

SADDLE BROOK
SCHOOL DISTRICT

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**



Saddle Brook, New Jersey

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
of the
Saddle Brook Board of Education
Saddle Brook, New Jersey
For The Fiscal Year Ended June 30, 2022**

**Prepared by
Business Office**

**SADDLE BROOK BOARD OF EDUCATION
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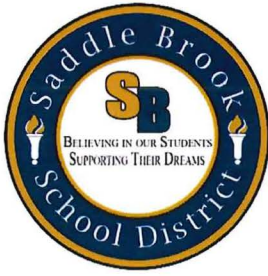
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INTRODUCTORY SECTION



SADDLE BROOK SCHOOL DISTRICT

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SUPERINTENDENT OF SCHOOLS

RAYMOND G. KARATY, CPA, PSA
BUSINESS ADMINISTRATOR/BOARD SECRETARY

March 7, 2023

Honorable President and
Members of the Board of Education
Saddle Brook School District
Saddle Brook, New Jersey 07663

Dear Board Members:

The annual comprehensive financial report of the Saddle Brook School District (District) for the fiscal year ended June 30, 2022 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.

The annual comprehensive financial report is presented in four sections; introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and required supplementary information, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provision of the Single Audit Act of 1984, as amended, (U.S. Uniform Guidance) and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular Letter 15-08, *State Aid/Grant Compliance Supplement*, and are not a required part of the basic financial statements. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws, regulations, findings and recommendations, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES: The Saddle Brook School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA. All funds of the District are included in this report. The Saddle Brook Board of Education and all of its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular and vocational, as well as special education for handicapped youngsters. The District maintains an in-district pre-K special education program as well.

REPORTING ENTITY AND ITS SERVICES (continued):

AVERAGE DAILY ENROLLMENT

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2021-2022	1,720	.76%
2020-2021	1,707	-4.42%
2019-2020	1,786	0.00%
2018-2019	1,789	1.07%
2017-2018	1,770	-2.72%

ECONOMIC CONDITION AND OUTLOOK: Saddle Brook Township remains a highly developed, economically stable community. The Township stands at about 95% fully developed and the initiation of any major new construction is unlikely. Nevertheless, its location in Bergen County as well as its proximity to major arteries (Route 80 passes through in a north to south direction and The Garden State Parkway passes through in an east to west direction) affords the community easy access to New York City, major airports and harbors. This location also supports economic viability for business as evidenced by an industrial park, a number of corporate centers and three major hotel chains operating within our borders.

Saddle Brook is also an attractive residential community for those who both work locally and commute to more distant sites. Made up largely of single family homes, the residents of Saddle Brook tend to have multi-generational ties to this area with the majority of residents being long time Saddle Brook residents. The community retains a fairly large senior population with only a relatively small turnover in housing annually.

The economic fortunes of the town are tied very closely to those of the entire region, which would indicate a satisfactory economic outlook for the immediate future.

The structure of school funding in New Jersey means that a community such as Saddle Brook is forced to provide over 90% of their school funding through its local property tax base. As a result, the local taxpayer must bear the burden of upgrading programs and facilities that have traditionally scrutinized school budgets very intensely. Nevertheless, the community takes pride in its school and traditionally demonstrates a desire to provide a good education within the economic framework that is available to it.

MAJOR INITIATIVES:

The Saddle Brook School District is a PreK-12 school district consisting of four elementary schools and one combined Middle School/High School. Franklin School, Helen I. Smith School and Long Memorial School are all K-6 elementary schools offering a rich educational program utilizing the latest evidence based programs: Project Read Multisensory Phonics instruction to support our balanced literacy initiative in concert with the Teachers' College Reading and Writing Project (TCRWP), Elevate Science for K-6, Reveal Math for grades K-6 and Connected math for Grades 7 and 8. At the middle & high school, math teachers have benefited from participating in Conquer Mathematics professional learning opportunities. Our K-6 math teachers have benefited from an in-house mathematics coach funded through federal monies.

Our federal funds have also allowed us to subscribe to the Second Step Social Emotional Learning program for K-8. With our federal funds we have partnered with Thrive Alliance Group to provide mental health services for our students and have been able to fund a Student Assistance Coordinator position.

MAJOR INITIATIVES – (continued):

The Washington School is a dedicated preschool that offers a blended and integrated program for both general education and special education students ages 3-4. Washington School has expanded to provide general education full day preschool Program for 4-5 year olds. Classes are available in the morning, afternoon and also as a full day program, all preparing students with the skills needed for Kindergarten. We are looking to add another preschool classroom for next school year. We enhanced our use of the Creative Curriculum for preschool with the purchase of the Gold version, and provided multiple PD opportunities for teachers on this new resource. Having a researched based program will help us to advertise the high quality academic nature of our pre-school. Our special education population is growing, and we are looking to bring students back into our district. We are proud of our new ABA classroom in our MSHS. We are anticipating the growth of this program with the creation of another ABA classroom at our MSHS as well as a new ABA classroom at Franklin Elementary School. At the Middle/High School level we have been working to add dual enrollment courses, early college partnership with our local community college, early career partnership with our local community college, along with the college experience program. Our students are also benefiting from internships within our Option 2 program. We are looking to expand our Option 2 program next year to include Work-Based Learning opportunities.

Our 2021-2022 District Goals included:

- Launch a districtwide one-to-one Chromebook initiative to provide equitable access to technology and resources to 5th, 6th, 9th, and 10th graders and their teachers.
- Expand and refine districtwide wellness practices by prioritizing the mental health of our school community.
- Transition our I&RS processes and procedures to New Jersey Tiered System of Supports (NJTSS)

Social and emotional learning (SEL) is the process through which children and adults acquire and effectively apply the knowledge, attitudes, and skills necessary to understand and manage emotions, set and achieve positive goals, feel and show empathy for others, establish and maintain positive relationships, and make responsible decisions. As we focus on student achievement in all areas, we are acutely aware of how SEL can affect student achievement. One of the district goals stems from a need to meet the needs of the health and wellness of our student population as well as focus on self-care for the adults who are serving students.

We have applied and received grants to participate in DREAMS (Developing Resiliency with Engaging Approaches to Maximize Success) and Teen Mental Health First Aid programs. Our staff are currently being trained in the administration of these programs.

Our district SEL Committee hosts a Community Wellness Event each school year, and are already in the planning stages for next year's event. We have been keenly aware of building staff morale and student wellness through monthly SEL days in our school buildings. Our K-6 schools each have dedicated SEL time built into their schedule.

We also incorporated a Light the Night event this school year. We have had several families impacted by Leukemia, and decided this was a great opportunity to show support to our community and give back. We hosted this even on our field and had lots of activities for our students and families to partake in.

Technology:

We are in the process of purchasing chromebooks for our students in order to push forward with our 1:1 initiative. This initiative has enabled us to provide more authentic learning tasks throughout the school day. Our students are benefiting from having access to all of our programs, while our staff are able to plan forward with technology. We purchased Go Guardian and subscribed to a one-step access program, Clever. Our staff participated in professional development sessions for both of these programs. Our staff members of these grade levels also received Chromebooks. We look forward to expanding our 1:1 program next school year.

MAJOR INITIATIVES – (continued):

NJTSS:

Each school building has created a school data team of which meets at a minimum monthly. Each data team is tasked with utilizing Linkit benchmark assessments, Start Strong assessments, and classroom assessments to provide an accurate picture of each student's academic performance. Students are then tiered into Tier 1, 2, or 3. Our federal funds allowed us to hire additional interventionists of which provide Tier 2 instruction to those students in need in grades k-6. Out math and/or ELA specialists provide intensive Tier 3 instruction to those identified as such. Action plans are developed for those students who show limited progress throughout the school year. The School Data Team often serves as our NJTSS/I&RS team in each building as well.

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, Special Revenue and Debt Service Funds. Project length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section. An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2022.

ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect accounting principles generally accepted in the United States of America, 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 the Financial Statements", Note 1.

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

CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District 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.

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.

OTHER INFORMATION: Independent Audit – State statutes require on annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Bliss, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the Single Audit Act of 1984, as amended (U.S. Uniform Guidance), and the related OMB Circular A-133 and state Treasury Circular Letters 15-08 OMB. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Saddle Brook 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 the financial and accounting staff.

Respectfully submitted,



Toni Violetti
Superintendent of Schools



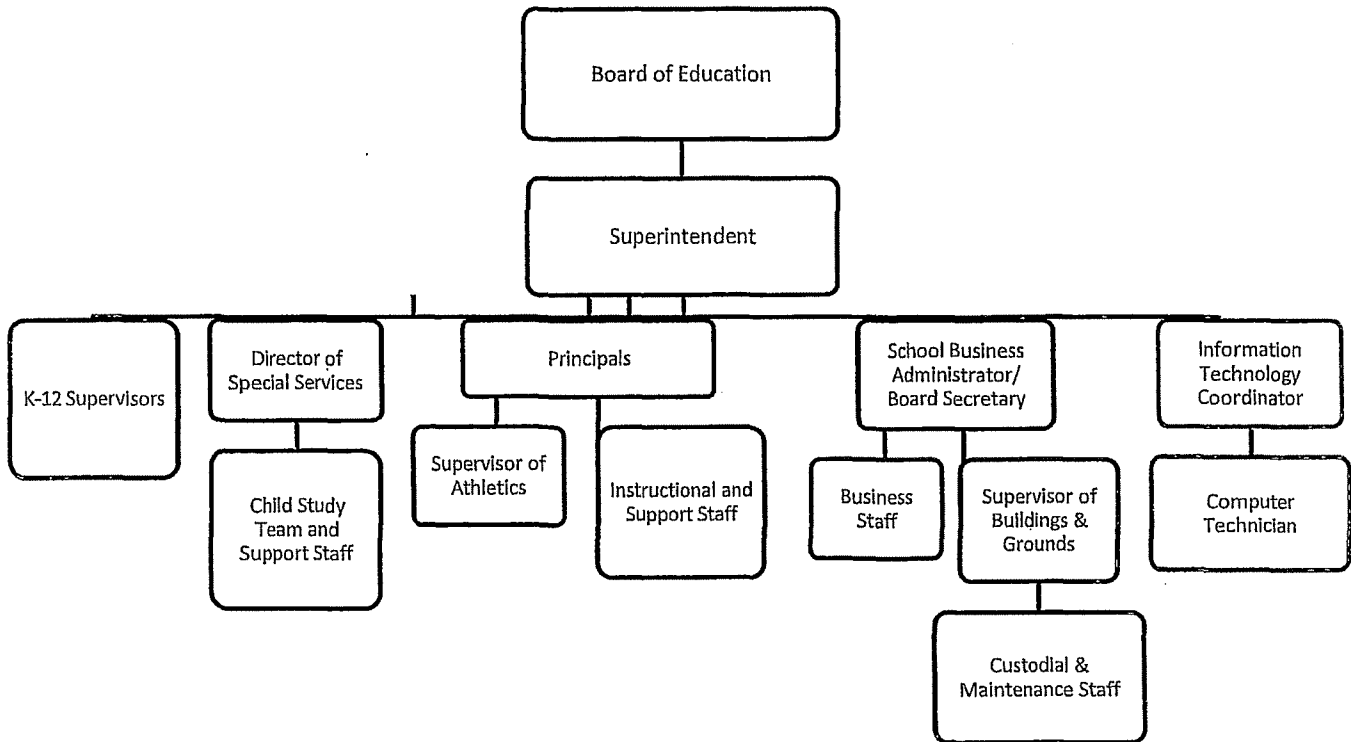
Raymond G. Karaty, CPA, PSA
Business Administrator/Board Secretary

POLICY

SADDLE BROOK BOARD OF EDUCATION

ADMINISTRATION
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Organizational Chart

1110 ORGANIZATIONAL CHART



**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**ROSTER OF OFFICIALS
JUNE 30, 2022**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michael Accomando, President	2022
Sylvia Zottarelli, Vice President	2023
Regina Barrale	2024
Mariana Ianneillo	2022
Vincent Laurentino	2022
Kelly Mahoney	2023
Richard Scherer	2023
Victoria Torbic	2024
Hayley Traverso	2024

Other Officials

Toni Violetti, Superintendent

Raymond G. Karaty, CPA, PSA, Board Secretary/School Business Administrator

Peter Bellani, CPA, Treasurer

Mark Wenczel, Esq., Board Attorney – Cleary Giacobbe Alfieri & Jacobs, LLC

SADDLE BROOK BOARD OF EDUCATION

Consultants and Advisors

ARCHITECT

Gianforcaro
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Chester, New Jersey 07930

AUDITOR

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ATTORNEY

Cleary Giacobbe Alfieri & Jacobs, LLC
169 Ramapo Valley Road - Upper Level 105
Oakland, New Jersey 07436

OFFICIAL DEPOSITORY

Provident Bank
210 Rochelle Avenue
Rochelle Park, NJ 07662

FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Saddle Brook Board of Education, as of and for the fiscal year ended June 30, 2022 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.

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 and each major fund of the Saddle Brook Board of Education as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Saddle Brook Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Saddle Brook Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Saddle Brook Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Saddle Brook Board of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saddle Brook Board of Education's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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 Brook Board of Education. Such information is the responsibility of management and was derived from and relate 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 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 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.

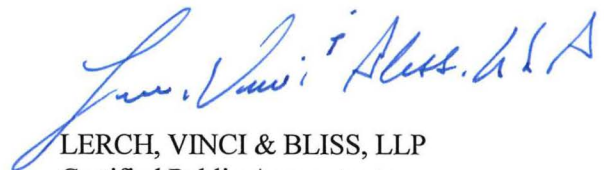
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

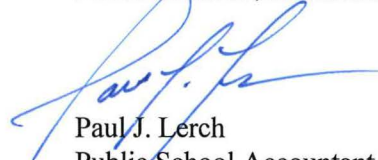
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2023 on our consideration of the Saddle Brook 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Saddle Brook 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 Brook Board of Education's internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
March 7, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

This discussion and analysis of the Saddle Brook School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2022. The intent of this is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- District-Wide Statements – The School District had \$49,051,403 in revenues, general revenues were \$36,176,775, or 74 percent, of all revenues. Program specific revenues in the form of charges for services and grants and contributions were \$12,874,628, or 26 percent, of all revenues.
- District-Wide Statements - The School District had \$45,042,245 in expenses; only \$12,874,628 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$36,176,775 were adequate to provide for these programs.
- Fund Financials - As of the close of the current fiscal year, the Saddle Brook Board of Education's governmental funds reported combined ending fund balances of \$7,136,112, an increase of \$3,251,033 in comparison with the prior year.

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 district-wide financial statements, fund financial statements and notes to the financial statements.

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

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental fund 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 fund statements offer short and long-term financial information about the activities the Saddle Brook Board of Education operates like a business.

Table A-1 summarizes the major features of the Saddle Brook Board of Education's financial statements, including the portion of the Saddle Brook Board of Education'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.

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table A-1 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.	Activities the district operates similar to private Businesses
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset, deferred outflows/inflows of resources and liability information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets 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, deferred outflows/inflows of resources and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.

District-wide Statements

District-wide. The *District-wide financial statements* are designed to provide readers with a broad overview of the Saddle Brook Board of Education’s finances, in a manner similar to a private-sector business.

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

District-wide Statements (Continued)

The *statement of net position* presents information on all of the Saddle Brook Board of Education's assets, deferred outflows/inflows of resources and liabilities, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, when assessing 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 the school buildings and other facilities.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

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, maintenance and administration services. 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 the District's Food Service. The Community Programs activity ended operations in 2020/2021.

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 BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

Fund Financial Statements (Continued)

The District has two kinds of funds:

Governmental Funds. The District's basic services are included in the governmental funds, which generally focus on near-term inflows and outflows of spendable resources and the balances of spendable resources at year-end. Consequently, the governmental fund 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 a reconciliation at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for the General Fund, Special Revenue Fund and Debt Service Fund. Budgetary comparison statements have been provided for the General Fund, Special Revenue Fund and Debt Service Fund.

Proprietary Funds. The District maintains one type of Proprietary Fund, an Enterprise Fund, which is used to report the activity of the Food Service and the Community Programs. Proprietary Funds provide the same type of information as the district-wide financial statements and is presented as business-type activities in the district-wide financial statements.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE SADDLE BROOK 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 payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table A-2 provides a summary of the school district's net position for fiscal years 2022 and 2021 which were \$15,103,880 and \$11,094,722, as restated, respectively.

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE SADDLE BROOK BOARD
OF EDUCATION AS A WHOLE (Continued)**

Net position. By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide regular and special education, transportation, maintenance and administration services and the restricted financial resources for the District's capital project school renovations and upgrades.

**Table A-2
Statement of Net Position
As of June 30, 2022 and 2021**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u> (Restated)	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u> (Restated)
Assets						
Current and Other Assets	\$ 8,262,427	\$ 5,057,967	\$ 420,870	\$ 475,705	\$ 8,683,297	\$ 5,533,672
Capital Assets	<u>26,629,828</u>	<u>27,661,853</u>	<u>45,457</u>	<u>45,205</u>	<u>26,675,285</u>	<u>27,707,058</u>
Total Assets	<u>34,892,255</u>	<u>32,719,820</u>	<u>466,327</u>	<u>520,910</u>	<u>35,358,582</u>	<u>33,240,730</u>
Deferred Outflows of Resources						
Deferred amounts on Net Pension Liability	81,650	491,049			81,650	491,049
Deferred amounts on Refunding of Debt	<u>36,569</u>	<u>66,354</u>	<u>-</u>	<u>-</u>	<u>36,569</u>	<u>66,354</u>
Total Deferred Outflows of Resources	<u>118,219</u>	<u>557,403</u>	<u>-</u>	<u>-</u>	<u>118,219</u>	<u>557,403</u>
Total Assets and Deferred Outflows of Resources	<u>35,010,474</u>	<u>33,277,223</u>	<u>466,327</u>	<u>520,910</u>	<u>35,476,801</u>	<u>33,798,133</u>
Liabilities						
Current Liabilities	1,280,709	1,337,830	68,993	33,837	1,349,702	1,371,667
Noncurrent Liabilities	<u>15,885,200</u>	<u>18,531,007</u>	<u>-</u>	<u>-</u>	<u>15,885,200</u>	<u>18,531,007</u>
Total Liabilities	<u>17,165,909</u>	<u>19,868,837</u>	<u>68,993</u>	<u>33,837</u>	<u>17,234,902</u>	<u>19,902,674</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	<u>3,138,019</u>	<u>2,800,737</u>	<u>-</u>	<u>-</u>	<u>3,138,019</u>	<u>2,800,737</u>
Total Deferred Inflows of Resources	<u>3,138,019</u>	<u>2,800,737</u>	<u>-</u>	<u>-</u>	<u>3,138,019</u>	<u>2,800,737</u>
Total Liabilities and Deferred Inflows of Resources	<u>20,303,928</u>	<u>22,669,574</u>	<u>68,993</u>	<u>33,837</u>	<u>20,372,921</u>	<u>22,703,411</u>
Net Position						
Net Investment in Capital Assets	17,038,495	15,662,961	45,457	45,205	17,083,952	15,708,166
Restricted	6,358,742	3,058,925			6,358,742	3,058,925
Unrestricted	<u>(8,690,691)</u>	<u>(8,114,237)</u>	<u>351,877</u>	<u>441,868</u>	<u>(8,338,814)</u>	<u>(7,672,369)</u>
Total Net Position	<u>\$ 14,706,546</u>	<u>\$ 10,607,649</u>	<u>\$ 397,334</u>	<u>\$ 487,073</u>	<u>\$ 15,103,880</u>	<u>\$ 11,094,722</u>

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE SADDLE BROOK BOARD
OF EDUCATION AS A WHOLE (Continued)**

Governmental activities. Governmental activities increased the District's net position before transferred by \$3,756,448 and \$3,286,947 for the fiscal years ended June 30, 2022 and 2021, respectively. Key elements of this increase are as follows:

**Table A-3
Changes in Net Position
For the Fiscal Year Ended June 30, 2022 and 2021**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program Revenues		(Restated)				(Restated)
Charges for Services	\$ 495,022	\$ 325,881	\$ 164,985	\$ 7,143	\$ 660,007	\$ 333,024
Operating Grants and Contributions	11,160,701	13,307,845	1,053,920	564,494	12,214,621	13,872,339
General Revenues						
Property Taxes	35,681,614	35,065,267			35,681,614	35,065,267
Restricted State	130,738	131,256			130,738	131,256
Unrestricted State	17,616	17,547			17,616	17,547
Other	346,790	185,730	17	132	346,807	185,862
Total Revenues	<u>47,832,481</u>	<u>49,033,526</u>	<u>1,218,922</u>	<u>571,769</u>	<u>49,051,403</u>	<u>49,605,295</u>
Expenses						
Instruction						
Regular	14,551,448	15,878,662			14,551,448	15,878,662
Special	9,130,014	9,955,484			9,130,014	9,955,484
Other Instruction	962,659	1,336,941			962,659	1,336,941
School Sponsored Activities and Ath.	1,189,477	1,238,234			1,189,477	1,238,234
Support Services						
Student and Instruction Related Serv.	7,448,245	7,055,026			7,448,245	7,055,026
Educational Media/School Library	341,869	463,264			341,869	463,264
School Administrative Services	933,206	998,376			933,206	998,376
General Administrative Services	2,466,146	2,820,239			2,466,146	2,820,239
Plant Operations and Maintenance	3,850,756	3,031,711			3,850,756	3,031,711
Pupil Transportation	1,650,559	1,380,283			1,650,559	1,380,283
Central Services	1,170,306	1,104,472			1,170,306	1,104,472
Food Services			966,212	517,471	966,212	517,471
Community Programs				26,697	-	26,697
Interest on Long-Term Debt	381,348	483,887	-	-	381,348	483,887
Total Expenses	<u>44,076,033</u>	<u>45,746,579</u>	<u>966,212</u>	<u>544,168</u>	<u>45,042,245</u>	<u>46,290,747</u>
Change in Net Position	3,756,448	3,286,947	252,710	27,601	4,009,158	3,314,548
Transfers	342,449		(342,449)			
Net Position, Beginning of Year, Restated	<u>10,607,649</u>	<u>7,320,702</u>	<u>487,073</u>	<u>459,472</u>	<u>11,094,722</u>	<u>7,780,174</u>
Net Position, End of Year	<u>\$ 14,706,546</u>	<u>\$ 10,607,649</u>	<u>\$ 397,334</u>	<u>\$ 487,073</u>	<u>\$ 15,103,880</u>	<u>\$ 11,094,722</u>

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

DISTRICT-WIDE FINANCIAL ANALYSIS OF THE SADDLE BROOK BOARD OF EDUCATION AS A WHOLE (Continued)

Governmental activities. The District's total governmental revenues and transfers were \$48,174,930. The local share of the revenues that included property taxes, state aid restricted for debt service, unrestricted state aid and miscellaneous revenue, amounted to \$36,176,758 or 75%, of total revenues. Funding from state, federal sources and capital grants and contributions amounted to \$11,160,701, or 23%. Charges for services amounted to \$495,022, or 2%. (See Table A-4)

The District's total governmental expenses were \$44,076,033 and are predominantly related to instruction and support services. Instruction totaled \$25,833,598 (59%), student support services totaled \$17,861,087 (40%), and interest on long-term debt total \$381,348 (1%) of total expenditures. (See Table A-5.)

Table A-4 Revenues by Source – Governmental Activities
For Fiscal Year 2022

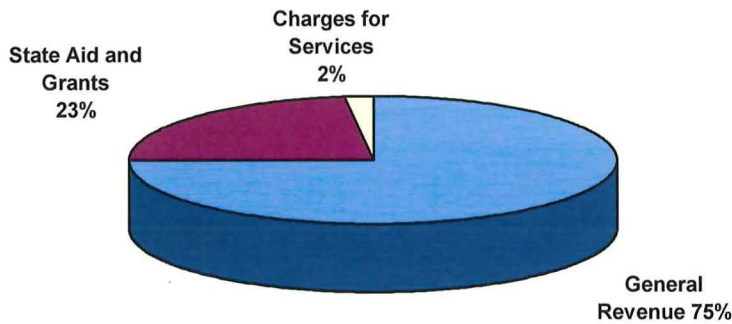
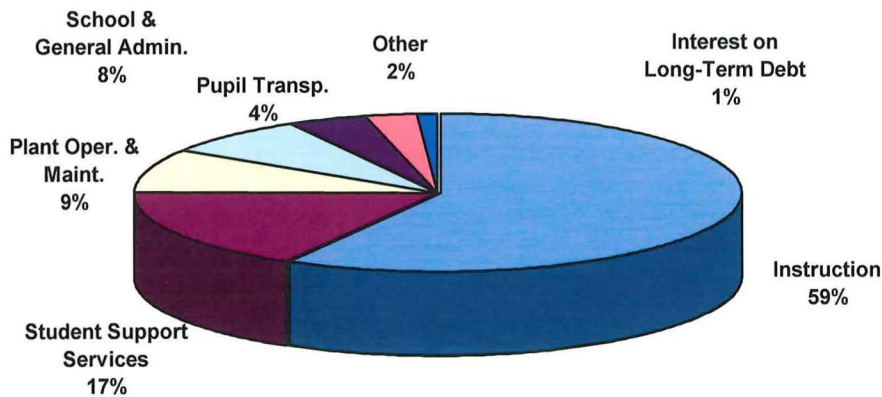


Table A-5 Expenditures by Type- Governmental Activities
For Fiscal Year 2022



**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

**DISTRICT-WIDE FINANCIAL ANALYSIS OF THE SADDLE BROOK BOARD
OF EDUCATION AS A WHOLE (Continued)**

**Table A-6
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2022 and 2021**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2022</u>	<u>2021</u> (Restated)	<u>2022</u>	<u>2021</u> (Restated)
Governmental Activities				
Instruction				
Regular	\$ 14,551,448	\$ 15,878,662	\$ 11,010,906	\$ 11,262,034
Special Education	9,130,014	9,955,484	5,369,890	5,861,143
Other Instruction	962,659	1,336,941	638,621	678,270
School Sponsored Activities and Athletics	1,189,477	1,238,234	697,762	745,952
Support Services				
Student and Instruction Related Svcs.	7,448,245	7,055,026	5,253,729	5,056,475
Educational Media/School Library	341,869	463,264	271,989	322,060
General Administrative Services	933,206	998,376	808,779	798,893
School Administrative Services	2,466,146	2,820,239	1,938,839	1,967,501
Plant Operations and Maintenance	3,850,756	3,031,711	3,613,032	2,795,412
Pupil Transportation	1,650,559	1,380,283	1,343,751	1,116,001
Central Services	1,170,306	1,104,472	1,091,664	1,025,225
Interest on Long-Term Debt	381,348	483,887	381,348	483,887
Total Governmental Activities	\$ 44,076,033	\$ 45,746,579	\$ 32,420,310	\$ 32,112,853

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2022 was \$966,212. These costs were funded by operating grants, charges for services and investment earnings. (Detailed on Table A-3). The operations resulted in a decrease in net position of \$89,739.

Food Service Program

- Food service revenues exceeded expenses by \$252,710.
- Charges for services represent 14% percent of revenue.
- Revenues include lunches and ala carte meals paid for by the students and partial or total reimbursement provided by the district's participation in the National School Lunch Program.

Community Programs – Before and After Child Care and Summer Camp

- Community Programs transferred by \$342,449 to Capital Projects Fund.
- There were no charges for services revenue on expenses in 2021-22.

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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 a government's net resources available for spending at the end of the fiscal year.

As the District completed the year, its governmental funds reported a combined fund balance of \$7,136,112. In 2020-2021 the fund balance was \$3,885,079. The majority of the increase was attributable to the increase in State financial assistance in the General Fund and the proceeds of financing agreements. The general fund fund balance increased \$2,172,433 from 2020-21.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues and other financing sources amounted to \$50,675,818 and expenditures and other financing uses were \$47,424,785.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a summary of the governmental fund revenues for the fiscal years ended June 30, 2022 and 2021.

	Fiscal Year Ended 6/30/2022	Fiscal Year Ended 6/30/2021	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 36,542,678	\$ 35,601,270	\$ 941,408	3%
State Sources	9,975,101	8,004,904	1,970,197	25%
Federal Sources	<u>2,229,204</u>	<u>887,738</u>	<u>1,341,466</u>	151%
Total Revenues	<u>\$ 48,746,983</u>	<u>\$ 44,493,912</u>	<u>\$ 4,253,071</u>	10%

The following schedule represents a summary of general fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal years ended June 30, 2022 and 2021.

	Fiscal Year Ended 6/30/2022	Fiscal Year Ended 6/30/2021	Amount of Increase (Decrease)	Percent Change
Current Expenses:				
Instruction	\$ 26,323,586	\$ 24,799,481	\$ 1,524,105	6%
Undistributed	17,700,012	14,830,260	2,869,752	19%
Capital Outlay	655,245	112,767	542,478	481%
Debt Service				
Principal	2,195,168	2,054,649	140,519	7%
Interest and Other Charges	<u>388,637</u>	<u>499,812</u>	<u>(111,175)</u>	-22%
Total Expenditures	<u>\$ 47,262,648</u>	<u>\$ 42,296,969</u>	<u>\$ 4,965,679</u>	12%

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, 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. Revisions were made to prevent over expenditures in specific line item accounts.

- Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- Costs for special education students is budgeted based on the existing and known incoming students at the time the budget is submitted. Students move into and out of the District during the summer as well as the school year. These special education costs were higher than anticipated for 2021-22.
- TPAF, which is the state's contribution to the pension fund and social security is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.
- As the buildings age more repairs are required and therefore additional funds were needed.

Capital Assets

At the end of fiscal year 2022, the District had total assets of \$26,675,285 net of depreciation invested in land, construction in progress, land improvements, buildings, furniture, equipment and vehicles. Table 7 shows fiscal year 2022 balances compared to 2021.

**Table A-7
Capital Assets (Net Depreciation) as of June 30, 2022 and 2021**

	Governmental Activities		Business-Type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 31,974	\$ 31,974			\$ 31,974	\$ 31,974
Construction in Progress	138,459	15,490			138,459	15,490
Land Improvements	696,410	687,650			696,410	687,650
Buildings and Building Improvements	44,807,310	44,746,590			44,807,310	44,746,590
Machinery, Equipment and Vehicles	<u>4,079,704</u>	<u>3,616,908</u>	<u>\$ 263,594</u>	<u>\$ 251,152</u>	<u>4,343,298</u>	<u>3,868,060</u>
Total	49,753,857	49,098,612	263,594	251,152	50,017,451	49,349,764
Less: Accumulated Depreciation	<u>23,124,029</u>	<u>21,436,759</u>	<u>218,137</u>	<u>205,947</u>	<u>23,342,166</u>	<u>21,642,706</u>
Total	<u>\$ 26,629,828</u>	<u>\$ 27,661,853</u>	<u>\$ 45,457</u>	<u>\$ 45,205</u>	<u>\$ 26,675,285</u>	<u>\$ 27,707,058</u>

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

Capital Assets (Continued)

Overall capital assets decreased by \$1,031,773 from fiscal year 2021 to fiscal year 2022.

Additional information on Saddle Brook Board of Education’s capital assets can be found in the Notes of this report.

Debt Administration

At June 30, 2022, the District’s Governmental Activities had \$15,885,200 of outstanding long-term liabilities. These liabilities include serial bonds for school construction and refunding bonds for the Early Retirement Incentive Program, financing agreements, compensated absences and net pension liability.

**Table A-8
Long-Term Debt
Outstanding Long-Term Liabilities for Governmental Activities**

	<u>2022</u>	<u>2021</u> (Restated)
General Obligation Bonds, Net	\$ 5,900,636	\$ 7,677,162
Net Pension Liability	3,891,942	5,788,598
Financing Agreements Payable	5,523,897	4,544,816
Compensated Absences Payable	<u>568,725</u>	<u>520,431</u>
 Total	 <u>\$ 15,885,200</u>	 <u>\$ 18,531,007</u>

Additional information on Saddle Brook Board of Education’s long-term debt can be found in the Notes of this report.

For the Future

Currently, the District is in good financial condition. Everyone associated with the Saddle Brook School District is grateful for the community support of the schools. A major concern is the financial support required to maintain appropriate class sizes and services. The uncertainty of state aid and a capped tax levy place a great burden on the district to fund new instructional programs as other fixed costs continue to rise.

In conclusion, the Saddle Brook School District has committed itself to financial and educational excellence. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

**SADDLE BROOK BOARD OF EDUCATION
SADDLE BROOK, NEW JERSEY**

Contacting the District's Financial Management

If you have questions about this report or need additional information, contact the School Business Administrator at the Saddle Brook Board of Education, 355 Mayhill Street, Saddle Brook, NJ 07663.

BASIC FINANCIAL STATEMENTS

SADDLE BROOK BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,295,581	\$ 316,303	\$ 6,611,884
Cash Held with Fiscal Agent	819,987		819,987
Receivables, net	1,146,859	86,997	1,233,856
Inventory		17,570	17,570
Capital Assets			
Not Being Depreciated	170,433		170,433
Being Depreciated, Net	<u>26,459,395</u>	<u>45,457</u>	<u>26,504,852</u>
Total Assets	<u>34,892,255</u>	<u>466,327</u>	<u>35,358,582</u>
Deferred Outflows of Resources			
Deferred Amounts on Net Pension Liability	81,650		81,650
Deferred Amounts on Refunding of Debt	<u>36,569</u>	<u>-</u>	<u>36,569</u>
	<u>118,219</u>	<u>-</u>	<u>118,219</u>
Total Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	<u>35,010,474</u>	<u>466,327</u>	<u>35,476,801</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,094,439	53,811	1,148,250
Payable to Other Governments	2,686		2,686
Accrued Interest Payable	154,394		154,394
Unearned Revenue	29,190	15,182	44,372
Noncurrent Liabilities			
Due Within One Year	2,386,381		2,386,381
Due Beyond One Year	<u>13,498,819</u>	<u>-</u>	<u>13,498,819</u>
Total Liabilities	<u>17,165,909</u>	<u>68,993</u>	<u>17,234,902</u>
Deferred Inflows of Resources			
Deferred Amounts on Net Pension Liability	<u>3,138,019</u>	<u>-</u>	<u>3,138,019</u>
Total Deferred Inflows of Resources	<u>3,138,019</u>	<u>-</u>	<u>3,138,019</u>
Total Liabilities and Deferred Inflows of Resources	<u>20,303,928</u>	<u>68,993</u>	<u>20,372,921</u>
NET POSITION			
Net Investment in Capital Assets	17,038,495	45,457	17,083,952
Restricted for :			
Capital Projects	4,540,445		4,540,445
Maintenance	1,223,778		1,223,778
Other Purposes	594,519		594,519
Unrestricted	<u>(8,690,691)</u>	<u>351,877</u>	<u>(8,338,814)</u>
Total Net Position	<u>\$ 14,706,546</u>	<u>\$ 397,334</u>	<u>\$ 15,103,880</u>

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

SADDLE BROOK BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities						
Instruction						
Regular	\$ 14,551,448	\$ 161,095	\$ 3,379,447	\$ (11,010,906)		\$ (11,010,906)
Special Education	9,130,014		3,760,124	(5,369,890)		(5,369,890)
Other Instruction	962,659		324,038	(638,621)		(638,621)
School Sponsored Activities and Athletics	1,189,477	333,927	157,788	(697,762)		(697,762)
Support Services						
Student and Instruction Related Services	7,448,245		2,194,516	(5,253,729)		(5,253,729)
Educational Media/School Library	341,869		69,880	(271,989)		(271,989)
General Administrative Services	933,206		124,427	(808,779)		(808,779)
School Administrative Services	2,466,146		527,307	(1,938,839)		(1,938,839)
Plant Operations and Maintenance	3,850,756		237,724	(3,613,032)		(3,613,032)
Pupil Transportation	1,650,559		306,808	(1,343,751)		(1,343,751)
Central Services	1,170,306		78,642	(1,091,664)		(1,091,664)
Interest and Other Charges on Long-Term Debt	381,348	-	-	(381,348)	-	(381,348)
Total Governmental Activities	<u>44,076,033</u>	<u>495,022</u>	<u>11,160,701</u>	<u>(32,420,310)</u>	<u>-</u>	<u>(32,420,310)</u>
Business-Type Activities						
Food Service	966,212	164,985	1,053,920		\$ 252,693	252,693
Community Programs	-	-	-	-	-	-
Total Business-Type Activities	<u>966,212</u>	<u>164,985</u>	<u>1,053,920</u>	<u>-</u>	<u>252,693</u>	<u>252,693</u>
Total Primary Government	<u>\$ 45,042,245</u>	<u>\$ 660,007</u>	<u>\$ 12,214,621</u>	<u>(32,420,310)</u>	<u>252,693</u>	<u>(32,167,617)</u>
General Revenues						
Property Taxes, Levied for General Purposes, Net				33,815,194		33,815,194
Property Taxes Levied for Debt Service				1,866,420		1,866,420
State Aid Restricted for Debt Service				130,738		130,738
Unrestricted State Aid				17,616		17,616
Miscellaneous Income				346,790	17	346,807
Transfers				342,449	(342,449)	-
Total General Revenues				<u>36,519,207</u>	<u>(342,432)</u>	<u>36,176,775</u>
Change in Net Position				4,098,897	(89,739)	4,009,158
Net Position, Beginning of Year, Restated				<u>10,607,649</u>	<u>487,073</u>	<u>11,094,722</u>
Net Position, End of Year				<u>\$ 14,706,546</u>	<u>\$ 397,334</u>	<u>\$ 15,103,880</u>

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

FUND FINANCIAL STATEMENTS

SADDLE BROOK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2022

	<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	\$ 5,455,792	\$ 182,659	\$ 657,128	\$ 2	\$ 6,295,581
Cash Held with Fiscal Agent	119,987		700,000		819,987
Receivables, Net					
Receivables from Other Governments	108,570	1,027,820			1,136,390
Due from Other Funds	635,990	7,891			643,881
Other Receivables	<u>9,572</u>	<u>897</u>	<u>-</u>	<u>-</u>	<u>10,469</u>
Total Assets	<u>\$ 6,329,911</u>	<u>\$ 1,219,267</u>	<u>\$ 1,357,128</u>	<u>\$ 2</u>	<u>\$ 8,906,308</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 399,841	\$ 373,248	\$ 76,800		\$ 849,889
Due to Other Funds	7,891	635,984	6		643,881
Payable to State Government		2,686			2,686
Accrued Salary and Wages	100				100
Payroll Deductions and Withholdings	244,450				244,450
Unearned Revenue	<u>4,500</u>	<u>24,690</u>	<u>-</u>	<u>-</u>	<u>29,190</u>
Total Liabilities	<u>656,782</u>	<u>1,036,608</u>	<u>76,806</u>	<u>-</u>	<u>1,770,196</u>
Fund Balances					
Restricted:					
Capital Reserve	2,558,123				2,558,123
Capital Reserve, Designated for Subsequent Year's Expenditures	702,000				702,000
Maintenance Reserve	941,778				941,778
Maintenance Reserve, Designated for Subsequent Year's Expenditures	282,000				282,000
Capital Projects			1,280,322		1,280,322
Debt Service				\$ 2	2
Unemployment Compensation	411,858				411,858
Student Activities/Athletics		179,831			179,831
Scholarship		2,828			2,828
Assigned:					
Year End Encumbrances	543,847				543,847
Unassigned:	<u>233,523</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,523</u>
Total Fund Balances	<u>5,673,129</u>	<u>182,659</u>	<u>1,280,322</u>	<u>2</u>	<u>7,136,112</u>
Total Liabilities and Fund Balances	<u>\$ 6,329,911</u>	<u>\$ 1,219,267</u>	<u>\$ 1,357,128</u>	<u>\$ 2</u>	<u>\$ 8,906,308</u>

SADDLE BROOK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2022

Total Government Fund Balances (Exhibit B-1) \$ 7,136,112

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 \$49,753,857 and the accumulated depreciation is \$23,124,029. 26,629,828

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 36,569

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

Deferred Outflows of Resources	\$ 81,650	
Deferred Inflows of Resources	<u>(3,138,019)</u>	(3,056,369)

The District has financed capital assets through the issuance of serial bonds and long term-lease obligations. The interest accrual at year end is: (154,394)

Long-term liabilities, including bonds payable, 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:

Bonds Payable, Net	\$ (5,900,636)	
Net Pension Liability	(3,891,942)	
Financing Agreements	(5,523,897)	
Compensated Absences	<u>(568,725)</u>	(15,885,200)

Net Position of Governmental Activities (Exhibit A-1) \$ 14,706,546

SADDLE BROOK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<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					
Property Tax Levy	\$ 33,815,194			\$ 1,866,420	\$ 35,681,614
Tuition	161,095				161,095
Miscellaneous	346,646	\$ 353,179	\$ 144	-	699,969
Total - Local Sources	34,322,935	353,179	144	1,866,420	36,542,678
State Sources	9,844,363			130,738	9,975,101
Federal Sources	10,200	2,219,004	-	-	2,229,204
Total Revenues	44,177,498	2,572,183	144	1,997,158	48,746,983
EXPENDITURES					
Current					
Regular Instruction	14,273,470	584,312			14,857,782
Special Education Instruction	8,780,774	494,529			9,275,303
Other Instruction	846,502	136,968			983,470
School-Sponsored Activities and Athletics	930,933	276,098			1,207,031
Support Services					
Student and Instruction Related Services	6,602,249	980,994			7,583,243
Educational Media/School Library	349,644				349,644
General Administrative Services	947,048				947,048
School Administrative Services	2,524,805				2,524,805
Plant Operations and Maintenance	3,616,870				3,616,870
Pupil Transportation	1,603,073				1,603,073
Central Services	1,075,329				1,075,329
Debt Service					
Principal	445,168			1,750,000	2,195,168
Interest and Other Charges	141,480			247,157	388,637
Capital Outlay	430,106	41,450	183,689	-	655,245
Total Expenditures	42,567,451	2,514,351	183,689	1,997,157	47,262,648
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,610,047	57,832	(183,545)	1	1,484,335
OTHER FINANCING SOURCES (USES)					
Financing Agreements (Non-budget)	724,249		700,000		1,424,249
Transfer In	137		504,449		504,586
Transfer Out	(162,000)	-	(137)	-	(162,137)
Total Other Financing Sources and Uses	562,386	-	1,204,312	-	1,766,698
Net Change in Fund Balances	2,172,433	57,832	1,020,767	1	3,251,033
Fund Balance, Beginning of Year	3,500,696	124,827	259,555	1	3,885,079
Fund Balance, End of Year	\$ 5,673,129	\$ 182,659	\$ 1,280,322	\$ 2	\$ 7,136,112

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

**SADDLE BROOK 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, 2022**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 3,251,033

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 outlay in the current period.

Capital Outlay	\$ 655,245	
Depreciation Expense	<u>(1,687,270)</u>	
		(1,032,025)

In the statement of activities, "the issuance of long-term debt (e.g. bonds, loans and leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums and other such items related to the refunding bonds when they are first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Discount	(1,313)	
Amortization of Bond Premium	27,839	
Amortization of Deferred Amounts on Refunding	(29,785)	
Capital Financing Agreements Issued	(1,201,973)	
Other Financing Agreements Issued	(222,276)	
Principal Repayments		
Bond Principal	1,750,000	
Financing Agreements Principal	<u>445,168</u>	
		767,660

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

Net Increase in Compensated Absences	(48,294)	
Decrease in Net Pension Expense	<u>1,149,975</u>	
		1,101,681

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		<u>10,548</u>
------------------------------	--	---------------

Change in net position of governmental activities (Exhibit A-2) \$ 4,098,897

**SADDLE BROOK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2022**

	<u>Food Service</u>	<u>Community Programs</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 316,303		\$ 316,303
Other Accounts Receivable	7,906		7,906
Intergovernmental Receivable			
State	1,561		1,561
Federal	77,530		77,530
Inventories	<u>17,570</u>	<u>-</u>	<u>17,570</u>
Total Current Assets	<u>420,870</u>	<u>-</u>	<u>420,870</u>
Capital Assets			
Equipment	263,594		263,594
Less: Accumulated Depreciation	<u>(218,137)</u>	<u>-</u>	<u>(218,137)</u>
Total Capital Assets, Net	<u>45,457</u>	<u>-</u>	<u>45,457</u>
Total Assets	<u>466,327</u>	<u>-</u>	<u>466,327</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	53,811		53,811
Unearned Revenue	<u>15,182</u>	<u>-</u>	<u>15,182</u>
Total Current Liabilities	<u>68,993</u>	<u>-</u>	<u>68,993</u>
NET POSITION			
Net Investment in Capital Assets	45,457		45,457
Unrestricted	<u>351,877</u>	<u>-</u>	<u>351,877</u>
Total Net Position	<u>\$ 397,334</u>	<u>\$ -</u>	<u>\$ 397,334</u>

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

**SADDLE BROOK BOARD OF EDUCATION
 PROPRIETARY FUND
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Food Service</u>	<u>Community Programs</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable programs	\$ 2,122		\$ 2,122
Daily Sales - Non-Reimbursable Programs	<u>162,863</u>	<u>-</u>	<u>162,863</u>
	<u>164,985</u>	<u>-</u>	<u>164,985</u>
OPERATING EXPENSES			
Cost of Sales - Reimbursable	357,509		357,509
Cost of Sales - Non-Reimbursable	159,191		159,191
Salaries and Employee Benefits	361,893		361,893
Purchased Property Services	8,144		8,144
Other Purchased Services	995		995
Supplies and Materials	16,568		16,568
Depreciation	12,190		12,190
Miscellaneous	<u>49,722</u>	<u>-</u>	<u>49,722</u>
Total Operating Expenses	<u>966,212</u>	<u>-</u>	<u>966,212</u>
Operating Income/(Loss)	<u>(801,227)</u>	<u>-</u>	<u>(801,227)</u>
NONOPERATING REVENUES/(EXPENSES)			
State Sources			
School Lunch Program	21,990		21,990
Federal Sources			
National School Lunch Program	875,373		875,373
Food Distribution Program	49,240		49,240
After School Snack Program	18,647		18,647
P-EBT Administrative Program	1,242		1,242
Emergency Operational Cost Program-Schools	12,196		12,196
School Breakfast Program	75,232		75,232
Interest and Investment Revenue	<u>17</u>	<u>-</u>	<u>17</u>
Total Nonoperating Revenues	<u>1,053,937</u>	<u>-</u>	<u>1,053,937</u>
Transfers			
Transfers Out	<u>-</u>	<u>\$ 342,449</u>	<u>342,449</u>
Change in Net Position	252,710	(342,449)	(89,739)
Total Net Position, Beginning of Year	<u>144,624</u>	<u>342,449</u>	<u>487,073</u>
Total Net Position, End of Year	<u>\$ 397,334</u>	<u>\$ -</u>	<u>\$ 397,334</u>

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

**SADDLE BROOK BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Food Service</u>	<u>Community Programs</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 155,674		\$ 155,674
Cash Payments for Employees' Salaries and Benefits	(361,893)		(361,893)
Cash Payments to Suppliers for Goods and Services	<u>(498,436)</u>	<u>-</u>	<u>(498,436)</u>
Net Cash Provided/(Used) for Operating Activities	<u>(704,655)</u>	<u>-</u>	<u>(704,655)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	1,062,779		1,062,779
Cash Payments to Other Funds	<u>-</u>	<u>\$ (342,449)</u>	<u>(342,449)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>1,062,779</u>	<u>(342,449)</u>	<u>720,330</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	<u>(12,442)</u>	<u>-</u>	<u>(12,442)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(12,442)</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>17</u>	<u>-</u>	<u>17</u>
Net Cash Provided by Investing Activities	<u>17</u>	<u>-</u>	<u>17</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	345,699	(342,449)	3,250
Cash and Cash Equivalents (Cash Overdraft), Beginning of Year	<u>(29,396)</u>	<u>342,449</u>	<u>313,053</u>
Cash and Cash Equivalents, End of Year	<u>\$ 316,303</u>	<u>\$ -</u>	<u>\$ 316,303</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities			
Operating Income (Loss)	<u>\$ (801,227)</u>	<u>\$ -</u>	<u>\$ (801,227)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Noncash Federal Assistance - Food Distribution Program	49,240		49,240
Depreciation	12,190		12,190
Change in Assets and Liabilities			
(Increase)/Decrease in Accounts Receivable	(2,578)		(2,578)
(Increase)/Decrease in Inventory	2,564		2,564
Increase/(Decrease) in Accounts Payable	41,889		41,889
Increase/(Decrease) in Unearned Revenue	<u>(6,733)</u>	<u>-</u>	<u>(6,733)</u>
Total Adjustments	<u>96,572</u>	<u>-</u>	<u>96,572</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (704,655)</u>	<u>\$ -</u>	<u>\$ (704,655)</u>
Non-Cash Financing Activities			
Food Distribution Program Commodities Received	<u>\$ 49,240</u>		

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

NOTES TO THE FINANCIAL STATEMENTS

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Saddle Brook 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 nine elected officials and is responsible for the fiscal control of the District. A Superintendent of Schools is appointed by the Board and is responsible for the administrative control of the District. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions 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 currently operates a Pre-Kindergarten through grade twelve (12) school district.

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 Superintendent of Schools is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of Schools to the Board.

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 Brook Board of Education this includes general operations, food service, community programs 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 2022, the District adopted the following GASB statements:

- GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB Statement No. 92, *Omnibus 2020*. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

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

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 99, *Omnibus 2022*, the section applicable to the District will be effective beginning with the fiscal year ending June 30, 2023. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.
- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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. Currently the District has no fiduciary funds.

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.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements (Continued)

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 funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental 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, student activity funds derived from athletic events or other activities of pupil organizations and private donations for scholarship awards.

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 funds which are organized to be self-supporting through user charges:

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

The *community program fund* accounts for the activities of the District's before and after school and summer camp programs.

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 BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations 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, acquisitions under financing agreements and leases payable for intangible right-to-use leased assets 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 BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources. However, the District had no unused commodity inventory at year end.

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by state or county regulations for capital projects and capital financing agreements for projects.

5. 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.

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	15-20
Buildings and Building Improvements	30-40
Machinery and Equipment	5-20

6. Deferred Outflows/Inflows of Resources

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

7. *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.

8. *Pensions*

In the district-wide financial statements and proprietary fund types in the fund 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.

9. *Financing Agreements*

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the District by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the district-wide and proprietary fund type financial statements.

In the fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. 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. Differences resulting from debt refundings are classified as deferred inflows of resources or as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Differences resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

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.

11. 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.

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

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 2022/2023 District budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 2).

SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

Maintenance Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of maintenance reserve fund balance appropriated in the adopted 2022/2023 District budget certified for taxes

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

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

Unemployment Compensation – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). (See Note 2A).

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Scholarship – This restriction was created to represents the accumulation of donor restricted funds specifically earmarked for student scholarship awards.

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

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

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

In the general operating fund and other governmental funds (special revenue, 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.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

12. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the district's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no 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.

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 2020-2021 and 2021-2022 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.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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

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

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. Lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. The annual budget is voted upon at the annual school election on the third Tuesday in April. 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. 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 2021/2022. Also, during 2021/2022 the Board increased the original budget by \$4,367,006. The increase was funded by the additional grant awards, the reappropriation of prior year general fund encumbrances, financing agreements, student activity revenues and scholarship donations.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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. 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, 2022 is as follows:

Balance, July 1, 2021	\$ 1,722,123
Increased by:	
Deposits Approved by Board Resolution	<u>1,700,000</u>
Decreased by:	
Withdrawals Approved in District Budget	<u>162,000</u>
Balance, June 30, 2022	<u><u>\$ 3,260,123</u></u>

The June 30, 2022 LRFP balance of uncompleted capital projects is \$6,890,000. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the District’s Long-Range Facilities Plan. \$702,000 of the capital reserve balance at June 30, 2022 was designated and appropriated for use in the 2022/2023 original budget certified for taxes.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2022 is as follows:

Balance, July 1, 2021	\$ 539,019
Increased by:	
Deposits Approved by Board Resolution	<u>684,759</u>
Balance, June 30, 2022	<u>\$ 1,223,778</u>

The June 30, 2022 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,331,073. \$282,000 of the maintenance reserve balance at June 30, 2022 was designated and appropriated for use in the 2022/2023 original budget certified for taxes.

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, 2022, the book value of the Board's deposits were \$7,431,871 and bank and brokerage firm balances of the Board's deposits amounted to \$7,923,804. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ 6,850,792
Uninsured and Uncollateralized	<u>1,073,012</u>
	<u>\$ 7,923,804</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2022 the Board’s bank balance of \$1,073,012 was exposed to custodial credit risk as follows:

Depository Account

Uninsured and Uncollaterized

Collateral held by pledging financial institution's trust department but not in the Board's name.

\$ 1,073,012

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, 2022, the Board had no outstanding investments.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board’s investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2022 for the district’s individual major funds in the aggregate are as follows:

	General <u>Fund</u>	Special Revenue <u>Fund</u>	Food <u>Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 9,572	\$ 897	\$ 7,906	\$ 18,375
Intergovernmental				
Federal		1,027,660	77,530	1,105,190
State	108,570		1,561	110,131
Other	<u>-</u>	<u>160</u>	<u>-</u>	<u>160</u>
Net Total Receivables	<u>\$ 118,142</u>	<u>\$ 1,028,717</u>	<u>\$ 86,997</u>	<u>\$ 1,233,856</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:

General Fund	
Pre-K Tuition	\$ 4,500
Special Revenue Fund	
Unencumbered Grant Draw Downs	<u>24,690</u>
 Total Unearned Revenue for Governmental Funds	 <u><u>\$ 29,190</u></u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

	<u>Balance, July 1, 2021</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance, June 30, 2022</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,974			\$ 31,974
Construction in Progress	<u>15,490</u>	\$ 138,459	\$ (15,490)	<u>138,459</u>
Total capital assets, not being depreciated	<u>47,464</u>	<u>138,459</u>	<u>(15,490)</u>	<u>170,433</u>
Capital assets, being depreciated:				
Land Improvements	687,650	8,760		696,410
Buildings and Building Improvements	44,746,590	45,230	15,490	44,807,310
Machinery and Equipment	<u>3,616,908</u>	<u>462,796</u>	<u>-</u>	<u>4,079,704</u>
Total capital assets being depreciated	<u>49,051,148</u>	<u>516,786</u>	<u>15,490</u>	<u>49,583,424</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(306,693)	(26,409)		(333,102)
Land Improvements	(17,865,230)	(1,407,718)		(19,272,948)
Machinery and Equipment	<u>(3,264,836)</u>	<u>(253,143)</u>	<u>-</u>	<u>(3,517,979)</u>
Total accumulated depreciation	<u>(21,436,759)</u>	<u>(1,687,270)</u>	<u>-</u>	<u>(23,124,029)</u>
Total capital assets, being depreciated, net	<u>27,614,389</u>	<u>(1,170,484)</u>	<u>15,490</u>	<u>26,459,395</u>
Governmental activities capital assets, net	<u>\$ 27,661,853</u>	<u>\$ (1,032,025)</u>	<u>\$ -</u>	<u>\$ 26,629,828</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2022</u>
Business-Type activities:				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 251,152	\$ 12,442	-	\$ 263,594
Total capital assets being depreciated	<u>251,152</u>	<u>12,442</u>	-	<u>263,594</u>
Less accumulated depreciation for:				
Machinery and Equipment	<u>(205,947)</u>	<u>(12,190)</u>	-	<u>(218,137)</u>
Total accumulated depreciation	<u>(205,947)</u>	<u>(12,190)</u>	-	<u>(218,137)</u>
Total capital assets, being depreciated, net	<u>45,205</u>	<u>252</u>	-	<u>45,457</u>
Business-type activities capital assets, net	<u>\$ 45,205</u>	<u>\$ 252</u>	<u>\$ -</u>	<u>\$ 45,457</u>

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

Governmental activities:	
Instruction	
Regular	\$ 651,863
Special Education	309,166
Other Instruction	44,284
School-Sponsored Activities and Athletics	<u>37,352</u>
Total Instruction	<u>1,042,665</u>
Support Services	
Student and Instruction Related Services	287,269
Educational Media	16,542
General and Business Administrative Services	29,455
School Administrative Services	124,826
Plant Operations and Maintenance	115,911
Pupil Transportation	23,533
Central Services	<u>47,069</u>
Total Support Services	<u>644,605</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,687,270</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 12,190</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2022:

<u>Project</u>	<u>Remaining Commitment</u>
HVAC Project at Franklin & Smith Schools	\$ 540,300
	<u>\$ 540,300</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2022, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 635,984
Special Revenue Fund	General Fund	7,891
General Fund	Capital Projects Fund	<u>6</u>
		<u>\$ 643,881</u>

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

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

Interfund Transfers

	<u>Transfer Out:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Community Programs</u>	
Transfer In:				
General Fund		\$ 137		\$ 137
Capital Projects Fund	\$ 162,000	-	\$ 342,449	<u>504,449</u>
Total	<u>\$ 162,000</u>	<u>\$ 137</u>	<u>\$ 342,449</u>	<u>\$ 504,586</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.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements

Capital Financing Agreements

The District entered into the following agreements to finance the construction of major capital facilities and other capital assets under capital financing agreements. The repayments under these financing agreements are subject to the annual appropriation of funds in the District’s approved budget.

Capital financing agreements at June 30, 2022 are comprised of the following:

\$732,780, fiscal year 2018 Agreement for the Energy Savings Incentive Program for a term of 18 years due in annual principal installments of \$75,000 to \$310,000 through July 15, 2035 interest at 3.14%	\$ 4,055,000
\$700,000, fiscal year 2022 Agreement for the acquisition of various equipment for a term of 4 years due in annual principal installments of \$134,108 through \$145,096 through September 15, 2026 interest at 2.66%	700,000
\$241,973, fiscal year 2022 Agreement for the acquisition of copiers for a term of 5 years due in annual principal installments of \$45,175 to \$51,725 through June 15, 2027 interest at 3.38%	241,973
\$260,000, fiscal year 2022 Agreement for the acquisition of various vehicles for a term of 5 years due in annual principal installments of \$49,362 through \$53,319 through November 15, 2025 interest at 2.604%	<u>205,293</u>
Total	<u><u>\$ 5,202,266</u></u>

The unexpended proceeds from the capital financing agreements, including interest earned on balances which remain on deposit are held with the respective fiscal agents.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements

Other Financing Agreements

The District entered into the following agreements to finance the purchase of certain equipment that does not meet the threshold of a capital asset and therefore are classified as expendable supplies. The repayments under these financing agreements are subject to the annual appropriation of funds in the District’s approved budget.

Other financing agreements at June 30, 2022 are comprised of the following:

\$162,275, fiscal year 2020 Agreement for the acquisition of network servers/switches for a term of 4 years due in annual principal installments of \$40,468 through September 25, 2022 interest at 3.45%	\$ 40,468
\$117,456, fiscal year 2021 Agreement for the acquisition of technology equipment for a term of 4 years due in annual principal installments of \$28,934 to \$29770 through September 1, 2023 interest at 2.89%	58,704
\$94,541, fiscal year 2021 Agreement for the acquisition of technology equipment for a term of 4 years due in annual principal installments of \$23,077 and \$23,843 through February 1, 2024 interest at 3.32%	46,920
\$222,276, fiscal year 2022 Agreement for the acquisition of technology equipment for a term of 5 years due in annual principal installments of \$41,914 and \$45,896 through September 1, 2025 interest at 3.072%	175,539
Total	<u>\$ 321,631</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements (Continued)

Other Financing Agreements (Continued)

The maturity schedule of the remaining capital and other financing agreement payments for principal and interest is as follows:

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Capital Agreements</u>		<u>Other Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2023	\$ 426,351	\$ 146,063	\$ 134,392	\$ 10,041	\$ 716,847
2024	446,485	144,571	96,815	5,755	693,626
2025	467,949	131,198	44,528	2,777	646,452
2026	494,660	117,109	45,896	1,410	659,075
2027	461,821	102,312			564,133
2028-2032	1,630,000	347,677			1,977,677
2033-2036	<u>1,275,000</u>	<u>83,839</u>	<u>-</u>	<u>-</u>	<u>1,358,839</u>
Total	<u>\$ 5,202,266</u>	<u>\$ 1,072,769</u>	<u>\$ 321,631</u>	<u>\$ 19,983</u>	<u>\$ 6,616,649</u>

G. 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 or 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.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

General Obligation Bonds (Continued)

Bonds payable at June 30, 2022 are comprised of the following issues:

\$9,030,000, 2009 Refunding Bonds, due in annual installments of \$825,000 through August 15, 2022, interest at 3% - 4%	\$ 825,000
\$2,955,000, 2012 Pension Refunding Bonds, due in annual installments of \$185,000 to \$240,000 through August 15, 2028, interest at 5.00% - 5.75%	1,475,000
\$3,530,000, 2012 Refunding Bonds, due in annual installments of \$400,000 through February 15, 2024, interest at 4.25% - 4.375%	800,000
\$4,609,000, 2015 School Bonds, due in annual installments of \$345,000 to \$350,000 through February 15, 2030, interest at 2.00%-3.00%	<u>2,784,000</u>
	<u>\$ 5,884,000</u>

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

Governmental Activities:

Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2023	\$ 1,755,000	\$ 188,221	\$ 1,943,221
2024	935,000	139,360	1,074,360
2025	545,000	104,820	649,820
2026	560,000	85,860	645,860
2027	570,000	66,330	636,330
2028-2030	<u>1,519,000</u>	<u>82,860</u>	<u>1,601,860</u>
	<u>\$ 5,884,000</u>	<u>\$ 667,451</u>	<u>\$ 6,551,451</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2022 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 108,608,327
Less: Net Debt	<u>5,884,393</u>
Remaining Borrowing Power	<u>\$ 102,723,934</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2022, was as follows:

	Balance, <u>July 1, 2021</u> (Restated)	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2022</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 7,634,000		\$ 1,750,000	\$ 5,884,000	\$ 1,755,000
Deferred Amounts					
Add: Premium	53,658		27,839	25,819	19,324
Less: Discount	<u>(10,496)</u>	<u>-</u>	<u>1,313</u>	<u>(9,183)</u>	<u>1,313</u>
Total Bonds Payable	7,677,162	-	1,779,152	5,900,636	1,775,637
Net Pension Liability	5,788,598		1,896,656	3,891,942	
Capital Financing Agreements	4,230,000	\$ 1,201,973	229,707	5,202,266	426,351
Other Financing Agreements	314,816	222,276	215,461	321,631	134,393
Compensated Absences	<u>520,431</u>	<u>48,294</u>	<u>-</u>	<u>568,725</u>	<u>50,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 18,531,007</u>	<u>\$ 1,472,543</u>	<u>\$ 4,120,976</u>	<u>\$ 15,885,200</u>	<u>\$ 2,386,381</u>

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

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 Annual Comprehensive Financial Report.

The District provided traditional health coverage with the State Employee Health Benefit Program.

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 Groups 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 Groups, to report claims on a timely basis, cooperate with the management of the Groups, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Groups. Members have a contractual obligation to fund any deficit of the Groups attributable to a membership year during which they were a member.

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

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Earnings</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2022		\$ 31,817	\$ 243		\$ 411,858
2021	\$ 300,000	33,156	80		411,615
2020	54,146	30,766	173	\$ 111,038	78,381

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, 2022, 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.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

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, 2022, 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) Annual Comprehensive Financial Report (ACFR) 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.

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.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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) Annual Comprehensive Financial Report (ACFR) 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:

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

Service retirement benefits of 1/55th 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 or TPAF 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 or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments 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.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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.

Plan Amendments

The authority to amend the provisions of the above plans rests with 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.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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, 2021 is \$12.0 billion and the plan fiduciary net position as a percentage of the total pension liability is 70.33%. The collective net pension liability of the State funded TPAF at June 30, 2021 is \$48.2 billion and the plan fiduciary net position as a percentage of total pension liability is 35.52%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the July 1, 2020 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 2022.

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, 2022 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 the actuarial determined amount. For local 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 2022, 2021 and 2020 were equal to the required contributions.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

During the fiscal years ended June 30, 2022, 2021 and 2020 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 unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2022	\$ 384,748	\$ 5,216,702	\$ 11,773
2021	388,317	3,693,785	5,716
2020	355,953	2,767,469	10,711

In addition for fiscal years 2022, 2021 and 2020 the District contributed \$-0-, \$-0- and \$1,405, respectively for PERS and the State contributed \$1,928, \$2,094 and \$2,501, 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 \$1,128,354 during the fiscal year ended June 30, 2022 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 both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. 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, 2020 through June 30, 2021. 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.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

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, 2021 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2021.

At June 30, 2022, the District reported in the statement of net position (accrual basis) a liability of \$3,891,942 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. The District’s proportionate share of the net pension liability was based on the ratio of the District’s share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2021. At June 30, 2021, the District’s proportionate share was .03285 percent, which was a decrease of 0.0264 percent from its proportionate share measured as of June 30, 2020 of .03549 percent.

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$765,227 for PERS. The pension contribution made by the District during the current 2021/2022 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, 2022 with a measurement date of the prior fiscal year end of June 30, 2021. 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, 2022 for contributions made subsequent to the measurement date. At June 30, 2022, 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	\$ 61,381	\$ 27,862
Changes of Assumptions	20,269	1,385,557
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		1,025,240
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>-</u>	<u>699,360</u>
Total	<u>\$ 81,650</u>	<u>\$ 3,138,019</u>

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

At June 30, 2022, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2023	\$ (748,109)
2024	(748,109)
2025	(748,109)
2026	(748,109)
2027	(63,933)
Thereafter	<u>-</u>
	<u>\$ (3,056,369)</u>

Actuarial Assumptions

The District's total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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, 2021) 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 rates 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 PERS's target asset allocation as of June 30, 2021 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	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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 7.00, as well as what the District’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District’s Proportionate Share of the PERS Net Pension Liability	<u>\$ 5,300,036</u>	<u>\$ 3,891,942</u>	<u>\$ 2,696,975</u>

The sensitivity analysis was based on the proportionate share of the District’s net pension liability as of the measurement date of June 30, 2021. A sensitivity analysis specific to the District’s net pension liability at June 30, 2021 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 BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 measurement period July 1, 2020 through June 30, 2021. 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, 2021, 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, 2022, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,410,621 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, 2022 the State's proportionate share of the net pension liability attributable to the District is \$59,948,773. The net pension liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2020. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2021. At June 30, 2021, the State's share of the net pension liability attributable to the District was .12470 percent, which was an increase of .00075 percent from its proportionate share measured as of June 30, 2020 of .12395 percent.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2021 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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, 2021) 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 TPAF's target asset allocation as of June 30, 2021 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	3.00%	3.35%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Investment Grade Credit	8.00%	1.68%
US Equity	27.00%	8.09%
Non-US Developed Markets Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
High Yield	2.00%	3.75%
Real Assets	3.00%	7.40%
Private Credit	8.00%	7.60%
Real Estate	8.00%	9.15%
Private Equity	13.00%	11.30%

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

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 7.00%, 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 (6.00% percent) or 1-percentage-point higher (8.00% percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 70,929,412</u>	<u>\$ 59,948,773</u>	<u>\$ 50,725,726</u>

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2021. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2021 was not provided by the pension system.

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 a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified 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 multiple-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.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2020:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>149,304</u>
Total	<u>366,108</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plan 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 plan. 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.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2021 is \$60.0 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, 2020 which were rolled forward to June 30, 2021.

Actuarial Methods and Assumptions

In the June 30, 2020 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 2021.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an 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, 2022, 2021 and 2020 were \$1,218,833, \$1,157,574 and \$1,026,680, 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, 2020 through June 30, 2021. Nonemployer allocation percentages have been rounded for presentation purposes.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

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

For the fiscal year ended June 30, 2022, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$4,037,836. 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, 2022 the State’s proportionate share of the OPEB liability attributable to the District is \$73,620,931. 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, 2021 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2021. At June 30, 2021, the state’s share of the OPEB liability attributable to the District was .12269 percent, which was a decrease of .00527 percent from its proportionate share measured as of June 30, 2020 of .12796 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
Salary Increases*	<u>PERS</u>	<u>TPAF</u>
Initial Fiscal Year Applied Through	2026	2026
Rate	2.00% to 6.00%	1.55% to 4.45%
Rate Thereafter	3.00% to 7.00%	2.75% to 5.65%

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disables retirees. Future disabled retirees was based on the Pub-2010 “General” (PERS) and “Teachers” (TPAF) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2015 to June 30, 2018 and July 1, 2014 to June 30, 2018, respectively.

100% of active members are considered to participate in the plan upon retirement.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

The discount rate for June 30, 2021 was 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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, 2022 (measurement date June 30, 2021) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2020 Measurement Date	\$ <u>86,771,168</u>
Changes Recognized for the Fiscal Year:	
Service Cost	3,978,686
Interest on the Total OPEB Liability	1,909,805
Changes of Benefit Terms	(78,361)
Differences Between Expected and Actual Experience	(17,577,433)
Changes of Assumptions	72,633
Gross Benefit Payments	(1,504,391)
Contributions from the Member	48,824
Net Changes	<u>\$ (13,150,237)</u>
Balance, June 30, 2021 Measurement Date	<u>\$ 73,620,931</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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)

Changes in the Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

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, 2021.

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 2.16%, 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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	1% Decrease <u>(1.16%)</u>	Current Discount Rate <u>(2.16%)</u>	1% Increase <u>(3.16%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 88,186,318</u>	<u>\$ 73,620,931</u>	<u>\$ 62,151,563</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
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 59,596,383</u>	<u>\$ 73,620,931</u>	<u>\$ 92,454,863</u>

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2021. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2021 were not provided by the pension system.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 4 OTHER INFORMATION (Continued)

F. Tax Abatements

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

For Saddle Brook Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

NOTE 5 RESTATEMENT

The June 30, 2021 financial statements of the governmental activities have been restated as a result of the omission of two other financing agreements. The effect of this restatement is as follows:

Governmental Activities

Net position of governmental activities was reduced by \$156,732 from \$10,764,381 as originally reported to \$10,607,649 as of June 30, 2021.

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPMENTS

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the "Pandemic") by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President's Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States. As governments monitor the outbreaks, they have taken various steps to control them through requiring social distancing, masks and business closures and limited openings. As the virus appears to be under control in many areas, many of these restrictions have been lifted although the situation is monitored, sometimes restrictions are reinstated. Several vaccines have been developed and have been administered. Mutant variants have emerged in various places around the world and now are prevalent in the United States. Certain workers are being required to be vaccinated. Companies have developed booster shots, and current vaccines have proven substantially effective against all currently know variants. New treatments are also being developed to avert the worst outcomes. The assessment of the impact of the virus and the ability to control it and its mutant strains is ongoing.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 6 INFECTIOUS DISEASE OUTBREAK – COVID-19 RECENT DEVELOPMENTS (Continued)

In the State, Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. On June 4, 2021, the Governor signed legislation enabling the end of the public health emergency and keeping certain executive orders in place until January 1, 2022, though such executive orders may be modified or rescinded prior to that day by the Governor. The Board expects ongoing actions be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and may continue to negatively affect economic growth and financial markets worldwide. These negative impacts could reduce or negatively affect property values within the School District.

Since the pandemic began, the federal government had enacted rescue legislation to address the pandemic and alleviate its economic and health effects, including significant support for education. The legislation includes various forms of financial relief including direct stimulus payments and various other forms of economic relief, including extended unemployment benefits, continued eviction and foreclosure moratoriums, an increase in the child tax credit, an increase in food and housing aid, assistance grants to restaurants and bars, and other small business grants and loans. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. Federal aid for public education has been provided under three 5 separate laws: The Coronavirus Aid, Relief, and Economic Security Act in March 2020 (CARES Act), and the Coronavirus Response and Relief Supplemental Appropriations Act in December 2020 (CRRSA) and the American Rescue Plan Act in March 2021 (ARP). The Elementary and Secondary School Emergency Relief (ESSER) Fund is the main source of funding for public elementary and secondary education under each law. The School District has been awarded up to \$3,315,226 to address certain expenses incurred as a result of the pandemic. Because of the evolving nature of the outbreak and federal, state and local responses, the Board cannot predict how the outbreak will impact the financial condition or operations of the Board, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The School District cannot predict costs associated with this or any other potential infectious disease outbreak including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease. To date the School District has not been materially and adversely affected financially due to the virus.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Actual	Variance
	Original	Adjustments	Final		Final Budget with Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 33,815,194		\$ 33,815,194	\$ 33,815,194	
Tuition from Individuals	125,000		125,000	106,095	\$ (18,905)
Tuition from Other LEAs Within the State				55,000	55,000
Interest Earned on Maintenance Reserve	80		80		(80)
Interest Earned on Capital Reserve	700		700		(700)
Interests Earned on Unemployment Reserve				243	243
Miscellaneous	210,656	-	210,656	346,403	135,747
Sub-Total Local Sources	34,151,630	-	34,151,630	34,322,935	171,305
State Sources					
Special Education Aid	1,380,662		1,380,662	1,380,662	-
Equalization Aid	17,740		17,740	17,740	-
Security Aid	43,806		43,806	43,806	-
Transportation Aid	234,147		234,147	234,147	-
Extraordinary Aid	375,000		375,000	633,924	258,924
Non Public Transportation Aid				31,992	31,992
On Behalf TPAF Pension Contribution- (Non-Budgeted)					
Normal				5,144,126	5,144,126
NCGI Premium				72,576	72,576
Post Retirement Medical Contributions				1,218,833	1,218,833
Long-Term Disability				1,928	1,928
Reimbursed TPAF Social Security Contributions (Non Budgeted)	-	-	-	1,128,354	1,128,354
Sub-Total State Sources	2,051,355	-	2,051,355	9,908,088	7,856,733
Federal Sources					
Medicaid Assistance Program (SEMI)	21,582	-	21,582	10,200	(11,382)
Sub-Total Federal Sources	21,582	-	21,582	10,200	(11,382)
Total Revenues	36,224,567	-	36,224,567	44,241,223	8,016,656
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	58,260		58,260	58,260	-
Kindergarten	498,352	\$ (6,000)	492,352	490,191	2,161
Grades 1-5	3,012,454	(64,451)	2,948,003	2,783,470	164,533
Grades 6-8	1,575,622	(5,000)	1,570,622	1,554,748	15,874
Grades 9-12	2,710,659	2,045	2,712,704	2,694,707	17,997
Regular Programs- Home Instructions					
Salaries of Teachers	50,000	(28,000)	22,000	18,025	3,975
Purchased Professional-Educational Services	7,000	3,163	10,163	4,686	5,477
Regular Programs- Undistributed Instruction					
Other Salaries for Instruction	46,149	(3,166)	42,983	19,734	23,249
Purchased Professional-Educational Services	175,000	181,166	356,166	356,166	-
Other Purchased Services	267,872	2,200	270,072	252,404	17,668
General Supplies	205,833	425,006	630,839	577,465	53,374
Textbooks	183,425	(147,262)	36,163	18,658	17,505
Other Objects	-	315	315	315	-
Total Regular Programs	8,790,626	360,016	9,150,642	8,828,829	321,813
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	182,900	1,620	184,520	176,798	7,722
Other Salaries for Instruction	126,174	(1,620)	124,554	115,336	9,218
Purchased Professional-Educational Services	40,000	20,000	60,000	55,226	4,774
Other Purchased Services	4,000	220	4,220	3,460	760
General Supplies	2,000	2,856	4,856	4,645	211
Total Learning and/or Language Disabilities	355,074	23,076	378,150	355,465	22,685

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Resource Room					
Salaries of Teachers	\$ 2,183,153	\$ (40,241)	\$ 2,142,912	\$ 2,142,912	
Other Salaries for Instruction	690,942	10,188	701,130	515,684	\$ 185,446
General Supplies	7,350	(867)	6,483	5,082	1,401
Textbooks	1,275	-	1,275	1,148	127
Total Resource Room	2,882,720	(30,920)	2,851,800	2,664,826	186,974
Autism					
Salaries of Teachers	231,765	16,657	248,422	224,057	24,365
Other Salaries for Instruction	266,695	(16,450)	250,245	188,213	62,032
Purchased Professional-Educational Services		10,810	10,810		10,810
Other Purchased Services		4,716	4,716	4,716	-
General Supplies	7,300	2,996	10,296	7,189	3,107
Textbooks	700	-	700	-	700
Total Autism	506,460	18,729	525,189	424,175	101,014
Preschool Disabilities - Part - Time					
Salaries of Teachers	53,830	10,621	64,451	64,451	-
Other Salaries for Instruction	24,953	45,319	70,272	70,272	-
General Supplies	1,000	-	1,000	682	318
Total Preschool Handicapped - Part - Time	79,783	55,940	135,723	135,405	318
Preschool Disabilities - Full - Time					
Salaries of Teachers	61,190	32,395	93,585	93,585	-
Other Salaries for Instruction	44,156	-	44,156	22,307	21,849
General Supplies	1,000	-	1,000	774	226
Total Preschool Disabilities - Full - Time	106,346	32,395	138,741	116,666	22,075
Home Instruction					
Purchased Professional Educational Services	7,000	(4,213)	2,787	381	2,406
Total Home Instruction	7,000	(4,213)	2,787	381	2,406
Total Special Education	3,937,383	95,007	4,032,390	3,696,918	335,472
Basic Skills/Remedial					
Salaries of Teachers	436,227	(2,968)	433,259	385,483	47,776
Supplies	1,500	1,084	2,584	2,453	131
Total Basic Skills/Remedial	437,727	(1,884)	435,843	387,936	47,907
Bilingual Education					
Salaries of Teachers	128,580	3,541	132,121	132,120	1
Supplies	-	2,968	2,968	2,968	-
Total Bilingual Education	128,580	6,509	135,089	135,088	1

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
School Sponsored Co/Extra Curricular Activities					
Salaries	\$ 137,400		\$ 137,400	\$ 115,246	\$ 22,154
Purchased Services	3,500	\$ 365	3,865	2,365	1,500
Supplies		6,358	6,358	6,358	-
Other Objects	21,395	(636)	20,759	20,478	281
Total School Sponsored Co/Extra Curricular Activities	162,295	6,087	168,382	144,447	23,935
School Sponsored Athletics					
Salaries	339,139	-	339,139	321,336	17,803
Purchased Services	52,811	9,152	61,963	54,463	7,500
Supplies and Materials	44,650	(2,811)	41,839	40,709	1,130
Other Objects	17,310	(2,060)	15,250	15,250	-
Total School Sponsored Athletics	453,910	4,281	458,191	431,758	26,433
Total - Instruction	13,910,521	470,016	14,380,537	13,624,976	755,561
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Special	486,218	(313,347)	172,871	168,503	4,368
Tuition to County Vocational School Dist.-Regular	436,000	19,526	455,526	448,562	6,964
Tuition to County Vocational School Dist.-Special	478,700	35,405	514,105	514,105	-
Tuition to CSSD & Regional Day Schools	402,323	18,481	420,804	420,804	-
Tuition to Private Schools for Disabled Within the State	1,677,806	(102,672)	1,575,134	1,551,085	24,049
Total Tuition	3,481,047	(342,607)	3,138,440	3,103,059	35,381
Health Services					
Salaries	411,305	(13,000)	398,305	397,166	1,139
Purchased Prof. and Tech services	15,000	14,109	29,109	25,193	3,916
Other Purchased Services	1,500	(500)	1,000	651	349
Supplies and Materials	6,450	5,930	12,380	11,668	712
Other Objects	2,300	391	2,691	2,691	-
Total Health Services	436,555	6,930	443,485	437,369	6,116
Speech, OT/PT and Related Services					
Salaries	693,545	28,475	722,020	722,020	-
Purchased Prof. Ed. Services	89,884	16,996	106,880	105,525	1,355
Supplies and Materials	4,300	2,294	6,594	6,399	195
Total Speech, OT/PT and Related Services	787,729	47,765	835,494	833,944	1,550
Other Support Services - Students - Extra. Serv.					
Salaries	250,197	(25,988)	224,209	218,739	5,470
Purchased Professional-Educational Services	881,050	141,960	1,023,010	778,483	244,527
Total Other Support Services - Students - Extra Serv.	1,131,247	115,972	1,247,219	997,222	249,997
Guidance					
Salaries of Other Professional Staff	582,324	(499)	581,825	581,825	-
Salaries of Secretarial and Clerical Assistants	61,673	11,477	73,150	73,150	-
Other Purchased Services	25,675	(610)	25,065	25,065	-
Supplies and Materials	12,800	7,116	19,916	19,840	76
Other Objects	760	-	760	737	23
Total Guidance	683,232	17,484	700,716	700,617	99

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		<u>Final Budget with Actual</u>
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Child Study Team					
Salaries of Other Professional Staff	\$ 915,667	\$ 10,705	\$ 926,372	\$ 877,269	\$ 49,103
Salaries of Secretarial and Clerical Assistants	73,952	6,313	80,265	80,265	-
Purchased Prof. - Ed. Services	20,000	46,445	66,445	60,838	5,607
Other Purchased Services	800	855	1,655	1,017	638
Supplies and Materials	16,500	(4,004)	12,496	9,426	3,070
Total Child Study Team	<u>1,026,919</u>	<u>60,314</u>	<u>1,087,233</u>	<u>1,028,815</u>	<u>58,418</u>
Improvement of Instructional Svcs/ Other Support					
Svcs - Instructional Staff					
Salaries of Supervisor of Instruction	232,399	18,343	250,742	238,790	11,952
Salaries of Other Professional Staff	20,000	-	20,000	16,250	3,750
Other Salaries	5,000	10,195	15,195	15,195	-
Other Purchased Services	2,000	-	2,000	721	1,279
Other Objects	-	-	-	-	-
Total Improvement of Instructional Svcs	<u>259,399</u>	<u>28,538</u>	<u>287,937</u>	<u>270,956</u>	<u>16,981</u>
Educational Media Services/School Library					
Salaries	265,396	(48,313)	217,083	193,351	23,732
Other Purchased Services	1,320	-	1,320	-	1,320
Supplies and Materials	18,550	15,914	34,464	29,690	4,774
Other Objects	9,560	-	9,560	5,768	3,792
Total Educational Media Services/School Library	<u>294,826</u>	<u>(32,399)</u>	<u>262,427</u>	<u>228,809</u>	<u>33,618</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	127,360	6,890	134,250	134,250	-
Other Salaries	4,000	-	4,000	2,750	1,250
Purchased Prof.-Ed. Services	43,000	(37,440)	5,560	-	5,560
Other Purchased Services	16,000	10,598	26,598	14,752	11,846
Supplies and Materials	1,000	6,929	7,929	7,489	440
Other Objects	-	-	-	-	-
Total Instructional Staff Training Services	<u>191,360</u>	<u>(13,023)</u>	<u>178,337</u>	<u>159,241</u>	<u>19,096</u>
Support Services General Administration					
Salaries	352,574	-	352,574	344,277	8,297
Legal Services	73,000	(1,925)	71,075	48,349	22,726
Audit Fees	40,000	38,840	78,840	39,913	38,927
Other Purchased Professional Services	8,000	-	8,000	4,785	3,215
Communications/Telephone	150,800	(9,075)	141,725	125,721	16,004
BOE Other Purchased Services	8,000	(1,500)	6,500	900	5,600
Miscellaneous Purchased Services	67,300	(11,591)	55,709	54,089	1,620
General Supplies	6,200	11,028	17,228	10,064	7,164
BOE In-House Training/Meeting Supplies	3,000	(1,000)	2,000	764	1,236
Miscellaneous Expenditures	8,500	4,389	12,889	10,648	2,241
BOE Membership Dues and Fees	14,000	(1,173)	12,827	12,827	-
Total Support Services General Administration	<u>731,374</u>	<u>27,993</u>	<u>759,367</u>	<u>652,337</u>	<u>107,030</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,129,294	6,875	1,136,169	1,106,565	29,604
Salaries of Secretarial and Clerical Assistants	367,763	13,000	380,763	352,431	28,332
Purchased Professional & Technical Services	3,000	-	3,000	54	2,946
Other Purchased Services	22,650	3,392	26,042	24,696	1,346
Supplies and Materials	41,625	22,903	64,528	51,642	12,886
Other Objects	19,300	(7,000)	12,300	11,511	789
Total Support Services School Administration	<u>1,583,632</u>	<u>39,170</u>	<u>1,622,802</u>	<u>1,546,899</u>	<u>75,903</u>

SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Table with columns: Original, Adjustments, Final, Actual, Variance Final Budget with Actual. Rows include EXPENDITURES (Continued), CURRENT EXPENDITURES (Continued), Undistributed Expenditures (Continued), Central Services, Admin. Info. Tech., Required Maintenance for School Facilities, Custodial Services, and Care and Upkeep of Grounds.

SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Security					
General Supplies	\$ 1,421	-	\$ 1,421	-	\$ 1,421
Total Security	1,421	-	1,421	-	1,421
Student Transportation Services					
Salaries for Pupil Transportation (Other Than Between Home and School)					
Home and School)	212,046	\$ 63,017	275,063	\$ 275,063	
Cleaning, Repair and Maintenance Services	30,000	8,073	38,073	38,073	
Lease Purchase Payments - School Buses	45,633	(636)	44,997	44,704	293
Contracted Services (Other Than Between Home and School) - Vendors	2,000	-	2,000	1,365	635
Contracted Services (Between Home and School) - Vendors	139,000	(12,287)	126,713	126,713	-
Contracted Services (Special Ed Students) - Vendors	28,000	-	28,000	20,275	7,725
Contracted Services (Special Ed Students) -Joint Agreements	1,035,000	(106,106)	928,894	865,757	63,137
Contracted Services - Aid in Lieu of Payments - Nonpublic	130,000	(4,320)	125,680	113,339	12,341
Transportation Supplies	19,000	19,320	38,320	12,443	25,877
Other Objects	2,800	-	2,800	485	2,315
Total Student Transportation Services	1,643,479	(32,939)	1,610,540	1,498,217	112,323
Unallocated Benefits					
Group Insurance - DCRP	15,000	-	15,000	11,773	3,227
Social Security Contributions	400,000	-	400,000	388,425	11,575
Other Retirement Contributions - PERS	410,000	8,605	418,605	418,340	265
Unemployment Compensation	30,000	(30,000)			-
Workmen's Compensation	175,000	(9,420)	165,580	165,580	-
Health Benefits	4,458,000	(460,116)	3,997,884	3,653,192	344,692
Tuition Reimbursement	57,000	-	57,000	19,509	37,491
Other Employee Benefits	10,000	43,171	53,171	50,931	2,240
Total Unallocated Benefits	5,555,000	(447,760)	5,107,240	4,707,750	399,490
On Behalf TPAF Pension Contributions- (Non-Budgeted)					
Normal				5,144,126	(5,144,126)
NCGI Premium				72,576	(72,576)
Post Retirement Medical Contribution				1,218,833	(1,218,833)
Long-Term Disability				1,928	(1,928)
On Behalf TPAF Social Security Contribution (Non Budgeted)	-	-	-	1,128,354	(1,128,354)
Total On-Behalf Contributions	-	-	-	7,565,817	(7,565,817)
Total Undistributed Expenditures	21,799,396	308,661	22,108,057	28,134,364	(6,026,307)
Interest Earned on Maintenance Reserve	80	-	80	-	80
Total Current Expenditures	35,709,997	778,677	36,488,674	41,759,340	(5,270,666)

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance Final Budget with Actual</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	\$ 700	-	\$ 700	-	\$ 700
Equipment					
Resource Room		\$ 2,305	2,305	\$ 2,305	
Financing Agreement (Non-Budget)				241,973	(241,973)
Undistr. Expend.- Support Serv. - Regular		45,776	45,776	45,776	
Undistr. Expend.- Support Serv. - Instr. Staff		4,380	4,380		4,380
Undistr. Expend.- Admin Info. Tech.		26,310	26,310		26,310
Undistr. Expend - Care & Upkeep of Grounds		144,246	144,246	24,298	119,948
Undistr. Expend - Student Transportation	-	115,754	115,754	115,754	-
Total Undistributed Expenditures	-	338,771	338,771	430,106	(91,335)
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	12,000	(12,000)			
Construction Services	150,000	-	150,000		150,000
Lease Purchase Agreements - Principal	150,000	(150,000)			
Assessment for Debt Service on SDA Funding	50,619	-	50,619	50,619	-
Total Facilities Acquisition and Construction Services.	362,619	(162,000)	200,619	50,619	150,000
Total Capital Outlay	363,319	176,771	540,090	480,725	59,365
Transfers to Charter Schools	313,251	14,135	327,386	327,386	-
Total Expenditures	36,386,567	969,583	37,356,150	42,567,451	(5,211,301)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(162,000)	(969,583)	(1,131,583)	1,673,772	2,805,355
Other Financing Sources(Uses)					
Financing Agreements (Non-Budget)				724,249	724,249
Transfer In From Capital Projects				137	137
Transfer Out to Capital Projects	-	(162,000)	(162,000)	(162,000)	-
Total Other Financing Sources(Uses)	-	(162,000)	(162,000)	562,386	724,386
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Sources (Uses)	(162,000)	(1,131,583)	(1,293,583)	2,236,158	3,529,741
Fund Balances, Beginning of Year	4,183,152	-	4,183,152	4,183,152	-
Fund Balances, End of Year	\$ 4,021,152	\$ (1,131,583)	\$ 2,889,569	\$ 6,419,310	\$ 3,529,741
Recapitulation					
Restricted Fund Balance:					
Capital Reserve				\$ 2,558,123	
Capital Reserve - Designated for Subsequent Year's Expenditures				702,000	
Maintenance Reserve				941,778	
Maintenance Reserve - Designated for Subsequent Year's Expenditures				282,000	
Unemployment				411,858	
Assigned Fund Balance:					
Year-end Encumbrances				543,847	
Unassigned Fund Balance					
				979,704	
				6,419,310	
Reconciliation to Governmental Fund Statements (GAAP)					
Last two State Aid Payments				112,257	
Extraordinary Aid Payment				633,924	
Fund Balances per Governmental Funds (GAAP)				\$ 5,673,129	

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		<u>Final Budget with Actual</u>
REVENUES					
Intergovernmental					
Local	\$ 5,800	\$ 22,597	\$ 28,397	\$ 353,179	\$ 324,782
State	1,200	(1,200)			-
Federal	<u>597,000</u>	<u>3,214,026</u>	<u>3,811,026</u>	<u>2,219,004</u>	<u>(1,592,022)</u>
Total Revenues	<u>\$ 604,000</u>	<u>\$ 3,235,423</u>	<u>\$ 3,839,423</u>	<u>\$ 2,572,183</u>	<u>\$ (1,267,240)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 200,000	\$ 696,377	\$ 896,377	\$ 632,910	\$ 263,467
Purchased Prof. and Technical Services		6,070	6,070	6,070	-
Tuition	350,000	349,529	699,529	494,529	205,000
General Supplies	8,500	110,109	118,609	82,300	36,309
Textbooks	200	(200)			
Student Activities/Athletics (Non-Budget)	<u>-</u>	<u>-</u>	<u>-</u>	<u>276,098</u>	<u>(276,098)</u>
Total Instruction	<u>558,700</u>	<u>1,161,885</u>	<u>1,720,585</u>	<u>1,491,907</u>	<u>228,678</u>
Support Services					
Other Salaries	300	274,810	275,110	140,004	135,106
Personal Services-Employee Benefits		768,041	768,041	471,525	296,516
Purchased Professional/Technical Services		320,450	320,450	112,650	207,800
Purchased Professional Educational Services		24,700	24,700	24,700	-
Other Purchased Services		64,132	64,132	38,366	25,766
Travel	31,000	(14,686)	16,314		16,314
Supplies and Materials	14,000	191,781	205,781	190,889	14,892
Other Objects		2,860	2,860	2,860	-
Scholarship Awards (Non-Budget)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support Services	<u>45,300</u>	<u>1,632,088</u>	<u>1,677,388</u>	<u>980,994</u>	<u>696,394</u>
Capital Outlay					
Building Improvements		400,000	400,000		400,000
Instructional Equipment		32,690	32,690	32,690	-
Non Instructional Equipment	<u>-</u>	<u>8,760</u>	<u>8,760</u>	<u>8,760</u>	<u>-</u>
Total Capital Outlay	<u>-</u>	<u>441,450</u>	<u>441,450</u>	<u>41,450</u>	<u>400,000</u>
Total Expenditures	<u>604,000</u>	<u>3,235,423</u>	<u>3,839,423</u>	<u>2,514,351</u>	<u>1,325,072</u>
Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,832</u>	<u>57,832</u>
Fund Balances, Beginning of Year	<u>124,827</u>	<u>-</u>	<u>124,827</u>	<u>124,827</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 124,827</u>	<u>\$ -</u>	<u>\$ 124,827</u>	<u>\$ 182,659</u>	<u>\$ 57,832</u>

Recapitulation of Fund Balance:

Restricted:	
Student Activities	\$ 179,831
Scholarships	<u>2,828</u>
	<u>\$ 182,659</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**SADDLE BROOK BOARD OF EDUCATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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	\$ 44,241,223	\$ 2,572,183
Differences- Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized- June 30, 2022 June 30, 2021		
State Aid payment and Extraordinary Aid (2020/2021) recognized for GAAP purposes, not recognized for budgetary statements.	682,456	
State Aid payment and Extraordinary Aid (2021/2022) recognized for budgetary purposes not recognized for GAAP statements	<u>(746,181)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 44,177,498</u>	<u>\$ 2,572,183</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 42,567,451	\$ 2,514,351
Difference- Budget to GAAP:		
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the goods and services are receive for financial reporting purposes- June 30 2022 June 30, 2021	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 42,567,451</u>	<u>\$ 2,514,351</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION AND OTHER POST-EMPLOYMENT BENEFITS INFORMATION

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

Public Employees Retirement System

Last Nine Fiscal Years*

	<u>2021</u>	<u>2021</u>	<u>2020</u>	<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)	0.03285 %	0.03549 %	0.03659 %	0.03715 %	0.03739 %	0.03816 %	0.03861 %	0.03880 %	0.05007 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,891,942	\$ 5,788,598	\$ 6,596,668	\$ 7,315,729	\$ 8,703,658	\$ 11,301,231	\$ 8,666,481	\$ 7,264,044	\$ 9,551,078
District's Covered Payroll	\$ 2,507,859	\$ 2,344,325	\$ 2,506,364	\$ 2,392,364	\$ 2,515,519	\$ 2,443,192	\$ 2,534,706	\$ 2,616,572	\$ 2,500,603
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	155.2 %	246.9 %	263.2 %	305.8 %	346.0 %	462.6 %	341.9 %	277.6 %	382.0 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.33%	58.32%	56.27%	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 BROOK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Nine Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 384,748	\$ 388,317	\$ 355,953	\$ 369,577	\$ 346,373	\$ 338,988	\$ 349,095	\$ 337,940	\$ 276,809
Contributions in Relation to the Contractually Required Contribution	<u>384,748</u>	<u>388,317</u>	<u>355,953</u>	<u>369,577</u>	<u>346,373</u>	<u>338,988</u>	<u>349,095</u>	<u>337,940</u>	<u>276,809</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,518,684	\$ 2,507,859	\$ 2,344,325	\$ 2,506,364	\$ 2,392,364	\$ 2,515,519	\$ 2,443,192	\$ 2,534,706	\$ 2,616,572
Contributions as a Percentage of Covered Payroll	15 %	17 %	14 %	15 %	14 %	14 %	14 %	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 BROOK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Teachers Pension and Annuity Fund

Last Eight Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<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 %	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 59,948,773</u>	<u>\$ 81,620,795</u>	<u>\$ 78,717,780</u>	<u>\$ 77,466,577</u>	<u>\$ 85,210,558</u>	<u>\$ 98,556,805</u>	<u>\$ 78,882,614</u>	<u>\$ 67,404,965</u>	<u>\$ 61,071,128</u>
Total	<u>\$ 59,948,773</u>	<u>\$ 81,620,795</u>	<u>\$ 78,717,780</u>	<u>\$ 77,466,577</u>	<u>\$ 85,210,558</u>	<u>\$ 98,556,805</u>	<u>\$ 78,882,614</u>	<u>\$ 67,404,965</u>	<u>\$ 61,071,128</u>
District's Covered Payroll	\$ 15,509,442	\$ 13,821,287	\$ 13,539,223	\$ 13,174,271	\$ 13,288,124	\$ 9,078,798	\$ 12,460,264	\$ 12,232,668	\$ 11,975,438
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	35.52%	24.60%	26.95%	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 BROOK 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, 2022**

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 4D.

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

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Four Fiscal Years*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability					
Service Cost	\$ 3,978,686	\$ 2,141,371	\$ 2,066,017	\$ 2,287,177	\$ 2,717,386
Interest On OPEB Liability	1,909,805	1,882,991	2,335,934	2,441,635	2,123,633
Changes of Benefit Terms	(78,361)			-	-
Differences Between Expected and Actual Experience	(17,577,433)	15,977,032	(10,304,962)	(4,029,569)	-
Changes of Assumptions	72,633	15,850,111	781,057	(6,778,214)	(8,808,156)
Gross Benefit Payments	(1,504,391)	(1,510,615)	(1,608,048)	(1,579,426)	(1,691,487)
Contribution from the Member	<u>48,824</u>	<u>45,787</u>	<u>47,667</u>	<u>54,587</u>	<u>62,285</u>
Net Change in Total OPEB Liability	(13,150,237)	34,386,677	(6,682,335)	(7,603,810)	(5,596,339)
Total OPEB Liability - Beginning	<u>86,771,168</u>	<u>52,384,491</u>	<u>59,066,826</u>	<u>66,670,636</u>	<u>72,266,975</u>
Total OPEB Liability - Ending	<u>\$ 73,620,931</u>	<u>\$ 86,771,168</u>	<u>\$ 52,384,491</u>	<u>\$ 59,066,826</u>	<u>\$ 66,670,636</u>
District's Proportionate Share of OPEB Liability	\$0	\$0	\$0	\$0	\$0
State's Proportionate Share of OPEB Liability	<u>73,620,931</u>	<u>86,771,168</u>	<u>52,384,491</u>	<u>59,066,826</u>	<u>66,670,636</u>
Total OPEB Liability - Ending	<u>\$ 73,620,931</u>	<u>\$ 86,771,168</u>	<u>\$ 52,384,491</u>	<u>\$ 59,066,826</u>	<u>\$ 66,670,636</u>
District Covered Payroll	<u>\$ 18,017,301</u>	<u>\$ 16,165,612</u>	<u>\$ 16,045,587</u>	<u>\$ 15,566,635</u>	<u>\$ 15,803,643</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	0%	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 BROOK 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, 2022**

Changes in Benefit Terms: None.

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

SCHOOL LEVEL SCHEDULES

(General Fund)

NOT APPLICABLE

SPECIAL REVENUE FUND

SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

85

	Title I	Title I SIA	Title II A	Title IV	IDEA Preschool	IDEA Basic	ARP ESSER		ARP IDEA		Totals (Page 2)	Total
							ESSER	Accelerated Learning	Basic	Preschool		
REVENUES												
Intergovernmental												
Local											\$ 353,179	\$ 353,179
Federal	\$ 134,956	\$ 72,235	\$ 42,380	\$ 25,698	\$ 32,050	\$ 382,288	\$ 446,705	\$ 145,142	\$ 73,888	\$ 6,303	857,359	2,219,004
Total Revenues	\$ 134,956	\$ 72,235	\$ 42,380	\$ 25,698	\$ 32,050	\$ 382,288	\$ 446,705	\$ 145,142	\$ 73,888	\$ 6,303	\$ 1,210,538	\$ 2,572,183
EXPENDITURES												
Instruction												
Salaries of Teachers	\$ 87,370	\$ 12,276					\$ 295,834				\$ 237,430	\$ 632,910
Purchased Prof. and Technical Services				\$ 1,000							5,070	6,070
Tuition					\$ 32,050	\$ 382,288			\$ 73,888	\$ 6,303	-	494,529
General Supplies	1,175	20,748		14,399							45,978	82,300
Student Activities/Athletics	-	-	-	-	-	-	-	-	-	-	276,098	276,098
Total Instruction	88,545	33,024	-	15,399	32,050	382,288	295,834	-	73,888	6,303	564,576	1,491,907
Support Services												
Other Salaries											140,004	140,004
Personal Services Employee-Benefits	46,411	6,521					147,546				271,047	471,525
Purchased Prof. Technical Services											112,650	112,650
Purchased Prof. Educational Services			\$ 23,200	1,500							-	24,700
Other Purchased Services			9,924								28,442	38,366
Supplies and Materials			9,256	8,799			3,325	\$ 145,142			24,367	190,889
Other Objects											2,860	2,860
Scholarship Awards	-	-	-	-	-	-	-	-	-	-	-	-
Total Support Services	46,411	6,521	42,380	10,299	-	-	150,871	145,142	-	-	579,370	980,994
Equipment												
Instructional Equipment		32,690										32,690
Non-Instructional Equipment	-	-	-	-	-	-	-	-	-	-	8,760	8,760
Total Equipment	-	32,690	-	-	-	-	-	-	-	-	8,760	41,450
Total Expenditures	134,956	72,235	42,380	25,698	32,050	382,288	446,705	145,142	73,888	6,303	1,152,706	2,514,351
Change in Fund Balance	-	-	-	-	-	-	-	-	-	-	57,832	57,832
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-	124,827	124,827
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 182,659	\$ 182,659

SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	ESSER	CRRSA			Local Programs	Student Activities/ Athletics	Scholarship	Totals (Page 2)
	Emergency Relief Fund CARES	ESSER II	Learning Acceleration	Mental Health				
REVENUES								
Intergovernmental								
Local					\$ 19,249	\$ 333,927	\$ 3	\$ 353,179
Federal	\$ 115,206	\$ 675,753	\$ 21,400	\$ 45,000	-	-	-	857,359
Total Revenues	\$ 115,206	\$ 675,753	\$ 21,400	\$ 45,000	\$ 19,249	\$ 333,927	\$ 3	\$ 1,210,538
EXPENDITURES								
Instruction								
Salaries	\$ 4,140	\$ 211,890	\$ 21,400					237,430
Purchased Prof. and Technical Services	5,070							5,070
General Supplies	24,666	19,812			\$ 1,500			45,978
Student Activities/Athletics	-	-	-	-	-	\$ 276,098	-	276,098
Total Instruction	33,876	231,702	21,400	-	1,500	276,098	-	564,576
Support Services								
Other Salaries		140,004						140,004
Personal Services Employee-Benefits		271,047						271,047
Purchased Prof. Technical Services	34,650	33,000		\$ 45,000				112,650
Other Purchased Services	28,442							28,442
Supplies and Materials	18,238				6,129			24,367
Other Objects					2,860			2,860
Scholarship Awards	-	-	-	-	-	-	-	-
Total Support Services	81,330	444,051	-	45,000	8,989	-	-	579,370
Equipment								
Non Instructional Equipment	-	-	-	-	8,760	-	-	8,760
Total Equipment	-	-	-	-	8,760	-	-	8,760
Total Expenditures	115,206	675,753	21,400	45,000	19,249	276,098	-	1,152,706
Change in Fund Balance	-	-	-	-	-	57,829	\$ 3	57,832
Fund Balance, Beginning of Year	-	-	-	-	-	122,002	2,825	124,827
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,831	\$ 2,828	\$ 182,659

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOT APPLICABLE

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Balance, July 1, <u>2021</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2022</u>
Elementary Schools	\$ 18,935	\$ 20,547	\$ 19,580	\$ 19,902
Middle/High School	102,897	255,024	198,070	159,851
Athletics	<u>170</u>	<u>58,356</u>	<u>58,448</u>	<u>78</u>
Total All Schools	<u>\$ 122,002</u>	<u>\$ 333,927</u>	<u>\$ 276,098</u>	<u>\$ 179,831</u>

CAPITAL PROJECTS FUND

**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Year	Issue/Project Title	Appropriation	Expenditures		Cancellation	Balance, June 30, 2022
			Prior Year	Current Year		
2014/15	HVAC Project at the Middle/High School and Elementary Schools	\$ 456,002 **	\$ 455,905			\$ 97
2014/15	Various Facility Improvements to the Middle/High School and Elementary Schools	4,936,625	4,683,070			253,555
2017/18	Energy Savings Incentive Program	4,773,985 *	4,752,181	\$ (20,000)		41,804
2021-22	Partial Roof Replacement - Franklin School	162,000	15,490	65,230		81,280
2021-22	HVAC and Boiler Improvements at Elementary Schools & Washington Playground Improvements	<u>1,042,449</u>	<u>-</u>	<u>138,459</u>	<u>-</u>	<u>903,990</u>
		<u>\$ 11,371,061</u>	<u>\$ 9,906,646</u>	<u>\$ 183,689</u>	<u>\$ -</u>	<u>\$ 1,280,726</u>

Reconciliation to GAAP Basis

Project Balances	\$ 1,280,726
Less:	
Unfunded Amount not Realized on SDA Grant	(11)
Debt Authorized, Not Issued	<u>(393)</u>
Fund Balance (GAAP)	<u>\$ 1,280,322</u>

Reconciliation to Fund Balance

Reserve for Encumbrances	\$ 644,775
Available for Capital Projects	<u>635,547</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 1,280,322</u>

*- Modified for interest earnings
**- Modified for Prior Year Cancellation

**SADDLE BROOK 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, 2022**

Revenues and Other Financing Sources

Transfer from Other Funds	\$	342,449
Transfer from Capital Reserve		162,000
Capital Financing Agreement		700,000
Interest Earned on Investments		137
Interest Earned on Lease Proceeds		7
		7
Total Revenues and Other Financing Sources		1,204,593

Expenditures and Other Financing Uses

Legal Services		9,106
Architectural/Engineering Services		34,933
Other Purchased Professional/Technical Svcs		3,000
Construction Services		136,650
Transfer to General Fund		137
		137
Total Expenditures and Other Financing Uses		183,826

Change in Fund Balance		1,020,767
Fund Balance- Beginning of Year		259,555
		259,555
Fund Balance- Ending of Year	\$	1,280,322

Reconciliation of GAAP

Fund Balance, End of Year - Budgetary Basis	\$	1,280,322
Fund Balance, End of Year - GAAP	\$	1,280,322

**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-
BUDGETARY BASIS
HVAC PROJECT AT THE MIDDLE/HIGH SCHOOL AND ELEMENTARY SCHOOLS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Other Funds	\$ 284,760		\$ 284,760	\$ 284,760
State Sources - SDA Grants	171,242		171,242	171,242
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	456,002	-	456,002	456,002
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	34,305		34,305	34,402
Construction Services	421,600		421,600	421,600
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	455,905	-	455,905	456,002
Excess (deficiency) of revenues over (under) expenditures	<hr/> <u>\$ 97</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 97</u>	<hr/> <u>\$ -</u>
Additional project information:				
Project Number	4610-080-14-61HK		4610-090-14-G1HM	
	4610-085-14-G1HL		4610-050-14-G2ZH	
Grant Date	1/1/2016			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 474,600			
Additional Authorized Cost	(18,598)			
Revised Authorized Cost	\$ 456,002			
Percentage Increase over Original Authorized Cost		0%		
Percentage completion		100%		
Original target completion date	12/31/2015			
Revised target completion date	12/31/2015			

SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-
BUDGETARY BASIS
VARIOUS FACILITY IMPROVEMENTS AT THE HIGH SCHOOL, FRANKLIN ELEMENTARY SCHOOL, HELEN I
SMITH SCHOOL AND LONG MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grants	\$ 327,221		\$ 327,221	\$ 327,232
Bond Proceeds	4,609,000		4,609,000	4,609,393
	<hr/>		<hr/>	<hr/>
Total Revenues	4,936,221	-	4,936,221	4,936,625
	<hr/>		<hr/>	<hr/>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	376,579		376,579	450,000
Construction Services	3,800,180		3,800,180	3,926,625
Equipment/Supply Purchases	505,907		505,907	560,000
	<hr/>		<hr/>	<hr/>
Total Expenditures	4,682,666	-	4,682,666	4,936,625
	<hr/>		<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 253,555</u>	<u>\$ -</u>	<u>\$ 253,555</u>	<u>\$ -</u>
Additional project information:				
Project Number	4610-080-14-61HK		4610-090-14-G1HM	
	4610-085-14-G1HL		4610-050-14-G2ZH	
Grant Date	1/1/2016			
Bond Authorization Date	12/9/14			
Bonds Authorized	\$ 4,609,393			
Bonds Issued	\$ 4,609,000			
Original Authorized Cost	\$ 4,936,625			
Additional Authorized Cost	-			
Revised Authorized Cost	\$ 4,936,625			
Percentage Increase over Original				
Authorized Cost		0%		
Percentage completion		100%		
Original target completion date	8/31/2017			
Revised target completion date	8/31/2017			

**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-
BUDGETARY BASIS
ENERGY SAVINGS INCENTIVE PROGRAM
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Interest Earned on Investments	\$ 30,797	\$ 7	\$ 30,804	\$ 30,804
Lease Proceeds	4,743,181		4,743,181	4,743,181
	<u>4,773,978</u>	<u>7</u>	<u>4,773,985</u>	<u>4,773,985</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	47,500		47,500	47,500
Construction Services	4,704,681	(20,000)	4,684,681	4,726,485
	<u>4,752,181</u>	<u>(20,000)</u>	<u>4,732,181</u>	<u>4,773,985</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 21,797</u>	<u>\$ 20,007</u>	<u>\$ 41,804</u>	<u>\$ -</u>
Additional project information:				
Project Number	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	\$ -			
Bonds Issued	\$ -			
Original Authorized Cost	\$ 4,743,181			
Additional Authorized Cost	\$ 30,804			
Revised Authorized Cost	\$ 4,773,985			
Percentage Increase over Original Authorized Cost	1%			
Percentage completion	100%			
Original target completion date	6/30/2019			
Revised target completion date	6/30/2019			

**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-
BUDGETARY BASIS
HVAC AND BOILER IMPROVEMENTS AT ELEMENTARY SCHOOLS &
WASHINGTON PLAYGROUND IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing				
Sources				
Capital Financing Agreement		\$ 700,000	\$ 700,000	\$ 700,000
Transfer from Other Funds		342,449	342,449	342,449
Total Revenues	-	1,042,449	1,042,449	1,042,449
Expenditures and Other				
Financing Uses				
Legal Services		9,106	9,106	10,000
Architectural/Engineering Services		33,253	33,253	44,338
Other Purchased Professional/Technical Svs		3,000	3,000	3,000
Construction Services		93,100	93,100	885,111
Equipment	-		-	100,000
Total Expenditures	-	138,459	138,459	1,042,449
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 903,990	\$ 903,990	\$ -
Additional project information:				
Project Number	Not Applicable			
Grant Date	Not Applicable			
Bond Authorization Date	Not Applicable			
Bonds Authorized	\$ -			
Bonds Issued	\$ -			
Original Authorized Cost	\$ 1,042,449			
Additional Authorized Cost	\$ -			
Revised Authorized Cost	\$ 1,042,449			
Percentage Increase over Original Authorized Cost	0%			
Percentage completion	13%			
Original target completion date	6/30/2022			
Revised target completion date	6/30/2023			

PROPRIETARY FUNDS

**SADDLE BROOK BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

SCHEDULE G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

SCHEDULE G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**SADDLE BROOK BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2022**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**SADDLE BROOK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2021</u>	<u>Decreased</u>	<u>Balance, June 30, 2022</u>
Refunding Bonds	12/29/2009	\$ 9,030,000	8/15/2022	\$ 825,000	3.00-4.00%	\$ 1,665,000	\$ 840,000	\$ 825,000
Pension Refunding Bonds	8/23/2012	2,955,000	8/15/2022	185,000	5.00-5.75%			
			8/15/2023	190,000				
			8/15/2024	200,000				
			8/15/2025	210,000				
			8/15/2026	220,000				
			8/15/2027	230,000				
			8/15/2028	240,000		1,655,000	180,000	1,475,000
Refunding Bonds	8/23/2012	3,530,000	2/15/2023	400,000	4.25-4.375%			
			2/15/2024	400,000		1,190,000	390,000	800,000
School Improvements	6/23/2015	4,609,000	2/15/2023-25	345,000	2.00-3.00%			
			2/15/2026-29	350,000				
			2/15/2030	349,000		<u>3,124,000</u>	<u>340,000</u>	<u>2,784,000</u>
						<u>\$ 7,634,000</u>	<u>\$ 1,750,000</u>	<u>\$ 5,884,000</u>

**SADDLE BROOK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF CAPITAL & OTHER FINANCING AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<u>Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2021</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2022</u>
<u>Capital Financing Agreements</u>						
2017/18 Energy Savings Incentive Program	\$ 4,743,181	3.14%	\$ 4,230,000		\$ 175,000	\$ 4,055,000
Acquisition and Installation of Various Equipment	700,000	2.66%		\$ 700,000		700,000
Acquisition of Copiers	241,973	3.38%		241,973		241,973
Acquisition of Various Vehicles	260,000	2.604%	-	<u>260,000</u>	<u>54,707</u>	<u>205,293</u>
Total Capital Financing Agreements			<u>4,230,000</u>	<u>1,201,973</u>	<u>229,707</u>	<u>5,202,266</u>
<u>Other Financing Agreements</u>						
2017/18 Vehicles	205,000	2.86%	42,255		42,255	-
2018/19 Technology Equipment	141,657	4.22%	36,243		36,243	-
2019/20 Network Servers/Switches	162,275	3.45%	79,586		39,118	40,468
2020/21 Technology Equipment	117,456	2.89%	86,827		28,123	58,704
2020/21 Technology Equipment	94,541	3.32%	69,905		22,985	46,920
2021/22 Technology Equipment	222,276	3.072%	-	<u>222,276</u>	<u>46,737</u>	<u>175,539</u>
Total Other Financing Agreements			<u>314,816</u>	<u>222,276</u>	<u>215,461</u>	<u>321,631</u>
Total Financing Agreements			<u>\$ 4,544,816</u>	<u>\$ 1,424,249</u>	<u>\$ 445,168</u>	<u>\$ 5,523,897</u>

**SADDLE BROOK BOARD OF EDUCATION
LONG TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget with Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,866,420		\$ 1,866,420	\$ 1,866,420	
State Sources					
Debt Service Aid	<u>130,738</u>	<u>-</u>	<u>130,738</u>	<u>130,738</u>	<u>-</u>
Total Revenues	<u>1,997,158</u>	<u>-</u>	<u>1,997,158</u>	<u>1,997,158</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Interest	247,158		247,158	247,157	\$ 1
Principal	<u>1,750,000</u>	<u>-</u>	<u>1,750,000</u>	<u>1,750,000</u>	<u>-</u>
Total Expenditures	<u>1,997,158</u>	<u>-</u>	<u>1,997,158</u>	<u>1,997,157</u>	<u>1</u>
Change in Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Fund Balances, Beginning of Year	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 1</u>

Analysis of Fund Balance

Available for Future Debt Service Expenditures	\$ 1
Designated for Subsequent Years Expenditures	<u>1</u>
	<u>\$ 2</u>

STATISTICAL SECTION

This part of the Saddle Brook Board of Education's annual comprehensive 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 annual comprehensive financial reports for the relevant year.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities										
Net Investment in Capital Assets	\$ 11,584,587	\$ 12,219,781	\$ 13,285,344	\$ 13,325,442	\$ 14,372,017	\$ 15,212,448	\$ 16,326,024	\$ 17,295,781	\$ 15,662,961	\$ 17,038,495
Restricted	582,557	406,245	852,338	1,212,600	608,773	560,200	266,349	778,617	3,058,925	6,358,742
Unrestricted	<u>(3,047,648)</u>	<u>(12,691,298)</u>	<u>(12,700,774)</u>	<u>(11,252,684)</u>	<u>(11,441,911)</u>	<u>(12,172,449)</u>	<u>(11,933,506)</u>	<u>(10,753,696)</u>	<u>(8,114,237)</u>	<u>(8,690,691)</u>
Total Governmental Activities Net Position	\$ 9,119,496	\$ (65,272)	\$ 1,436,908	\$ 3,285,358	\$ 3,538,879	\$ 3,600,199	\$ 4,658,867	\$ 7,320,702	\$ 10,607,649	\$ 14,706,546
Business-Type Activities										
Net Investment in Capital Assets	\$ 86,582	\$ 80,164	\$ 77,931	\$ 71,968	\$ 62,177	\$ 84,901	\$ 77,883	\$ 59,515	\$ 45,205	\$ 45,457
Unrestricted	<u>584,111</u>	<u>687,093</u>	<u>467,341</u>	<u>254,008</u>	<u>369,976</u>	<u>425,297</u>	<u>432,110</u>	<u>399,957</u>	<u>441,868</u>	<u>351,877</u>
Total Business-Type Activities Net Position	\$ 670,693	\$ 767,257	\$ 545,272	\$ 325,976	\$ 432,153	\$ 510,198	\$ 509,993	\$ 459,472	\$ 487,073	\$ 397,334
District-Wide										
Net Investment in Capital Assets	\$ 11,671,169	\$ 12,299,945	\$ 13,363,275	\$ 13,397,410	\$ 14,434,194	\$ 15,297,349	\$ 16,403,907	\$ 17,355,296	\$ 15,708,166	\$ 17,083,952
Restricted	582,557	406,245	852,338	1,212,600	608,773	560,200	266,349	778,617	3,058,925	6,358,742
Unrestricted	<u>(2,463,537)</u>	<u>(12,004,205)</u>	<u>(12,233,433)</u>	<u>(10,998,676)</u>	<u>(11,071,935)</u>	<u>(11,747,152)</u>	<u>(11,501,396)</u>	<u>(10,353,739)</u>	<u>(7,672,369)</u>	<u>(8,338,814)</u>
Total District Net Position	\$ 9,790,189	\$ 701,985	\$ 1,982,180	\$ 3,611,334	\$ 3,971,032	\$ 4,110,397	\$ 5,168,860	\$ 7,780,174	\$ 11,094,722	\$ 15,103,880

Source: District Financial Records

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

Note 2 - Net Position at June 30, 2020 & June 30, 2021 is restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities and for a correction of an error".

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 11,962,134	\$ 12,048,752	\$ 13,052,983	\$ 14,493,146	\$ 15,212,598	\$ 16,139,527	\$ 14,969,825	\$ 13,579,814	\$ 15,721,930	\$ 14,551,448
Special Education	6,837,218	6,896,661	7,069,375	7,508,957	8,025,261	8,506,016	9,130,491	10,287,230	9,955,484	9,130,014
Other Instruction	849,883	853,366	870,994	915,587	1,191,767	1,555,684	1,259,840	925,579	1,336,941	962,659
School Sponsored Activities And Athletics	576,247	650,225	763,574	905,379	1,067,496	1,105,156	905,800	965,905	1,238,234	1,189,477
Support Services:										
Student & Instruction Related Services	4,655,461	4,818,320	6,385,729	7,312,644	8,171,404	8,532,183	8,192,138	6,704,800	7,055,026	7,448,245
Educational Media/School Library	169,616	180,622	206,409	154,639	364,953	260,098	409,473	368,060	463,264	341,869
General Administration	730,165	668,506	812,107	828,035	821,461	914,590	965,972	974,810	998,376	933,206
School Administrative Services	1,602,154	1,653,247	1,941,042	2,169,252	2,319,019	2,495,385	2,318,553	2,553,369	2,820,239	2,466,146
Central Services	670,372	732,490	746,421	755,517	765,904	835,222	862,647	927,934	1,104,472	1,170,306
Plant Operations And Maintenance	3,155,476	3,259,360	3,263,019	3,174,210	3,409,846	3,466,751	2,855,380	2,954,417	3,031,711	3,850,756
Pupil Transportation	1,062,029	1,099,945	1,116,615	1,296,918	1,380,806	1,599,634	1,734,536	1,539,611	1,380,283	1,650,559
Interest On Long-Term Debt	752,752	600,608	534,472	562,191	638,892	592,762	613,821	538,144	483,887	381,348
Total Governmental Activities Expenses	33,023,507	33,462,102	36,762,740	40,076,475	43,369,407	46,003,008	44,218,476	42,319,673	45,589,847	44,076,033
Business-Type Activities:										
Food Service	400,397	449,462	477,628	554,745	561,537	567,765	632,843	538,480	517,471	966,212
Community School	399,150	432,793	333,191	372,345	352,638	414,642	519,756	137,472	26,697	-
Total Business-Type Activities Expense	799,547	882,255	810,819	927,090	914,175	982,407	1,152,599	675,952	544,168	966,212
Total District Expenses	\$ 33,823,054	\$ 34,344,357	\$ 37,573,559	\$ 41,003,565	\$ 44,283,582	\$ 46,985,415	\$ 45,371,075	\$ 42,995,625	\$ 46,134,015	\$ 45,042,245
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular Instruction		\$ 11,600	\$ 90,450	\$ 66,064	\$ 23,047	\$ 82,927	\$ 120,269	\$ 222,929	\$ 79,875	\$ 161,095
Special Education	\$ 166,678	78,638	78,130	48,763	186,962	136,655	30,000			
School Sponsored Activities And Athletics										333,927
Plant Operations And Maintenance		132,960	163,230	174,714	99,560	100,860	37,500		246,006	
Operating Grants And Contributions	4,603,526	4,366,581	7,585,134	10,056,924	11,557,269	12,961,957	10,678,829	9,654,843	13,307,845	11,160,701
Capital Grants And Contributions	2,525	-	-	517,061	-	-	50,435	86,544	-	-
Total Governmental Activities Program Revenues	4,772,729	4,589,779	7,916,944	10,863,526	11,866,838	13,282,399	10,917,033	9,964,316	13,633,726	11,655,723
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 295,518	\$ 330,252	\$ 333,462	\$ 401,699	\$ 394,300	\$ 389,037	\$ 450,618	\$ 317,238	\$ 7,143	\$ 164,985
Community Programs	513,314	483,290	395,188	386,879	457,549	480,207	500,105	129,289		
Operating Grants And Contributions	147,968	160,687	156,827	158,822	168,082	190,917	201,356	178,781	564,494	1,053,920
Total Business Type Activities Program Revenues	956,800	974,229	885,477	947,400	1,019,931	1,060,161	1,152,079	625,308	571,637	1,218,905
Total District Program Revenues	\$ 5,729,529	\$ 5,564,008	\$ 8,802,421	\$ 11,810,926	\$ 12,886,769	\$ 14,342,560	\$ 12,069,112	\$ 10,589,624	\$ 14,205,363	\$ 12,874,628

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (Expense)/Revenue										
Governmental Activities	\$ (28,250,778)	\$ (28,872,323)	\$ (28,845,796)	\$ (29,212,949)	\$ (31,502,569)	\$ (32,720,609)	\$ (33,301,443)	\$ (32,355,357)	\$ (31,956,121)	\$ (32,420,310)
Business-Type Activities	157,253	91,974	74,658	20,310	105,756	77,754	(520)	(50,644)	27,469	252,693
Total District-Wide Net Expense	\$ (28,093,525)	\$ (28,780,349)	\$ (28,771,138)	\$ (29,192,639)	\$ (31,396,813)	\$ (32,642,855)	\$ (33,301,963)	\$ (32,406,001)	\$ (31,928,652)	\$ (32,167,617)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 26,813,073	\$ 27,349,334	\$ 28,167,707	\$ 28,731,061	\$ 29,445,682	\$ 30,456,166	\$ 32,248,065	\$ 32,503,109	\$ 33,152,151	\$ 33,815,194
Taxes Levied For Debt Service	1,755,618	1,710,837	1,649,344	1,705,944	1,965,189	1,990,669	1,904,563	1,949,921	1,913,116	1,866,420
State Aid Restricted for Debt Service					113,132	132,623	132,197	131,742	131,256	130,738
Unrestricted Grants And Contributions	19,845	18,490	49,046	51,727	72,630	70,104	21,034	18,060	17,547	17,616
Miscellaneous Income	151,408	159,972	181,879	332,368	159,457	132,367	54,252	156,711	185,730	346,790
Transfers	-	-	300,000	240,299	-	-	-	-	-	342,449
Total Governmental Activities	28,739,944	29,238,633	30,347,976	31,061,399	31,756,090	32,781,929	34,360,111	34,759,543	35,399,800	36,519,207
Business-Type Activities:										
Investment Earnings	3,704	4,590	3,357	693	421	291	315	123	132	17
Transfers	-	-	(300,000)	(240,299)	-	-	-	-	-	(342,449)
Total Business-Type Activities	3,704	4,590	(296,643)	(239,606)	421	291	315	123	132	(342,432)
Total District-Wide	\$ 28,743,648	\$ 29,243,223	\$ 30,051,333	\$ 30,821,793	\$ 31,756,511	\$ 32,782,220	\$ 34,360,426	\$ 34,759,666	\$ 35,399,932	\$ 36,176,775
Change in Net Position										
Governmental Activities	\$ 489,166	\$ 366,310	\$ 1,502,180	\$ 1,848,450	\$ 253,521	\$ 61,320	\$ 1,058,668	\$ 2,404,186	\$ 3,443,679	\$ 4,098,897
Business-Type Activities	160,957	96,564	(221,985)	(219,296)	106,177	78,045	(205)	(50,521)	27,601	(89,739)
Total District	\$ 650,123	\$ 462,874	\$ 1,280,195	\$ 1,629,154	\$ 359,698	\$ 139,365	\$ 1,058,463	\$ 2,353,665	\$ 3,471,280	\$ 4,009,158

Source: District Financial Records

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 9,896									
Restricted	901,128	\$ 350,353	\$ 1,116,002	\$ 1,627,653	\$ 604,496	\$ 583,606	\$ 175,268	\$ 566,388	\$ 2,674,542	\$ 4,895,759
Assigned	55,821	347,374	91,144	257,231	513,084	59,920	327,103	116,232	649,307	543,847
Unassigned	<u>216,853</u>	<u>78,156</u>	<u>245,876</u>	<u>320,382</u>	<u>301,696</u>	<u>8,364</u>	<u>(427,865)</u>	<u>306,398</u>	<u>176,847</u>	<u>233,523</u>
Total General Fund	<u>\$1,183,698</u>	<u>\$ 775,883</u>	<u>\$ 1,453,022</u>	<u>\$ 2,205,266</u>	<u>\$ 1,419,276</u>	<u>\$ 651,890</u>	<u>\$ 74,506</u>	<u>\$ 989,018</u>	<u>\$ 3,500,696</u>	<u>\$ 5,673,129</u>
All Other Governmental Funds										
Restricted	<u>\$ 129,324</u>	<u>\$ 103,451</u>	<u>\$ 3,097,043</u>	<u>\$ 2,044,951</u>	<u>\$ 674,650</u>	<u>\$ 3,044,768</u>	<u>\$ 365,194</u>	<u>\$ 487,121</u>	<u>\$ 384,383</u>	<u>\$ 1,462,983</u>
Total All Other Governmental Funds	<u>\$ 129,324</u>	<u>\$ 103,451</u>	<u>\$ 3,097,043</u>	<u>\$ 2,044,951</u>	<u>\$ 674,650</u>	<u>\$ 3,044,768</u>	<u>\$ 365,194</u>	<u>\$ 487,121</u>	<u>\$ 384,383</u>	<u>\$ 1,462,983</u>

Source: District Financial Records

Note 1 - Fund Balances at June 30, 2020 have been restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities".

Note 2 - Net Position at June 30, 2020 is restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities".

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax Levy	\$ 28,568,691	\$ 29,060,171	\$ 29,817,051	\$ 30,437,005	\$ 31,410,871	\$ 32,446,835	\$ 34,152,628	\$ 34,453,030	\$ 35,065,267	\$ 35,681,614
Tuition Charges	-	-	-	-	-	-	-	-	-	161,095
Miscellaneous	358,841	418,705	547,987	662,118	500,473	459,387	479,974	503,366	536,003	699,969
State Sources	4,048,867	3,776,008	4,069,361	5,109,811	5,076,643	5,617,672	6,475,589	6,974,343	8,004,904	9,975,101
Federal Sources	536,274	573,528	578,247	659,198	651,305	731,290	703,052	744,360	887,738	2,229,204
Total Revenue	33,512,673	33,828,412	35,012,646	36,868,132	37,639,292	39,255,184	41,811,243	42,675,099	44,493,912	48,746,983
Expenditures										
Instruction										
Regular Instruction	11,485,480	11,501,438	11,376,047	11,719,848	11,868,889	12,684,761	13,148,737	12,333,776	13,582,540	14,857,782
Special Education Instruction	6,684,032	6,741,817	6,529,061	6,565,040	6,833,081	7,351,453	8,428,256	9,736,994	8,929,880	9,275,303
Community Services										
Other Instruction	816,870	816,378	765,585	762,347	934,784	1,237,698	1,112,622	856,572	1,177,311	983,470
School Sponsored Activities and Athletics	555,419	625,855	681,983	754,665	863,254	893,454	799,006	889,307	1,109,750	1,207,031
Support Services:										
Student and Inst. Related Services	4,481,753	4,704,765	5,596,623	5,947,295	6,437,937	6,803,132	7,246,521	6,179,682	6,070,054	7,583,243
Educational Media/School Library	164,472	175,117	184,966	130,420	288,648	202,276	356,193	334,067	389,596	349,644
General Administration	711,693	649,438	745,186	726,370	716,162	791,601	883,601	918,869	894,304	947,048
School Administrative Services	1,539,886	1,578,393	1,684,969	1,744,073	1,782,540	1,924,973	2,015,198	2,316,673	2,375,359	2,524,805
Central Services	644,220	701,620	729,688	731,149	734,759	774,007	815,906	904,383	996,400	1,075,329
Plant Operations And Maintenance	3,075,452	3,168,527	3,213,058	3,079,838	3,286,589	3,177,522	2,689,084	2,886,043	2,768,408	3,616,870
Pupil Transportation	1,051,699	1,090,970	1,111,689	1,279,453	1,361,936	1,546,724	1,700,541	1,527,009	1,336,139	1,603,073
Capital Outlay	1,197,480	629,502	1,846,081	2,060,468	2,425,781	2,996,119	3,256,022	529,119	112,767	655,245
Debt Service:										
Bond Issuance Costs	104,064									
Principal	1,330,913	1,416,460	1,485,936	1,518,985	1,738,870	1,900,292	2,095,778	2,079,320	2,054,649	2,195,168
Advanced Refunding Escrow	258,111		-							
Interest and Other Charges	677,679	608,913	542,429	528,883	664,859	536,569	643,795	566,770	499,812	388,637
Total Expenditures	34,779,223	34,409,193	36,493,301	37,548,834	39,938,089	42,820,581	45,191,260	42,058,584	42,296,969	47,262,648
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(1,266,550)	(580,781)	(1,480,655)	(680,702)	(2,298,797)	(3,565,397)	(3,380,017)	616,515	2,196,943	1,484,335
Other Financing Sources (Uses)										
Cancellation of Prior Year Accounts Payable						11,506				
Financing Agreements (Non-Budget)						413,442	141,657	162,275		1,424,249
Cancellation of Prior SDA Revenue							(18,598)			
Discount on Refunding Bonds	(22,313)									
Premium on Refunding Bonds	421,413									
Proceeds From Borrowing	6,485,000		4,609,000			4,743,181				
Transfer to Escrow Agent for Payment of Debt	(6,515,000)									
Lease Purchase Agreement	607,475	147,093	242,386	140,555	142,506				211,997	-
Transfers In	493	432	301,126	304,968	861,201	130,285	300,614	345	142	504,586
Transfers Out	(493)	(432)	(1,126)	(64,669)	(861,201)	(130,285)	(300,614)	(345)	(142)	(162,137)
Total Other Financing Sources (Uses)	976,575	147,093	5,151,386	380,854	142,506	5,168,129	123,059	162,275	211,997	1,766,698
Net Change in Fund Balances	\$ (289,975)	\$ (433,688)	\$ 3,670,731	\$ (299,848)	\$ (2,156,291)	\$ 1,602,732	\$ (3,256,958)	\$ 778,790	\$ 2,408,940	\$ 3,251,033
Debt Service as a Percentage of										
Noncapital Expenditures	7.06%	6.00%	5.85%	5.77%	6.41%	6.12%	6.53%	6.37%	6.06%	5.54%

* Noncapital expenditures are total expenditures less capital outlay.
Source: District Financial Records

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

Fiscal Year Ended June 30,	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Other Programs/ Rent</u>	<u>Insurance/ Other Refunds</u>	<u>E-Rate</u>	<u>Gate Receipts</u>	<u>Miscellaneous</u>	<u>Total</u>
2013	\$ 10,000	\$ 14,530	\$ 156,678	\$ 79,261		\$ 4,567	\$ 52,557	\$ 317,593
2014	90,238	13,612	69,100	77,753		6,186	125,849	382,738
2015	168,580	15,862	163,230	83,823		4,083	76,985	512,563
2016	114,827	14,570	209,714	171,364	\$ 23,184	5,318	62,724	601,701
2017	210,009	20,451	99,710	86,332	19,053	4,882	22,820	463,257
2018	219,582	12,868	102,748	30,643	24,879	4,856	24,238	419,814
2019	150,269	12,584	37,500	15,074	-	4,637	182,529	402,593
2020	222,929	8,805	27,907	72,088	600	5,381	42,519	380,229
2021	76,922	4,730		105,677			78,078	265,407
2022	161,095	7,247	41,940	250,534	600	4,726	41,599	507,741

Source: District financial records

**SADDLE BROOK 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.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2013 (1)	\$ 14,930,800	\$ 1,219,248,600			\$ 347,277,600	\$269,651,600	\$ 75,505,900	\$ 1,926,614,500		\$ 1,926,614,500	\$ 2,467,388,148	\$ 1.085
2014	14,556,100	1,219,569,100			341,476,130	292,991,600	74,807,500	1,943,400,430		1,943,400,430	2,256,345,441	1.515
2015	14,008,800	1,222,483,400			339,519,730	266,955,200	74,807,500	1,917,774,630		1,917,774,630	2,215,506,762	1.571
2016	13,162,800	1,223,588,478			325,081,430	255,316,500	74,827,500	1,891,976,708		1,891,976,708	2,383,260,542	1.635
2017 (1)	12,074,400	1,363,043,700			383,379,800	293,200,400	105,751,000	2,157,449,300		2,157,449,300	2,246,927,349	1.480
2018	16,983,100	1,392,621,000			424,447,100	312,272,800	110,151,000	2,256,475,000		2,256,475,000	2,340,819,556	1.466
2019	15,969,100	1,419,509,900			439,282,700	313,346,000	114,155,600	2,302,263,300		2,302,263,300	2,374,347,788	1.500
2020	16,490,700	1,460,120,100			440,054,700	313,636,000	130,621,000	2,360,922,500		2,360,922,500	2,461,909,765	1.472
2021	15,622,800	1,513,675,100			403,610,700	329,655,200	132,350,200	2,394,914,000		2,394,914,000	2,561,036,258	1.472
2022	15,926,700	1,685,547,300			413,427,200	394,680,900	148,611,200	2,658,193,300		2,658,193,300	2,804,692,808	1.354

Source: County Abstract of Ratables

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^a Tax rates are per \$100

(1) Town Revaluation

**SADDLE BROOK BOARD OF EDUCATION
PROPERTY TAX RATES
PER \$100 OF ASSESSED VALUATION
LAST TEN YEARS
(Unaudited)**

Calendar Year		<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County (1)</u>
2013	(2)	\$ 1.890	\$ 1.085	\$ 0.596	\$ 0.209
2014		2.620	1.515	0.838	0.267
2015		2.715	1.571	0.870	0.274
2016		2.865	1.635	0.926	0.304
2017	(2)	2.578	1.480	0.837	0.261
2018		2.537	1.466	0.827	0.244
2019		2.593	1.500	0.843	0.250
2020		2.529	1.472	0.811	0.246
2021		2.604	1.478	0.857	0.269
2022		2.402	1.354	0.793	0.255

(1) County tax rate includes open space tax.

(2) Town revaluation

Source: Tax Duplicate, Township of Saddle Brook

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

Taxpayer	2022		2013	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Park 80 West	\$ 90,050,000	3.39%		
A.O. Associates	62,578,200	2.35%		
Tri-State Commercial Realty, LLC	49,245,300	1.85%		
Midland Holding CO	37,689,000	1.42%		
Saddle Brook Mayhill Assoc.,LLC	34,690,100	1.31%		
CPT NJ 301 Mayhill LLC	27,693,900	1.04%		
Arrow Fasteners	21,601,900	0.81%		
Peykar Brothers Realty	20,364,800	0.77%		
Kessler Institute	19,148,200	0.72%		
Nights Vision Saddle Brook LLC DE	17,878,300	0.67%		
L&L Park 80 LLC			\$ 91,400,000	4.74%
Midland Holding Co.			33,256,400	1.73%
Tri State Realty			26,000,000	1.35%
CP Saddle Brook, LLC			24,000,000	1.25%
Arrow Fasteners			23,739,800	1.23%
A.O. Associates			20,141,300	1.05%
Mayhill St. Associates			17,875,000	0.93%
A.O. Associates			13,858,700	0.72%
Kessler Institute			15,202,300	0.79%
Brook Assoc. C/O Roseheart			12,546,000	0.65%
	<u>\$ 380,939,700</u>	<u>14.33%</u>	<u>\$ 278,019,500</u>	<u>14.43%</u>

Source: Municipal Tax Assessor

**SADDLE BROOK 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	
2013	\$ 28,568,691	\$ 28,568,691	100.00%	
2014	29,060,171	29,060,171	100.00%	
2015	29,817,051	29,817,051	100.00%	
2016	30,437,005	30,437,005	100.00%	
2017	31,410,811	31,410,811	100.00%	
2018	32,446,835	32,446,835	100.00%	
2019	34,152,628	34,152,628	100.00%	
2020	34,453,030	34,453,030	100.00%	
2021	35,065,267	35,065,267	100.00%	
2022	35,681,614	35,681,614	100.00%	

Source: District's records

**SADDLE BROOK 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	Loans	Financing Agreements	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2013	\$ 14,990,000	\$ 9,200	\$ 571,079			\$ 15,570,279	13,830	\$ 1,126
2014	13,805,000		495,912			14,300,912	13,867	1,031
2015	17,189,000		477,362			17,666,362	13,884	1,272
2016	15,929,000		358,932			16,287,932	13,921	1,170
2017	14,454,000		237,568			14,691,568	13,912	1,056
2018	12,789,000		5,158,899		\$ 29,245	17,977,144	13,934	1,290
2019	11,094,000		4,899,778		19,982	16,013,760	13,883	1,153
2020	9,374,000		4,702,733		10,242	14,086,975	13,568	1,038
2021	7,634,000		4,544,816			12,178,816	13,591	896
2022	5,884,000		5,523,897			11,407,897	14,359	794

Source: District financial records and NJ Dept. of Education

SADDLE BROOK 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			
2013	\$ 14,990,000		\$ 14,990,000	0.78%	1,084
2014	13,805,000		13,805,000	0.71%	996
2015	17,189,000		17,189,000	0.90%	1,238
2016	15,929,000		15,929,000	0.84%	1,144
2017	14,454,000		14,454,000	0.67%	1,039
2018	12,789,000	\$ 79,734	12,709,263	0.56%	912
2019	11,094,000	536	11,093,464	0.48%	799
2020	9,374,000		9,374,000	0.40%	691
2021	7,634,000		7,634,000	0.32%	562
2022	5,884,000		5,884,000	0.22%	410

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**SADDLE BROOK BOARD OF EDUCATION
COMPUTATION OF DIRECT AND OVERLAPPING OUTSTANDING DEBT
FOR YEAR ENDED DECEMBER 31, 2021
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Township of Saddle Brook School District	\$ 6,614,000
Township of Saddle Brook	<u>63,640,610</u>
	<u>\$ 70,254,610</u>
Overlapping debt Apportioned to the Municipality:	
Bergen County (3);(A):	
County of Bergen (A)	20,318,916
Passaic Valley Sewerage Commission (2)	<u>2,689,425</u>
Total Direct and Overlapping Debt	<u>\$ 93,262,951</u>

(A) The debt for this entity was apportioned to the Township of Saddle Brook by dividing the Municipality's 2021 equalized value by the total 2021 equalized value for Bergen County.

Sources:

- (1) Township of Saddle Brook Annual Debt Statement
- (2) Passaic Valley Sewerage Commission - Based on Usage
- (3) Bergen County Debt Statement 12/31/2021

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

Legal Debt Margin Calculation for Calendar Year 2021

	Equalized valuation basis
	2022 \$2,923,122,177
	2020 2,691,430,119
	2019 <u>2,531,072,230</u>
	<u>\$8,145,624,526</u>
Average equalized valuation of taxable property	\$2,715,208,175
Debt limit (4 % of average equalization value)	108,608,327 ^a
Total Net Debt Applicable to Limit	<u>5,884,393</u>
Legal debt margin	<u>\$ 102,723,934</u>

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 95,888,201	\$ 92,339,508	\$ 89,959,797	\$ 91,343,919	\$ 92,366,187	\$ 94,549,128	\$ 94,772,364	\$ 97,875,732	\$ 101,859,514	\$ 108,608,327
Total Net Debt Applicable to Limit	<u>15,279,482</u>	<u>11,295,482</u>	<u>10,235,482</u>	<u>13,749,393</u>	<u>12,129,393</u>	<u>11,279,393</u>	<u>9,764,404</u>	<u>7,544,404</u>	<u>7,634,000</u>	<u>5,884,393</u>
Legal Debt Margin	<u>\$ 80,608,719</u>	<u>\$ 81,044,026</u>	<u>\$ 79,724,315</u>	<u>\$ 77,594,526</u>	<u>\$ 80,236,794</u>	<u>\$ 83,269,735</u>	<u>\$ 85,007,960</u>	<u>\$ 90,331,328</u>	<u>\$ 94,225,514</u>	<u>\$ 102,723,934</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	15.93%	12.23%	11.38%	15.05%	13.13%	11.93%	10.30%	7.71%	7.49%	5.42%

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 BROOK 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</u>
2013	8.2%	\$ 71,286	13,830
2014	6.7%	73,883	13,867
2015	5.3%	77,323	13,884
2016	5.3%	78,836	13,921
2017	4.9%	81,024	13,912
2018	4.9%	85,191	13,934
2019	4.1%	88,241	13,883
2020	3.3%	91,972	13,568
2021	12.3%	91,972 *	13,591
2022	7.6%	91,972 *	14,359

Source: United States Bureau of Census
School District Records

* Estimate

(1) Represents the County of Bergen's per Capita Income

N/A - Not Available

**SADDLE BROOK BOARD OF EDUCATION
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)**

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Regular	102	104	107	108	110	112	104	104	105	104
Special Education	44	45	46	47	48	49	47	47	47	46
Other Special Education	6	6	6	6	6	6	5	5	5	5
Support Services:										
General Administration	2	2	2	2	2	2	3	3	3	3
School Administrative Services	11	11	11	11	11	11	13	13	13	13
Central Services	6	6	6	6	6	6	4	4	4	4
Plant Operations And Maintenance	24	24	24	24	24	24	31	31	31	31
Pupil Transportation	3	3	3	3	3	3	3	3	3	3
Other Support Services	39	39	41	42	45	61	70	69	69	73
Total	<u>237</u>	<u>240</u>	<u>246</u>	<u>249</u>	<u>255</u>	<u>274</u>	<u>280</u>	<u>279</u>	<u>280</u>	<u>282</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2013	1,748	\$ 31,210,976	\$ 17,855	5.91%	153	1:20	1:20	1:19	1,675	1,590	-1.47%	94.92%
2014	1,738	31,754,318	18,271	2.33%	155	1:20	1:20	1:19	1,649	1,561	-1.55%	94.66%
2015	1,720	32,618,855	18,964	3.80%	157	1:20	1:20	1:19	1,683	1,590	2.06%	94.47%
2016	1,753	33,440,498	19,076	0.59%	159	1:20	1:20	1:19	1,716	1,630	1.96%	94.99%
2017	1,723	35,108,579	20,376	6.82%	161	1:20	1:20	1:19	1,689	1,598	-1.57%	94.61%
2018	1,770	37,387,601	21,123	3.66%	162	1:20	1:20	1:19	1,724	1,616	2.07%	93.74%
2019	1,789	39,195,665	21,909	3.72%	156	1:20	1:20	1:19	1,761	1,661	2.15%	94.32%
2020	1,786	38,883,375	21,771	-0.63%	156	1:20	1:20	1:19	1,737	1,666	-1.36%	95.91%
2021	1,707	39,629,741	23,216	6.64%	157	1:20	1:20	1:19	1,662	1,605	-4.32%	96.57%
2022	1,720	44,023,598	25,595	10.25%	155	1:20	1:20	1:19	1,713	1,584	3.07%	92.47%

Sources: District records

- Note:
- a Enrollment based on annual October district count. (includes sent to out of district schools)
 - b Operating expenditures equal total expenditures less debt service and capital outlay.
 - c Cost per pupil represents operating expenditures divided by enrollment.
 - d Average daily enrollment and attendance does not include students sent to out of district schools

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Building</u>										
<u>Elementary</u>										
<u>Helen I Smith</u>										
Square Feet	48,345	48,345	48,345	48,345	48,345	48,345	48,345	48,345	48,345	48,345
Capacity (students)	316	316	316	316	316	316	316	316	316	316
Enrollment	291	275	283	295	305	309	313	296	294	300
<u>Franklin</u>										
Square Feet	41,855	41,855	41,855	41,855	41,855	41,855	41,855	41,855	41,855	41,855
Capacity (students)	293	293	293	293	293	293	293	293	293	293
Enrollment	276	279	298	298	304	314	319	310	270	293
<u>Long Memorial</u>										
Square Feet	33,247	33,247	33,247	33,247	33,247	33,247	33,247	33,247	33,247	33,247
Capacity (students)	278	278	278	278	278	278	278	278	278	278
Enrollment	333	305	294	278	270	272	270	278	285	291
<u>Middle School/High School</u>										
Square Feet	140,351	140,351	140,351	140,351	140,351	140,351	140,351	140,351	140,351	140,351
Capacity (students)	865	865	865	865	865	865	865	865	865	865
Enrollment	759	777	766	789	784	778	785	802	776	775
<u>Other</u>										
<u>Washington</u>										
Square Feet	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333	22,333
Enrollment	36	36	42	70	55	59	54	60	42	63

Number of Schools at June 30, 2022
 Elementary = 3
 Jr/Senior High School = 1
 Other = 1

Source: District Records

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS ENDED JUNE 30,
(Unaudited)**

**UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
School Facilities										
Washington School	\$ 65,795	\$ 62,037	\$ 34,765	\$ 33,139	\$ 48,642	\$ 61,755	\$ 30,792	\$ 20,637	\$ 39,672	\$ 69,792
Franklin School	93,575	80,026	39,640	82,168	43,679	52,551	26,240	39,143	38,165	67,140
Long Memorial School	82,607	80,678	117,714	81,199	47,347	42,905	21,071	74,442	17,758	31,240
Helen I. Smith School	93,110	57,165	63,371	60,281	50,811	42,586	77,663	33,297	26,791	47,131
High School/Middle School	<u>205,581</u>	<u>98,547</u>	<u>230,073</u>	<u>138,063</u>	<u>210,069</u>	<u>165,851</u>	<u>87,316</u>	<u>144,368</u>	<u>129,109</u>	<u>227,131</u>
Grand Total	<u>\$ 540,668</u>	<u>\$ 378,453</u>	<u>\$ 485,563</u>	<u>\$ 394,850</u>	<u>\$ 400,548</u>	<u>\$ 365,648</u>	<u>\$ 243,082</u>	<u>\$ 311,887</u>	<u>\$ 251,495</u>	<u>\$ 442,434</u>

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Source: School District's Financial Statements

SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2022
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy - National Union Fire Insurance Co.		
Property -Blanket Building and Contents	\$ 39,038,355	(1) \$ 5,000
Electronic Data Processing equipment	5,000,000	5,000
Valuable Papers	5,000,000	1,000
General Liability - National Union Fire Insurance Co.		
Aggregate/Each Occurrence	1,000,000/1,000,000	2,500
Educator's Legal Liability- XL Catlin		
Educators Legal	1,000,000	20,000
Employment Practices		25,000
Commercial Automobile Liability - Great American Insurance Co.		
Combined Single Limit	1,000,000	2,500
Comprehensive		1,000
Collision		1,000
Commercial Umbrella - National Union Fire Insurance Co.		
	9,000,000	10,000
Excess Liability - Starstone/Markel (Not Shared)		
	30,000,000	
Excess Liability - Fireman's Fund (Shared 1/2 Fund)		
	25,000,000	
Public Employees' Blanket Bond (Crime) - Selective Way Ins. Co.		
Primary (Per Employee)	100,000	5,000
Blanket Employee Dishonesty - Excess	400,000	100,000
Forgery and Alterations	100,000	1,000
Cyber Liability - Indian Harbor Insurance Co.		
	1,000,000/2,000,000	
Group Aggregate	6,000,000	100,000
Environmental - ACE/Chubb		
	2,000,000/4,000,000	15,000
Group Aggregate	20,000,000	
Public Official Bond-Treasurer - Selective Insurance Company		
	275,000	
Public Official Bond-Business Administrator - Selective Insurance Co.		
	275,000	
Workmen's Compensation - Reinsurance - Safety National Ins. Co.		
	1,000,000	
Boiler & Machinery - National Union Fire Insurance Co.		
	69,038,355	5,000
Athletic Accident - Zurich Insurance Co. (80% Co-insurance)		
	5,000,000	250
Accident Policy for Volunteers (Chubb)		
	250,000	
Flood- Selective Insurance Company		
High School/Administration- Building	500,000	5,000
High School/Administration- Contents	500,000	5,000

Source: School District's records

(1) Pool limit

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
Saddle Brook Board of Education
Saddle Brook, 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 and each major fund of the Saddle Brook Board of Education as of and for the fiscal year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Saddle Brook Board of Education's basic financial statements and have issued our report thereon dated March 7, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Saddle Brook Board of Education's internal control over financial reporting (internal control) as a basis for designing 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 Brook Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Saddle Brook Board of Education's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Saddle Brook 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

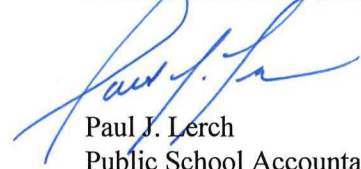
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Saddle Brook Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated March 7, 2023.

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 Brook 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 Brook Board of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

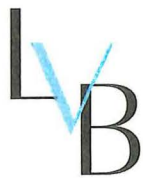


LERCH, VINCI & BLISS, LLP
Certified Public Accountants
Public School Accountants



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
March 7, 2023



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE AS
REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Saddle Brook Board of Education's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Saddle Brook Board of Education's major federal and state programs for the fiscal year ended June 30, 2022. The Saddle Brook Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Saddle Brook Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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 prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Saddle Brook Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Saddle Brook Board of Education's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the Saddle Brook Board of Education's federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Saddle Brook Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Saddle Brook Board of Education's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Saddle Brook Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Saddle Brook Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Saddle Brook Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal 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 federal or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Saddle Brook Board of Education, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated March 7, 2023, 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 federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and 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 & BLISS, LLP
Certified Public Accountants
Public School Accountants



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
March 7, 2023

SADDLE BROOK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2021	Deferred Revenue Carryover Amount	Accounts Receivable Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance, June 30, 2022			GAAP Receivable
											(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
General Fund														
Medicaid Assistance Program (SEMI)	93.778	2205NJ5MAP	7/1/21-6/30/22	\$ 10,200	-	-	-	\$ 10,200	\$ 10,200	-	-	-	-	-
Total U.S. Department of Education/General Fund					-	-	-	10,200	10,200	-	-	-	-	-
U.S. Department of Agriculture														
Passed-through State Department of Education														
National School Lunch Program														
Non-Cash Assistance	10.555	221NJ304N1099	9/1/21-6/30/22	49,240				49,240	49,240					
Cash Assistance	10.555	221NJ304N1099	9/1/21-6/30/22	875,373				807,565	875,373	\$ (67,808)			\$ (67,808)	
Cash Assistance	10.555	211NJ304N1099	9/1/20-6/30/21	331,622	\$ (107,617)			107,617						
P-EBT Administrative Program	10.649	202225900941	9/1/21-6/30/22	1,242				1,242	1,242					
Emergency Operational Cost Program	10.555	202121H170341	9/1/21-6/30/22	12,196				12,196	12,196					
After School Snacks	10.555	221NJ304N1099	9/1/21-6/30/22	18,647				16,742	18,647	(1,905)			(1,905)	
School Breakfast Program	10.553	221NJ304N1099	9/1/21-6/30/22	75,232				67,415	75,232	(7,817)			(7,817)	
School Breakfast Program	10.553	211NJ304N1099	9/1/20-6/30/21	175,074	(26,057)			26,057						
Total U.S. Department of Agriculture- Cluster/Food Service Fund					(133,674)	-	-	1,088,074	1,031,930	-	(77,530)	-	-	(77,530)
U.S. Department of Education														
Passed-through State Department of Education														
ESEA Title I														
ESEA Title I	84.010	S010A200030	7/1/20-9/30/21	234,138	(60,391)	\$ (23,910)	\$ 84,301							
ESEA Title I	84.010	S010A210030	7/1/21-9/30/22	119,179		23,910	(84,301)	137,557	134,956		(65,923)	\$ 8,133		(57,790)
ESEA Title I SIA	84.010	S010A200030	7/1/20-9/30/21	28,000		(54,907)	54,907				(52,631)	472		(52,159)
ESEA Title I SIA	84.010	S010A210030	7/1/21-9/30/22	17,800		54,907	(54,907)	20,076	72,235					
ESEA Title I Cluster Program					-	-	-	-	207,191	-	-	-	-	-
ESEA Title IIA	84.367A	S367A200029	7/1/19-9/30/20	31,704	(2,306)		2,306							
ESEA Title IIA	84.367A	S367A200029	7/1/20-9/30/21	36,823	5,086	(20,386)	15,300							
ESEA Title IIA	84.367A	S367A210029	7/1/21-9/30/22	30,328		20,386	(17,606)	29,744	42,380		(18,190)	8,334		(9,856)
ESEA Title III, Immigrant	84.365A	S365A200030	7/1/20-9/30/21	3,316	2,185			4,340			(3,590)	10,115		
ESEA Title IV	84.424A	S424A200031	7/1/20-9/30/21	17,205	(4,036)	(8,608)	12,644							
ESEA Title IV	84.424A	S424A210031	7/1/21-9/30/22	17,090		8,608	(12,644)	29,074	25,698		(660)	-		(660)
I.D.E.A. Part B, Basic Regular	84.027A	H027A200100	7/1/20-9/30/21	412,576	(49,292)		49,292							
I.D.E.A. Part B, Basic Regular	84.027A	H027A210100	7/1/21-9/30/22	382,288			(49,292)	397,396	382,288		(34,184)	-		(34,184)
ARP IDEA Basic	84.027X	H027X210100	7/1/21-9/30/22	73,888				73,888	73,888		-	-		
ARP IDEA Preschool	84.173X	H173X200114	7/1/21-9/30/22	6,303				6,303	6,303		-	-		
I.D.E.A. Part B, Preschool	84.173A	H173A200114	7/1/20-9/30/21	16,081		(16,081)	16,081							
I.D.E.A. Part B, Preschool	84.173A	H173A210114	7/1/21-9/30/22	15,969		16,081	(16,081)	32,050	32,050		-	-		
IDEA Cluster Program					-	-	-	-	494,529	-	-	-	-	-
Elementary and Secondary School Emergency Relief (ESSER)														
Coronavirus Aid, Relief and Economic Security (CARE) Act														
CARES Emergency Relief Fund														
	84.425D	S425D200027	3/13/20-9/30/22	253,739	(20,949)			104,733	115,206		(31,422)	-		(31,422)
Elementary and Secondary School Emergency Relief (ESSER II)														
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act														
ESSER II														
	84.425D	S425D210027	3/13/20-9/30/23	767,459				445,011	675,753		(322,448)	91,706		(230,742)
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	49,252				21,400	21,400		(27,852)	27,852		-
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000				26,000	45,000		(19,000)	-		(19,000)
American Rescue Plan (ARP) Elementary and Secondary Schools														
ESSER														
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	3/13/20-9/30/24	1,724,815					446,705		(1,724,815)	1,278,110		(446,705)
Evidence Based Summer Learning and Enrichment	84.425U	S425U210027	3/13/20-9/30/24	40,000					145,142		(145,142)	-		(145,142)
Evidence Based Comprehensive Beyond the School	84.425U	S425U210027	3/13/20-9/30/24	40,000							(40,000)	40,000		-
NTSS Mental Health Support Staffing	84.425U	S425U210027	3/13/20-9/30/24	88,501							(88,501)	88,501		-
ESF Cluster Program/Special Revenue Fund					-	-	-	-	1,449,206	-	-	-	-	-
Total U.S. Department of Education					(129,703)	-	-	1,327,572	2,219,004	-	(2,614,358)	1,593,223	-	(1,027,660)
Total Federal Awards Subject to a Single Audit					\$ (263,377)	\$ -	\$ -	\$ 2,425,846	\$ 3,261,134	\$ -	\$ (2,691,888)	\$ 1,593,223	\$ -	\$ (1,105,190)

Adjustments represent prior year payables cancelled.

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

SADDLE BROOK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2021				Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance, June 30, 2022			MEMO	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor	Carryover Amount					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education																
General Fund																
Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 1,167,912	\$ (85,156)				\$ 85,156								
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	1,380,662					1,288,206	\$ 1,380,662			\$ (92,456)				\$ 1,380,662
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	17,740	(1,064)				1,064								
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	17,740					16,552	17,740			(1,188)				17,740
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	43,806	(3,194)				3,194								
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	43,806	-				40,873	43,806			(2,933)				43,806
State Aid Public Cluster																
Extraordinary Aid	21-100-034-5120-044	7/1/20-6/30/21	576,011	(576,011)				576,011								
Extraordinary Aid	22-100-034-5120-044	7/1/21-6/30/22	633,924						633,924			(633,924)				633,924
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	234,147	(17,031)				17,031								
Nonpublic Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	31,992						31,992			(31,992)			\$ (31,992)	31,992
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	234,147	-				218,467	234,147			(15,680)			-	234,147
Transportation Aid Cluster																
On-Behalf Payments									266,139			-				-
TPAF Pension and Annuity Aid																
Normal	22-495-034-5094-002	7/1/21-6/30/22	5,144,126					5,144,126	5,144,126							5,144,126
NCGI Premium	22-495-034-5094-004	7/1/21-6/30/22	72,576					72,576	72,576							72,576
Post Retirement Medical Contribution	22-495-034-5094-001	7/1/21-6/30/22	1,218,833					1,218,833	1,218,833							1,218,833
Long-Term Disability	22-495-034-5094-004	7/1/21-6/30/22	1,928					1,928	1,928							1,928
TPAF Social Security	21-495-034-5094-003	7/1/20-6/30/21	1,018,221	(50,546)				50,546								
TPAF Social Security	22-495-034-5094-003	7/1/21-6/30/22	1,128,354	-				1,072,929	1,128,354			(55,425)			(55,425)	1,128,354
Total General Fund				(733,002)				9,807,492	9,908,088			(833,598)			(87,417)	9,908,088
Special Revenue Fund																
Nonpublic Aid																
Security	21-100-034-5120-509	7/1/20-6/30/21	700									\$ 700				
Nursing Services	21-100-034-5120-070	7/1/20-6/30/21	408									408				
Handicapped Services																
Supplemental Instruction	22-100-034-5120-066	7/1/21-6/30/22	826					826								\$ 826
Corrective Speech	22-100-034-5120-066	7/1/21-6/30/22	1,860					1,860								1,860
Total Special Revenue Fund								2,686				1,108				2,686
State Department of Agriculture																
Enterprise Fund																
National School Lunch Program																
State Share	22-100-010-3350-023	7/1/21-6/30/22	21,990					20,429	21,990			(1,561)			(1,561)	21,990
State Share	21-100-010-3350-023	7/1/20-6/30/21	17,723	(3,516)				3,516								
Total Enterprise Fund				(3,516)				23,945	21,990			(1,561)			(1,561)	21,990
Debt Service Fund																
Debt Service Aid	22-495-034-5120-075	7/1/21-6/30/22	130,738					130,738	130,738							130,738
Total Debt Service Fund								130,738	130,738							130,738
Total State Financial Assistance- Determination for Single Audit				\$ (736,518)	\$ -	\$ 1,108	\$ -	\$ 9,964,861	\$ 10,060,816	\$ -	\$ 1,108	\$ (835,159)	\$ -	\$ 2,686	\$ (88,978)	\$ 10,060,816
Less: On-Behalf TPAF Pension System Contributions																
Normal								(5,144,126)								
NCGI Premium								(72,576)								
Post Retirement Medical Contribution								(1,218,833)								
Long-Term Disability								(1,928)								
Total State Financial Assistance Subject to Major Program Determination									\$ 3,623,353							

The Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Saddle Brook 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 a decrease of \$63,725 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 10,200	\$ 9,844,363	\$ 9,854,563
Special Revenue Fund	2,219,004	-	2,219,004
Debt Service Fund		130,738	130,738
Food Service Fund	<u>1,031,930</u>	<u>21,990</u>	<u>1,053,920</u>
Total Financial Assistance	<u>\$ 3,261,134</u>	<u>\$ 9,997,091</u>	<u>\$ 13,258,225</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$1,128,354 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, 2022. The amount reported as TPAF Pension System Contributions in the amount of \$5,216,702, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,218,833 and TPAF Long-Term Disability Insurance in the amount of \$1,928 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2022.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the 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 elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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) Significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

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

Federal Awards Section

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

Internal Control over compliance:

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

2) Significant deficiency(ies) identified that were not considered to be material weaknesses? _____ yes X none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) Of U.S. Uniform Guidance _____ yes X none reported

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

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

Identification of major programs:

<u>AL Number(s)</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553</u>	<u>211NJ304N1099</u>	<u>National School Breakfast Program</u>
<u>10.555</u>	<u>211NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.555</u>	<u>202121H170341</u>	<u>Emergency Operational Cost Program</u>
<u>10.555</u>	<u>221NJ304N1099</u>	<u>After School Snacks</u>
<u>84.425D</u>	<u>S425D210027</u>	<u>CARES Act, CRRSA</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>American Rescue Plan</u>
_____	_____	_____
_____	_____	_____

**SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Part I – Summary of Auditor’s Results

State Awards Section

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

Internal Control over compliance:

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

2) Significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08, as amended? yes X none reported

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

Auditee qualified as low-risk auditee? X yes no

Identification of major programs:

<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
495-034-5120-089	Special Education Aid
495-034-5120-078	Equalization Aid
495-034-5120-084	Security Aid
495-034-5094-003	Reimbursed TPAF Social Security Contributions

**SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by to be reported by CFR 200 and section 516 of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and New Jersey OMB's Circular Letter 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**SADDLE BROOK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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*, the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and New Jersey OMB's Circular 15-08, as amended.

STATUS OF PRIOR YEAR FINDINGS

There were none.