,718	158,503	144,582	184,771	189,182
Support Services:										
Student And Instruction Related Services	2,903,425	3,016,212	2,972,735	3,206,907	3,490,179	3,646,526	4,117,637	4,344,731	4,997,725	4,914,789
General Administration	614,368	562,959	684,539	550,256	728,332	704,781	713,830	670,222	717,077	881,978
School Administrative Services	1,027,017	1,071,839	1,127,290	1,163,359	1,217,660	1,166,331	1,341,332	1,389,737	1,564,850	1,689,849
Plant Operations And Maintenance	2,492,157	2,660,729	2,800,157	2,852,597	2,936,625	2,948,702	3,116,097	3,279,385	3,513,763	3,906,330
Pupil Transportation	588,412	545,657	462,360	462,418	416,143	387,319	450,242	451,862	449,611	489,729
Business And Other Support Services	438,273	481,288	490,719	512,838	523,520	544,643	582,981	614,330	698,737	747,585
Interest On Long-Term Debt	417,104	549,943	501,379	475,877	416,959	412,023	253,353	216,137	185,226	144,777
Total Governmental Activities Expenses	21,337,666	22,276,941	21,977,125	21,799,455	23,227,069	23,434,891	26,267,309	27,683,729	30,982,101	32,437,964
Business-Type Activities:										
Food Service	17,223	8,677	17,269	12,512	12,630	10,099	14,531	9,058	4,169	5,119
LEAP Program		48,840	44,208	35,264	41,843	37,253	43,000	47,275	55,755	55,423
QUAD Tech Program							249,687	346,570	361,339	378,302
Total Business-Type Activities Expense	17,223	57,517	61,477	47,776	54,473	47,352	307,218	402,903	421,263	438,844
Total District Expenses	\$ 21,354,889	\$ 22,334,458	\$ 22,038,602	\$ 21,847,231	\$ 23,281,542	\$ 23,482,243	\$ 26,574,527	\$ 28,086,632	\$ 31,403,364	\$ 32,876,808
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular Education	\$ 59,475	\$ 69,807	\$ 141,746	\$ 214,800	\$ 206,385	\$ 174,405	\$ 135,475	\$ 196,405	\$ 260,305	\$ 301,280
Special Education	14,013	3,346	2,640	40,352	-	37,500	32,813			
Operating Grants And Contributions	2,404,328	2,884,663	1,911,075	2,529,151	2,945,486	2,734,848	5,148,326	6,329,004	8,068,634	9,440,951
Capital Grants And Contributions	-	-	-	-	-	-	98,156		12,713	
Total Governmental Activities Program Revenues	2,477,816	2,957,816	2,055,461	2,784,303	3,151,871	2,946,753	5,414,770	6,525,409	8,341,652	9,742,231
Business-Type Activities:										
Charges For Services:										
Food Service	13,980	13,879	12,973	11,692	12,203	11,079	10,155	7,738	6,510	4,625
LEAP Program		59,793	53,737	44,515	56,030	49,615	51,536	60,639	67,400	64,486
QUAD Tech Program							249,687	369,808	353,947	378,302
Operating Grants And Contributions	7,426									
Total Business Type Activities Program Revenues	21,406	73,672	66,710	56,207	68,233	60,694	311,378	438,185	427,857	447,413
Total District Program Revenues	\$ 2,499,222	\$ 3,031,488	\$ 2,122,171	\$ 2,840,510	\$ 3,220,104	\$ 3,007,447	\$ 5,726,148	\$ 6,963,594	\$ 8,769,509	\$ 10,189,644

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental Activities	\$ (18,859,850)	\$ (19,319,125)	\$ (19,921,664)	\$ (19,015,152)	\$ (20,075,198)	\$ (20,488,138)	\$ (20,852,539)	\$ (21,158,320)	\$ (22,640,449)	\$ (22,695,733)
Business-Type Activities	4,183	16,155	5,233	8,431	13,760	13,342	4,160	35,282	6,594	8,569
Total District-Wide Net Expense	<u>\$ (18,855,667)</u>	<u>\$ (19,302,970)</u>	<u>\$ (19,916,431)</u>	<u>\$ (19,006,721)</u>	<u>\$ (20,061,438)</u>	<u>\$ (20,474,796)</u>	<u>\$ (20,848,379)</u>	<u>\$ (21,123,038)</u>	<u>\$ (22,633,855)</u>	<u>\$ (22,687,164)</u>
General Revenues And Other Changes In Net Position										
Governmental Activities:										
Property Taxes										
Levied For General Purposes	\$ 18,262,609	\$ 18,670,605	\$ 19,378,221	\$ 19,422,319	\$ 19,713,654	\$ 20,082,298	\$ 20,483,944	\$ 20,893,623	\$ 21,311,495	\$ 21,798,681
Levied For Debt Service	752,059	1,078,388	952,599	1,060,039	980,396	915,295	898,438	912,440	910,656	900,822
Unrestricted Grants And Contributions	42,448					32	22,986	25,540	36,273	37,189
State Aid Restricted For Debt Service	291,741	290,479	415,494	293,733	324,124	321,062	283,587	305,387	304,425	301,268
Donations Of Capital Assets						10,000				
Investment Earnings	29,130	24,375	23,168	8,672	12,321	13,995	10,154	12,792	15,517	21,245
Miscellaneous Income	35,236	57,482	190,330	75,952	88,038	163,629	22,503	73,007	22,594	16,283
Other Items								34,347	46,050	46,050
Loss on Disposal of Capital Assets							(67,206)	(96,829)		-
Total Governmental Activities	<u>19,413,223</u>	<u>20,121,329</u>	<u>20,959,812</u>	<u>20,860,715</u>	<u>21,118,533</u>	<u>21,508,311</u>	<u>21,654,406</u>	<u>22,222,789</u>	<u>22,538,478</u>	<u>23,121,538</u>
Business-Type Activities:										
Investment Earnings	105	373	459	292	383	452	343	393	104	
Loss on Disposal of Asset			(2,694)							
Total Business-Type Activities	<u>105</u>	<u>373</u>	<u>(2,235)</u>	<u>292</u>	<u>383</u>	<u>452</u>	<u>343</u>	<u>393</u>	<u>104</u>	<u>-</u>
Total District-Wide	<u>\$ 19,413,328</u>	<u>\$ 20,121,702</u>	<u>\$ 20,957,577</u>	<u>\$ 20,861,007</u>	<u>\$ 21,118,916</u>	<u>\$ 21,508,763</u>	<u>\$ 21,654,749</u>	<u>\$ 22,223,182</u>	<u>\$ 22,538,582</u>	<u>\$ 23,121,538</u>
Change In Net Position										
Governmental Activities	\$ 553,373	\$ 802,204	\$ 1,038,148	\$ 1,845,563	\$ 1,043,335	\$ 1,020,173	\$ 801,867	\$ 1,064,469	\$ (101,971)	\$ 425,805
Business-Type Activities	4,288	16,528	2,998	8,723	14,143	13,794	4,503	35,675	6,698	8,569
Total District	<u>\$ 557,661</u>	<u>\$ 818,732</u>	<u>\$ 1,041,146</u>	<u>\$ 1,854,286</u>	<u>\$ 1,057,478</u>	<u>\$ 1,033,967</u>	<u>\$ 806,370</u>	<u>\$ 1,100,144</u>	<u>\$ (95,273)</u>	<u>\$ 434,374</u>

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 1,103,287	\$ 1,255,044								
Unreserved	460,211	684,482								
Restricted			\$ 1,780,231	\$ 3,087,116	\$ 3,009,269	\$ 3,229,617	\$ 3,337,281	\$ 3,413,883	\$ 3,636,153	\$ 4,100,919
Committed			83,317	47,949	54,900	98,877				
Assigned			280,897	492,484	246,750	294,684	331,706	495,005	347,683	321,130
Unassigned			398,410	360,900	370,623	376,056	385,827	391,695	402,387	413,689
Total General Fund	<u>\$ 1,563,498</u>	<u>\$ 1,939,526</u>	<u>\$ 2,542,855</u>	<u>\$ 3,988,449</u>	<u>\$ 3,681,542</u>	<u>\$ 3,999,234</u>	<u>\$ 4,054,814</u>	<u>\$ 4,300,583</u>	<u>\$ 4,386,223</u>	<u>\$ 4,835,738</u>
All Other Governmental Funds										
Reserved	\$ 1,681,435	\$ 26,945								
Unreserved	(2,000,116)	245,212								
Restricted			\$ 239,658	\$ 189,660	\$ 135,931	\$ 401,950	\$ 533,405	\$ 765,540	\$ 459,164	\$ 246,138
Assigned	-	-	5,901	50,000	50,000	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ (318,681)</u>	<u>\$ 272,157</u>	<u>\$ 245,559</u>	<u>\$ 239,660</u>	<u>\$ 185,931</u>	<u>\$ 401,950</u>	<u>\$ 533,405</u>	<u>\$ 765,540</u>	<u>\$ 459,164</u>	<u>\$ 246,138</u>

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

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

Fiscal Year Ended June 30,										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property Tax Levy	\$ 19,014,668	\$ 19,748,993	\$ 20,330,820	\$ 20,482,358	\$ 20,694,050	\$ 20,997,593	\$ 21,382,382	\$ 21,806,063	\$ 22,222,151	\$ 22,699,503
Tuition Charges	73,488	73,153	144,386	255,152	206,385	211,905	168,288	196,405	260,305	301,280
Interest Earnings	29,130	24,375	23,168	8,672	12,321	13,995	10,154	12,792	15,517	21,245
Miscellaneous	35,236	57,482	190,330	75,952	88,038	165,629	22,503	196,347	125,808	85,494
State Sources	2,445,501	2,654,958	2,012,287	2,497,619	2,992,555	2,759,351	3,150,544	3,444,092	3,772,728	4,212,747
Federal Sources	293,016	520,184	314,282	325,265	277,055	296,591	282,573	358,517	353,161	347,278
Total Revenue	21,891,039	23,079,145	23,015,273	23,645,018	24,270,404	24,445,064	25,016,444	26,014,216	26,749,670	27,667,547
Expenditures										
Instruction										
Regular Instruction	9,109,569	9,397,296	9,179,194	8,924,721	9,857,895	10,034,942	10,367,659	10,702,372	11,580,935	11,619,074
Special Education Instruction	3,421,222	3,640,286	3,387,021	3,338,815	3,370,370	3,192,598	3,417,671	3,348,691	3,255,330	3,532,434
Other Instruction	249,749	247,671	131,803	124,623	137,514	167,472	179,429	379,216	459,508	514,019
School Sponsored Activities And Athletics	107,340	112,202	124,692	139,724	110,029	140,718	153,320	138,358	161,207	158,243
Support Services:										
Student And Inst. Related Services	2,897,483	2,991,137	2,971,734	3,186,664	3,467,674	3,620,140	3,719,730	3,809,181	4,150,912	3,985,948
General Administration	607,102	562,959	555,877	561,769	659,707	712,047	665,072	622,242	630,194	757,988
School Administrative Services	994,366	1,040,713	1,083,194	1,127,850	1,178,980	1,158,298	1,156,880	1,164,936	1,236,982	1,264,477
Plant Operations And Maintenance	2,114,466	2,171,496	2,334,303	2,364,146	2,355,724	2,401,832	2,506,379	2,619,002	2,633,033	2,919,694
Pupil Transportation	588,412	545,657	462,360	462,418	416,143	387,319	450,242	451,862	449,611	489,729
Business And Other Support Services	438,332	467,745	489,713	512,351	526,007	534,016	532,550	553,977	578,696	601,819
Capital Outlay	605,117	3,064,992	309,920	185,821	1,221,990	109,674	549,421	477,290	966,918	467,774
Debt Service:										
Principal	698,237	913,518	943,036	972,656	1,006,400	1,051,032	1,042,500	1,067,720	1,218,021	1,239,365
Bond Issuance Costs		93,909			68,625					
Advance Refunding Escrow										
Interest And Other Charges	386,265	506,703	478,015	439,587	373,330	401,265	240,858	201,465	162,557	128,224
Total Expenditures	22,217,660	25,756,284	22,450,862	22,341,145	24,750,388	23,911,353	24,981,711	25,536,312	27,483,904	27,678,788
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(326,621)</u>	<u>(2,677,139)</u>	<u>564,411</u>	<u>1,303,873</u>	<u>(479,984)</u>	<u>533,711</u>	<u>34,733</u>	<u>477,904</u>	<u>(734,234)</u>	<u>(11,241)</u>
Other Financing Sources (Uses)										
Original Issue Premium					284,828					
Capital Leases (Non-Budgeted)	108,666	80,575	12,320	135,822	80,724		152,302		513,500	247,728
Bond Proceeds		3,563,430								
Proceeds From Refunding					3,255,000					
Payments To Escrow Agent					(3,501,204)					
Transfers In		7,653	239,646			380,639	328,687	619,170	300,000	617,332
Transfers Out		(7,653)	(239,646)			(380,639)	(328,687)	(619,170)	(300,000)	(617,332)
Total Other Financing Sources (Uses)	108,666	3,644,005	12,320	135,822	119,348	-	152,302	-	513,500	247,728
Net Change In Fund Balances	<u>\$ (217,955)</u>	<u>\$ 966,866</u>	<u>\$ 576,731</u>	<u>\$ 1,439,695</u>	<u>\$ (360,636)</u>	<u>\$ 533,711</u>	<u>\$ 187,035</u>	<u>\$ 477,904</u>	<u>\$ (220,734)</u>	<u>\$ 236,487</u>
Debt Service As A Percentage Of Noncapital Expenditures	5.02%	6.26%	6.42%	6.37%	5.86%	6.10%	5.25%	5.06%	5.21%	5.03%

* Noncapital expenditures are total expenditures less capital outlay.

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

Fiscal Year Ended June 30	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Interlocal Payroll Service</u>	<u>Energy Rebate</u>	<u>Rental</u>	<u>Misc.</u>	<u>Total</u>
2009	\$ 73,488	\$ 29,081				\$ 35,236	\$ 137,805
2010	73,153	24,375	\$ 22,000			35,482	155,010
2011	144,386	23,168		\$ 144,663		45,667	357,884
2012	255,152	8,672		58,790	\$ 4,358	12,804	339,776
2013	206,385	12,321		38,500	2,790	46,748	306,744
2014	211,905	13,995		23,100		142,529	391,529
2015	168,288	10,154			465	22,038	200,945
2016	196,405	12,792			1,140	71,867	282,204
2017	260,305	15,517			830	21,764	298,416
2018	301,280	21,245			950	15,333	338,808

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2009	\$ 16,559,700	\$ 1,959,049,800	\$ 194,907,300	\$ 6,217,700	\$ 18,551,000	\$ 2,195,285,500	\$ 1,801,944	\$ 2,197,087,444	\$ 3,208,779,034	\$ 0.882
2010	16,017,500	1,969,127,300	180,407,600	6,217,700	18,551,000	2,190,321,100	1,890,346	2,192,211,446	3,081,471,003	0.914
2011	16,079,800	1,975,814,000	174,353,200	6,217,000	18,551,000	2,191,015,000	1,972,027	2,191,015,700	2,954,810,904	0.931
2012	15,715,400	1,982,729,000	171,623,500	6,217,700	18,551,000	2,194,836,600	1,998,282	2,196,834,882	2,920,759,989	0.938
2013	16,726,500	1,986,761,100	171,223,500	6,217,700	18,551,000	2,199,479,800	100,000	2,199,579,800	2,827,191,218	0.948
2014	15,437,400	1,996,173,700	171,223,500	6,217,700	18,551,000	2,207,603,300	100,000	2,207,703,300	2,794,042,727	0.960
2015	15,472,600	2,002,788,500	171,123,500	6,217,700	18,551,000	2,214,153,300	100,000	2,214,253,300	2,757,653,408	0.975
2016	16,007,400	2,013,563,300	170,132,500	6,217,700	18,551,000	2,224,471,900	100,000	2,224,571,900	2,767,210,718	0.990
2017	24,891,200	2,030,685,200	127,765,000	6,217,700	18,551,000	2,208,110,100	100,000	2,208,210,100	2,776,753,610	1.018
2018	50,492,000	2,049,711,200	123,393,600	6,217,700	18,551,000	2,248,365,500	100,000	2,248,465,500	2,807,482,955	1.019

Source: County Abstract of Ratables

^a Tax rates are per \$100

**UPPER SADDLE RIVER BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(Unaudited)
(rate per \$100 of assessed value)**

Calendar Year	Overlapping Rates				Total Direct and Overlapping Tax Rate
	Local School	Regional High School	Municipality	County	
2009	\$ 0.882	\$ 0.497	\$ 0.351	\$ 0.281	\$ 2.011
2010	0.914	0.505	0.362	0.276	2.057
2011	0.931	0.536	0.370	0.280	2.117
2012	0.938	0.540	0.367	0.293	2.138
2013	0.948	0.557	0.364	0.296	2.165
2014	0.960	0.567	0.375	0.296	2.198
2015	0.975	0.590	0.374	0.299	2.238
2016	0.990	0.600	0.375	0.306	2.271
2017	1.018	0.624	0.385	0.315	2.342
2018	1.019	0.625	0.411	0.306	2.361

Source: Abstract of Ratables, County Board of Taxation

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

Taxpayer	2018	
	Taxable Assessed Value	% of Total District Net Assessed Value
Mountainview Realty, LLC	16,000,000	0.71%
Mack-Cali Realty, LP	10,855,500	0.48%
Upper Saddle River Developers, LLC	10,600,600	0.47%
Whitney Associates	8,353,800	0.37%
U.S.R Developers, LLC %Pinnacle	7,950,400	0.35%
GAGA Realty	7,500,000	0.33%
Porven Real Estate, Inc	6,421,500	0.29%
Upper Saddle River Project LLC	6,071,000	0.27%
Birdie Investments, LLC	5,580,300	0.25%
2 Park Way Assoc., LLC	4,200,000	0.19%
Cedar Holding Assoc.	3,920,400	0.17%
	\$ 87,453,500	3.89%

	2009	
	Taxable Assessed Value	% of Total District Net Assessed Value
Mack-Cali Realty, LP	\$ 65,000,000	2.96%
Mountainview Realty, LLC	16,000,000	0.73%
USR Developers, LLC	10,600,600	0.48%
Pentek Management Corp.	8,600,000	0.39%
Whitney Associates	8,353,800	0.38%
USR Developers, LLC % Pinnacle	7,950,400	0.36%
Upper Saddle River Project LLC	6,571,000	0.30%
Porven Real Estate, Inc.	6,421,500	0.29%
Skymark Holdings	6,309,300	0.29%
Clinton D. Carlough Properties, LP	5,994,900	0.27%
	\$ 141,801,500	6.45%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 19,014,668	\$ 19,014,668	100.00%	N/A
2010	19,748,993	19,748,993	100.00%	N/A
2011	20,330,820	20,330,820	100.00%	N/A
2012	20,482,358	20,482,358	100.00%	N/A
2013	20,694,050	20,694,050	100.00%	N/A
2014	20,997,593	20,997,593	100.00%	N/A
2015	21,382,382	21,382,382	100.00%	N/A
2016	21,806,063	21,806,063	100.00%	N/A
2017	22,222,151	22,222,151	100.00%	N/A
2018	22,699,503	22,699,503	100.00%	N/A

Source: Board's financial statements

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

Fiscal Year Ended June 30,	<u>Governmental Activities</u>			Total School District	Population	Per Capita
	General Obligation Bonds	Capital Leases	Loans			
2009	\$ 8,397,000	\$ 171,663	\$ 240,860	\$ 8,809,523	8,480	\$ 1,039
2010	11,138,906	205,239	195,865	11,540,010	8,220	1,404
2011	10,286,319	148,937	149,372	10,584,628	8,281	1,278
2012	9,406,406	179,919	101,305	9,687,630	8,317	1,165
2013	8,462,965	188,734	51,542	8,703,241	8,351	1,042
2014	7,507,185	145,024	-	7,652,209	8,339	918
2015	6,509,467	186,422	-	6,695,889	8,379	799
2016	5,486,749	141,420		5,628,169	8,326	676
2017	4,429,031	460,270		4,889,301	8,357	585
2018	3,346,312	505,302		3,851,614	8,415	458

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

General Bonded Debt Outstanding						
Fiscal Year Ended June 30,	General Obligation Bonds	Intergovernmental Loan	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
2009	\$ 8,397,000	\$ 240,860		\$ 8,637,860	0.39%	\$ 1,019
2010	11,138,906	195,865		11,334,771	0.52%	1,379
2011	10,286,319	149,372		10,435,691	0.48%	1,260
2012	9,406,406	101,305		9,507,711	0.43%	1,143
2013	8,462,965	51,542		8,514,507	0.39%	1,020
2014	7,507,185			7,507,185	0.34%	900
2015	6,509,467			6,509,467	0.29%	777
2016	5,486,749			5,486,749	0.25%	659
2017	4,429,031			4,429,031	0.20%	530
2018	3,346,312			3,346,312	0.15%	398

**UPPER SADDLE RIVER BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
(Unaudited)**

Gross Debt

Municipal Debt:	
Upper Saddle River Board of Education	\$ 3,346,312
Northern Highlands Regional High School - Upper Saddle River's Share (1)	4,750,712
Borough of Upper Saddle River (1)	<u>13,979,046</u>
	22,076,070
Overlapping Debt Apportioned to the Municipality:	
Bergen County:	
County of Bergen (2)	<u>20,402,840</u>
 Total Direct and Overlapping Debt	 <u>\$ 42,478,910</u>

Source:

- (1) Borough of Upper Saddle River's 2017 Annual Debt Statement
(2) Bergen County's 2017 Annual Debt Statement

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 91,873,015	\$ 93,268,506	\$ 91,944,079	\$ 89,331,539	\$ 86,686,851	\$ 85,012,947	\$ 83,375,789	\$ 82,713,770	\$ 82,853,110	\$ 82,934,673
Total Net Debt Applicable to Limit	12,201,290	11,334,771	10,435,691	9,507,711	8,514,507	7,507,185	6,509,467	5,486,749	4,429,031	3,346,312
Legal Debt Margin	<u>\$ 79,671,725</u>	<u>\$ 81,933,735</u>	<u>\$ 81,508,388</u>	<u>\$ 79,823,828</u>	<u>\$ 78,172,344</u>	<u>\$ 77,505,762</u>	<u>\$ 76,866,322</u>	<u>\$ 77,227,021</u>	<u>\$ 78,424,079</u>	<u>\$ 79,588,361</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.28%	12.15%	11.35%	10.64%	9.82%	8.83%	7.81%	6.63%	5.35%	4.03%

Legal Debt Margin Calculation June 30, 2018

Equalized Valuation Basis	
2017	\$ 2,752,224,978
2016	2,792,107,318
2015	2,749,134,964
	<u>\$ 8,293,467,260</u>
Average Equalized Valuation of Taxable Property	\$ 2,764,489,087
Debt Limit (3 % of average equalization value)	82,934,673
Total Net Debt Applicable to Limit	<u>3,346,312</u>
Legal Debt Margin	<u>\$ 79,588,361</u>

Source: Municipal Annual Debt Statements

**UPPER SADDLE RIVER BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)**

Year	Population	County Per Capita Personal Income	Unemployment Rate
2009	8,480	\$ 64,571	9.0%
2010	8,220	65,275	9.2%
2011	8,281	68,244	9.0%
2012	8,317	71,380	9.2%
2013	8,351	70,498	6.0%
2014	8,339	73,536	4.1%
2015	8,379	75,849	3.3%
2016	8,326	73,293	3.2%
2017	8,357	76,388	3.2%
2018	8,415	77,187	3.0%

Source: New Jersey State Department of Education

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

Employer	2018		2009	
	Employees	Percentage of Total Municipal Employment	Employees	Percentage of Total Municipal Employment

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Instruction										
Regular	92	90	88	88	88	89	89	89	89	88.5
Special Education	44	44	44	44	44	45	45	46	46	46
Other Special Education	4	4	4	4	4	4	4	4	4	4
Support Services:										
Student & Instruction Related Services	23	22	29	30	30	33	34	35	38	38
General Administration	2	2	2	2	2	2	2	2	2	2
School Administrative Services	9	9	9	9	9	9	9	9	9	9
Other Administrative Services										
Central Services	4	4	4	4	4	4	4	4	4	4
Plant Operations And Maintenance	19	19	18	18	18	22	22	22	22	21.5
Total	<u>197</u>	<u>194</u>	<u>198</u>	<u>199</u>	<u>199</u>	<u>208</u>	<u>209</u>	<u>211</u>	<u>214</u>	<u>213</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio		Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School				
2009	1,384	\$ 20,528,041	\$ 14,832	-1.36%	140	19/1	25/1	1,383	1,330	0.29%	96.17%
2010	1,391	21,177,162	15,224	2.64%	138	19/1	24.6/1	1,386	1,333	0.22%	96.18%
2011	1,374	20,719,891	15,080	-0.95%	136	20/1	25/1	1,379	1,334	-0.51%	96.74%
2012	1,339	20,743,081	15,491	2.73%	136	20/1	24.9/1	1,354	1,313	-1.81%	96.97%
2013	1,336	22,080,043	16,527	6.68%	139	19.3/1	25.7/1	1,348	1,293	-0.44%	95.92%
2014	1,308	22,349,382	17,087	3.39%	139.5	19/1	24.6/1	1,298	1,244	-3.71%	95.84%
2015	1,248	23,148,932	18,549	8.56%	140.5	18/1	24/1	1,249	1,201	-3.78%	96.16%
2016	1,223	23,789,837	19,452	4.87%	141.5	17.7/1	23.6/1	1,224	1,177	-2.00%	96.16%
2017	1,191	23,789,837	19,975	2.69%	141.5	17.7/1	23.6/1	1,191	1,177	-2.70%	98.82%
2018	1,164	25,843,425	22,202	14.14%	140.0	18.42/1	22.9/1	1,164	1,115	-4.90%	95.79%

Sources: District records

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

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

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>District Building</u>										
<u>Elementary</u>										
Robert Reynolds Elementary (1960)										
Square Feet	40,503	40,503	40,503	40,503	40,503	40,503	40,503	40,503	40,503	40,503
Capacity (students)	421	421	421	421	421	421	421	421	421	421
Enrollment	447	461	461	426	399	369	369	370	355	348
Edith Bogert Elementary (1950)										
Square Feet	67,221	67,221	67,221	67,221	67,221	67,221	67,221	67,221	67,221	67,221
Capacity (students)	429	429	429	429	429	429	429	429	429	429
Enrollment	449	462	462	453	458	453	426	391	380	388
<u>Middle School</u>										
Square Feet	97,704	97,704	97,704	97,704	97,704	97,704	97,704	97,704	97,704	97,704
Capacity (students)	452	452	452	452	452	452	452	452	452	452
Enrollment	475	468	468	473	490	468	479	472	470	435
<u>Other</u>										
Administration Building										
Square Feet	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372	1,372
Science Center										
Square Feet	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Number of Schools at June 30, 2018										
Elementary = 2										
Middle School = 1										
Other = 1										

Source: District Office

Note: Year of original construction is shown in parenthesis. Enrollment is based on the annual October district count.

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

	Fiscal Year Ended June 30,									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
School Facilities										
Cavallini School	\$ 125,318	\$ 127,810	\$ 153,307	\$ 170,798	\$ 158,731	\$ 135,966	\$ 214,002	\$ 199,098	\$ 218,491	\$ 203,107
Bogert School	112,224	99,361	169,777	93,681	171,686	147,403	139,909	149,140	130,500	281,084
Reynolds School	129,144	107,860	167,823	174,306	177,755	155,164	117,756	160,886	185,024	318,306
Administration	<u>16,601</u>	<u>26,273</u>	<u>18,490</u>	<u>26,020</u>	<u>25,810</u>	<u>22,016</u>	<u>28,742</u>	<u>28,047</u>	<u>20,327</u>	<u>40,047</u>
Grand Total	<u>\$ 383,287</u>	<u>\$ 361,304</u>	<u>\$ 509,397</u>	<u>\$ 464,805</u>	<u>\$ 533,982</u>	<u>\$ 460,549</u>	<u>\$ 500,409</u>	<u>\$ 537,171</u>	<u>\$ 554,342</u>	<u>\$ 842,544</u>

Source: District Records

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

	<u>Coverage</u>	<u>Deductible</u>
<u>School Package Policy - Selective Insurance Group</u>		
Property Blanket Building & Contents	\$47,490,871	\$5,000
Comprehensive General Liability		
General Aggregate	2,000,000	
Products Completed Operations	2,000,000	
Personal & Advertising Injury	1,000,000	
Each Occurrence	1,000,000	
Fire Legal Liability	1,000,000	
Medical Expense	5,000	
<u>Commercial Automobile Policy - Great American</u>	1,000,000	1,000 (Comp/Collision)
<u>Umbrella Liability Policy - American Alternative Ins. Co.</u>	9,000,000	
<u>Excess Umbrella Liability Policy - Firemen's Fund</u>	50,000,000	
	(Shared limit among all Boards)	
<u>Boiler & Machinery - Great American</u>	47,490,831	5,000
Bonds - RLI Surety:		
Public Official Bond - Bus. Admin	50,000	
<u>Public Official Bond - Treasurer of School Monies</u>	250,000	
Environmental Impairment Liability - American Safety	20,000,000	
	(Group Aggregate)	
Each Impairment:	2,000,000	15,000
Aggregate Per Impairment:	4,000,000	
School Board Legal Liability - Darwin National	1,000,000	5,000
Employment Related Practices Liability included		15,000
Crime - Selective Insurance Company:		
Employee Dishonesty	100,000 per employee 500,000 per loss	5,000 100,000
Fogery & Alteration	100,000	1,000
Computer Fraud	100,000	1,000
Funds Transfer Fraud	100,000	1,000
Workers' Compensation - Star Insurance Company		
Each Accident	1,000,000	
Each Employee (Disease)	1,000,000	
Policy Limit (Disease)	1,000,000	
Employers Liability Retained Limit	500,000	

Source: School Insurance Records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Upper Saddle River Board of Education as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Upper Saddle River Board of Education's basic financial statements and have issued our report thereon dated January 22, 2019.

Internal Control Over Financial Reporting

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

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

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

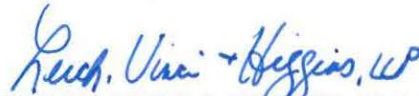
Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Upper Saddle River Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated January 22, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Upper Saddle River Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Upper Saddle River Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
January 22, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Upper Saddle River Board of Education, as of and for the fiscal year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 22, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
January 22, 2019

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Balance at July 1, 2017			(A/R) Carryover Amount	Def. Rev. Carryover Amount	Cash Received	Budgetary Expenditures	Balance at June 30, 2018			Memo GAAP Receivable
					Award Amount	(Accounts Receivable)	Unearned Revenue					(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education Passed-Through State Department of Education Special Revenue Fund															
N.C.L.B. Title I	84.010A	S010A160030	NCLB533017	7/1/16-6/30/17	\$ 78,295	\$ (22,583)	\$ 2,637	-	\$ 19,946	-	-	-	-	-	-
ESEA Title I	84.010A	S010A170030	NCLB533018	7/1/17-6/30/18	78,247	-	-	-	55,861	77,728	(22,386)	519	-	(21,867)	
						(22,583)	2,637	-	75,807	77,728	(22,386)	519	-	(21,867)	
N.C.L.B. Title II	84.367A	S367A160029	NCLB533017	7/1/16-6/30/17	20,635	(10,000)	-	-	10,000	-	-	-	-	-	
ESEA Title II	84.367A	S367A170029	NCLB533018	7/1/17-6/30/18	16,644	-	-	-	3,800	16,644	(12,844)	-	-	(12,844)	
						(10,000)	-	-	13,800	16,644	(12,844)	-	-	(12,844)	
ESEA Title IV	84.424	S424A170031	NCLB533018	7/1/17-6/30/18	10,000	-	-	-	6,717	9,835	(3,283)	165	-	(3,118)	
						-	-	-	6,717	9,835	(3,283)	165	-	(3,118)	
IDEA Part B, Basic	84.027A	H027A170100	IDEA533018	7/1/17-6/30/18	230,587	-	-	-	212,383	230,587	(18,204)	-	-	(18,204)	
IDEA Part B, Preschool	84.173A	H173A150114	IDEA533018	7/1/17-6/30/18	12,484	-	-	-	11,304	12,484	(1,180)	-	-	(1,180)	
						-	-	-	223,687	243,071	(19,384)	-	-	(19,384)	
Total Special Revenue Fund						(32,583)	2,637	-	320,011	347,278	(57,897)	684	-	(57,213)	
Total Federal Awards						\$ (32,583)	\$ 2,637	\$ -	\$ -	\$ 320,011	\$ 347,278	\$ (57,897)	\$ 684	\$ (57,213)	

This schedule was not subject to Single Audit in accordance with U.S. Uniform Guidance

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Received	Balance, July 1, 2017					Balance, June 30, 2018					MEMO	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund															
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	\$ 447,379	\$ (43,159)				\$ 43,159						*	
Special Education Aid	18-495-034-5120-084	7/1/17-6/30/18	489,279					440,352	\$ 489,279		\$ (48,927)			*	\$ 489,279
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	22,454	(2,166)				2,166						*	-
Security Aid	18-495-034-5120-098	7/1/17-6/30/18	22,454					20,209	22,454		(2,245)			*	22,454
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	12,770	(1,232)				1,232						*	-
PARCC Readiness Aid	18-495-034-5120-097	7/1/17-6/30/18	12,770					11,493	12,770		(1,277)			*	12,770
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	12,770	(1,232)				1,232						*	-
Per Pupil Growth Aid	18-495-034-5120-101	7/1/17-6/30/18	12,770					11,493	12,770		(1,277)			*	12,770
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	11,780	(1,137)				1,137						*	-
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	11,780					10,602	11,780		(1,178)			*	11,780
Total State Aid Public				(48,926)				543,075	549,053		(54,904)				549,053
Extraordinary Aid															
Extraordinary Aid	17-100-034-5120-044	7/1/16-6/30/17	297,373	(297,373)				297,373						*	
Extraordinary Aid	18-495-034-5120-014	7/1/17-6/30/18	238,922						238,922		(238,922)			*	238,922
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	39,526	(3,813)				3,813						*	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	39,526					35,573	39,526		(3,953)			*	39,526
Non Public Transportation Reimb.	N/A	7/1/16-6/30/17	7,830	(7,830)				7,830						*	
Non Public Transportation Reimb.	N/A	7/1/17-6/30/18	15,080						15,080		(15,080)			*	\$ (15,080)
Lead Testing for Schools Aid	18-495-034-5120-104	7/1/17-6/30/18	3,088					3,088	3,088					*	3,088
TPAF Pension															
Normal Cost	18-495-034-5094-002	7/1/17-6/30/18	1,370,172					1,370,172	1,370,172					*	1,370,172
NCGI Premium	18-495-034-5094-004	7/1/17-6/30/18	33,251					33,251	33,251					*	33,251
Post Retirement Medical Benefits	18-495-034-5094-001	7/1/17-6/30/18	906,441					906,441	906,441					*	906,441
Long Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	3,397					3,397	3,397					*	3,397
TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	698,473	(35,113)				35,113						*	-
TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	700,216					700,216	700,216					*	700,216
Total General Fund				(393,055)				3,939,342	3,859,146		(312,859)				3,859,146
Debt Service Fund															
Type II Debt Service Aid	18-495-034-5120-075	7/1/17-6/30/18	301,268					301,268	301,268					*	301,268
Total Debt Service Fund								301,268	301,268					*	301,268
State Economic Development Authority															
Educational Facilities Construction and Financing Act															
Capital Projects Fund															
Replace Curtain Wall and Partial Window Replacement at Cavallini Middle School	5330-050-14-1001	N/A	253,759	(110,869)	\$ -			110,869						*	
Total Capital Projects Fund				(110,869)				110,869						*	
Total State Financial Assistance Subject to Single Audit Determination				(503,924)				4,351,479	4,160,414		(312,859)			*	4,160,414
State Financial Assistance															
Not Subject to Major Program Determination															
TPAF Pension Contributions - Normal Cost	18-495-034-5094-002	7/1/17-6/30/18	1,370,172					(1,370,172)	(1,370,172)					*	
TPAF Pension - NCGI Premiums	18-495-034-5094-004	7/1/17-6/30/18	33,251					(33,251)	(33,251)					*	
TPAF Post Retirement Medical Benefits	18-495-034-5094-001	7/1/17-6/30/18	906,441					(906,441)	(906,441)					*	
TPAF Long Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	3,397					(3,397)	(3,397)					*	
Total State Financial Assistance for Major Program Determination				\$ (503,924)	\$ -	\$ -	\$ -	\$ 2,038,218	\$ 1,847,153	\$ -	\$ (312,859)	\$ -	\$ -	*	\$ (15,080)
														*	\$ 4,160,414

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The Notes to the Schedules of Federal Awards and State Financial Assistance are an Integral Part of the Statement

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

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting. This basis of accounting is described in Note 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$52,333 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 3,911,479	\$ 3,911,479
Special Revenue Fund	\$ 347,278		347,278
Debt Service Fund	-	301,268	301,268
	<u>347,278</u>	<u>301,268</u>	<u>648,546</u>
Total Financial Assistance	<u>\$ 347,278</u>	<u>\$ 4,212,747</u>	<u>\$ 4,560,025</u>

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

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

TPAF Social Security contributions in the amount of \$700,216 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$1,403,423, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$906,441 and TPAF Long-Term Disability Insurance in the amount of \$3,397 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

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

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified: yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

Noncompliance material to the basic financial statements noted? yes X no

Federal Awards Section Not Applicable

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

Part I – Summary of Auditor's Results

State Awards Section

Dollar threshold used to determine Type A programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

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

Internal Control over compliance:

1) Material weakness(es) identified? yes X no

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes X none reported

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

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>18-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

Part 2 - Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the basic financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There are none.

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

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

CURRENT YEAR STATE AWARDS

There are none.

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

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

STATUS OF PRIOR YEAR FINDINGS

There were none.