

SADDLE RIVER BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Saddle River, New Jersey

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Saddle River Board of Education

Saddle River, New Jersey

For The Fiscal Year Ended June 30, 2019

Prepared by

Business Office

**SADDLE RIVER BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i-iv
Organizational Chart	v
Roster of Officials	vi
Consultants and Advisors	vii

FINANCIAL SECTION

Independent Auditor's Report	1-3
------------------------------	-----

REQUIRED SUPPLEMENTARY INFORMATION- PART I

Management's Discussion and Analysis	4-15
--------------------------------------	------

Basic Financial Statements

A. District-wide Financial Statements

A-1 Statement of Net Position	16
A-2 Statement of Activities	17

B. Fund Financial Statements

Governmental Funds

B-1 Balance Sheet	18
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	19
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances with the District-Wide Statements	20

Proprietary Funds

B-4 Statement of Net Position	21
B-5 Statement of Revenues, Expenses, and Changes in Net Position	22
B-6 Statement of Cash Flows	23

Fiduciary Funds

B-7 Statement of Fiduciary Net Position	24
B-8 Statement of Changes in Fiduciary Net Position	25

Notes to the Financial Statements	26-63
--	--------------

**SADDLE RIVER BOARD OF EDUCATION
TABLE OF CONTENTS**

	<u>Page</u>
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C. Budgetary Comparison Schedules	
C-1 Budgetary Comparison Schedule – General Fund	64-68
C-2 Budgetary Comparison Schedule – Budget (Non-GAAP) and Actual – Special Revenue Fund	69
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II	
C-3 Budgetary Comparison Schedule - Notes to the Required Supplementary Information	70
REQUIRED SUPPLEMENTARY INFORMATION – PART III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	71
L-2 Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	72
L-3 Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	73
L-4 Notes to Required Supplementary Information – Net Pension Liability	74
L-5 Required Supplementary Information – Schedule of District’s Proportionate Share of Total OPEB Liability	75
L-6 Notes to Required Supplementary Information – OPEB Liability	76
OTHER SUPPLEMENTARY INFORMATION	
D. School Level Schedules – Not Applicable	
E. Special Revenue Fund	
E-1 Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	77
E-2 Preschool Education Program Aid Schedule of Expenditures – Budgetary Basis – Not Applicable	78
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	79
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance	80
F-2a Schedule of Revenues, Expenditures and Project Balance and Project Status – 2015 Referendum - HVAC Upgrades	81
F-2b Schedule of Revenues, Expenditures and Project Balance and Project Status – Carbon Monoxide Detector System	82
G. Proprietary Funds	
<i>Enterprise Fund</i>	
G-1 Combining Statement of Net Position – Not Applicable	83
G-2 Combining Statement of Revenues, Expenses and Changes in Net Position – Not Applicable	83
G-3 Combining Statement of Cash Flows – Not Applicable	83

**SADDLE RIVER BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

OTHER SUPPLEMENTARY INFORMATION

H. Fiduciary Funds

H-1	Combining Statement of Agency Assets and Liabilities	84
H-2	Combining Statement of Changes in Net Position – Not Applicable	85
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	85
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	86

I. Long-Term Debt

I-1	Schedule of Bonds Payable	87
I-2	Schedule of Obligations under Capital Leases – Not Applicable	88
I-3	Debt Service Fund Budgetary Comparison Schedule	89

J. STATISTICAL SECTION (Unaudited)

J-1	Net Position by Component	90
J-2	Changes in Net Position	91-92
J-3	Fund Balances – Governmental Funds	93
J-4	Changes in Fund Balances - Governmental Funds	94
J-5	Miscellaneous Revenue by Source	95
J-6	Assessed Value and Actual Value of Taxable Property	96
J-7	Property Tax Rates - Direct and Overlapping Governments	97
J-8	Principal Property Taxpayers	98
J-9	Property Tax Levies and Collections	99
J-10	Ratios of Outstanding Debt by Type	100
J-11	Ratios of Net General Bonded Debt Outstanding	101
J-12	Computation of Direct and Overlapping Bonded Debt	102
J-13	Legal Debt Margin Information	103
J-14	Demographic Statistics	104
J-15	Principal Employers	105
J-16	Full-Time Equivalent District Employees by Function/Program	106
J-17	Operating Statistics	107
J-18	School Building Information	108
J-19	Schedule of Required Maintenance for School Facilities	109
J-20	Schedule of Insurance	110

**SADDLE RIVER BOARD OF EDUCATION
TABLE OF CONTENTS**

Page

K. SINGLE AUDIT SECTION		
K-1	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	111-112
K-2	Report on Compliance for each Major State Program; Report on Internal Control Over Compliance; and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	113-115
K-3	Schedule of Expenditures of Federal Awards	116
K-4	Schedule of Expenditures of State Financial Assistance	117
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	118-119
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	120-121
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	122-123
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	124-138
K-8	Summary Schedule of Prior Year Findings	139

INTRODUCTORY SECTION

Saddle River Board of Education

Wandell School

97 East Allendale Road, Saddle River, New Jersey 07458

Tel (201) 327-0727

Fax (201) 327-0704

Gina Cinotti

Interim Superintendent/Principal

Stephanie Kuchar

Business Administrator/Board Secretary

December 13, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Borough of Saddle River School District (District) for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

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

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

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

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

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

The District completed the 2018-2019 fiscal year with an average daily enrollment of 162 students. The following details the changes in the student average daily enrollment of the District over the last five years.

Fiscal Year	Average Daily Enrollment	
	Student Enrollment	Percent Change
2018-19	162	10.20%
2017-18	147	(2.04%)
2016-17	150	(16.67%)
2015-16	175	(7.43%)
2014-15	188	(6.91%)

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

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as assignments of fund balance at June 30, 2019.

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

7) DEBT ADMINISTRATION: In the 2015-2016 school year, the District sold bonds in the amount of \$3,097,000 (Wandell Elementary School HVAC Upgrades). At June 30, 2019, the District had \$2,287,000 in principal debt outstanding.

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

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

10) OTHER INFORMATION:


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

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

Respectfully submitted,

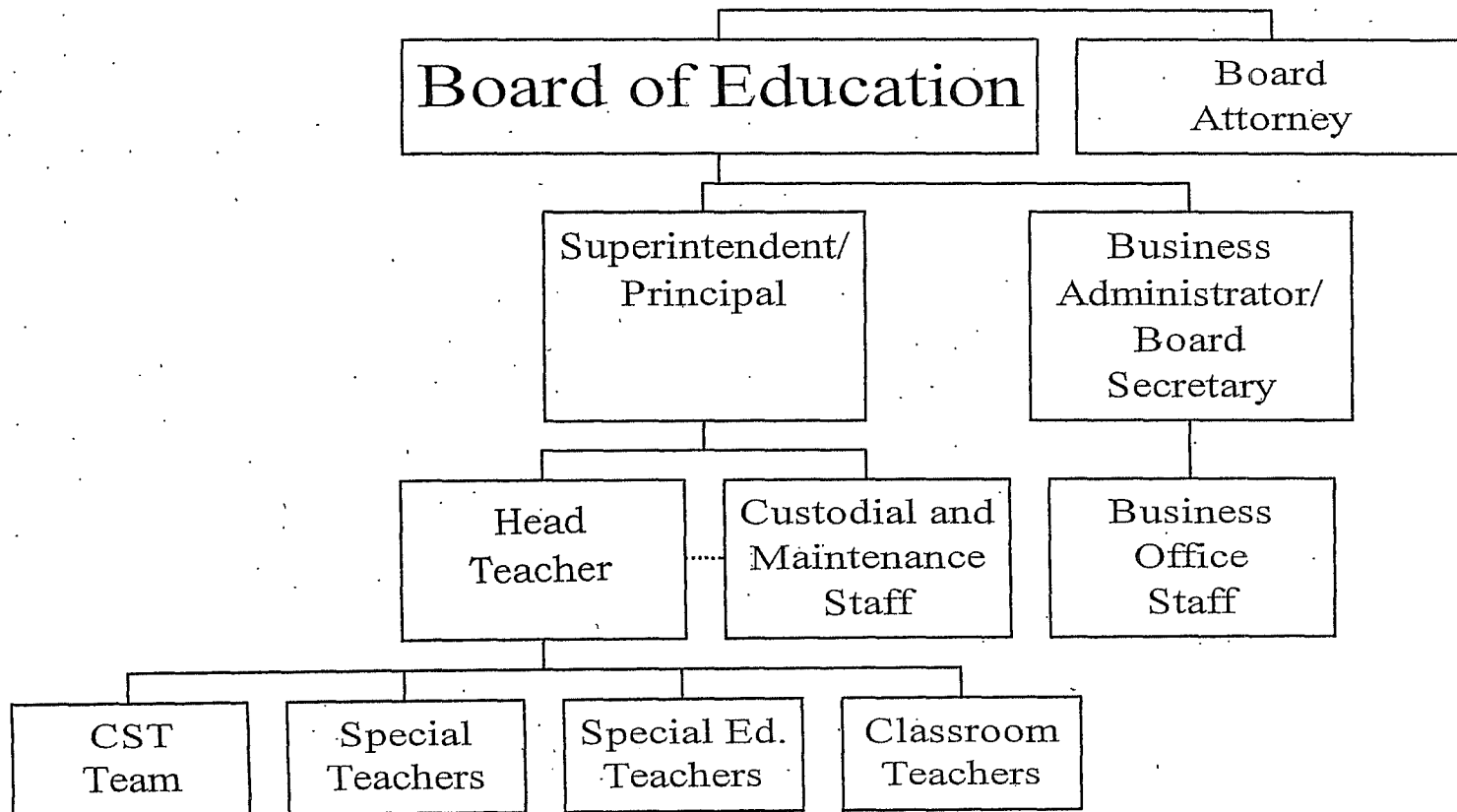


Gina Cinotti
Superintendent/Principal



Stephanie Kuchar
Business Administrator

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



SADDLE RIVER BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2019

<u>Members of the Board of Education as of June 30, 2018</u>	<u>Term Expires</u>
Tanya Valency, President	2019
Emily Kaufman, Vice President	2020
Paige Egan	2019
John Peros	2021
Kelly Healy	2021

Other Officials

Dr.Gina Cinotti, Interim Superintendent/Principal

Stephanie Kuchar, Business Administrator/Board Secretary (May 2019)

Thomas Duane, BA (Prior)

John Ferraro, Interim BA

Glenn Stokes, Treasurer

SADDLE RIVER BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

Audit Firm

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

Attorney

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

Official Depository

TD Bank
New Jersey

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education, as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information


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


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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 13, 2019 on our consideration of the Saddle River Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Saddle River Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Saddle River Board of Education's internal control over financial reporting and compliance.


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 13, 2019

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

Saddle River Board of Education

Saddle River, New Jersey

Management's Discussion and Analysis

Fiscal Year Ended June 30, 2019

This section of the Saddle River Board of Education's comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2018-2019) and the prior year (2017-2018) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-2019 fiscal year are as follows:

- The assets and deferred outflows of resources of the governmental activities of the Saddle River Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,996,495 (net position).
- The District's total net position for governmental activities increased by \$177,367.
- Overall governmental activities revenues were \$10,974,988. General revenues accounted for \$8,763,078 or 80% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,211,910 or 20% of total revenues.
- The school district had \$10,797,621 in expenses for governmental activities; only \$2,211,910 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$8,763,078 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$1,866,328. Of this amount, \$573,253 is restricted for capital reserve, \$123,141 is restricted for Capital Projects, \$279,464 has been appropriated in the 2019/2020 budget for taxpayer relief, \$646,978 is restricted for taxpayer relief in the 2020/2021 budget, \$62,133 represents encumbered purchase orders and \$181,359 is available for spending at the District's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

**Management’s Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

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

Major Features of the District-Wide and Fund Financial Statements

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

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019

District-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019

The district has three kinds of funds:

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

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

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

The following provides a summary of the school district's net position for 2019 and 2018.

Net Position. The district's combined net position were \$1,996,495 and \$1,816,175 on June 30, 2019 and 2018, respectively.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019**

**Statement of Net Position
as of June 30, 2019 and 2018**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Current Assets	\$ 1,982,481	\$ 2,291,114	\$ 20,875	\$ 4,677	\$ 2,003,356	\$ 2,295,791
Capital Assets	<u>4,616,993</u>	<u>4,714,102</u>	<u>6,294</u>	<u>7,923</u>	<u>4,623,287</u>	<u>4,722,025</u>
Total Assets	<u>6,599,474</u>	<u>7,005,216</u>	<u>27,169</u>	<u>12,600</u>	<u>6,626,643</u>	<u>7,017,816</u>
Deferred Outflows of Resources						
Deferred Amount on Net Pension Liability	<u>306,385</u>	<u>492,705</u>	<u>-</u>	<u>-</u>	<u>306,385</u>	<u>492,705</u>
Total Deferred Outflows of Resources	<u>306,385</u>	<u>492,705</u>	<u>-</u>	<u>-</u>	<u>306,385</u>	<u>492,705</u>
Liabilities						
Noncurrent Liabilities	4,055,489	4,806,820	-	-	4,055,489	4,806,820
Other Liabilities	<u>135,719</u>	<u>381,632</u>	<u>15,025</u>	<u>3,409</u>	<u>150,744</u>	<u>385,041</u>
Total Liabilities	<u>4,191,208</u>	<u>5,188,452</u>	<u>15,025</u>	<u>3,409</u>	<u>4,206,233</u>	<u>5,191,861</u>
Deferred Inflows of Resources						
Deferred Amount on Net Pension Liability	<u>730,300</u>	<u>502,485</u>	<u>-</u>	<u>-</u>	<u>730,300</u>	<u>502,485</u>
Total Deferred Inflows of Resources	<u>730,300</u>	<u>502,485</u>	<u>-</u>	<u>-</u>	<u>730,300</u>	<u>502,485</u>
Net Position						
Net Investment in Capital Assets	2,453,134	2,132,102	6,294	7,923	2,459,428	2,140,025
Restricted	723,253	896,467	-	-	723,253	896,467
Unrestricted	<u>(1,192,036)</u>	<u>(1,221,585)</u>	<u>5,850</u>	<u>1,268</u>	<u>(1,186,186)</u>	<u>(1,220,317)</u>
Total Net Position	<u>\$ 1,984,351</u>	<u>\$ 1,806,984</u>	<u>\$ 12,144</u>	<u>\$ 9,191</u>	<u>\$ 1,996,495</u>	<u>\$ 1,816,175</u>

The following page shows changes in net position for fiscal years 2019 and 2018.

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019

Change in Net Position
For The Fiscal Years Ended June 30, 2019 and 2018

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program Revenues						
Charges for Services	\$ 149,994	\$ 119,095	\$ 81,197	\$ 71,557	\$ 231,191	\$ 190,652
Operating and Capital Grants and Contributions	2,061,916	2,323,674			2,061,916	2,323,674
General Revenues						
Property Taxes	8,581,462	8,368,885			8,581,462	8,368,885
Unrestricted State Aid	116,184	121,119			116,184	121,119
Investment Earnings	20,031	5,737			20,031	5,737
Miscellaneous	45,401	7,745	-	-	45,401	7,745
Total Revenues	<u>10,974,988</u>	<u>10,946,255</u>	<u>81,197</u>	<u>71,557</u>	<u>11,056,185</u>	<u>11,017,812</u>
Expenses						
Instruction						
Regular	6,122,752	6,029,160			6,122,752	6,029,160
Special Education	1,192,425	1,066,104			1,192,425	1,066,104
School Sponsored Activities and Athletics	116,017	10,032			116,017	10,032
Support Services						
Student and Instruction Related Services	1,828,634	2,169,803			1,828,634	2,169,803
General Administrative Services	145,875	101,312			145,875	101,312
School Administrative Services	45,734	57,279			45,734	57,279
Plant Operations and Maintenance	544,014	538,621			544,014	538,621
Pupil Transportation	538,580	547,330			538,580	547,330
Business Services	220,746	243,333			220,746	243,333
Interest on Long-Term Debt	42,844	46,526			42,844	46,526
Food Services	-	-	78,244	75,367	78,244	75,367
Total Expenses	<u>10,797,621</u>	<u>10,809,500</u>	<u>78,244</u>	<u>75,367</u>	<u>10,875,865</u>	<u>10,884,867</u>
Change in Net Position	177,367	136,755	2,953	(3,810)	180,320	132,945
Net Position, Beginning of Year	<u>1,806,984</u>	<u>1,670,229</u>	<u>9,191</u>	<u>13,001</u>	<u>1,816,175</u>	<u>1,683,230</u>
Net Position, End of Year	<u>\$ 1,984,351</u>	<u>\$ 1,806,984</u>	<u>\$ 12,144</u>	<u>\$ 9,191</u>	<u>\$ 1,996,495</u>	<u>\$ 1,816,175</u>

Saddle River Board of Education Saddle River, New Jersey

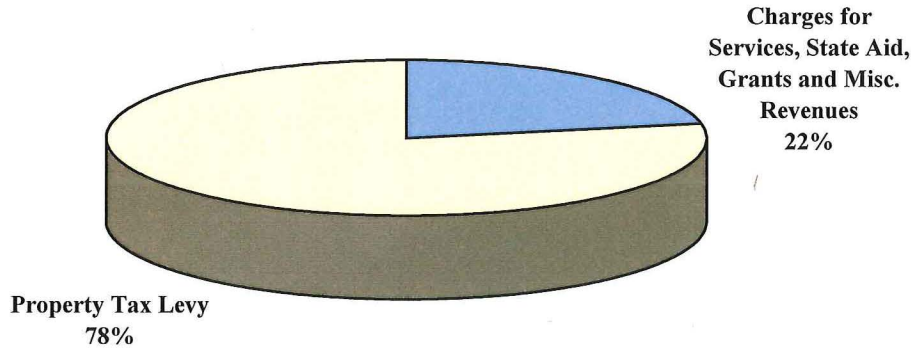
Management's Discussion and Analysis (continued) Fiscal Year Ended June 30, 2019

Governmental Activities. The District's total revenues were \$10,974,988. The local share of the revenues for property taxes amounted to \$8,581,462 or 78% of total revenues. Funding from program charges and state, federal and local sources amounted to \$2,178,100 or 20%. Revenues from charges for services amounted to \$149,994 or 1% of total revenues. The remaining revenues totaling \$65,432 includes investment earnings and other miscellaneous revenues.

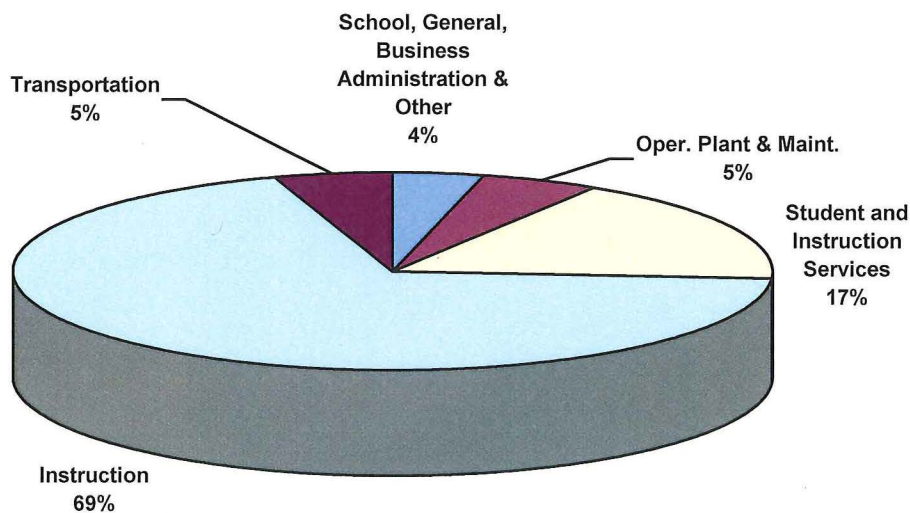
The District's total expenses of \$10,797,621 are predominantly related to instruction and support services. Instruction totaled \$7,431,194 (69%) and other support services exclusive of interest on long-term debt totaled \$3,323,583 (31%) of total expenditures.

Total governmental activities revenues surpassed expenses, increasing net position by \$177,367 from the previous year.

Revenues by Sources – Governmental Activities
For Fiscal Year 2019



Expenses by Function – Governmental Activities
For Fiscal Year 2019



Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019

Total and Net Cost of Governmental Activities – The District's total cost of services was \$10,797,621 after applying program revenues, derived from: charges for services of \$149,994 and operating grants and contributions of \$2,061,916 the net cost of services of the District is \$8,585,711.

Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2019 and 2018

<u>Functions/Programs</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Governmental Activities				
Instruction				
Regular	\$ 6,122,752	\$ 6,029,160	\$ 5,054,220	\$ 4,814,147
Special Education	1,192,425	1,066,104	882,963	687,874
School Sponsored Activities and Athletics	116,017	10,032	115,713	9,131
Support Services				
Student and Instruction Related Services	1,828,634	2,169,803	1,314,788	1,536,225
General Administrative Services	145,875	101,312	144,142	97,963
School Administrative Services	45,734	57,279	33,721	42,499
Plant Operations and Maintenance	544,014	538,621	455,995	458,698
Pupil Transportation	538,580	547,330	331,303	451,498
Business Services	220,746	243,333	210,022	222,170
Interest	42,844	46,526	42,844	46,526
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 10,797,621</u>	<u>\$ 10,809,500</u>	<u>\$ 8,585,711</u>	<u>\$ 8,366,731</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2019 was \$78,244. These costs were funded by charges for services (\$81,197). The net revenue of services for business-type activities was \$2,953.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019**

Governmental Funds (Continued)

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a *combined* fund balance of \$1,866,328. At June 30, 2018, the fund balance was \$1,930,739.

Revenues for the District's governmental funds were \$10,386,260 while total expenditures were \$10,450,671 thereby decreasing fund balance by \$64,411.

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

The following schedule presents a summary of General Fund revenues.

General Fund Revenues

	Fiscal Year Ended <u>June 30, 2019</u>	Fiscal Year Ended <u>June 30, 2018</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Local Sources:				
Property Taxes	\$ 8,357,370	\$ 8,193,500	\$ 163,870	2.0%
Tuition	149,994	119,095	30,899	25.9%
Investment Earnings	20,031	5,737	14,294	249.2%
Miscellaneous	45,401	7,745	37,656	486.2%
Intergovernmental				
Federal/State Sources	<u>1,139,907</u>	<u>973,092</u>	<u>166,815</u>	17.1%
 Total Revenues	 <u>\$ 9,712,703</u>	 <u>\$ 9,299,169</u>	 <u>\$ 413,534</u>	 4.4%

Total General Fund revenues increased by \$413,534 or 4% over the previous year.

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

There was an increase of \$166,815 or 17% from the prior year in Federal/State sources revenues.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019**

General Fund Expenditures

	<u>Fiscal Year Ended June 30, 2019</u>	<u>Fiscal Year Ended June 30, 2018</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Instruction	\$ 6,607,343	\$ 6,090,971	\$ 516,372	8.5%
Student & Instruction Related	1,603,898	1,686,135	(82,237)	-4.9%
School, General & Business Administration	384,064	335,832	48,232	14.4%
Plant Operations & Transportation	972,278	989,534	(17,256)	-1.7%
Capital Outlay	<u>9,458</u>	<u>3,988</u>	<u>5,470</u>	137.2%
 Total Expenditures	 <u>\$ 9,577,041</u>	 <u>\$ 9,106,460</u>	 <u>\$ 470,581</u>	 5.2%

Total General Fund expenditures increased by \$470,581 or 5% from the previous year.

In 2018/2019, General Fund revenues exceeded expenditures and other financing uses by \$108,104. As a result, total fund balance increased to \$1,743,187 at June 30, 2019. After deducting statutory restrictions and designations, the unassigned fund balance decreased from \$221,066 at June 30, 2018 to \$181,359 at June 30, 2019.

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

Revenues of the Special Revenue Fund were \$334,023 for the year ended June 30, 2019. Local sources represented 31% of the total revenue for the year, state sources accounts for 39% and federal sources accounted for 30%.

Total Special Revenue Fund revenues decreased \$21,283 or 6% from the previous year. State sources increased \$16,662 or 15%, Federal sources increased \$13,942 or 17% and local sources decreased \$51,887 or 33%.

Expenditures of the Special Revenue Fund were \$334,023. Instructional expenditures were \$165,556 or 50% of the expenditures. Student and instruction related services expenditures were \$123,767 or 37% of expenditures. Plant Operations and Maintenance expenditures were \$44,700 or 13% of expenditures.

Capital Projects Fund – Expenditures in the Capital Projects Fund totaled \$200,073 during the 2018/19 school year. There was a transfer from the General Fund – Capital Reserve in the amount of \$27,558 to fund the carbon monoxide detector system project. Fund balance of \$123,141 remains as of June 30, 2019.

Proprietary Funds

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

Saddle River Board of Education
Saddle River, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019

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

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

Capital Assets. At the end of the fiscal year 2019, the school district's investment in land, land improvements, buildings, furniture, machinery and equipment for governmental activities amounts to \$4,616,993 and \$6,294 for business-type activities (net of accumulated depreciation).

	Governmental Activities		Business-Type Activities	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 3,483	\$ 3,483		
Construction in Progress	144,451			
Land Improvements	443,493	443,493		
Building and Building Improvements	6,682,305	6,682,305		
Machinery and Equipment	<u>530,730</u>	<u>502,720</u>	\$ 48,103	\$ 48,103
 Total	 7,804,462	 7,632,001	 48,103	 48,103
 Less: Accumulated Depreciation	 <u>(3,187,469)</u>	 <u>(2,917,899)</u>	 <u>(41,809)</u>	 <u>(40,180)</u>
 Total Capital Assets, Net	 <u>\$ 4,616,993</u>	 <u>\$ 4,714,102</u>	 <u>\$ 6,294</u>	 <u>\$ 7,923</u>

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

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

**Management’s Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2019**

Debt Administration. As of June 30, 2019 the school district had outstanding long-term liabilities in the amount of \$4,055,489.

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

	<u>2019</u>	<u>2018</u>
Bonds Payable	\$ 2,287,000	\$ 2,582,000
Compensated Absences Payable	109,520	109,520
Net Pension Liability	<u>1,658,969</u>	<u>2,115,300</u>
 Total	 <u>\$ 4,055,489</u>	 <u>\$ 4,806,820</u>

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

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

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

Many factors were considered by the District’s administration during the process of developing the fiscal year 2018-2019 budget. The primary factors were the District’s projected student population, anticipated state and federal aid as well as increasing salary and related benefit costs.

These indicators were also considered when adopting the budget for fiscal year 2019-2020. Budgeted expenditures in the General Fund increased 6 percent to \$9,777,603 in fiscal year 2019-2020.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

**SADDLE RIVER BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,854,587	\$ 4,909	\$ 1,859,496
Receivables, net			
Receivables from Other Governments	127,894		127,894
Other		13,790	13,790
Inventories		2,176	2,176
Capital Assets, Not Being Depreciated	147,934		147,934
Capital Assets, Net of Depreciation	<u>4,469,059</u>	<u>6,294</u>	<u>4,475,353</u>
Total Assets	<u>6,599,474</u>	<u>27,169</u>	<u>6,626,643</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>306,385</u>	<u>-</u>	<u>306,385</u>
Total Deferred Outflows of Resources	<u>306,385</u>	<u>-</u>	<u>306,385</u>
Total Assets and Deferred Outflows of Resources	<u>6,905,859</u>	<u>27,169</u>	<u>6,933,028</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities		15,025	15,025
Payable to State Government	10,654		10,654
Unearned Revenue	105,499		105,499
Accrued Interest Payable	19,566		19,566
Noncurrent Liabilities			
Due Within One Year	300,000		300,000
Due Beyond One Year	<u>3,755,489</u>	<u>-</u>	<u>3,755,489</u>
Total Liabilities	<u>4,191,208</u>	<u>15,025</u>	<u>4,206,233</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	<u>730,300</u>	<u>-</u>	<u>730,300</u>
Total Deferred Inflows of Resources	<u>730,300</u>	<u>-</u>	<u>730,300</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,921,508</u>	<u>15,025</u>	<u>4,936,533</u>
NET POSITION			
Net Investment in Capital Assets	2,453,134	6,294	2,459,428
Restricted for			
Maintenance Reserve	50,000		50,000
Emergency Reserve	100,000		100,000
Capital Projects	573,253		573,253
Unrestricted	<u>(1,192,036)</u>	<u>5,850</u>	<u>(1,186,186)</u>
Total Net Position	<u>\$ 1,984,351</u>	<u>\$ 12,144</u>	<u>\$ 1,996,495</u>

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

**SADDLE RIVER BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 6,122,752	\$ 149,994	\$ 918,538		\$ (5,054,220)		\$ (5,054,220)
Special Education	1,192,425		309,462		(882,963)		(882,963)
School Sponsored Activities and Athletics	116,017		304		(115,713)		(115,713)
Support Services							
Student and Instruction Related Services	1,828,634		513,846		(1,314,788)		(1,314,788)
General Administrative Services	145,875		1,733		(144,142)		(144,142)
School Administrative Services	45,734		12,013		(33,721)		(33,721)
Plant Operations and Maintenance	544,014		88,019		(455,995)		(455,995)
Pupil Transportation	538,580		207,277		(331,303)		(331,303)
Business Services	220,746		10,724		(210,022)		(210,022)
Interest	42,844	-	-	-	(42,844)	-	(42,844)
Total Governmental Activities	10,797,621	149,994	2,061,916	-	(8,585,711)	-	(8,585,711)
Business-Type Activities							
Food Service	78,244	81,197	-	-	-	\$ 2,953	2,953
Total Business-Type Activities	78,244	81,197	-	-	-	2,953	2,953
Total Primary Government	\$ 10,875,865	\$ 231,191	\$ 2,061,916	\$ -	(8,585,711)	2,953	(8,582,758)
General Revenues							
Property Taxes Levied for General Purpose					8,357,370		8,357,370
Property Taxes Levied for Debt Service					224,092		224,092
State Aid - Restricted for Debt Service					115,442		115,442
State Aid - Unrestricted					742		742
Investment Earnings					20,031		20,031
Miscellaneous Income					45,401		45,401
Total General Revenues					8,763,078	-	8,763,078
Change in Net Position					177,367	2,953	180,320
Net Position, Beginning of Year					1,806,984	9,191	1,816,175
Net Position, End of Year					\$ 1,984,351	\$ 12,144	\$ 1,996,495

FUND FINANCIAL STATEMENTS

**SADDLE RIVER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019**

	<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	\$ 1,691,829	\$ 39,617	\$ 123,141		\$ 1,854,587
Due from Other Funds	21,221				21,221
Receivables					
Intergovernmental	<u>30,137</u>	<u>97,757</u>	<u>-</u>	<u>-</u>	<u>127,894</u>
Total Assets	<u>\$ 1,743,187</u>	<u>\$ 137,374</u>	<u>\$ 123,141</u>	<u>\$ -</u>	<u>\$ 2,003,702</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable					
Due to Other Funds		\$ 21,221			\$ 21,221
Payable to State Government		10,654			10,654
Unearned Revenue	<u>-</u>	<u>105,499</u>	<u>-</u>	<u>-</u>	<u>105,499</u>
Total Liabilities	<u>-</u>	<u>137,374</u>	<u>-</u>	<u>-</u>	<u>137,374</u>
Fund Balances					
Restricted Fund Balance					
Excess Surplus-Designated for					
Subsequent Year's Expenditures (2019/20 Budget)	210,206				210,206
Excess Surplus	405,218				405,218
Capital Reserve	473,253				473,253
Capital Reserve - Designated for					
Subsequent Year's Expenditures (2019/20 Budget)	100,000				100,000
Emergency Reserve	100,000				100,000
Maintenance Reserve	50,000				50,000
Capital Projects			\$ 123,141		123,141
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures (2019/20 Budget)	69,258				69,258
Year-End Encumbrances	153,893				153,893
Unassigned Fund Balance	<u>181,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>181,359</u>
Total Fund Balances	<u>1,743,187</u>	<u>-</u>	<u>123,141</u>	<u>-</u>	<u>1,866,328</u>
Total Liabilities and Fund Balances	<u>\$ 1,743,187</u>	<u>\$ 137,374</u>	<u>\$ 123,141</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$7,804,462 and the accumulated depreciation is \$3,187,469. 4,616,993

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	\$ 306,385	
Deferred Inflows of Resources	<u>(730,300)</u>	(423,915)

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is: (19,566)

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

General Obligation Bonds Payable	2,287,000	
Compensated Absences Payable	109,520	
Net Pension Liability	<u>1,658,969</u>	(4,055,489)

Net Position of Governmental Activities (Exhibit A-1) \$ 1,984,351

SADDLE RIVER BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 8,357,370			\$ 224,092	\$ 8,581,462
Tuition	149,994				149,994
Interest	20,031				20,031
Miscellaneous	45,401	\$ 105,214	-	-	150,615
Total - Local Sources	<u>8,572,796</u>	<u>105,214</u>	<u>-</u>	<u>224,092</u>	<u>8,902,102</u>
State Sources	1,139,907	131,052		115,442	1,386,401
Federal Sources	-	97,757	-	-	97,757
Total Revenues	<u>9,712,703</u>	<u>334,023</u>	<u>-</u>	<u>339,534</u>	<u>10,386,260</u>
EXPENDITURES					
Current					
Regular Instruction	5,460,690	165,556			5,626,246
Special Education Instruction	1,141,011				1,141,011
School-Sponsored Activities and Athletics	5,642				5,642
Support Services and Undistributed Costs					
Student and Instruction Related Services	1,603,898	123,767			1,727,665
General Administrative Services	137,602				137,602
School Administrative Services	37,652				37,652
Plant Operations and Maintenance	447,247	44,700	\$ 37,070		529,017
Pupil Transportation	525,031				525,031
Business Services	208,810				208,810
Capital Outlay	9,458		163,003		172,461
Debt Service					
Principal				295,000	295,000
Interest	-	-	-	44,534	44,534
Total Expenditures	<u>9,577,041</u>	<u>334,023</u>	<u>200,073</u>	<u>339,534</u>	<u>10,450,671</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>135,662</u>	<u>-</u>	<u>(200,073)</u>	<u>-</u>	<u>(64,411)</u>
OTHER FINANCING USES					
Transfers In			27,558		27,558
Transfers Out	(27,558)	-	-	-	(27,558)
Total Other Financing Uses	<u>(27,558)</u>	<u>-</u>	<u>27,558</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	108,104	-	(172,515)	-	(64,411)
Fund Balance, Beginning of Year	<u>1,635,083</u>	<u>-</u>	<u>295,656</u>	<u>-</u>	<u>1,930,739</u>
Fund Balance, End of Year	<u>\$ 1,743,187</u>	<u>\$ -</u>	<u>\$ 123,141</u>	<u>\$ -</u>	<u>\$ 1,866,328</u>

**SADDLE RIVER BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (64,411)

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

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

Capital Outlays	\$ 172,462	
Depreciation Expense	<u>(269,570)</u>	(97,108)

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

Principal Repayments		
General Obligation Bonds	<u>295,000</u>	295,000

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

Decrease in Accrued Interest	1,690	
Net Decrease in Pension Expense	<u>42,196</u>	
		<u>43,886</u>

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 177,367

**SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2019**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
ASSETS	
Current Assets	
Cash	\$ 4,909
Accounts Receivable	13,790
Inventories	<u>2,176</u>
Total Current Assets	<u>20,875</u>
Capital Assets	
Machinery and Equipment	48,103
Less: Accumulated Depreciation	<u>41,809</u>
Total Capital Assets, Net of Depreciation	<u>6,294</u>
Total Assets	<u>27,169</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>15,025</u>
Total Liabilities	<u>15,025</u>
NET POSITION	
Investment in Capital Assets	6,294
Unrestricted	<u>5,850</u>
Total Net Position	<u>\$ 12,144</u>

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

**SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
OPERATING REVENUES	
Charges for Services	
Daily Sales	\$ <u>81,197</u>
 Total Operating Revenues	 <u>81,197</u>
OPERATING EXPENSES	
Salaries and Benefits	27,664
Cost of Sales	36,794
Management Fee	8,000
Miscellaneous Expenses	3,716
Maintenance Expense	441
Depreciation Expense	<u>1,629</u>
 Total Operating Expenses	 <u>78,244</u>
 Operating Income/Change in Net Position	 <u>2,953</u>
 Net Position, Beginning of Year	 <u>9,191</u>
 Net Position, End of Year	 <u>\$ 12,144</u>

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

**SADDLE RIVER BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Business-Type Activities Enterprise Fund <u>Food Service</u>
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 81,197
Cash Payments to Employers for Salaries and Wages	(27,664)
Cash Payments to Suppliers for Goods and Services	<u>(51,768)</u>
Net Cash Provided by (Used for) Operating Activities	<u>1,765</u>
Net Increase in Cash	1,765
Cash, Beginning of Year	<u>3,144</u>
Cash, End of Year	<u>\$ 4,909</u>
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities	
Operating Income	<u>\$ 2,953</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	1,629
Change in Assets and Liabilities	
(Increase)/Decrease in Accounts Receivable	(13,790)
(Increase)/Decrease in Inventories	(642)
Increase/(Decrease) in Accounts Payable	<u>11,615</u>
Total Adjustments	<u>(1,188)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,765</u>

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

**SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2019**

	<u>Unemployment Compensation Trust Fund</u>	<u>Agency Fund</u>
ASSETS		
Cash	\$ <u>48,457</u>	\$ <u>28,502</u>
Total Assets	<u>48,457</u>	<u>\$ 28,502</u>
LIABILITIES		
Payroll Deductions and Withholdings		\$ 4,763
Reserved for Flexible Spending		10,640
Due to Student Groups	<u>-</u>	<u>13,099</u>
Total Liabilities	<u>-</u>	<u>\$ 28,502</u>
NET POSITION		
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 48,457</u>	

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

**SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Unemployment Compensation Trust Fund</u>
ADDITIONS	
Contributions Employees	\$ <u>5,519</u>
Total Additions	<u>5,519</u>
DEDUCTIONS	
Unemployment Claims and Contributions	<u>-</u>
Total Deductions	<u>-</u>
Change in Net Position	5,519
Net Position, Beginning of Year	<u>42,938</u>
Net Position, End of Year	<u>\$ 48,457</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2019, the District adopted the following GASB statement:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placement*. 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.

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.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- 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. 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.

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.

SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

Reclassifications

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

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

5. Deferred Outflows/Inflows of Resources

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

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. Compensated Absences

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

7. Pensions

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

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

8. Long-Term Obligations

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

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

SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2C).

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

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

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

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

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

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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

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

10. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has not committed fund balances at year end.

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2017-2018 and 2018-2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$364,396. The increase was funded by appropriation of capital reserve funds, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Special Revenue Fund			
Instruction			
Salaries of Teachers	\$3,084	\$45,057	\$(41,973)
General Supplies	61,005	62,303	(1,298)
Support Services			
Personal Services-			
Employee Benefits		627	(627)

The above variances were offset with other available resources.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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.

The activity of the capital reserve for the fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	\$ 600,811
Decreased by:	
Withdrawal Approved by Board Resolution	27,558
Balance, June 30, 2019	\$ 573,253

The withdrawal from the capital reserve was for use in a facilities project, consistent with the district’s Long Range Facilities Plan. \$100,000 of the capital reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

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, 2019 is \$615,424. Of this amount, \$210,206 was designated and appropriated in the 2019/2020 original budget certified for taxes and the remaining amount of \$405,218 will be appropriated in the 2020/2021 original budget certified for taxes.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2019, the book value of the Board's deposits were \$1,936,455 and bank and brokerage firm balances of the Board's deposits amounted to \$2,369,485. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 2,369,485
	<u>\$ 2,369,485</u>

Investments

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

As of June 30, 2019, the Board had no outstanding investments.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2019 for the district's individual major funds including the applicable allowances for uncollectible accounts, are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Receivables:			
Intergovernmental			
Federal		\$ 97,757	\$ 97,757
State	\$ 30,137	-	30,137
Gross Receivables	30,137	97,757	127,894
Less: Allowance for Uncollectibles	-	-	-
Net Total Receivables	<u>\$ 30,137</u>	<u>\$ 97,757</u>	<u>\$ 127,894</u>

C. Unearned Revenue

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

Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 93,088
Grant Draw Downs Reserved for Encumbrances	<u>12,411</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 105,499</u>

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Balance, <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2019</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 3,483	-	-	\$ 3,483
Construction in Progress	-	\$ 144,451	-	144,451
Total Capital Assets, Not Being Depreciated	<u>3,483</u>	<u>144,451</u>	<u>-</u>	<u>147,934</u>
Capital Assets, Being Depreciated:				
Land Improvements	443,493			443,493
Building and Building Improvements	6,682,305			6,682,305
Machinery and Equipment	<u>502,720</u>	<u>28,010</u>	<u>-</u>	<u>530,730</u>
Total Assets Being Depreciated	<u>7,628,518</u>	<u>28,010</u>	<u>-</u>	<u>7,656,528</u>
Less Accumulated Depreciation for:				
Land Improvements	(365,481)	(23,091)		(388,572)
Building and Building Improvements	(2,242,200)	(215,978)		(2,458,178)
Machinery and Equipment	<u>(310,218)</u>	<u>(30,501)</u>	<u>-</u>	<u>(340,719)</u>
Total Accumulated Depreciation	<u>(2,917,899)</u>	<u>(269,570)</u>	<u>-</u>	<u>(3,187,469)</u>
Total Assets, Being Depreciated, Net	<u>4,710,619</u>	<u>(241,560)</u>	<u>-</u>	<u>4,469,059</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,714,102</u>	<u>\$ (97,109)</u>	<u>\$ -</u>	<u>\$ 4,616,993</u>

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2019</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 48,103	-	-	\$ 48,103
Total Capital Assets Being Depreciated	<u>48,103</u>	<u>-</u>	<u>-</u>	<u>48,103</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(40,180)	\$ (1,629)	-	(41,809)
Total Accumulated Depreciation	<u>(40,180)</u>	<u>(1,629)</u>	<u>-</u>	<u>(41,809)</u>
Total Capital Assets, Being Depreciated, Net	<u>7,923</u>	<u>(1,629)</u>	<u>-</u>	<u>6,294</u>
Business-Type Activities Capital Assets, Net	<u>\$ 7,923</u>	<u>\$ (1,629)</u>	<u>\$ -</u>	<u>\$ 6,294</u>

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

Governmental Activities:

Instruction	
Regular	\$ 159,047
Special Education	<u>18,870</u>
Total Instruction	<u>177,917</u>
Support Services	
Student and Instruction Related Services	43,131
General Administrative Services	8,087
School Administrative Services	2,696
Operations and Maintenance of Plant	13,478
Pupil Transportation	13,478
Business Services	<u>10,783</u>
Total Support Services	<u>91,653</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 269,570</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 1,629</u>

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 21,221</u>

The above balances are 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>	
	Capital	
	<u>Projects</u>	
Transfer Out:		
General Fund	\$ 27,558	
 Total transfers	 <u>\$ 27,558</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.

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 and other purposes permitted by statute. 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, 2019 are comprised of the following issues:

\$3,097,000, 2015 Bonds, due in annual installments of \$300,000 to \$357,000 through July 15, 2025, interest at 1.50% to 2.00%	<u>\$2,287,000</u>
---	--------------------

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 300,000	\$ 40,440	\$ 340,440
2021	310,000	35,865	345,865
2022	315,000	30,390	345,390
2023	325,000	23,990	348,990
2024	335,000	17,390	352,390
2025-2026	<u>702,000</u>	<u>14,160</u>	<u>716,160</u>
Total	<u>\$ 2,287,000</u>	<u>\$ 162,235</u>	<u>\$ 2,449,235</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

2.5% of Equalized Valuation Basis (Municipal)		\$ 61,753,484
Less: Net Debt		
Issued	\$ 2,287,000	
Authorized But Not Issued	<u>91</u>	
		<u>2,287,091</u>
Remaining Borrowing Power		<u>\$ 59,466,393</u>

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	<u>Balance, July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2019</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$ 2,582,000		\$ 295,000	\$ 2,287,000	\$ 300,000
Compensated Absences	109,520			109,520	
Net Pension Liability	<u>2,115,300</u>	<u>\$ -</u>	<u>456,331</u>	<u>1,658,969</u>	<u>-</u>
Governmental Activity Long-Term Liabilities	<u>\$ 4,806,820</u>	<u>\$ -</u>	<u>\$ 751,331</u>	<u>\$ 4,055,489</u>	<u>\$ 300,000</u>

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

NOTE 4 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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 employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s fiduciary trust fund for the current and previous two years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2019	\$ 5,519		\$ 48,457
2018	6,639	\$ 4,545	42,938
2017	4,279	10,502	40,844

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, 2019, 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, 2019, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

Public Employees’ Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, 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. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division’s) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage 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, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represent the membership tiers for TPAF:

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

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

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

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

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

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

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, 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.

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Actuarial Methods and Assumptions

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

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 members 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 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2019.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer 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. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2019	\$ 83,808	\$ 370,057	None
2018	84,181	296,837	None
2017	81,934	205,042	None

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$483, \$1,569 and \$841, respectively for PERS and the State contributed \$110, \$208, and \$363, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$128,072 during the fiscal year ended June 30, 2019 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.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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. 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 measurement period July 1, 2017 through June 30, 2018. 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 (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) 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, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$1,658,969 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 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 the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was 0.00842 percent, which was a decrease of .00067 percent from its proportionate share measured as of June 30, 2017 of 0.00909 percent.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$41,612 for PERS. The pension contribution made by the District during the current 2018/2019 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, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. 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, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, 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	\$ 31,637	\$ 8,554
Changes of Assumptions	273,371	530,450
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		15,561
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>1,377</u>	<u>175,735</u>
Total	<u>\$ 306,385</u>	<u>\$ 730,300</u>

At June 30, 2019, 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:

<u>Year Ending June 30,</u>	<u>Total</u>
2020	\$ (31,897)
2021	(58,584)
2022	(152,610)
2023	(132,488)
2024	(48,336)
Thereafter	<u>-</u>
	<u>\$ (423,915)</u>

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

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

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	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%
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>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 5.66%, 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 (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	1% Decrease <u>4.66%</u>	Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 2,085,962</u>	<u>\$ 1,658,969</u>	<u>\$ 1,300,749</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2018. A sensitivity analysis specific to the District's net pension liability at June 30, 2018 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. 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, 2018, 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, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$729,840 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$12,519,449. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was 0.01967 percent, which was an increase of 0.00145 percent from its proportionate share measured as of June 30, 2017 of 0.01822 percent.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

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, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. 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, 2018 are summarized in the following table:

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

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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, 2040

Municipal Bond Rate * From July 1, 2040
 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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 4.86%, 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 (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease <u>(3.86%)</u>	Current Discount Rate <u>(4.86%)</u>	1% Increase <u>(5.86%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 14,797,751</u>	<u>\$ 12,519,449</u>	<u>\$ 10,630,792</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. 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 Employees Plan (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. 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.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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.

Plan Membership

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

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>-</u>
Total	<u>362,181</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.

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$167,857, \$191,720 and \$170,847, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan 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.

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 Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. 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 measurement period July 1, 2017 through June 30, 2018. 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.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$396,802. 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, 2019 the State’s proportionate share of the OPEB liability attributable to the District is \$8,413,611. 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, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state’s share of the OPEB liability attributable to the District was 0.02 percent, which was unchanged from its proportionate share measured as of June 30, 2017 of 0.02 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. 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 Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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.

The actuarial assumptions used in the June 30, 2017 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.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight 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 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven 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.

**SADDLE RIVER BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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, 2018.

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>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

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.

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, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>9,934,628</u>
Changes Recognized for the Fiscal Year:	
Service Cost	381,641
Interest on the Total OPEB Liability	365,469
Differences Between Expected and Actual Experience	(1,085,422)
Changes of Assumptions	(965,504)
Gross Benefit Payments	(224,977)
Contributions from the Member	<u>7,776</u>
Net Changes	\$ <u>(1,521,017)</u>
Balance, June 30, 2018 Measurement Date	\$ <u>8,413,611</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

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, 2018. 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, 2018 was not provided by the pension system.

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

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 3.87%, 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 (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>9,946,601</u>	\$ <u>8,413,611</u>	\$ <u>7,195,042</u>

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:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ <u>6,954,340</u>	\$ <u>8,413,611</u>	\$ <u>10,343,553</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

SADDLE RIVER BOARD OF EDUCATION
 GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Property Tax Levy	\$ 8,357,370		\$ 8,357,370	\$ 8,357,370	
Preschool Tuition	90,000		90,000	122,994	\$ 32,994
Tuition from Individuals	12,400		12,400	27,000	14,600
Interest				20,031	20,031
Interest on Capital Reserve			-		-
Miscellaneous	3,850	-	3,850	45,401	41,551
Total Local Sources	8,463,620	-	8,463,620	8,572,796	109,176
State Sources					
Special Education Aid	132,546		132,546	132,546	
Transportation Aid	103,381		103,381	202,394	99,013
Security Aid	29,320		29,320	29,320	
Additional Nonpublic Transportation Aid				17,400	17,400
Extraordinary Aid	50,000		50,000	65,540	15,540
On-behalf TPAF Pension System Payments - Non-Contributory Insurance (Non-Budget)				7,587	7,587
On-behalf TPAF Pension System Payments - Normal Cost (Non-Budget)				362,470	362,470
On-behalf TPAF Pension System Payments - Post-Retirement Medical Contribution (Non-Budget)				167,857	167,857
On-behalf TPAF Pension System Payments - Long Term Disability Insurance (Non-Budget)				110	110
Reimbursed TPAF Social Security Payments (Non-Budget)	-	-	-	128,072	128,072
Total State Sources	315,247	-	315,247	1,113,296	798,049
Total Revenues	8,778,867	-	8,778,867	9,686,092	907,225
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	137,080	\$ 97,460	234,540	234,540	-
Kindergarten	139,719	(63,846)	75,873	75,873	
Grades 1-5	1,015,317	(12,226)	1,003,091	991,981	11,110
Regular Programs - Undistributed Instruction					
Purchased Professional/Educational Services	16,500	3,218	19,718	19,718	-
Purchased Technical Services	9,700	5,229	14,929	14,929	
Other Purchased Services	33,600	(2,747)	30,853	30,253	600
General Supplies	38,200	(1,321)	36,879	35,204	1,675
Total Regular Programs	1,390,116	25,767	1,415,883	1,402,498	13,385
Resource Room/Resource Center					
Salaries of Teachers	153,172	(139)	153,033	125,601	27,432
General Supplies	1,060	2,734	3,794	3,667	127
Total Resource Room/Resource Center	154,232	2,595	156,827	129,268	27,559
Total Special Education	154,232	2,595	156,827	129,268	27,559
School Sponsored Co/Extracurricular Activities-Instruction					
Salaries	-	3,500	3,500	3,500	-
Total Co/Extracurricular Activities-Instruction	-	3,500	3,500	3,500	-
Total Instruction	1,544,348	31,862	1,576,210	1,535,266	40,944

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within the State - Regular	\$ 3,062,170	\$ 167,749	\$ 3,229,919	\$ 3,218,319	\$ 11,600
Tuition to Other LEAs Within the State - Special	533,352	6,775	540,127	529,563	10,564
Tuition to County Voc. School Dist. - Special					
Tuition to CSSD & Reg. Day Schools	180,800	(16,228)	164,572	107,549	57,023
Tuition to Priv. School for the Disabled W/I State	297,500	(76,880)	220,620	220,620	-
Tuition to Priv. Sch. Disabled & Other LEAs- Special,O/S State	89,500	(16,485)	73,015	73,015	-
Total Undistributed Expenditures -					
Instruction	4,163,322	64,931	4,228,253	4,149,066	79,187
Attendance & Social Work					
Salaries	14,280		14,280	14,280	-
Purchased Professional and Technical Services	7,000		7,000	7,000	-
Supplies and Materials	115	-	115	-	115
Total Attendance & Social Work	21,395	-	21,395	21,280	115
Health Services					
Salaries	70,146	(1,334)	68,812	68,643	169
Purchased Professional and Technical Services	2,480	3,035	5,515	5,515	-
Other Purchased Services	140	-	140	140	-
Supplies and Materials	2,300	2,754	5,054	4,585	469
Total Health Services	75,066	4,455	79,521	78,883	638
Speech, OT, PT and Related Services					
Salaries	68,380	(1,668)	66,712	66,712	-
Purchased Professional-Educational Services	69,200	7,980	77,180	60,445	16,735
Supplies and Materials	700	(204)	496	274	222
Total Speech, OT, PT and Related Services	138,280	6,108	144,388	127,431	16,957
Other Support Serv. Students - Extra. Svcs.					
Salaries	221,280	(11,287)	209,993	191,117	18,876
Purchased Professional-Educational Services	47,500	(44,187)	3,313	3,313	-
Supplies and Materials	-	-	-	-	-
Total Other Support Serv. Students - Extra. Svcs.	268,780	(55,474)	213,306	194,430	18,876
Guidance					
Purchased Professional and Technical Services	2,000	544	2,544	2,544	-
Supplies and Materials	750	(425)	325	-	325
Total Guidance	2,750	119	2,869	2,544	325
Child Study Teams					
Salaries of Other Professional Staff	112,200		112,200	112,200	-
Salaries of Secretarial and Clerical Assistants	75,347	-	75,347	75,347	-
Purchased Professional/Educational Services	66,500	36,114	102,614	40,337	62,277
Other Purchased Professional and Tech. Services		675	675	675	-
Misc. Purchased Services	750	-	750	-	750
Supplies and Materials	9,550	(7,727)	1,823	1,823	-
Other Objects	500	-	500	319	181
Total Child Study Teams	264,847	29,062	293,909	230,701	63,208
Improvement of Instructional Services					
Salaries of Other Professional Staff	227,673	(2,428)	225,245	225,245	-
Salaries of Secr and Clerical Assist	68,709	1	68,710	68,710	-
Purchased Professional/Educational Services	850	844	1,694	1,694	-
Total Improvement of Instructional Services	297,232	(1,583)	295,649	295,649	-

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 82,238	\$ (36,623)	\$ 45,615	\$ 45,615	
Purchased Professional and Technical Services	55,000	1,359	56,359	56,359	
Other Purchased Services	850	(844)	6	6	\$ 6
Supplies and Materials	700	515	1,215	1,156	59
Total Educational Media Serv./School Library	138,788	(35,593)	103,195	103,130	65
Instructional Staff Training Services					
Other Purchased Services	2,000	2,592	4,592	2,351	2,241
Total Instructional Staff Training Services	2,000	2,592	4,592	2,351	2,241
Support Services General Administration					
Salaries	20,942	(1,007)	19,935	19,935	
Legal Services	10,000	51,037	61,037	58,037	3,000
Audit Fees	21,000	4,921	25,921	25,921	-
Other Purchased Professional Services	2,850	584	3,434	3,434	-
Communications/Telephone	2,500	(827)	1,673	1,230	443
BOE Other Purchased Services	600	257	857	423	434
Miscellaneous Purchased Services	3,200	303	3,503	2,477	1,026
General Supplies	800	189	989	980	9
BOE In-House Training/Meeting Supplies	100	10	110	100	10
Miscellaneous Expenditures	1,100	(174)	926	878	48
BOE Membership Dues and Fees	8,969	(834)	8,135	8,135	-
Total Support Services General Administration	72,061	54,459	126,520	121,550	4,970
Support Services School Administration					
Salaries of Principals/Assistant Principals	20,302	488	20,790	20,790	-
Other Purchased Services	400	38	438	438	-
Supplies and Materials	1,400	1,288	2,688	2,688	-
Other Objects	1,180	112	1,292	920	372
Total Support Services School Administration	23,282	1,926	25,208	24,398	810
Central Services					
Salaries	130,815	(7,462)	123,353	123,353	-
Purchased Professional Services	4,550	(2,276)	2,274	2,274	-
Other Purchased Services	-	-	-	-	-
Misc. Purchased Services	2,800	(2,719)	81	81	-
Supplies and Materials	535	4,175	4,710	4,710	-
Miscellaneous Expenditures	1,300	1,600	2,900	2,900	-
Total Central Services	140,000	(6,682)	133,318	133,318	-
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance	40,250	16,762	57,012	22,770	34,242
General Supplies	13,400	(8,095)	5,305	5,304	1
Total Required Maintenance for School Fac.	53,650	8,667	62,317	28,074	34,243
Custodial Services					
Salaries	155,586	(3,505)	152,081	152,081	-
Salaries of Non-Instructional Aides	42,422	(32,000)	10,422	10,422	-
Cleaning, Repair, and Maintenance Svc.	750	2,417	3,167	3,167	-
Insurance	50,000	8,246	58,246	58,246	-
General Supplies	22,015	(6,211)	15,804	15,804	-
Other Objects	250	-	250	80	170
Energy (Electricity)	70,000	-	70,000	53,939	16,061
Energy (Natural Gas)	18,000	6,000	24,000	21,222	2,778
Total Custodial Services	359,023	(25,053)	333,970	314,961	19,009

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Original Budget	Transfers/ Adjustments	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Care and Upkeep of Grounds					
Cleaning, Repair, and Maintenance Svc.	\$ 7,000	\$ (3,042)	\$ 3,958	\$ 3,958	\$ -
General Supplies	4,200	(3,398)	802	802	-
Total Care and Upkeep of Grounds	11,200	(6,440)	4,760	4,760	-
Security					
Cleaning, Repair, and Maintenance Svc.	2,550	(2,550)	-	-	-
Total Security	2,550	(2,550)	-	-	-
Student Transportation Services					
Salaries for Pupil Transportation (Bet Home & Sch) Regular	8,559	(8,559)			
Salaries for Pupil Trans. (Other than Bet. Home & Sch.)	8,559	(2,853)	5,706	5,706	
Salaries for Pupil Trans. (Bet. Home & Sch) - Nonpublic	8,559	(6,684)	1,875	1,875	
Management Fee - ESC & CTSA Trans. Program	7,500	-	7,500	7,442	58
Contracted Services					
(Between Home and School) - Joint Agreements	328,800	42,105	370,905	369,292	1,613
Contracted Serv.-Aid in Lieu of Payments-Non Public Schools	60,000	(2,500)	57,500	57,500	-
Contracted Services (Spl. Ed. Students) -Joint Agree.	130,000	(51,424)	78,576	78,576	-
Other Objects	-	-	-	-	-
Total Student Transportation Services	551,977	(29,915)	522,062	520,391	1,671
Unallocated Benefits - Employee Benefits					
Social Security Contributions	75,000	181	75,181	75,181	-
Other Retirement Contributions - PERS	88,000		88,000	84,291	3,709
Unemployment Compensation		-			-
Workmen's Compensation	28,200	659	28,859	28,859	-
Health Benefits	857,607	(15,003)	842,604	806,067	36,537
Tuition Reimbursement	10,000	478	10,478	10,478	-
Other Employee Benefits	11,000	-	11,000	4,576	6,424
Unused Sick Payments to Terminated/ Retired Staff	6,000	-	6,000	-	6,000
Total Unallocated Benefits - Employee Benefits	1,075,807	(13,685)	1,062,122	1,009,452	52,670
On-behalf TPAF Pension System Payments -					
Non-Contributory Insurance (Non-Budget)				7,587	(7,587)
On-behalf TPAF Pension System Payments -				362,470	(362,470)
Normal Cost (Non-Budget)					
On-behalf TPAF Pension System Payments -				167,857	(167,857)
Post-Retirement Medical Contribution					
(Non-Budget)					
On-behalf TPAF Pension System Payments -				110	(110)
Long-Term Disability Insurance (Non-Budget)					
Reimbursed TPAF Social Security Payments				128,072	(128,072)
(Non-Budget)					
Total On-Behalf Contributions/Reimbursements				666,096	(666,096)
Total Undistributed Expenditures	7,662,010	(4,656)	7,657,354	8,028,465	(371,111)
Total Expenditures - Current Expenditures	9,206,358	27,206	9,233,564	9,563,731	(330,167)

**SADDLE RIVER BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
CAPITAL OUTLAY					
Facilities Acquisition and Construction Serv.					
Architectural/ Engineering Services		\$ 9,458	\$ 9,458	\$ 9,458	-
Construction Services		134,993	134,993	-	\$ 134,993
Assessment for Debt Service on SDA Funding	\$ 3,852	-	3,852	3,852	-
Total Capital Outlay	3,852	144,451	148,303	13,310	134,993
Total Expenditures	9,210,210	171,657	9,381,867	9,577,041	\$ (195,174)
Other Financing Sources/(Uses)					
Transfer to Capital Projects Fund from Capital Reserve	-	(27,558)	(27,558)	(27,558)	-
Total Other Financing Sources/(Uses)	-	(27,558)	(27,558)	(27,558)	-
Excess (Deficiency) of Revenues Over/(Under)					
Expenditures	(431,343)	(199,215)	(630,558)	81,493	712,051
Fund Balance, Beginning of Year	1,763,275	-	1,763,275	1,763,275	-
Fund Balance, End of Year	\$ 1,331,932	\$ (199,215)	\$ 1,132,717	\$ 1,844,768	\$ 712,051
Recapitulation of Fund Balance:					
Restricted Fund Balance					
Excess Surplus-Designated for Subsequent Year's Expenditures-2019/2020 Budget				\$ 210,206	
Excess Surplus-2020/2021 Budget				405,218	
Capital Reserve				473,253	
Capital Reserve - Designated for Subsequent Year's Expenditures-2019/2020 Budget				100,000	
Emergency Reserve				100,000	
Maintenance Reserve				50,000	
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures- 2019/2020 Budget				69,258	
Year-End Encumbrances				153,893	
Unassigned Fund Balance				282,940	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: Extraordinary Aid Not Recognized on GAAP Basis			\$ (65,540)		
State Aid Not Recognized on GAAP Basis			(36,041)		
				(101,581)	
Fund Balance Per Governmental Funds (GAAP)				\$ 1,743,187	

**SADDLE RIVER BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original</u>	<u>Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 103,182	\$ 48,971	\$ 152,153	\$ 143,463	\$ (8,690)
Federal	86,917	61,157	148,074	97,757	(50,317)
Local Sources					
Miscellaneous	-	55,053	55,053	103,750	48,697
Total Revenues	<u>190,099</u>	<u>165,181</u>	<u>355,280</u>	<u>344,970</u>	<u>(10,310)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers		3,084	3,084	45,057	(41,973)
Purchased Professional/Technical Services	115,542	(57,470)	58,072	53,669	4,403
General Supplies	7,726	53,279	61,005	62,303	(1,298)
Textbooks	11,439	-	11,439	8,229	3,210
Total Instruction	<u>134,707</u>	<u>(1,107)</u>	<u>133,600</u>	<u>169,258</u>	<u>(35,658)</u>
Support Services					
Personal Services- Employee Benefits			-	627	(627)
Other Purchased Professional and Technical Services	37,332	139,648	176,980	130,385	46,595
Other Purchased Services	18,060	26,640	44,700	44,700	-
Total Support Services	<u>55,392</u>	<u>166,288</u>	<u>221,680</u>	<u>175,712</u>	<u>45,968</u>
Facilities Acquisition and Construction					
Instructional Equipment	-	-	-	-	-
Total Facilities Acq. and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>190,099</u>	<u>165,181</u>	<u>355,280</u>	<u>344,970</u>	<u>10,310</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
BUDGET AND ACTUAL
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

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

		<u>General Fund</u>		<u>Special Revenue Fund</u>
Sources/inflows of resources				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	(C-1)	\$ 9,686,092	(C-2)	\$ 344,970
Difference - Budget to GAAP:				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized :				
Encumbrance, June 30, 2018				1,464
Encumbrance, June 30, 2019				(12,411)
State Aid payments recognized for GAAP statements, not recognized for budgetary purposes (2017/2018 State Aid)		128,192		
State Aid payments recognized for budgetary purposes, not recognized for GAAP statements (2018/2019 State Aid)		<u>(101,581)</u>		<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. (Exhibit B-2)		<u>\$ 9,712,703</u>		<u>\$ 334,023</u>
Uses/outflows of resources				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	(C-1)	\$ 9,577,041	(C-2)	\$ 344,970
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes -				
Encumbrance, June 30, 2018				1,464
Encumbrance, June 30, 2019		<u>-</u>		<u>(12,411)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds (Exhibit B-2)		<u>\$ 9,577,041</u>		<u>\$ 334,023</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION

AND

OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

**Public Employees Retirement System
Last Six Fiscal Years***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00842%	0.00909%	0.00922%	0.00925%	0.00979%	0.00976%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 1,658,969</u>	<u>\$ 2,115,300</u>	<u>\$ 2,731,528</u>	<u>\$ 2,076,852</u>	<u>\$ 1,834,424</u>	<u>\$ 1,866,405</u>
District's Covered Payroll	<u>\$ 576,732</u>	<u>\$ 591,694</u>	<u>\$ 620,553</u>	<u>\$ 623,898</u>	<u>\$ 612,691</u>	<u>\$ 649,412</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	288%	357%	440%	333%	299%	287%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

SADDLE RIVER BOARD OF EDUCATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT CONTRIBUTIONS

Public Employees Retirement System

Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 83,808	\$ 84,181	\$ 81,934	\$ 79,541	\$ 80,772	\$ 73,921
Contributions in Relation to the Contractually Required Contribution	<u>83,808</u>	<u>84,181</u>	<u>81,934</u>	<u>79,541</u>	<u>80,772</u>	<u>73,921</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 576,732</u>	<u>\$ 591,694</u>	<u>\$ 620,553</u>	<u>\$ 623,898</u>	<u>\$ 612,691</u>	<u>\$ 649,412</u>
Contributions as a Percentage of Covered Payroll	15%	14%	13%	13%	13%	11%

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

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

Teachers Pension and Annuity Fund

Last Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>12,519,449</u>	<u>12,290,769</u>	<u>15,821,840</u>	<u>13,284,975</u>	<u>13,827,576</u>	<u>12,537,719</u>
Total	<u>\$ 12,519,449</u>	<u>\$ 12,290,769</u>	<u>\$ 15,821,840</u>	<u>\$ 13,284,975</u>	<u>\$ 13,827,576</u>	<u>\$12,537,719</u>
District's Covered Payroll	<u>\$ 1,782,220</u>	<u>\$ 1,950,336</u>	<u>\$ 2,008,027</u>	<u>\$ 2,052,982</u>	<u>\$ 1,962,745</u>	<u>\$ 2,121,244</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	702%	630%	788%	647%	705%	591%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Change of Benefit Terms: None.

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

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

Postemployment Health Benefit Plan

Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 381,641	\$ 464,972
Interest on Total OPEB Liability	365,469	312,843
Differences Between Expected and Actual Experiences	(1,085,422)	
Changes of Assumptions	(965,504)	(1,312,508)
Gross Benefit Payments	(224,977)	(183,452)
Contribution from the Member	<u>7,776</u>	<u>6,755</u>
Net Change in Total OPEB Liability	(1,521,017)	(711,390)
Total OPEB Liability - Beginning	<u>9,934,628</u>	<u>10,646,018</u>
Total OPEB Liability - Ending	<u>\$ 8,413,611</u>	<u>\$ 9,934,628</u>
District's Proportionate Share of OPEB Liability		\$0
State's Proportionate Share of OPEB Liability	<u>8,413,611</u>	<u>9,934,628</u>
Total OPEB Liability - Ending	<u>\$ 8,413,611</u>	<u>\$ 9,934,628</u>
District's Covered Payroll	<u>\$ 2,358,952</u>	<u>\$ 2,542,030</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%

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

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

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

**SADDLE RIVER BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

SADDLE RIVER BOARD OF EDUCATION
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	IDEA	Nonpublic Technology	ESEA	ESEA	Nonpublic Textbooks	Nonpublic Nursing	Local Donations	Nonpublic Security	Nonpublic	Nonpublic Auxiliary - Home Instr.	Nonpublic	Nonpublic Handicapped Services			Total
	Part B Basic		Title II-A	Title IV					Auxiliary Services		Compensatory Education	Corrective Speech	Exam. & Classification	Supplemental Instruction	
REVENUES															
Intergovernmental															
State		\$ 9,015			\$ 8,229	\$ 27,850		\$ 44,700	\$ -	\$ 18,781	\$ 8,989	\$ 17,652	\$ 8,247	\$ 143,463	
Federal	\$ 89,974		\$ 3,643	\$ 4,140										97,757	
Local							\$ 103,750							103,750	
Total Revenues	\$ 89,974	\$ 9,015	\$ 3,643	\$ 4,140	\$ 8,229	\$ 27,850	\$ 103,750	\$ 44,700	\$ -	\$ 18,781	\$ 8,989	\$ 17,652	\$ 8,247	\$ 344,970	
EXPENDITURES															
Instruction															
Salaries of Teachers							\$ 45,057							\$ 45,057	
Purchased Professional and Technical Services										\$ 18,781	\$ 8,989	\$ 17,652	\$ 8,247	53,669	
General Supplies		\$ 9,015												62,303	
Textbooks					\$ 8,229									8,229	
Total Instruction		9,015			8,229		98,345			18,781	8,989	17,652	8,247	169,258	
Support Services															
Personal Services- Employee Benefits							627							627	
Other Purchased Professional and Technical Services	89,974		\$ 3,643	\$ 4,140	\$ 27,850		4,778							130,385	
Other Purchased Services								\$ 44,700						44,700	
Total Support Services	89,974		3,643	4,140		27,850	5,405	44,700						175,712	
Facilities Acquisition and Construction															
Instructional Equipment															
Total Facilities Acq. and Construction															
Total Expenditures	\$ 89,974	\$ 9,015	\$ 3,643	\$ 4,140	\$ 8,229	\$ 27,850	\$ 103,750	\$ 44,700	\$ -	\$ 18,781	\$ 8,989	\$ 17,652	\$ 8,247	\$ 344,970	

**SADDLE RIVER BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION PROGRAM AID
SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Issue/Project Title</u>	<u>Modified Appropriations</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Transfer Out</u>	<u>Balance, June 30, 2019</u>
Wandell School-HVAC Project	\$ 3,097,091	\$ 2,801,344	\$ 172,515	\$ -	\$ 123,232
Carbon Monoxide Detector System Project	27,558	-	27,558	-	-
	<u>\$ 3,124,649</u>	<u>\$ 2,801,344</u>	<u>\$ 200,073</u>	<u>\$ -</u>	<u>\$ 123,232</u>
Project Balance					\$ 123,232
Debt Authorized But Not Issued					<u>(91)</u>
Fund Balance- GAAP Basis					<u>\$ 123,141</u>

**SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Revenues and Other Financing Sources**Other Financing Sources**

Transfer from General Fund- Capital Reserve	<u>\$ 27,558</u>
---	------------------

Total Revenues and Other Financing Sources	<u>27,558</u>
--	---------------

Expenditures and Other Financing Uses**Expenditures**

Purchased Professional and Technical Services	20,229
---	--------

Construction Services	163,003
-----------------------	---------

Construction Supplies	9,644
-----------------------	-------

Other Objects	<u>7,197</u>
---------------	--------------

Total Expenditures and Other Financing Uses	<u>200,073</u>
---	----------------

Excess of Expenditures over Revenues	(172,515)
--------------------------------------	-----------

Fund Balance - Beginning of Year	<u>295,656</u>
----------------------------------	----------------

Fund Balance - End of Year	<u>\$ 123,141</u>
----------------------------	-------------------

**SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
2015 REFERENDUM - HVAC UPGRADES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 3,097,000	\$ -	\$ 3,097,000	\$ -
Total Revenues and Other Financing Sources	<u>3,097,000</u>	<u>-</u>	<u>3,097,000</u>	<u>-</u>
Expenditures and Other Financing Uses				
Salaries	13,611		13,611	
Purchased Professional and Technical Services	317,873	\$ 20,229	338,102	
Construction Services	2,420,443	135,445	2,555,888	
Construction Supplies	73	9,644	9,717	
Other Objects	4,844	7,197	12,041	-
Total Expenditures	<u>2,756,844</u>	<u>172,515</u>	<u>2,929,359</u>	<u>-</u>
Other Financing Uses - Transfer to Debt Service	<u>44,500</u>	<u>-</u>	<u>44,500</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 384,656</u>	<u>\$ (172,515)</u>	<u>\$ 123,141</u>	<u>\$ -</u>
Additional Project Information:				
Project Number				
Grant Date		N/A		
Bond Issue Date		7/15/2015		
Bonds Authorized	\$ 3,097,091			
Bonds Issues	3,097,000			
Original Authorized Cost	3,097,091			
Adjustment				
Revised Authorized Cost	3,097,091			
Percentage Increase Over Original Authorized Cost		-		
Percentage Completion		100%		
Original Target Completion Date		2015/2016		
Revised Target Completion Date		6/30/2016		

**SADDLE RIVER BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS**

**CARBON MONOXIDE DETECTOR SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from General Fund- Capital Reserve	\$ -	\$ 27,558	\$ 27,558	\$ -
Total Revenues and Other Financing Sources	<u>-</u>	<u>27,558</u>	<u>27,558</u>	<u>-</u>
Expenditures and Other Financing Uses				
Construction Services	-	27,558	27,558	-
Total Expenditures	<u>-</u>	<u>27,558</u>	<u>27,558</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Additional Project Information:				
Original Authorized Cost		27,558		
Adjustment				
Revised Authorized Cost		27,558		
Percentage Increase Over Original Authorized Cost		-		
Percentage Completion		100%		
Original Target Completion Date		2018/2019		
Revised Target Completion Date		2018/2019		

ENTERPRISE FUND

EXHIBIT G-1

**SADDLE RIVER BOARD OF EDUCATION
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2019**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 13,099	\$ 15,403	\$ 28,502
Total Assets	<u>\$ 13,099</u>	<u>\$ 15,403</u>	<u>\$ 28,502</u>
LIABILITIES			
Due to Other Fund			
Payroll Deductions and Withholdings		\$ 4,763	\$ 4,763
Reserved for Flexible Spending		10,640	10,640
Due to Student Groups	<u>\$ 13,099</u>	<u>-</u>	<u>13,099</u>
Total Liabilities	<u>\$ 13,099</u>	<u>\$ 15,403</u>	<u>\$ 28,502</u>

**SADDLE RIVER BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance, July 1, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance, June 30, 2019</u>
Elementary School Wandell School	\$ 843	\$ 31,581	\$ 19,325	\$ 13,099
 Total All Schools	<u>\$ 843</u>	<u>\$ 31,581</u>	<u>\$ 19,325</u>	<u>\$ 13,099</u>

**SADDLE RIVER BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Balance, July 1, <u>2018</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2019</u>
LIABILITIES				
Payroll Deductions and Withholdings	\$ 921	\$ 1,535,034	\$ 1,531,192	\$ 4,763
Accrued Salaries and Wages		1,700,642	1,700,642	
Reserve for Flexible Spending	5,871	15,799	11,030	10,640
Due to Other Funds	<u>1,268</u>	<u>-</u>	<u>1,268</u>	<u>-</u>
 Total	 <u>\$ 8,060</u>	 <u>\$ 3,251,475</u>	 <u>\$ 3,244,132</u>	 <u>\$ 15,403</u>

LONG-TERM DEBT

**SADDLE RIVER BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2018</u>	<u>Matured</u>	<u>Balance, June 30, 2019</u>
			<u>Date</u>	<u>Amount</u>				
General Improvements - 2015	7/15/2015	3,097,000	7/15/2019	\$ 300,000	1.500			
			7/15/2020	310,000	1.500			
			7/15/2021	315,000	2.000			
			7/15/2022	325,000	2.000			
			7/15/2023	335,000	2.000			
			7/15/2024	345,000	2.000			
			7/15/2025	357,000	2.000			
						\$ 2,582,000	\$ 295,000	\$ 2,287,000
						<u>\$ 2,582,000</u>	<u>\$ 295,000</u>	<u>\$ 2,287,000</u>
							Paid by Budget Appropriation	<u>\$ 295,000</u>

**SADDLE RIVER BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOT APPLICABLE

**SADDLE RIVER BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

REVENUES	Original Budget	Adjustments	Final Budget	Actual	Variance Final Budget to Actual
Local Sources					
Local Property Tax Levy	\$ 224,092		\$ 224,092	\$ 224,092	
State Aid	115,442	-	115,442	115,442	-
Total Revenues	339,534	-	339,534	339,534	-
EXPENDITURES					
Regular Debt Service					
Principal	295,000		295,000	295,000	
Interest	44,534	-	44,534	44,534	-
Total Expenditures	339,534	-	339,534	339,534	-
Other Financing Sources					
Transfer in from Capital Projects	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 2,618,318	\$ 2,534,255	\$ 2,528,451	\$ 2,510,135	\$ 2,642,341	\$ 2,722,286	\$ 1,812,290	\$ 2,084,324	\$ 2,132,102	\$ 2,453,134
Restricted	483,096	503,975	505,964	491,412	613,875	155,424	1,066,810	957,297	896,467	723,253
Unrestricted	970,104	1,056,324	837,998	773,667	(1,085,257)	(1,112,205)	(1,345,090)	(1,371,392)	(1,221,585)	(1,192,036)
Total Governmental Activities Net Position	\$ 4,071,518	\$ 4,094,554	\$ 3,872,413	\$ 3,775,214	\$ 2,170,959	\$ 1,765,505	\$ 1,534,010	\$ 1,670,229	\$ 1,806,984	\$ 1,984,351
Business-Type Activities										
Investment in Capital Assets	\$ 20,240	\$ 17,180	\$ 15,567	\$ 13,667	\$ 10,845	\$ 9,148	\$ 7,451	\$ 9,552	\$ 7,923	\$ 6,294
Restricted										
Unrestricted	20,949	1,850	(3,245)	225	1,392	824	4,560	3,449	1,268	5,850
Total Business-Type Activities Net Position	\$ 41,189	\$ 19,030	\$ 12,322	\$ 13,892	\$ 12,237	\$ 9,972	\$ 12,011	\$ 13,001	\$ 9,191	\$ 12,144
District-Wide										
Net Investment in Capital Assets	\$ 2,638,558	\$ 2,551,435	\$ 2,544,018	\$ 2,523,802	\$ 2,653,186	\$ 2,731,434	\$ 1,819,741	\$ 2,093,876	\$ 2,140,025	\$ 2,459,428
Restricted	483,096	503,975	505,964	491,412	613,875	155,424	1,066,810	957,297	896,467	723,253
Unrestricted	991,053	1,058,174	834,753	773,892	(1,083,865)	(1,111,381)	(1,340,530)	(1,367,943)	(1,220,317)	(1,186,186)
Total District Net Position	\$ 4,112,707	\$ 4,113,584	\$ 3,884,735	\$ 3,789,106	\$ 2,183,196	\$ 1,775,477	\$ 1,546,021	\$ 1,683,230	\$ 1,816,175	\$ 1,996,495

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

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

Source: School District's financial statements

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

(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 4,624,070	\$ 4,651,921	\$ 5,054,963	\$ 5,117,931	\$ 5,200,646	\$ 5,837,936	\$ 5,950,754	\$ 5,859,931	\$ 6,029,160	\$ 6,122,752
Special Education	604,098	646,322	679,598	818,572	827,952	751,348	834,586	906,186	1,066,104	1,192,425
Other Instruction	91		42,853				17,828	10,000		-
School Sponsored Activities And Athletics	54,132	42,226	63,734	47,481	22,193	29,032	32,837	13,781	10,032	116,017
Support Services:										
Student & Instruction Related Services	1,436,834	1,466,465	1,572,771	1,451,313	1,441,689	1,625,308	1,680,990	2,142,416	2,169,803	1,828,634
School Administrative Services	24,560	82,222	81,665	53,977	55,111	10,364	75,632	55,279	57,279	45,734
General Administration	123,582	155,121	176,256	133,223	165,918	113,806	72,575	66,680	101,312	145,875
Plant Operations And Maintenance	422,800	378,541	364,742	385,834	438,831	774,808	597,442	519,377	538,621	544,014
Pupil Transportation	416,787	405,483	432,772	478,702	455,916	497,004	509,828	515,661	547,330	538,580
Other Support Services	272,102	259,941	266,366	283,147	283,168	275,685	261,236	316,301	243,333	220,746
Interest On Long-Term Debt	23,949	20,015	16,078	12,141	8,203	4,266	50,942	50,061	46,526	42,844
Total Governmental Activities Expenses	<u>8,003,005</u>	<u>8,108,257</u>	<u>8,751,798</u>	<u>8,782,321</u>	<u>8,899,627</u>	<u>9,919,557</u>	<u>10,084,650</u>	<u>10,455,673</u>	<u>10,809,500</u>	<u>10,797,621</u>
Business-Type Activities:										
Food Service	72,961	104,424	98,810	80,293	78,315	73,321	71,305	70,844	75,367	78,244
Total Business-Type Activities Expense	<u>72,961</u>	<u>104,424</u>	<u>98,810</u>	<u>80,293</u>	<u>78,315</u>	<u>73,321</u>	<u>71,305</u>	<u>70,844</u>	<u>75,367</u>	<u>78,244</u>
Total District Expenses	<u>\$ 8,075,966</u>	<u>\$ 8,212,681</u>	<u>\$ 8,850,608</u>	<u>\$ 8,862,614</u>	<u>\$ 8,977,942</u>	<u>\$ 9,992,878</u>	<u>\$ 10,155,955</u>	<u>\$ 10,526,517</u>	<u>\$ 10,884,867</u>	<u>\$ 10,875,865</u>
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction (Tuition)	\$ 151,411	\$ 131,796	\$ 134,306	\$ 114,500	\$ 106,292	\$ 124,525	\$ 106,133	\$ 52,038	\$ 119,095	\$ 149,994
Operating Grants And Contributions	1,053,589	855,832	1,067,363	1,136,874	1,259,394	1,601,062	1,746,876	2,204,762	2,323,674	2,061,916
Capital Grants And Contributions	-	-	-	6,413	-	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>1,205,000</u>	<u>987,628</u>	<u>1,201,669</u>	<u>1,257,787</u>	<u>1,365,686</u>	<u>1,725,587</u>	<u>1,853,009</u>	<u>2,256,800</u>	<u>2,442,769</u>	<u>2,211,910</u>
Business-Type Activities:										
Charges For Services										
Food Service	75,962	82,089	92,076	76,498	77,087	71,011	73,294	71,832	71,557	81,197
Operating Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants And Contributions	-	-	-	-	-	-	-	-	-	-
Total Business Type Activities Program Revenues	<u>75,962</u>	<u>82,089</u>	<u>92,076</u>	<u>76,498</u>	<u>77,087</u>	<u>71,011</u>	<u>73,294</u>	<u>71,832</u>	<u>71,557</u>	<u>81,197</u>
Total District Program Revenues	<u>\$ 1,280,962</u>	<u>\$ 1,069,717</u>	<u>\$ 1,293,745</u>	<u>\$ 1,334,285</u>	<u>\$ 1,442,773</u>	<u>\$ 1,796,598</u>	<u>\$ 1,926,303</u>	<u>\$ 2,328,632</u>	<u>\$ 2,514,326</u>	<u>\$ 2,293,107</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (6,798,005)	\$ (7,120,629)	\$ (7,550,129)	\$ (7,524,534)	\$ (7,533,941)	\$ (8,193,970)	\$ (8,231,641)	\$ (8,198,873)	\$ (8,366,731)	\$ (8,585,711)
Business-Type Activities	3,001	(22,335)	(6,734)	(3,795)	(1,228)	(2,310)	1,989	988	(3,810)	2,953
Total District-Wide Net Expense	<u>\$ (6,795,004)</u>	<u>\$ (7,142,964)</u>	<u>\$ (7,556,863)</u>	<u>\$ (7,528,329)</u>	<u>\$ (7,535,169)</u>	<u>\$ (8,196,280)</u>	<u>\$ (8,229,652)</u>	<u>\$ (8,197,885)</u>	<u>\$ (8,370,541)</u>	<u>\$ (8,582,758)</u>

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied	\$ 6,787,780	\$ 7,117,487	\$ 7,253,666	\$ 7,392,647	\$ 7,608,694	\$ 7,754,933	\$ 7,925,250	\$ 8,235,981	\$ 8,368,885	\$ 8,581,462
State Aid - Restricted/Unrestricted							3,991	85,689	121,119	116,184
Investment Earnings	10,025	10,337	5,356	2,448	4,010	2,454	2,592	2,213	5,737	20,031
Miscellaneous Income	11,865	15,841	83,159	37,540	13,566	31,129	68,313	11,209	7,745	45,401
Transfers	-	-	-	(5,300)	(616)	-	-	-	-	-
Total Governmental Activities	<u>6,809,670</u>	<u>7,143,665</u>	<u>7,342,181</u>	<u>7,427,335</u>	<u>7,625,654</u>	<u>7,788,516</u>	<u>8,000,146</u>	<u>8,335,092</u>	<u>8,503,486</u>	<u>8,763,078</u>
Business-Type Activities:										
Investment Earnings	238	176	26	65	81	45	50	2		
Transfers	-	-	-	5,300	616	-	-	-	-	-
Total Business-Type Activities	<u>238</u>	<u>176</u>	<u>26</u>	<u>5,365</u>	<u>697</u>	<u>45</u>	<u>50</u>	<u>2</u>	<u>-</u>	<u>-</u>
Total District-Wide	<u>\$ 6,809,908</u>	<u>\$ 7,143,841</u>	<u>\$ 7,342,207</u>	<u>\$ 7,432,700</u>	<u>\$ 7,626,351</u>	<u>\$ 7,788,561</u>	<u>\$ 8,000,196</u>	<u>\$ 8,335,094</u>	<u>\$ 8,503,486</u>	<u>\$ 8,763,078</u>
Change in Net Position										
Governmental Activities	\$ 11,665	\$ 23,036	\$ (207,948)	\$ (97,199)	\$ 91,713	\$ (405,454)	\$ (231,495)	\$ 136,219	\$ 136,755	\$ 177,367
Business-Type Activities	3,239	(22,159)	(6,708)	1,570	(531)	(2,265)	2,039	990	(3,810)	2,953
Total District	<u>\$ 14,904</u>	<u>\$ 877</u>	<u>\$ (214,656)</u>	<u>\$ (95,629)</u>	<u>\$ 91,182</u>	<u>\$ (407,719)</u>	<u>\$ (229,456)</u>	<u>\$ 137,209</u>	<u>\$ 132,945</u>	<u>\$ 180,320</u>

Source: District financial statements

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 844,697									
Unreserved	828,507									
Restricted		\$ 944,594	\$ 965,975	\$ 874,504	\$ 991,534	\$ 993,955	\$ 1,130,757	\$ 1,116,790	\$ 1,192,200	\$ 1,338,677
Committed		17,100	17,400	17,750	-	73,195	-	-	-	-
Assigned		472,122	307,236	289,405	338,974	161,951	99,176	142,923	221,817	223,151
Unassigned	-	167,885	155,721	151,855	156,885	201,708	158,536	182,661	221,066	181,359
Total General Fund	\$ 1,673,204	\$ 1,601,701	\$ 1,446,332	\$ 1,333,514	\$ 1,487,393	\$ 1,357,614	\$ 1,461,664	\$ 1,442,374	\$ 1,635,083	\$ 1,743,187
All Other Governmental Funds										
Reserved										
Unreserved										
Restricted	-	-	-	-	-	\$ (330,002)	\$ 356,486	\$ 356,486	\$ 295,656	\$ 123,141
Total All Other Governmental Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (330,002)	\$ 356,486	\$ 356,486	\$ 295,656	\$ 123,141

Source: District financial statements

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

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$ 6,787,780	\$ 7,117,487	\$ 7,253,666	\$ 7,392,647	\$ 7,608,694	\$ 7,754,933	\$ 7,925,250	\$ 8,235,981	\$ 8,368,885	\$ 8,581,462
Tuition Charges	151,411	131,796	134,306	114,500	106,292	124,525	106,133	52,038	119,095	149,994
Interest Earnings	10,025	10,337	5,356	2,448	4,010	2,454	2,592	2,213	5,737	20,031
Miscellaneous	100,054	66,579	194,812	157,429	271,433	76,085	191,890	192,279	164,846	150,615
State Sources	844,363	582,065	816,039	908,198	867,001	830,793	854,125	1,027,114	1,200,756	1,386,401
Federal Sources	121,037	223,029	139,671	108,787	134,526	94,897	123,027	98,518	83,815	97,757
Total Revenue	8,014,670	8,131,293	8,543,850	8,684,009	8,991,956	8,883,687	9,203,017	9,608,143	9,943,134	10,386,260
Expenditures										
Instruction										
Regular Instruction	4,520,067	4,705,330	4,962,513	5,082,535	5,113,947	5,232,466	5,251,071	5,106,832	5,336,846	5,626,246
Special Education Instruction	592,857	635,081	671,567	810,541	818,976	695,077	772,098	826,022	984,268	1,141,011
Other Instruction	91	-	42,853	-	-	-	14,336	10,000	-	-
School Sponsored Activities and Athletics	54,132	42,226	63,734	47,481	22,193	24,879	27,021	11,800	8,704	5,642
Support Services:										
Student and Inst. Related Services	1,413,102	1,442,733	1,554,414	1,432,956	1,421,172	1,532,492	1,615,228	1,725,234	1,773,380	1,727,665
General Administration	134,599	147,837	168,082	129,781	162,071	95,617	66,943	57,238	88,450	137,602
School Administrative Services	69,584	80,903	80,518	52,830	53,829	8,037	60,075	41,275	35,779	37,652
Plant Operations And Maintenance	414,933	370,674	359,006	380,098	432,419	768,586	582,830	459,008	484,064	529,017
Pupil Transportation	409,032	397,728	427,036	472,966	449,504	490,782	500,172	497,514	528,045	525,031
Other Support Services	251,192	255,178	261,777	278,558	263,506	285,240	249,042	278,512	211,603	208,810
Capital Outlay	9,393	13,450	-	-	-	114,386	2,278,694	306,213	26,957	172,461
Debt Service:										
Principal	90,000	90,000	90,000	90,000	90,000	90,000	90,000	230,000	285,000	295,000
Interest and Other Charges	25,560	21,656	17,719	13,781	9,844	5,906	1,969	77,785	48,159	44,534
Total Expenditures	7,984,542	8,202,796	8,699,219	8,791,527	8,837,461	9,343,468	11,509,479	9,627,433	9,811,255	10,450,671
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	30,128	(71,503)	(155,369)	(107,518)	154,495	(459,781)	(2,306,462)	(19,290)	131,879	(64,411)
Other Financing Sources (Uses)										
Proceeds From Bond Sale	-	-	-	-	-	-	3,097,000	-	-	-
Transfers In	-	-	63,931	-	-	-	-	-	44,500	27,558
Transfers Out	-	-	(63,931)	(5,300)	(616)	-	-	-	(44,500)	(27,558)
Total Other Financing Sources (Uses)	-	-	-	(5,300)	(616)	-	3,097,000	-	-	-
Net Change in Fund Balances	\$ 30,128	\$ (71,503)	\$ (155,369)	\$ (112,818)	\$ 153,879	\$ (459,781)	\$ 790,538	\$ (19,290)	\$ 131,879	\$ (64,411)
Debt Service as a Percentage of Noncapital Expenditures	1.45%	1.36%	1.24%	1.18%	1.13%	1.04%	1.00%	3.30%	3.41%	3.30%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District financial statements

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

	<u>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>	<u>2019</u>
General Fund										
Interest on Investments	\$ 10,025	\$ 10,337	\$ 5,356	\$ 2,448	\$ 4,010	\$ 2,454	\$ 2,592	\$ 2,213	\$ 5,737	\$ 20,031
Prior Years' Refunds	3,900	7,581	4,961	10,883	9,053	17,865	16,502	3,157		86
Rentals	2,475	950	1,460	2,650	1,087	800	750	25	5,913	966
Activity Income Fee		4,400	3,950	5,850						
Insurance Refund							45,171			
Miscellaneous	<u>5,490</u>	<u>2,910</u>	<u>8,857</u>	<u>18,157</u>	<u>3,426</u>	<u>12,464</u>	<u>5,890</u>	<u>8,027</u>	<u>1,832</u>	<u>44,349</u>
Total Miscellaneous	21,890	26,178	24,584	39,988	17,576	33,583	70,905	13,422	13,482	65,432
Tuition	<u>151,411</u>	<u>131,796</u>	<u>134,306</u>	<u>114,500</u>	<u>106,292</u>	<u>124,525</u>	<u>106,133</u>	<u>52,038</u>	<u>119,095</u>	<u>149,994</u>
Total General Fund	<u>\$ 173,301</u>	<u>\$ 157,974</u>	<u>\$ 158,890</u>	<u>\$ 154,488</u>	<u>\$ 123,868</u>	<u>\$ 158,108</u>	<u>\$ 177,038</u>	<u>\$ 65,460</u>	<u>\$ 132,577</u>	<u>\$ 215,426</u>

Source: District records.

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2010	\$ 69,334,700	\$ 2,048,153,200	\$ 9,025,500	\$ 102,400	\$ 57,162,400			\$ 2,183,778,200	\$ 1,199,512	\$ 2,184,977,712	\$ 2,738,099,205	\$ 0.318
2011	71,285,700	2,046,845,200	9,025,500	102,400	57,162,400			2,184,421,200	1,256,624	2,185,677,824	2,738,099,205	0.330
2012	69,845,300	2,052,794,400	9,025,500	133,600	57,119,200			2,188,918,000	1,330,844	2,190,248,844	2,614,548,606	0.330
2013	65,627,000	2,092,610,000	8,044,900	133,600	57,119,200			2,223,534,700		2,223,534,700	2,442,947,439	0.338
2014	63,539,000	2,132,744,100	8,044,900	133,600	57,119,200			2,261,580,800		2,261,580,800	2,450,250,054	0.340
2015	66,610,400	2,149,488,000	9,145,600	135,400	57,119,200			2,282,498,600		2,282,498,600	2,526,275,490	0.339
2016	66,255,200	2,147,673,100	8,062,600	135,400	57,119,200			2,279,245,500		2,279,245,500	2,557,770,266	0.361
2017	58,047,400	2,166,117,000	8,788,600	127,100	57,119,200			2,290,199,300		2,290,199,300	2,510,353,016	0.362
2018	56,153,200	2,422,376,800	17,310,800	47,200	72,190,800			2,568,078,800		2,568,078,800	2,515,794,419	0.331
2019	53,475,000	2,431,851,000	21,259,000	49,556	72,133,200			2,578,767,756		2,578,767,756	2,466,604,089	0.342

Source: County Abstract of Ratables

a Tax rates are per \$100

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

<u>Assessment Year</u>	<u>Saddle River School District</u>	<u>Borough Saddle River</u>	<u>Bergen County</u>	<u>Total</u>
2010	\$0.32	\$0.38	\$0.25	\$0.94
2011	0.33	0.38	0.25	0.95
2012	0.33	0.39	0.24	0.96
2013	0.34	0.39	0.25	0.98
2014	0.340	0.384	0.253	0.977
2015	0.339	0.383	0.265	0.987
2016	0.361	0.383	0.275	1.019
2017	0.362	0.376	0.275	1.013
2018	0.331	0.335	0.240	0.906
2019	0.342	0.346	0.233	0.921

Source: Abstract of Ratables, County Board of Taxation

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

2019			2010		
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
MIREF S.R.	\$ 17,836,000	0.69%	Individual	\$ 17,836,000	0.83%
Grand Prix Saddle River, LLC	17,400,000	0.67%	Innkeepers Inn/Marriott	17,400,000	0.81%
Individual	11,891,600	0.46%	Individual	13,347,700	0.62%
Individual	10,632,400	0.41%	Individual	11,891,600	0.56%
Fox Hedge Manor, LLC	10,000,000	0.39%	Individual	10,632,400	0.50%
Prudence Group, LLC	9,984,500	0.39%	Prudence Group, LLC	9,984,500	0.47%
Sunrise Senior Living, Inc.	8,372,500	0.32%	Marriott/Brighton Gardens	8,372,500	0.39%
Individual	7,375,000	0.29%	Tice Assoc. & Moahoney Assoc.	6,900,000	0.32%
Individual	7,256,700	0.28%	Individual	6,512,500	0.30%
Individual	6,357,000	0.25%	Individual	4,960,000	0.23%
	<u>\$ 107,105,700</u>	<u>4.15%</u>		<u>\$107,837,200</u>	<u>5.03%</u>

Source: Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 6,787,780	\$ 6,231,762	91.81%	\$ 556,018
2011	7,117,487	7,117,487	100.00%	
2012	7,253,666	7,253,666	100.00%	
2013	7,392,647	7,392,647	100.00%	
2014	7,608,694	7,608,694	100.00%	
2015	7,754,933	7,754,933	100.00%	
2016	7,925,250	7,925,250	100.00%	
2017	8,235,971	8,235,891	100.00%	
2018	8,368,885	8,368,885	100.00%	
2019	8,581,462	8,581,462	100.00%	

Source: District financial records.

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2010	\$ 540,000					\$ 540,000	3,165	\$ 171
2011	450,000					450,000	3,164	142
2012	360,000					360,000	3,199	113
2013	270,000					270,000	3,220	84
2014	180,000					180,000	3,222	56
2015	90,000					90,000	3,215	28
2016	3,097,000					3,097,000	3,216	963
2017	2,867,000					2,867,000	3,207	894
2018	2,582,000					2,582,000	3,214 *	803
2019	2,287,000					2,287,000	3,197	715

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2010	\$ 540,000		\$ 540,000	0.02%	\$ 171
2011	450,000		450,000	0.02%	142
2012	360,000		360,000	0.02%	113
2013	270,000		270,000	0.01%	84
2014	180,000		180,000	0.01%	56
2015	90,000		90,000	0.004%	28
2016	3,097,000		3,097,000	0.136%	963
2017	2,867,000		2,867,000	0.125%	894
2018	2,582,000		2,582,000	0.101%	803
2019	2,287,000		2,287,000	0.089%	715

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**SADDLE RIVER BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
AS OF DECEMBER 31, 2018
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Borough of Saddle River	\$ 14,069,520
Borough of Saddle River School District	<u>2,287,091</u>
Total Direct Debt	<u>16,356,611</u>
Overlapping Debt Apportioned to the Municipalities: (2)	
County of Bergen	<u>20,358,001</u>
Total Overlapping Debt	<u>20,358,001</u>
Total Direct and Overlapping Debt	<u>\$ 36,714,612</u>

Source:

- (1) Borough of Saddle River's Annual Debt Statement - December 31, 2018
- (2) Bergen County Annual Debt Statement - December 31, 2018

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

Legal Debt Margin Calculation for Fiscal Year 2019

	Equalized valuation basis	
	2018	\$ 2,455,846,610
	2017	2,456,768,183
	2016	<u>2,497,803,288</u>
Average equalized valuation of taxable property		<u>\$ 2,470,139,360</u>

Debt Limit (2.5% of average equalized valuation)	61,753,484 ^a
Total Net Debt Applicable to Limit	<u>2,287,091</u>
Legal Debt Margin	<u>\$ 59,466,393</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>	<u>2019</u>
Debt Limit	\$ 66,533,773	\$ 67,484,412	\$ 65,153,842	\$ 62,359,074	\$ 60,668,803	\$ 60,966,306	\$ 62,270,615	\$ 63,010,392	\$ 62,628,634	\$ 61,753,484
Total Net Debt Applicable to Limit	<u>540,000</u>	<u>450,000</u>	<u>360,000</u>	<u>270,000</u>	<u>180,000</u>	<u>3,187,091</u>	<u>3,097,091</u>	<u>2,867,091</u>	<u>2,582,091</u>	<u>2,287,091</u>
Legal Debt Margin	<u>\$ 65,993,773</u>	<u>\$ 67,034,412</u>	<u>\$ 64,793,842</u>	<u>\$ 62,089,074</u>	<u>\$ 60,488,803</u>	<u>\$ 57,779,215</u>	<u>\$ 59,173,524</u>	<u>\$ 60,143,301</u>	<u>\$ 60,046,543</u>	<u>\$ 59,466,393</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.81%	0.67%	0.55%	0.43%	0.30%	5.23%	4.97%	4.55%	4.12%	3.70%

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

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

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

<u>Year Ended December 31,</u>	<u>Unemployment Rate</u>	<u>Per Capita Income(1)</u>	<u>Population(2)</u>
2009	6.40%	\$ 64,280	3,165
2010	6.50%	65,992	3,164
2011	6.40%	68,865	3,199
2012	6.50%	71,789	3,220
2013	7.00%	71,100	3,222
2014	3.00%	93,637	3,215
2015	3.30%	76,821	3,216
2016	3.10%	77,901	3,207
2017	2.60%	81,203	3,214
2018	2.30%	N/A	3,197

(1) Represents county information vs. municipality

(2) Represents estimates as of July 1

N/A Information not available

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

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

<u>Employer</u>	<u>2019</u>		<u>2010</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

NOT AVAILABLE

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

<u>Function/Program</u>	<u>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>	<u>2019</u>
Instruction										
Regular										
Special Education										
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services										
General Administration										
School Administrative Services										
Other Administrative Services										
Central Services										
Administrative Information Technology										
Plant Operations And Maintenance										
Pupil Transportation										
Other Support Services										
Special Schools										
Food Service										
Child Care	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-

INFORMATION NOT AVAILABLE

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School				
2010	234.0	\$ 7,859,589	\$ 33,588	-0.93%	27	1:09		234.0	223	2.63%	95.17%
2011	228.0	7,753,319	34,006	1.24%	25	1:09		228.0	223	-2.56%	97.81%
2012	229.0	8,297,984	36,236	6.56%	24	1:10		229.0	219	0.44%	95.63%
2013	207.1	8,410,058	40,609	12.07%	22	1:11		207.1	197	-9.56%	95.12%
2014	201.0	8,737,617	43,471	7.05%	22	1:09		198.0	189	-4.39%	95.45%
2015	187.0	9,133,176	48,841	12.35%	24	1:08		187.6	177	-5.25%	94.61%
2016	175.0	9,138,816	52,222	6.92%	23	1:08		175.4	168	-6.50%	95.78%
2017	150.0	9,013,435	60,090	15.07%	20	1:08		150.0	147	-14.48%	97.89%
2018	147.0	8,397,809	57,128	-4.93%	18	1:08		147.0	144	-2.00%	97.96%
2019	162.0	9,938,676	61,350	7.39%	18	1:09		162.0	158	10.20%	97.53%

Sources: District records

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

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
District Building										
<u>Elementary</u>										
Square Feet	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526	40,526
Enrollment	234.0	228.0	229.0	207.1	201.0	187.0	175.0	150.0	147.0	162.0

Number of Schools at June 30, 2019
 Elementary = 1
 Middle School = 0
 Senior High School = 0
 Other = 0

Source: District Records

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

	<u>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>	<u>2019</u>
School Facilities										
Wandell Elementary School	\$ 70,430	\$ 40,455	\$ 47,746	\$ 45,439	\$ 89,062	\$ 43,605	\$ 33,395	\$ 41,070	\$ 38,552	\$ 28,074
Grand Total	<u>\$ 70,430</u>	<u>\$ 40,455</u>	<u>\$ 47,746</u>	<u>\$ 45,439</u>	<u>\$ 89,062</u>	<u>\$ 43,605</u>	<u>\$ 33,395</u>	<u>\$ 41,070</u>	<u>\$ 38,552</u>	<u>\$ 28,074</u>

Source: School District's Financial Statements

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2019
(Unaudited)**

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

Source: District records.

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

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saddle River Board of Education as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Saddle River Board of Education's basic financial statements and have issued our report thereon dated December 13, 2019

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. **Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002 that we consider to be significant deficiencies.**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Saddle River Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. **The results of our tests disclosed 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 and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002.**

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Saddle River Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated December 13, 2019.

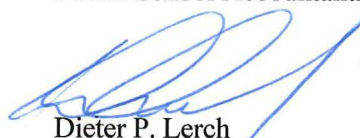
Saddle River Board of Education’s Responses to Findings

The Saddle River Board of Education’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Saddle River Board of Education’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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


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


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 13, 2019



LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Saddle River Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Saddle River Board of Education's major state programs for the fiscal year ended June 30, 2019. The Saddle River Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Saddle River Board of Education's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 Saddle River Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Saddle River Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2019-003 through 2019-009. Our opinion on each major state program is not modified with respect to these matters.

The Saddle River Board of Education's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Saddle River Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the Saddle River Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Saddle River Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and 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 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 federal or 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.

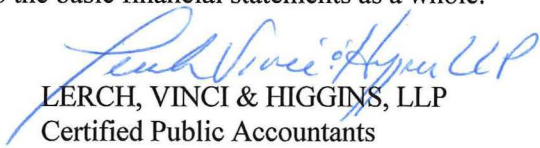
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-003, 2019-004, 2019-007, 2019-008 and 2019-009 that we consider to be significant deficiencies.

The Saddle River Board of Education's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Saddle River Board of Education's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.


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

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

We have audited the financial statements of the Saddle River Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated December 13, 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 is 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 13, 2019

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

State Grantor/Program Title	Federal CFDA Number	Grant or State Project Number	FAIN Number	Project Period	Award Amount	Balance, July 1, 2018	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment Carryover Receivables	Funds Released		Balance, June 30, 2019			Memo GAAP Receivable
											Deferred Revenue	Receivable	(Accounts Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education Passed-through State Department of Education																
Special Revenue Fund:																
ESEA Title II-A	84.367	NCLB 4620-18	S367A180029	7/1/17-6/30/18	\$ 8,231	\$ (2,000)	\$ (8,231)	\$ 2,000		\$ 8,231						
ESEA Title II-A	84.367	NCLB 4620-19	S367A190029	7/1/18-6/30/19	7,617				\$ 3,643	(8,231)		\$ (15,848)	\$ 12,205		\$ (3,643)	
ESEA Title IV	84.424	NCLB 4620-18	S424A180031	7/1/17-6/30/18	10,000	-	(9,330)			9,330					-	
ESEA Title IV	84.424	NCLB 4620-19	S424A190031	7/1/18-6/30/19	10,000				4,140	(9,330)		(19,330)	15,190		(4,140)	
IDEA Part B, Basic	84.027	IDEA-4620-18	H027A170100	7/1/17-6/30/18	85,348	(9,013)	(4,427)	9,013		4,427					-	
IDEA Part B, Basic	84.027	IDEA-4620-19	H027A180100	7/1/18-6/30/19	85,547				89,974	(4,427)		(89,974)	-		(89,974)	
IDEA Part B, Preschool	84.173	IDEA-4620-18	H173A170114	7/1/17-6/30/18	3,698	-	(3,698)			3,698					-	
IDEA Part B, Preschool	84.173	IDEA-4620-19	H173A180114	7/1/18-6/30/19	3,776	-	3,698			(3,698)				(7,474)	7,474	-
Total Special Education (IDEA) Cluster						<u>(9,013)</u>	<u>-</u>	<u>9,013</u>	<u>89,974</u>	<u>-</u>	<u>-</u>	<u>(97,448)</u>	<u>7,474</u>	<u>-</u>	<u>(89,974)</u>	
Total Special Revenue Fund/Department of Education						<u>(11,013)</u>	<u>-</u>	<u>11,013</u>	<u>97,757</u>	<u>-</u>	<u>-</u>	<u>(132,626)</u>	<u>34,869</u>	<u>-</u>	<u>(97,757)</u>	
Total Federal Awards						<u>\$ (11,013)</u>	<u>\$ -</u>	<u>\$ 11,013</u>	<u>\$ 97,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (132,626)</u>	<u>\$ 34,869</u>	<u>\$ -</u>	<u>\$ (97,757)</u>	

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

SADDLE RIVER BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2018			Cash Received	Budgetary Expenditures	Repayment of Prior Years Balances	Balance, June 30, 2019			MEMO	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor				(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Combined Total Expenditures
State Department of Education														
General Fund:														
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	\$ 72,423	(6,849)			\$ 6,849							
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	202,394				182,269	\$ 202,394			\$ (20,025)			\$ 202,394
Additional Nonpublic Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	19,342	(19,342)			19,342							
Additional Nonpublic Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	17,400					17,400			(17,400)			17,400
Total Transportation Aid Cluster				(26,191)			208,560	219,794			(37,425)			219,794
State Aid Public:														
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	132,546	(12,535)			12,535							
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	132,546				119,431	132,546			(13,115)			132,546
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	29,320	(2,773)			2,773							
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	29,320				26,419	29,320			(2,901)			29,320
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	3,990	(377)			377							
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	3,990	(377)			377							
Professional Learning Comm Aid	18-495-034-5120-101	7/1/17-6/30/18	3,860	(365)			365							
Total State Aid Public Aid Cluster				(16,427)			162,277	161,866			(16,016)			161,866
Extraordinary Special Education Costs Aid	18-100-034-5120-473	7/1/17-6/30/18	104,916	(104,916)			104,916							
Extraordinary Special Education Costs Aid	19-100-034-5120-473	7/1/18-6/30/19	65,540					65,540			(65,540)			65,540
On-Behalf TPAF Pension Contribution - Non Contrib. Ins.	19-495-034-5094-004	7/1/18-6/30/19	7,587				7,587	7,587						7,587
On-Behalf TPAF Pension Contribution	19-495-034-5094-002	7/1/18-6/30/19	362,470				362,470	362,470						362,470
On-Behalf TPAF Post Retirement Medical	19-495-034-5094-001	7/1/18-6/30/19	167,857				167,857	167,857						167,857
On-Behalf TPAF Long Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	110				110	110						110
Total On-Behalf TPAF Contributions							538,024	538,024						538,024
Reimbursed TPAF Social Security Contribution	19-495-034-5094-003	7/1/18-6/30/19	128,072				115,335	128,072			(12,737)			128,072
Total General Fund				(147,534)			1,129,112	1,113,296			(131,718)			1,113,296
Special Revenue Fund:														
N.J. Nonpublic Aid														
Auxiliary Services														
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	12,402			\$ 7,707		\$ 7,707						
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	18,781				18,781	18,781						18,781
Home Instruction	18-100-034-5120-067	7/1/17-6/30/18	4,508	(4,508)			4,508							
Total Auxiliary Services (Chap. 192) Cluster				(4,508)		7,707	23,289	18,781	7,707					18,781
N.J. Nonpublic Aid														
Handicapped Services														
Examination & Classification	18-100-034-5120-066	7/1/17-6/30/18	18,925			1,273		1,273						
Examination & Classification	19-100-034-5120-066	7/1/18-6/30/19	17,652				17,652	17,652						17,652
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	10,230			3,014		3,014						
Supplemental Instruction	19-100-034-5120-066	7/1/18-6/30/19	8,247				8,247	8,247						8,247
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	13,392			1,518		1,518						
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	13,392				13,392	8,989			\$ 4,403			8,989
Total Handicapped Services (Chap. 193) Cluster						5,805	39,291	34,888	5,805			4,403		34,888
Textbook Aid	19-100-034-5120-064	7/1/17-6/30/18	14,298			5,921		5,921						
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	13,403				13,403	8,229				5,174		8,229
Technology	18-100-034-5120-373	7/1/17-6/30/18	9,657			485		485						
Technology	19-100-034-5120-373	7/1/18-6/30/19	9,036				9,036	9,015				21		9,015
Nursing	18-100-034-5120-070	7/1/17-6/30/18	29,197			876		876						
Nursing	19-100-034-5120-070	7/1/18-6/30/19	28,906				28,906	27,850				1,056		27,850
Security	18-100-034-5120-509	7/1/17-6/30/18	22,575											
Security	19-100-034-5120-509	7/1/18-6/30/19	44,700				44,700	44,700						44,700
Total Special Revenue Fund/Department of Education				(4,508)		20,794	158,625	143,463	20,794			10,654		143,463
Debt Service Fund														
Debt Service Aid - Type II	19-495-34-5120-017	7/1/18-6/30/19	115,442				115,442	115,442						115,442
Total State Financial Assistance Subject to Single Audit Determination				\$ (152,042)		\$ 20,794	\$ 1,403,179	\$ 1,372,201	\$ 20,794	\$ (131,718)	\$ -	\$ 10,654	\$ (30,137)	\$ 1,372,201
State Financial Assistance Not Subject to Major Program Determination														
General Fund														
Less: On-Behalf TPAF Pension Contribution							\$ (370,057)	\$ (370,057)						\$ (370,057)
On-Behalf TPAF Post-Retirement Medical							(167,857)	(167,857)						(167,857)
On-Behalf TPAF Long Term Disability Insurance							(110)	(110)						(110)
Total State Financial Assistance Subject to Major Program Determination				\$ (152,042)		\$ 20,794	\$ 865,155	\$ 834,177	\$ 20,794	\$ (131,718)	\$ -	\$ 10,654	\$ (30,137)	\$ 834,177

**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, 2019**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$26,611 for the general fund and a decrease of \$10,947 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 1,139,907	\$ 1,139,907
Special Revenue Fund	\$ 97,757	131,052	228,809
Debt Service Fund	-	115,442	115,442
	<u> </u>	<u> </u>	<u> </u>
Total Financial Assistance	<u>\$ 97,757</u>	<u>\$ 1,386,401</u>	<u>\$ 1,484,158</u>

**SADDLE RIVER BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 \$128,072 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, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$370,057, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$167,857 and TPAF Long-Term Disability Insurance in the amount of \$110 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to basic financial statements noted? X yes no

Federal Awards Section

Not Applicable

**SADDLE RIVER BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part I – Summary of Auditor's Results

State Awards Section

Internal Control over compliance:

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

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

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

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>19-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>19-495-034-5120-084</u>	<u>Security Aid</u>
<u>19-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contribution</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes _____ no

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2019-001:

Our audit of the general ledger account balances revealed certain adjusting journal entries were required to reconcile the Board records to agree with subsidiary records and supporting documentation. We noted certain instances where receipt, revenue and budget account charges were not properly recorded.

Criteria or specific requirement:

The State Department of Education's GAAP Technical Systems Manual

Condition:

Numerous adjusting journal entries were required to reclassify receipts, revenues and budget charge mispostings in the General, Special Revenue and Capital Projects Funds.

Context:

Numerous journal entries were required to reclassify improper postings in the General, Special Revenue and Capital Projects Funds.

Effect:

The Board Secretary's records were not in agreement with subsidiary records and supporting documentation.

Cause:

Unknown.

Recommendation:

The general ledger be accurately maintained and reflect all district receipts and disbursements. Furthermore, the general ledger be reconciled to all subsidiary ledgers on a monthly basis.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated they will review their procedures to ensure corrective action is taken.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2019-002:

Our audit of the bank reconciliations of the Board's accounts revealed the reconciliations were not being done timely and contained invalid and/or prior year reconciling items.

Criteria or specific requirement:

The State Department of Education's GAAP Technical Systems Manual

Condition:

Certain adjustments were required to adjust for invalid reconciling items on the bank reconciliation.

Context:

See Finding 2019-002.

Effect:

The Treasurer's Report bank reconciliations were not always accurate. Invalid reconciling items were reported and checks reported as outstanding may have cleared the bank in prior month(s).

Cause:

Unknown.

Recommendation:

Bank reconciliations be prepared timely on a monthly basis and all reconciling items be reviewed and cleared or record.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated they will review their procedures to ensure corrective action is taken.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR FEDERAL AWARDS

Not Applicable

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-003:

Our audit of the general ledger account balances revealed certain adjusting journal entries were required to reconcile the Board records to agree with subsidiary records and supporting documentation. We noted certain instances where receipt, revenue and budget account charges were not properly recorded.

State program information:

<u>State Aid Public:</u>	
Special Education Categorical Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Aid – Public Grant Compliance Supplement

Condition:

See Finding 2019-001

Questioned Costs:

None. Financial statements have been adjusted.

Context:

Special Tests and Provisions section of Compliance Supplement requires verification that the Board Secretary report is in agreement with the financial records of the district.

Effect:

See Finding 2019-001.

Cause:

See Finding 2019-001.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-003: (Continued)

Recommendation:

The general ledger be accurately maintained and reflect all district receipts and disbursements. Furthermore, the general ledger be reconciled to all subsidiary ledgers on a monthly basis.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated they will review their procedures to ensure corrective action is taken.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-004:

Our audit of the bank reconciliations of the Board's accounts revealed the reconciliations were not being prepared timely and contained invalid and/or prior year reconciling items.

State program information:

<u>State Aid Public:</u>	
Special Education Categorical Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Aid – Public Grant Compliance Supplement

Condition:

See Finding 2019-002

Questioned Costs:

None. Financial statements have been adjusted.

Context:

Special Tests and Provisions section of Compliance Supplement requires verification that the Treasurer's report is in agreement with the financial records of the district.

Effect:

See Finding 2019-002.

Cause:

See Finding 2019-002.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-004: (Continued)

Recommendation:

Bank reconciliations be prepared timely on a monthly basis and all reconciling items be reviewed and cleared of record.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated they will review their procedures to ensure corrective action is taken.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-005:

Employee Chapter 78 health benefit contributions collected per payroll agency account records do not agree to amount applied as budget reimbursements and/or payroll records. In addition, the majority the reimbursements were not transferred until May 2019.

State program information:

<u>State Aid Public:</u>	
Special Education Categorical Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Aid – Public Grant Compliance Supplement

Condition:

See Finding 2019-005

Questioned Costs:

None.

Context:

Special Tests and Provisions section of Compliance Supplement requires that the amounts withheld offset the employee health benefit expenditures by the amount of withholdings.

Effect:

Amount applied as an offset to the employee health benefit expenditures does not agree to amount withheld.

Cause:

See Finding 2019-005.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-005: (Continued)

Recommendation:

Employee Chapter 78 withholdings be properly transferred to the General Fund in exact amounts.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated they will review their procedures to ensure corrective action is taken.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-006:

Travel expenditure reimbursements were not always charged to object code 585.

State program information:

<u>State Aid Public:</u>	
Special Education Categorical Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Aid – Public Grant Compliance Supplement

Condition:

Certain travel expenditure reimbursements were charged to object codes 500 and/or 592 instead of the object code 585.

Questioned Costs:

None.

Context:

Special Tests and Provisions section of Compliance Supplement requires the district to account for travel separately. The object code designated by the State is object code 585.

Effect:

Not all travel expenditure reimbursements are being charged to designated separate object code and therefore unable to readily determine if the maximum for the year has been exceeded.

Cause:

See Finding 2019-006.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-006: (Continued)

Recommendation:

All travel expenditures be properly charged to budget object code 585.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated they will review their procedures to ensure corrective action is taken.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-007:

The Board Secretary's and Treasurer's reports were not presented monthly to the Board.

State program information:

<u>State Aid Public:</u>	
Special Education Categorical Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Aid – Public Grant Compliance Supplement

Condition:

See finding 2019-007.

Questioned Costs:

None.

Context:

Special Tests and Provisions section of Compliance Supplement requires that the Board Secretary and Treasurer's reports be presented monthly and submitted to the Executive County Superintendent as prescribed.

Effect:

See Finding 2019-007.

Cause:

See Finding 2019-007.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-007: (Continued)

Recommendation:

The Board Secretary's and Treasurer's Reports should be presented monthly to the Board and submitted to the Executive County Superintendent as prescribed.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated they will review their procedures to ensure corrective action is taken.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-008:

Our audit revealed certain bid packets were not available for audit.

State program information:

<u>State Aid Public:</u>	
Special Education Categorical Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Aid – Public Grant Compliance Supplement

Condition:

The bid packets for the flooring removal project (vendor paid \$69,920 in 2018/19) and flooring installation project (vendor paid \$65,526 in 2018/19) were not available for audit.

Questioned Costs:

Undeterminable.

Context:

Special Tests and Provisions section of Compliance Supplement requires compliance with advertising for bids and obtaining quotes as required by N.J.S.A. 18A:18A-3, 18A-4 and 18A-37.

Effect:

We were unable to determine if district was in compliance with local Public Contracts Law as it pertains to the these contracts.

Cause:

See Finding 2019-008.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-008: (Continued)

Recommendation:

All bid packets be retained for audit.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated they will review their procedures to ensure corrective action is taken.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-009:

Several budgetary line accounts in the Special Revenue Fund for local donation were overexpended at June 30.

State program information:

<u>State Aid Public:</u>	
Special Education Categorical Aid	495-034-5120-089
Security Aid	495-034-5120-084

Criteria or specific requirement:

State Aid – Public Grant Compliance Supplement

Condition:

Certain expenditures in the Special Revenue Fund were in excess of available appropriations.

Questioned Costs:

Undeterminable.

Context:

Special Tests and Provisions section of Compliance Supplement requires budgetary appropriation ledger and be monitored to ensure transfers are approved prior to the over-expenditures of any line item account.

Effect:

The district incurred obligations in excess of the amount appropriated by the district board of education to the applicable program category account/line item account.

Cause:

See Finding 2019-009.

**SADDLE RIVER BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

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

CURRENT YEAR STATE AWARDS

Finding 2019-009: (Continued)

Recommendation:

Budget appropriation transfers/modification in the Special Revenue Fund be submitted to the Board for approval on a timely basis to ensure line items are not overexpended and available grant balances are properly reflected.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated they will review their procedures to ensure corrective action is taken.

**SADDLE RIVER BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

STATUS OF PRIOR YEAR FINDINGS

There are none