

SADDLE BROOK
SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2019**



Saddle Brook, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Saddle Brook Board of Education

Saddle Brook, New Jersey

For The Fiscal Year Ended June 30, 2019

Prepared by

Business Office

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INTRODUCTORY SECTION



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DANIELLE M. SHANLEY
SUPERINTENDENT OF SCHOOLS

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

December 16, 2019

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections; introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and 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, and the U.S. Uniform Guidance, *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular Letter 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, 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>
2018-2019	1,789	1.07%
2017-2018	1,770	-2.72%
2016-2017	1,723	-1.8%
2015-2016	1,753	2.4%
2014-2015	1,720	-1.0%

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 a 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 including year two of Project Read Multisensory Phonics instruction to support our balanced literacy initiative in concert with the Teachers' College Reading and Writing Project (TCRWP), Go Math for grades K-6 and Connected math for Grades 7 and 8. Additionally, grades 3 - 6 are piloting a word study program. 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. Classes are available in the morning, afternoon and also as a full day program, all preparing students with the skills needed for Kindergarten. After researching various programs, we have adopted The Creative Curriculum for our preschool classes.

The district is continuing with integrating Social Emotional Learning practices within our daily programs. The preschool and elementary schools have received professional development and resources for Yoga 4 Classrooms. Every staff member has received SEL resources, and has participated in multiple professional development sessions on SEL this school year with the same professional speaker. This presenter is also interacting with our students and parents, and is supporting the district with our first community wellness event.

MAJOR INITIATIVES: (Continued)

We have also revamped our gifted and talented program. Students in gifted & talented are using their skills to support community involvement, and dive deeper into topics of interest. They have participated in #GivingTuesday, animal shelters, and some of their inventions will be shared at our Invention Convention. At the middle school level, the gifted and talented program builds off of their core content instruction. For instance, they have applied their learning within the close reading of a novel to create an escape room that aligns with the text. The district has also started an interest-based art and physical education program for our elementary students.

We have added two positions to our district. The Director of Curriculum & Instruction was unfilled in 2018-19. This year the Director has embarked on numerous initiatives, supporting the district's BOE adopted goals. After the resignation of our Supervisor of Math and Science, the BOE decided not to fill the position at this time. With our increase in our special education population, the BOE approved the hiring of a Supervisor of Special Services. This person will support the district's ABA programs and LLD programs, work closely with the Child Study Team and special education staff, and provide the needed assistance to our Director of Special Services.

Our 2019-2020 District Goals include:

1. Embark on a comprehensive review of instructional practices at the middle/high school as part of a comprehensive Annual Schoolwide Plan for NJDOE identified "Targeted" schools. This will include purposeful, targeted walk-throughs to assess: Instructional strategies and methods, alignment to curriculum, lesson planning, use of benchmarks, active learner engagement, student-centered learning environments, and celebration of student work.
2. Expand and refine districtwide mindful and wellness practices throughout the school year, as evidenced by guest speakers, classroom resources, school and district wide events, and scheduled wellness breaks.
3. Establish a regular practice of celebrating district achievements as evidenced by BOE presentations, social media, and in other public forums.
4. Establish a process for curriculum development as evidenced by a 5 year curriculum plan, BOE approved template, and a budget for meeting curriculum development goals.

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, 2019.

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 accountings. The accounting firm of Lerch, Vinci & Higgins, 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, and the U.S. Uniform Guidance 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,



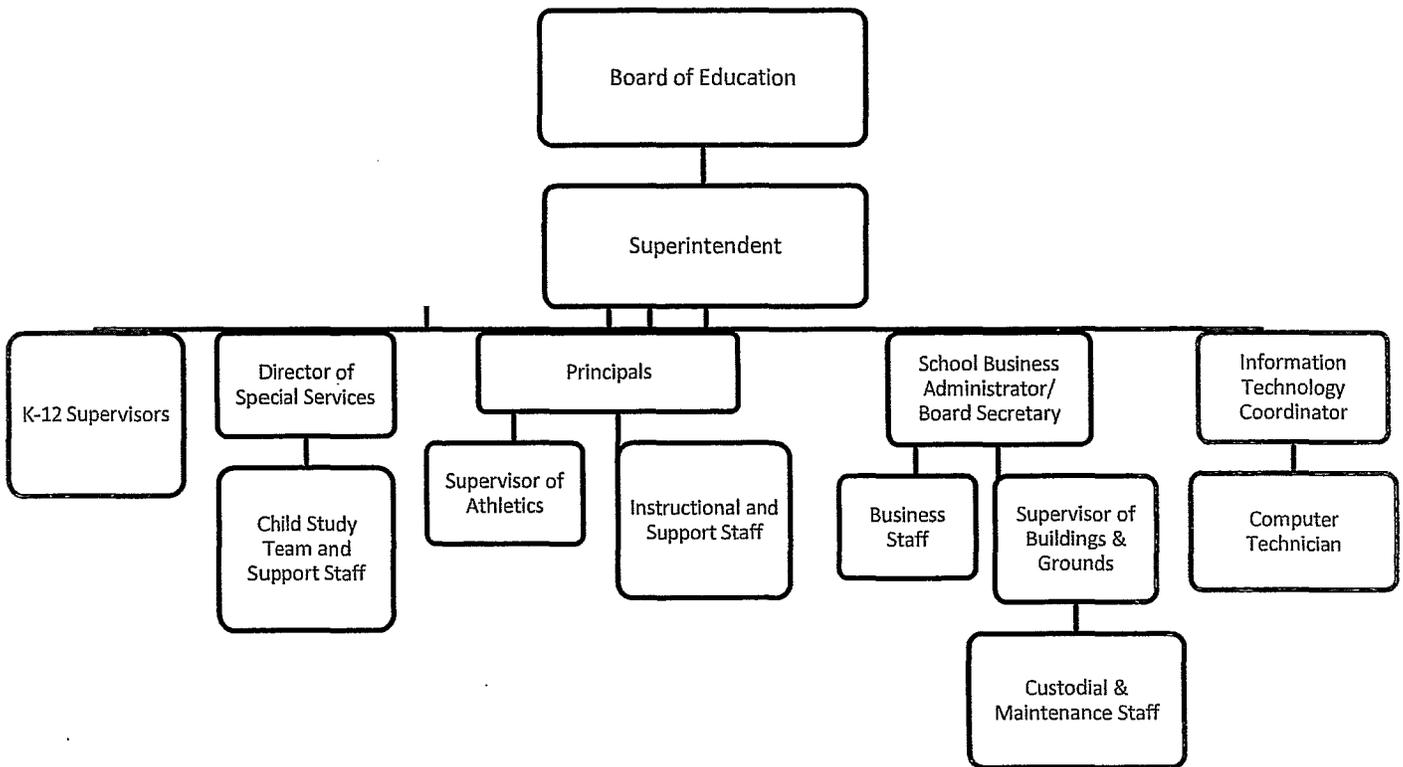
Raymond G. Karaty, CPA, PSA
Business Administrator/Board Secretary

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, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Stephen Quinn President	2021
Kelly Mahoney, Vice President	2020
Michael Accomando	2019
Regina Barrale	2020
Mariana Ianneillo	2021
Angela Robinson	2019
Michele Roloff	2021
Victoria Torbic	2019
Sylvia Zottarelli	2020

Other Officials

Danielle M. Shanley, Superintendent

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

Peter Bellani, CPA, Treasurer

Jessika Kleen, Esq., Board Attorney – Machado Law Group

SADDLE BROOK BOARD OF EDUCATION

Consultants and Advisors

ARCHITECT

Gianforcaro
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ATTORNEY

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OFFICIAL DEPOSITORY

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FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saddle Brook Board of Education's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, 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.

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

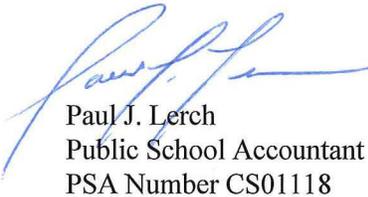
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2019 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 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 & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 16, 2019

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, 2019**

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, 2019. 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 2019 are as follows:

- District-Wide Statements – The School District had \$46,429,538 in revenues, general revenues were \$34,360,426 or 74 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions were \$12,069,112 or 26 percent of all revenues.
- District-Wide Statements - The School District had \$45,371,075 in expenses; only \$12,069,112 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$34,360,426 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 \$439,700 a decrease of \$3,256,958 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.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

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 and Community Programs.

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 three 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.

Fiduciary Funds. Fiduciary Funds are used to account for resources held for the benefit of parties outside the government, such as the Payroll Agency Fund, Unemployment Trust Fund, Scholarship Fund and the Student Activity Funds. Fiduciary Funds are *not* reflected in the district-wide financial statement because the resources of those funds are not available to support the District's own programs. The accounting used for Fiduciary Funds is much like that used for Proprietary Funds.

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 2019 and 2018 which were \$5,168,860 and \$4,110,397, 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, 2019 and 2018

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets						
Current and Other Assets	\$ 1,790,721	\$ 4,465,508	\$ 606,826	\$ 579,979	\$ 2,397,547	\$ 5,045,487
Capital Assets	<u>30,016,832</u>	<u>28,026,185</u>	<u>77,883</u>	<u>84,901</u>	<u>30,094,715</u>	<u>28,111,086</u>
Total Assets	<u>31,807,553</u>	<u>32,491,693</u>	<u>684,709</u>	<u>664,880</u>	<u>32,492,262</u>	<u>33,156,573</u>
Deferred Outflows of Resources						
Deferred amounts on Net Pension Liability	1,345,023	2,017,694			1,345,023	228,421
Deferred amounts on Refunding of Debt	<u>150,156</u>	<u>201,565</u>	-	-	<u>150,156</u>	<u>201,565</u>
Total Deferred Outflows of Resources	<u>1,495,179</u>	<u>2,219,259</u>	-	-	<u>1,495,179</u>	<u>429,986</u>
Total Assets and Deferred Outflows of Resources	<u>33,302,732</u>	<u>34,710,952</u>	<u>684,709</u>	<u>664,880</u>	<u>33,987,441</u>	<u>33,586,559</u>
Liabilities						
Current Liabilities	1,566,179	1,015,405	154,734	125,437	1,720,913	1,140,842
Noncurrent Liabilities	<u>23,952,553</u>	<u>27,327,377</u>	<u>19,982</u>	<u>29,245</u>	<u>23,972,535</u>	<u>27,356,622</u>
Total Liabilities	<u>25,518,732</u>	<u>28,342,782</u>	<u>174,716</u>	<u>154,682</u>	<u>25,693,448</u>	<u>28,497,464</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	<u>3,125,133</u>	<u>2,767,971</u>	-	-	<u>3,125,133</u>	<u>2,237,231</u>
Total Deferred Inflows of Resources	<u>3,125,133</u>	<u>2,767,971</u>	-	-	<u>3,125,133</u>	<u>2,237,231</u>
Total Liabilities and Deferred Inflows of Resources	<u>28,643,865</u>	<u>31,110,753</u>	<u>174,716</u>	<u>154,682</u>	<u>28,818,581</u>	<u>30,734,695</u>
Net Position						
Net Investment in Capital Assets	16,326,024	15,212,448	77,883	84,901	16,403,907	15,297,349
Restricted	266,349	560,200			266,349	560,200
Unrestricted	<u>(11,933,506)</u>	<u>(12,172,449)</u>	<u>432,110</u>	<u>425,297</u>	<u>(11,501,396)</u>	<u>(11,747,152)</u>
Total Net Position	<u>\$ 4,658,867</u>	<u>\$ 3,600,199</u>	<u>\$ 509,993</u>	<u>\$ 510,198</u>	<u>\$ 5,168,860</u>	<u>\$ 4,110,397</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 by \$1,058,668 and \$61,320 for the fiscal years ended June 30, 2019 and 2018, respectively. Key elements of this increase are as follows:

**Table A-3
Changes in Net Position
For the Fiscal Year Ended June 30, 2019 and 2018**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
<u>Revenues</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Program Revenues						
Charges for Services	\$ 187,769	\$ 320,442	\$ 950,723	\$ 869,244	\$ 1,138,492	\$ 1,189,686
Operating Grants and Contributions	10,678,829	12,961,957	201,356	190,917	10,880,185	13,152,874
Capital Grants and Contributions	50,435				50,435	-
General Revenues						
Property Taxes	34,152,628	32,446,835			34,152,628	32,446,835
Restricted State	132,197	132,623			132,197	132,623
Unrestricted State	21,034	70,104			21,034	70,104
Other	<u>54,252</u>	<u>132,367</u>	<u>315</u>	<u>291</u>	<u>54,567</u>	<u>132,658</u>
Total Revenues	<u>45,277,144</u>	<u>46,064,328</u>	<u>1,152,394</u>	<u>1,060,452</u>	<u>46,429,538</u>	<u>47,124,780</u>
Expenses						
Instruction						
Regular	14,969,825	16,139,527			14,969,825	16,139,527
Special	9,130,491	8,506,016	-	-	9,130,491	8,506,016
Other Instruction	1,259,840	1,555,684			1,259,840	1,555,684
School Sponsored Activities and Ath.	905,800	1,105,156			905,800	1,105,156
Support Services					-	
Student and Instruction Related Serv.	8,192,138	8,532,183			8,192,138	8,532,183
Educational Media/School Library	409,473	260,098			409,473	260,098
School Administrative Services	2,318,553	2,495,385			2,318,553	2,495,385
General Administrative Services	965,972	914,590			965,972	914,590
Plant Operations and Maintenance	2,855,380	3,466,751			2,855,380	3,466,751
Pupil Transportation	1,734,536	1,599,634			1,734,536	1,599,634
Central Services	862,647	835,222			862,647	835,222
Food Services			632,843	567,765	632,843	567,765
Community Programs			519,756	414,642	519,756	414,642
Interest on Long-Term Debt	<u>613,821</u>	<u>592,762</u>	<u>-</u>	<u>-</u>	<u>613,821</u>	<u>592,762</u>
Total Expenses	<u>44,218,476</u>	<u>46,003,008</u>	<u>1,152,599</u>	<u>982,407</u>	<u>45,371,075</u>	<u>46,985,415</u>
Change in Net Position	1,058,668	61,320	(205)	78,045	1,058,463	139,365
Net Position, Beginning of Year	<u>3,600,199</u>	<u>3,538,879</u>	<u>510,198</u>	<u>432,153</u>	<u>4,110,397</u>	<u>3,971,032</u>
Net Position, End of Year	<u>\$ 4,658,867</u>	<u>\$ 3,600,199</u>	<u>\$ 509,993</u>	<u>\$ 510,198</u>	<u>\$ 5,168,860</u>	<u>\$ 4,110,397</u>

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

Governmental activities. The District's total governmental revenues were \$45,277,144. The local share of the revenues that included property taxes, state aid restricted for debt service, unrestricted state aid and miscellaneous revenue, amounted to \$34,360,111 or 76% of total revenues. Funding from state, federal sources and capital grants and contributions amounted to \$10,729,264 or 23%. Charges for services amounted to \$187,769 or 1%. (See Table A-4)

The District's total governmental expenses were \$44,218,476 and are predominantly related to instruction and support services. Instruction totaled \$26,265,956 (60%), student support services totaled \$17,338,699 (39%) and interest on long-term debt total \$613,821 (1%) of total expenditures. (See Table A-5.)

Table A-4 Revenues by Source – Governmental Activities
For Fiscal Year 2019

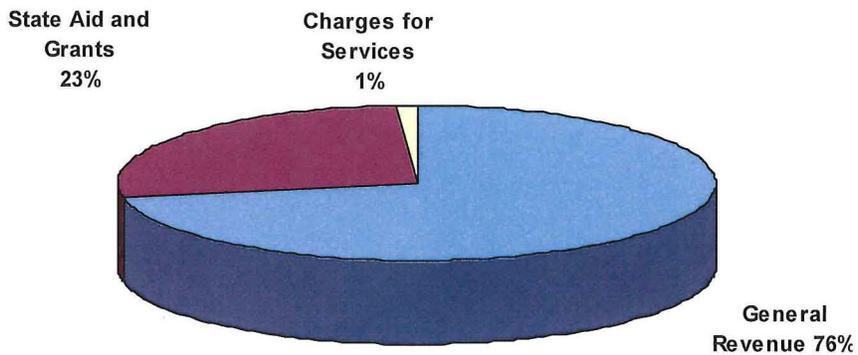
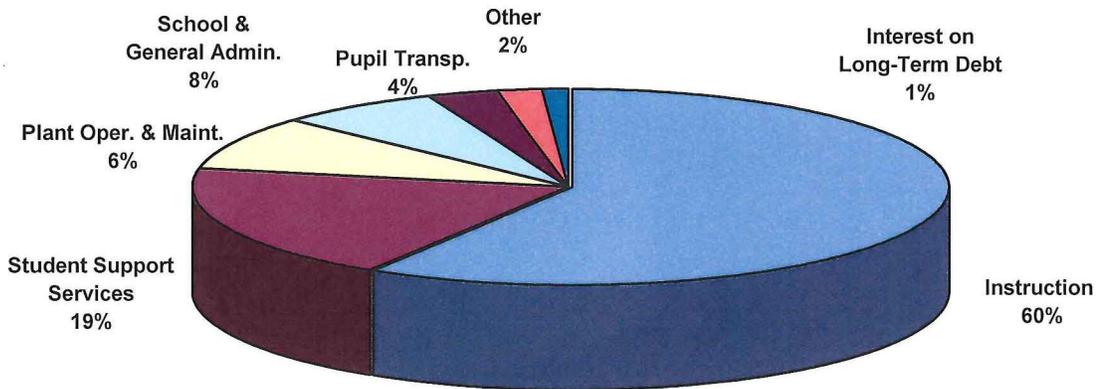


Table A-5 Expenditures by Type- Governmental Activities
For Fiscal Year 2019



**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, 2019 and 2018**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Governmental Activities				
Instruction				
Regular	\$ 14,969,825	\$ 16,139,527	\$ 11,250,412	\$ 11,284,106
Special Education	9,130,491	8,506,016	6,039,187	5,100,436
Other Instruction	1,259,840	1,555,684	813,714	892,174
School Sponsored Activities and Athletics	905,800	1,105,156	549,835	813,443
Support Services	-	-	-	-
Student and Instruction Related Svcs.	8,192,138	8,532,183	6,369,190	6,024,899
Educational Media/School Library	409,473	260,098	306,761	180,423
General Administrative Services	965,972	914,590	807,179	745,118
School Administrative Services	2,318,553	2,495,385	1,733,749	1,709,389
Plant Operations and Maintenance	2,855,380	3,466,751	2,520,807	3,117,837
Pupil Transportation	1,734,536	1,599,634	1,462,714	1,472,921
Central Services	862,647	835,222	834,074	787,101
Interest on Long-Term Debt	613,821	592,762	613,821	592,762
	<u>\$ 44,218,476</u>	<u>\$ 46,003,008</u>	<u>\$ 33,301,443</u>	<u>\$ 32,720,609</u>
Total Governmental Activities				

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2019 was \$1,152,599. 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 \$205.

Food Service Program

- Food service revenues exceeded expenses by \$19,259.
- Charges for services represent 69% 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 expenses exceeded revenues by \$19,464.
- Charges for services represent 100 percent of revenue.
- Revenues include tuition and interest earned on investments.

**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 \$439,700. In 2017-2018 the fund balance was \$3,696,658. The majority of the decrease was attributable to the utilization of the Energy Savings Incentive Program lease proceeds in the Capital Projects Fund. The general fund fund balance decreased \$577,384 from 2017-18.

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 amounted to \$41,811,243 and expenditures were \$45,191,260.

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, 2019 and 2018.

	Fiscal Year Ended <u>6/30/2019</u>	Fiscal Year Ended <u>6/30/2018</u>	Amount of Increase (Decrease)	Percent Change
Local Sources	\$ 34,632,602	\$ 32,906,222	\$ 1,726,380	5%
State Sources	6,475,589	5,617,672	857,917	15%
Federal Sources	<u>703,052</u>	<u>731,290</u>	<u>(28,238)</u>	-4%
 Total Revenues	 <u>\$ 41,811,243</u>	 <u>\$ 39,255,184</u>	 <u>\$ 2,556,059</u>	 7%

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, 2019 and 2018.

	Fiscal Year Ended <u>6/30/2019</u>	Fiscal Year Ended <u>6/30/2018</u>	Amount of Increase (Decrease)	Percent Change
Current Expenses:				
Instruction	\$ 23,488,621	\$ 22,167,366	\$ 1,321,255	6%
Undistributed	15,707,044	15,220,235	486,809	3%
Capital Outlay	3,256,022	2,996,119	259,903	9%
Debt Service				
Principal	2,095,778	1,900,292	195,486	10%
Interest and Other Charges	<u>643,795</u>	<u>536,569</u>	<u>107,226</u>	20%
 Total Expenditures	 <u>\$ 45,191,260</u>	 <u>\$ 42,820,581</u>	 <u>\$ 2,370,679</u>	 6%

**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 2018-19. As a result an appropriation of prior year and current year extraordinary aid was needed to cover all the additional costs.
- 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 2019, the District had total assets of \$30,094,715 net of depreciation invested in land, construction in progress, land improvements, buildings, furniture, equipment and vehicles. Table 7 shows fiscal year 2019 balances compared to 2018.

**Table A-7
Capital Assets (Net Depreciation) as of June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 31,974	\$ 31,974			\$ 31,974	\$ 31,974
Construction in Progress	6,485,085	3,965,438			6,485,085	3,965,438
Land Improvements	664,343	664,343			664,343	664,343
Buildings and Building Improvements	37,916,707	37,204,401			37,916,707	37,204,401
Machinery, Equipment and Vehicles	3,361,477	3,302,408	\$ 248,661	\$ 237,311	3,610,138	3,539,719
Total	48,459,586	45,168,564	248,661	237,311	48,708,247	45,405,875
Less: Accumulated Depreciation	18,442,754	17,142,379	170,778	152,410	18,613,532	17,294,789
Total	<u>\$ 30,016,832</u>	<u>\$ 28,026,185</u>	<u>\$ 77,883</u>	<u>\$ 84,901</u>	<u>\$ 30,094,715</u>	<u>\$ 28,111,086</u>

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

Capital Assets (Continued)

Overall capital assets increased by \$1,983,629 from fiscal year 2018 to fiscal year 2019. The increase is attributable to the additional building improvements and the energy savings incentive program.

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, 2019, the District’s Governmental Activities had \$23,952,553 of outstanding long-term liabilities. These liabilities include serial bonds for school construction and refunding bonds for the Early Retirement Incentive Program, capital leases, compensated absences and net pension liability.

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

	<u>2019</u>	<u>2018</u>
General Obligation Bonds, Net	\$ 11,215,299	\$ 12,960,285
Net Pension Liability	7,315,729	8,703,658
Capital Leases	4,899,778	5,158,899
Compensated Absences Payable	<u>521,747</u>	<u>504,535</u>
 Total	 <u>\$ 23,952,553</u>	 <u>\$ 27,327,377</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, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 760,376	\$ 540,826	\$ 1,301,202
Cash Held with Fiscal Agent	137,761		137,761
Receivables, net	892,584	54,898	947,482
Inventory		11,102	11,102
Capital Assets			
Not Being Depreciated	6,517,059		6,517,059
Being Depreciated, Net	<u>23,499,773</u>	<u>77,883</u>	<u>23,577,656</u>
Total Assets	<u>31,807,553</u>	<u>684,709</u>	<u>32,492,262</u>
Deferred Outflows of Resources			
Deferred Amounts on Net Pension Liability	1,345,023		1,345,023
Deferred Amounts on Refunding of Debt	<u>150,156</u>	<u>-</u>	<u>150,156</u>
	<u>1,495,179</u>	<u>-</u>	<u>1,495,179</u>
Total Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	<u>33,302,732</u>	<u>684,709</u>	<u>33,987,441</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,138,974	30,157	1,169,131
Payable to Other Governments	5,217		5,217
Accrued Interest Payable	215,158		215,158
Unearned Revenue	206,830	124,577	331,407
Noncurrent Liabilities			
Due Within One Year	2,125,056	9,740	2,134,796
Due Beyond One Year	<u>21,827,497</u>	<u>10,242</u>	<u>21,837,739</u>
Total Liabilities	<u>25,518,732</u>	<u>174,716</u>	<u>25,693,448</u>
Deferred Inflows of Resources			
Deferred Amounts on Net Pension Liability	<u>3,125,133</u>	<u>-</u>	<u>3,125,133</u>
Total Deferred Inflows of Resources	<u>3,125,133</u>	<u>-</u>	<u>3,125,133</u>
Total Liabilities and Deferred Inflows of Resources	<u>28,643,865</u>	<u>174,716</u>	<u>28,818,581</u>
NET POSITION			
Net Investment in Capital Assets	16,326,024	77,883	16,403,907
Restricted for :			
Capital Projects	165,813		165,813
Debt Service	536		536
Other Purposes	100,000		100,000
Unrestricted	<u>(11,933,506)</u>	<u>432,110</u>	<u>(11,501,396)</u>
Total Net Position	<u>\$ 4,658,867</u>	<u>\$ 509,993</u>	<u>\$ 5,168,860</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, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 14,969,825	\$ 120,269	\$ 3,548,709	\$ 50,435	\$ (11,250,412)		\$ (11,250,412)
Special Education	9,130,491	30,000	3,061,304		(6,039,187)		(6,039,187)
Other Instruction	1,259,840		446,126		(813,714)		(813,714)
School Sponsored Activities and Athletics	905,800		355,965		(549,835)		(549,835)
Support Services							
Student and Instruction Related Services	8,192,138		1,822,948		(6,369,190)		(6,369,190)
Educational Media/School Library	409,473		102,712		(306,761)		(306,761)
General and Business Administrative Services	965,972		158,793		(807,179)		(807,179)
School Administrative Services	2,318,553		584,804		(1,733,749)		(1,733,749)
Plant Operations and Maintenance	2,855,380	37,500	297,073		(2,520,807)		(2,520,807)
Pupil Transportation	1,734,536		271,822		(1,462,714)		(1,462,714)
Central Services	862,647		28,573		(834,074)		(834,074)
Interest and Other Charges on Long-Term Debt	613,821	-	-	-	(613,821)	-	(613,821)
Total Governmental Activities	44,218,476	187,769	10,678,829	50,435	(33,301,443)	-	(33,301,443)
Business-Type Activities							
Food Service	632,843	450,618	201,356			\$ 19,131	19,131
Community Programs	519,756	500,105	-	-	-	(19,651)	(19,651)
Total Business-Type Activities	1,152,599	950,723	201,356	-	-	(520)	(520)
Total Primary Government	\$ 45,371,075	\$ 1,138,492	\$ 10,880,185	\$ 50,435	(33,301,443)	(520)	(33,301,963)
General Revenues							
Property Taxes, Levied for General Purposes, Net					32,248,065		32,248,065
Property Taxes Levied for Debt Service					1,904,563		1,904,563
State Aid Restricted for Debt Service					132,197		132,197
Unrestricted State Aid					21,034	-	21,034
Miscellaneous Income					54,252	315	54,567
Total General Revenues					34,360,111	315	34,360,426
Change in Net Position					1,058,668	(205)	1,058,463
Net Position, Beginning of Year					3,600,199	510,198	4,110,397
Net Position, End of Year					\$ 4,658,867	\$ 509,993	\$ 5,168,860

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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, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 652,921	\$ 106,919		\$ 536	\$ 760,376
Cash Held with Fiscal Agent			\$ 137,761		137,761
Receivables, Net					
Receivables from Other Governments	157,634	149,272	498,463		805,369
Due from Other Funds	179,754	1,051			180,805
Other Receivables	<u>82,227</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,227</u>
Total Assets	<u>\$ 1,072,536</u>	<u>\$ 257,242</u>	<u>\$ 636,224</u>	<u>\$ 536</u>	<u>\$ 1,966,538</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 985,148	\$ 57,026	\$ 96,800		\$ 1,138,974
Due to Other Funds	1,051		174,766		175,817
Payable to State Government		5,217			5,217
Unearned Revenue	<u>11,831</u>	<u>194,999</u>	<u>-</u>	<u>-</u>	<u>206,830</u>
Total Liabilities	<u>998,030</u>	<u>257,242</u>	<u>271,566</u>	<u>-</u>	<u>1,526,838</u>
Fund Balances					
Restricted:					
Capital Reserve	75,268				75,268
Maintenance Reserve- Designated for Subsequent Year's Expenditures	100,000				100,000
Capital Projects			364,658		364,658
Debt Service				\$ 536	536
Assigned:					
Year End Encumbrances	327,103				327,103
Unassigned:					
	<u>(427,865)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(427,865)</u>
Total Fund Balances	<u>74,506</u>	<u>-</u>	<u>364,658</u>	<u>536</u>	<u>439,700</u>
Total Liabilities and Fund Balances	<u>\$ 1,072,536</u>	<u>\$ 257,242</u>	<u>\$ 636,224</u>	<u>\$ 536</u>	<u>\$ 1,966,538</u>

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

Total Government Fund Balances (Exhibit B-1) \$ 439,700

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 \$48,459,586 and the accumulated depreciation is \$18,442,754. 30,016,832

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	\$ 1,345,023	
Deferred Inflows of Resources	<u>(3,125,133)</u>	(1,780,110)

The District has financed capital assets through the issuance of serial bonds and long term-lease obligations. The interest accrual at year end is: (215,158)

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. 150,156

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	\$ (11,215,299)	
Net Pension Liability	(7,315,729)	
Capital Leases	(4,899,778)	
Compensated Absences	<u>(521,747)</u>	(23,952,553)

Net Position of Governmental Activities (Exhibit A-1) \$ 4,658,867

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 32,248,065			\$ 1,904,563	\$ 34,152,628
Miscellaneous	402,593	\$ 67,759	\$ 9,622	-	479,974
Total - Local Sources	32,650,658	67,759	9,622	1,904,563	34,632,602
State Sources	6,342,713	679		132,197	6,475,589
Federal Sources	7,531	695,521	-	-	703,052
Total Revenues	39,000,902	763,959	9,622	2,036,760	41,811,243
EXPENDITURES					
Current					
Regular Instruction	13,110,696	38,041			13,148,737
Special Education Instruction	8,030,183	398,073			8,428,256
Other Instruction	950,301	162,321			1,112,622
School-Sponsored Activities and Athletics	799,006				799,006
Support Services					
Student and Instruction Related Services	7,096,432	150,089			7,246,521
Educational Media/School Library	356,193				356,193
General Administrative Services	883,601				883,601
School Administrative Services	2,015,198				2,015,198
Plant Operations and Maintenance	2,689,084				2,689,084
Pupil Transportation	1,700,541				1,700,541
Central Services	815,906				815,906
Debt Service					
Principal	400,778			1,695,000	2,095,778
Interest and Other Charges	222,834			420,961	643,795
Capital Outlay	349,804	15,435	2,890,783	-	3,256,022
Total Expenditures	39,420,557	763,959	2,890,783	2,115,961	45,191,260
Excess (Deficiency) of Revenues Over (Under) Expenditures	(419,655)	-	(2,881,161)	(79,201)	(3,380,017)
OTHER FINANCING SOURCES (USES)					
Capital Leases (Non-budget)	141,657				141,657
Cancellation of Prior Year SDA Revenue			(18,598)		(18,598)
Transfer In	614		300,000		300,614
Transfer Out	(300,000)	-	(614)	-	(300,614)
Total Other Financing Sources and Uses	(157,729)	-	280,788	-	123,059
Net Change in Fund Balances	(577,384)	-	(2,600,373)	(79,201)	(3,256,958)
Fund Balance, Beginning of Year	651,890	-	2,965,031	79,737	3,696,658
Fund Balance, End of Year	\$ 74,506	\$ -	\$ 364,658	\$ 536	\$ 439,700

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, 2019**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (3,256,958)

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 capital outlay exceeds depreciation in the current period.

Capital Outlay	\$ 3,256,022	
Depreciation Expense	<u>(1,300,375)</u>	
		1,955,647

The net effect of various miscellaneous transactions involving capital asset (i.e. sales, disposal, donations) is to increase net position. These transactions are not reported in the governmental fund financial statements.

Donated Capital Assets		35,000
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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	51,299	
Amortization of Deferred Amounts on Refunding	(51,409)	
Capital Leases Issued	(141,657)	
Principal Repayments		
Bond Principal	1,695,000	
Capital Lease Principal	<u>400,778</u>	
		1,952,698

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	(17,212)	
Decrease in Net Pension Expense	<u>358,096</u>	
		340,884

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>31,397</u>
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Change in net position of governmental activities (Exhibit A-2) \$ 1,058,668

**SADDLE BROOK BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

	<u>Food Service</u>	<u>Community Programs</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 50,819	\$ 490,007	\$ 540,826
Other Accounts Receivable	6,056	19,350	25,406
Intergovernmental Receivable			
State	1,060		1,060
Federal	28,432		28,432
Inventories	<u>11,102</u>	<u>-</u>	<u>11,102</u>
Total Current Assets	<u>97,469</u>	<u>509,357</u>	<u>606,826</u>
Capital Assets			
Equipment	248,661		248,661
Less: Accumulated Depreciation	<u>(170,778)</u>	<u>-</u>	<u>(170,778)</u>
Total Capital Assets, Net	<u>77,883</u>	<u>-</u>	<u>77,883</u>
Total Assets	<u>175,352</u>	<u>509,357</u>	<u>684,709</u>
LIABILITIES			
Current Liabilities			
Capital Leases Payable	9,740		9,740
Accounts Payable	6,284	23,873	30,157
Unearned Revenue	<u>16,285</u>	<u>108,292</u>	<u>124,577</u>
Total Current Liabilities	<u>32,309</u>	<u>132,165</u>	<u>164,474</u>
Non-Current Liabilities			
Capital Lease Payable	<u>10,242</u>	<u>-</u>	<u>10,242</u>
Total Non-Current Liabilities	<u>10,242</u>	<u>-</u>	<u>10,242</u>
Total Liabilities	<u>42,551</u>	<u>132,165</u>	<u>174,716</u>
NET POSITION			
Net Investment in Capital Assets	77,883	-	77,883
Unrestricted	<u>54,918</u>	<u>377,192</u>	<u>432,110</u>
Total Net Position	<u>\$ 132,801</u>	<u>\$ 377,192</u>	<u>\$ 509,993</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, 2019**

	<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	\$ 245,499		\$ 245,499
Daily Sales - Non-Reimbursable Programs	205,119		205,119
Community Service Fees	-	\$ 500,105	500,105
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	450,618	500,105	950,723
OPERATING EXPENSES			
Cost of Sales - Reimbursable	182,944		182,944
Cost of Sales - Non-Reimbursable	141,386		141,386
Salaries and Employee Benefits	245,380	430,239	675,619
Contracted Services		4,740	4,740
Rentals		35,000	35,000
Purchased Property Services	4,577		4,577
Other Purchased Services	33,489	31,076	64,565
Telephone		2,210	2,210
Supplies and Materials	5,053	9,092	14,145
Depreciation	18,368		18,368
Miscellaneous	140	7,399	7,539
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	631,337	519,756	1,151,093
Operating Income/(Loss)	<hr/> (180,719)	<hr/> (19,651)	<hr/> (200,370)
NONOPERATING REVENUES/(EXPENSES)			
State Sources			
School Lunch Program	5,887		5,887
Federal Sources			
National School Lunch Program	145,315		145,315
Food Distribution Program	40,231		40,231
School Breakfast Program	9,923		9,923
Interest and Investment Revenue	128	187	315
Interest Expense	(1,506)	-	(1,506)
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues	199,978	187	200,165
Change in Net Position	19,259	(19,464)	(205)
Total Net Position, Beginning of Year	<hr/> 113,542	<hr/> 396,656	<hr/> 510,198
Total Net Position, End of Year	<hr/> \$ 132,801	<hr/> \$ 377,192	<hr/> \$ 509,993

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, 2019**

	<u>Food Service</u>	<u>Community Programs</u>	Business-Type Activities Enterprise Fund Totals
Cash Flows from Operating Activities			
Cash Received from Customers	\$ 450,582	\$ 514,807	\$ 965,389
Cash Payments for Employees' Salaries and Benefits	(245,380)	(430,239)	(675,619)
Cash Payments to Suppliers for Goods and Services	<u>(325,214)</u>	<u>(113,089)</u>	<u>(438,303)</u>
Net Cash Provided/(Used) for Operating Activities	<u>(120,012)</u>	<u>(28,521)</u>	<u>(148,533)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	<u>140,242</u>	<u>-</u>	<u>140,242</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>140,242</u>	<u>-</u>	<u>140,242</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(11,350)		(11,350)
Principal Payment Capital Lease	(9,263)		(9,263)
Interest Paid- Capital Leases	<u>(1,506)</u>	<u>-</u>	<u>(1,506)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(22,119)</u>	<u>-</u>	<u>(10,769)</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>128</u>	<u>187</u>	<u>315</u>
Net Cash Provided by Investing Activities	<u>128</u>	<u>187</u>	<u>315</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(1,761)	(28,334)	(30,095)
Cash and Cash Equivalents, Beginning of Year	<u>52,580</u>	<u>518,341</u>	<u>570,921</u>
Cash and Cash Equivalents, End of Year	<u>\$ 50,819</u>	<u>\$ 490,007</u>	<u>\$ 540,826</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities			
Operating Income (Loss)	\$ (180,719)	\$ (19,651)	\$ (200,370)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Noncash Federal Assistance - Food Distribution Program	40,231		40,231
Depreciation	18,368		18,368
Change in Assets and Liabilities			
(Increase)/Decrease in Accounts Receivable	(1,357)		(1,357)
(Increase)/Decrease in Inventory	421		421
Increase/(Decrease) in Accounts Payable	1,723	11,551	13,274
Increase/(Decrease) in Interfund Accounts Payable		14,702	14,702
Increase/(Decrease) in Unearned Revenue	<u>1,321</u>	<u>(35,123)</u>	<u>(33,802)</u>
Total Adjustments	<u>60,707</u>	<u>(8,870)</u>	<u>51,837</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (120,012)</u>	<u>\$ (28,521)</u>	<u>\$ (148,533)</u>
Non-Cash Financing Activities			
Food Distribution Program Commodities Received	\$ 40,231		

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

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

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 109,440	\$ 2,817	\$ 355,647
Due from Other Funds	<u>10,117</u>	<u>-</u>	<u>-</u>
Total Assets	<u>119,557</u>	<u>2,817</u>	<u>\$ 355,647</u>
LIABILITIES			
Payroll Deductions and Withholdings			172,670
Accrued Salaries & Wages			100
Flex Spending Benefits			1,285
Due to Other Funds			15,105
Due to Student Groups			166,487
Due to State of New Jersey	<u>15,223</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>15,223</u>	<u>-</u>	<u>\$ 355,647</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 104,334</u>	<u>\$ 2,817</u>	

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

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

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>
ADDITIONS		
Investment Earnings		
Employee Contributions	\$ 31,259	
Interest	438	\$ 3
	<hr/>	<hr/>
Net Investment Earnings	31,697	3
	<hr/>	<hr/>
Total Additions	31,697	3
	<hr/>	<hr/>
DEDUCTIONS		
Administrative Expenses		4
Unemployment Claims and Contributions	40,886	-
	<hr/>	<hr/>
Total Deductions	40,886	4
	<hr/>	<hr/>
Change in Net Position	(9,189)	(1)
Net Position, Beginning of Year	113,523	2,818
	<hr/>	<hr/>
Net Position, End of Year	<u>\$ 104,334</u>	<u>\$ 2,817</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, 2019**

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 is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Saddle 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 2019, the District adopted the following GASB statement:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.

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

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. *Receivables*

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

3. *Inventories*

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

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 for capital 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 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. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. 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).

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 2019/2020 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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 (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.

11. Fund Balance Policies

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

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

4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund, and 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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On February 6, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$1,595,001. The increase was funded by additional surplus appropriated, grant awards and the reappropriation of prior year general fund encumbrances.

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Unallocated Benefits			
Social Security Contributions	\$ 358,638	\$ 367,117	\$ 8,479

The above variance was caused by an audit adjustment and was offset with other available resources.

C. Deficit Fund Equity

The District has an unassigned fund deficit of \$427,865 in the General Fund as of June 30, 2019 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2018/2019 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$427,865 in the General Fund is less than the delayed state aid payments at June 30, 2019.

D. 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.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve (Continued)

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

Balance, July 1, 2018	\$ 375,268
Withdrawals:	
Approved in District Budget	<u>300,000</u>
Balance, June 30, 2019	<u>\$ 75,268</u>

The June 30, 2019 LRFPP balance of local support costs of uncompleted capital projects is \$4,258,332. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the district's Long Range Facilities Plan.

E. 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, 2019 is as follows:

Balance, July 1, 2018	<u>\$ 100,000</u>
Balance, June 30, 2019	<u>\$ 100,000</u>

The June 30, 2019 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,331,073. The withdrawals from the maintenance reserve were for use in required maintenance activities for school facilities. \$100,000 of the maintenance reserve balance at June 30, 2019 was designated and appropriated for use in the 2019/2020 original budget certified for taxes.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2019, the book value of the Board's deposits were \$1,906,867 and bank and brokerage firm balances of the Board's deposits amounted to \$2,621,080. The Board's deposits which are displayed on the various fund balance sheets as "cash" or "cash and cash equivalents" and "cash held with fiscal agent" are categorized as:

Depository Account

Insured	\$ <u>2,621,080</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2019 none of the Board's bank balances were exposed to custodial credit risk.

Investments

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

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

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, 2019**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2019 for the district’s individual major funds in the aggregate are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Food Service</u>	<u>Community Programs</u>	<u>Total</u>
Receivables:						
Accounts	\$ 82,227			\$ 6,056	\$ 19,350	\$ 107,633
Intergovernmental						-
Federal		\$ 149,272		28,432		177,704
State	112,652		\$ 498,463	1,060		612,175
Local	<u>44,982</u>	-	-	-	-	<u>44,982</u>
Net Total Receivables	<u>\$ 239,861</u>	<u>\$ 149,272</u>	<u>\$ 498,463</u>	<u>\$ 35,548</u>	<u>\$ 19,350</u>	<u>\$ 942,494</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	
Preschool Tuition	\$ 1,353
Insurance Proceeds for Damages to be Repaired	10,478
Special Revenue Fund	
Unencumbered Grant Draw Downs	185,279
Grant draw downs reserve for encumbrances	<u>9,720</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 206,830</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance, <u>July 1, 2018</u>	<u>Increases</u>	Decreases/ <u>Adjustments</u>	Balance, <u>June 30, 2019</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,974			\$ 31,974
Construction in Progress	3,965,438	\$ 2,921,847	\$ (402,200)	6,485,085
Total capital assets, not being depreciated	<u>3,997,412</u>	<u>2,921,847</u>	<u>(402,200)</u>	<u>6,517,059</u>
Capital assets, being depreciated:				
Land Improvements	664,343			664,343
Buildings and Building Improvements	37,204,401	310,106	402,200	37,916,707
Machinery and Equipment	3,302,408	59,069	-	3,361,477
Total capital assets being depreciated	<u>41,171,152</u>	<u>369,175</u>	<u>402,200</u>	<u>41,942,527</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(232,424)	(24,368)		(256,792)
Land Improvements	(14,175,968)	(1,135,465)		(15,311,433)
Machinery and Equipment	(2,733,987)	(140,542)	-	(2,874,529)
Total accumulated depreciation	<u>(17,142,379)</u>	<u>(1,300,375)</u>	<u>-</u>	<u>(18,442,754)</u>
Total capital assets, being depreciated, net	<u>24,028,773</u>	<u>(931,200)</u>	<u>402,200</u>	<u>23,499,773</u>
Governmental activities capital assets, net	<u>\$ 28,026,185</u>	<u>\$ 1,990,647</u>	<u>\$ -</u>	<u>\$ 30,016,832</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2018	Increases	Decreases	Balance, June 30, 2019
Business-Type activities:				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 237,311	\$ 11,350	-	\$ 248,661
Total capital assets being depreciated	<u>237,311</u>	<u>11,350</u>	<u>-</u>	<u>248,661</u>
Less accumulated depreciation for:				
Machinery and Equipment	(152,410)	(18,368)	-	(170,778)
Total accumulated depreciation	<u>(152,410)</u>	<u>(18,368)</u>	<u>-</u>	<u>(170,778)</u>
Total capital assets, being depreciated, net	<u>84,901</u>	<u>(7,018)</u>	<u>-</u>	<u>77,883</u>
Business-type activities capital assets, net	<u>\$ 84,901</u>	<u>\$ (7,018)</u>	<u>\$ -</u>	<u>\$ 77,883</u>

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

Governmental activities:

Instruction	
Regular	\$ 512,043
Special Education	197,451
Other Instruction	41,394
School-Sponsored Activities and Athletics	<u>30,028</u>
Total Instruction	<u>780,916</u>
Support Services	
Student and Instruction Related Services	265,884
Educational Media	14,981
General and Business Administrative Services	23,161
School Administrative Services	85,296
Plant Operations and Maintenance	87,605
Pupil Transportation	17,909
Central Services	<u>24,623</u>
Total Support Services	<u>519,459</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,300,375</u>
Business-Type Activities:	
Food Service Fund	<u>\$ 18,368</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Payroll Agency Fund	\$ 4,988
Special Revenue Fund	General Fund	1,051
General Fund	Capital Projects Fund	174,766
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>10,117</u>
		<u>\$ 190,922</u>

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

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

Interfund transfers

	<u>Transfer In:</u>	
	<u>Capital Projects Fund</u>	<u>Total</u>
Transfer Out: General Fund	<u>\$ 299,386</u>	<u>\$ 299,386</u>
Total	<u>\$ 299,386</u>	<u>\$ 299,386</u>

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

F. Leases

Capital Leases

The District is leasing technology equipment, student transportation, district vehicles, energy savings incentive program and food service equipment totaling \$5,621,298 under capital leases. The leases are for terms of 4 to 18 years.

The unexpended proceeds from capital leases in the amount of \$137,761 at June 30, 2019 are held with the Fiscal Agent.

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>
2020	\$ 471,409	\$ 10,769
2021	417,079	10,769
2022	387,506	
2023	316,071	
2024	334,713	
2025-2029	1,819,659	
2030-3034	1,950,996	
2035-3036	<u>626,587</u>	<u>-</u>
Total minimum lease payments	6,324,020	21,538
Less: amount representing interest	<u>(1,424,242)</u>	<u>(1,556)</u>
Present value of minimum lease payments	<u>\$ 4,899,778</u>	<u>\$ 19,982</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 and other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2019 are comprised of the following issues:

\$9,030,000, 2009 Refunding Bonds, due in annual installments of \$825,000 to \$860,000 through August 15, 2022, interest at 3% - 4%	\$ 3,380,000
\$2,955,000, 2012 Pension Refunding Bonds, due in annual installments of \$165,000 to \$240,000 through July 15, 2029, interest at 5.00% - 5.75%	2,000,000
\$3,530,000, 2012 Refunding Bonds, due in annual installments of \$345,000 to \$400,000 through February 15, 2024, interest at 4.25% - 4.375%	1,925,000
\$4,609,000, 2015 School Bonds, due in annual installments of \$325,000 to \$350,000 through February 15, 2030, interest at 2.00%-3.00%	<u>3,789,000</u>
	<u>\$ 11,094,000</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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	
2020	\$ 1,720,000	\$ 362,198	\$ 2,082,198
2021	1,740,000	304,373	2,044,373
2022	1,750,000	247,158	1,997,158
2023	1,755,000	188,221	1,943,221
2024	935,000	139,360	1,074,360
2025-2029	2,845,000	329,400	3,174,400
2030	349,000	10,470	359,470
	<u>\$ 11,094,000</u>	<u>\$ 1,581,180</u>	<u>\$ 12,675,180</u>

Statutory Borrowing Power

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

4% of Equalized Valuation Basis (Municipal)	\$ 94,772,364
Less: Net Debt	<u>9,094,404</u>
Remaining Borrowing Power	<u>\$ 85,677,960</u>

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

	Balance, <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2019</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 12,789,000		\$ 1,695,000	\$ 11,094,000	\$ 1,720,000
Deferred Amounts					
Add: Premium	185,720		51,299	134,421	
Less: Discount	<u>(14,435)</u>	<u>-</u>	<u>1,313</u>	<u>(13,122)</u>	<u>-</u>
Total Bonds Payable	12,960,285	-	1,747,612	11,215,299	1,720,000
Net Pension Liability	8,703,658		1,387,929	7,315,729	
Capital Leases	5,158,899	\$ 141,657	400,778	4,899,778	355,056
Compensated Absences	<u>504,535</u>	<u>30,467</u>	<u>13,255</u>	<u>521,747</u>	<u>50,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 27,327,377</u>	<u>\$ 172,124</u>	<u>\$ 3,549,574</u>	<u>\$ 23,952,553</u>	<u>\$ 2,125,056</u>
Business-Type Activities:					
Capital Leases	<u>\$ 29,245</u>	<u>\$ -</u>	<u>\$ 9,263</u>	<u>\$ 19,982</u>	<u>\$ 9,740</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 29,245</u>	<u>\$ -</u>	<u>\$ 9,263</u>	<u>\$ 19,982</u>	<u>\$ 9,740</u>

For the governmental activities, the liabilities for compensated absences, capital leases 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, 2019**

NOTE 4 OTHER INFORMATION

A. Risk Management

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

The District is a member of the Northeast Bergen County School Board Insurance Group (NESBIG). 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 Group 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 Group, to report claims on a timely basis, cooperate with the management of the Group, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the Group. Members have a contractual obligation to fund any deficit of the Group 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 Group are on file with the School's Business Administrator.

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2019	N/A	\$ 31,259	\$ 40,886	\$ 104,380
2018	N/A	29,148	18,665	113,523
2017	N/A	28,721	48,108	102,738

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2019, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

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

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

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

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, 2019**

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) Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions.

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

The following represent the membership tiers for TPAF:

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Measurement Focus and Basis of Accounting

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2019.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

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

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2019	\$ 369,577	\$ 2,575,479	\$ 49,141
2018	346,373	1,836,739	9,237
2017	338,988	1,421,537	5,787

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$1,500, \$4,001 and \$1,567, respectively for PERS and the State contributed \$3,085, \$3,499 and \$4,332, 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 \$978,081 during the fiscal year ended June 30, 2019 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$7,315,729 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was .03715 percent, which was a decrease of .00024 percent from its proportionate share measured as of June 30, 2017 of .03739 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$11,481 for PERS. The pension contribution made by the District during the current 2018/2019 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 139,512	\$ 37,722
Changes of Assumptions	1,205,511	2,339,181
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		68,622
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	679,608
	<u> </u>	<u> </u>
Total	<u>\$ 1,345,023</u>	<u>\$ 3,125,133</u>

At June 30, 2019, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2020	\$ (334,160)
2021	(272,883)
2022	(561,995)
2023	(465,818)
2024	(145,254)
Thereafter	-
	<u>\$ (1,780,110)</u>

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 are summarized in the following table:

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

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2046 and Thereafter

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District’s proportionate share of the PERS net pension liability calculated using the discount rate of 5.66%, as well as what the District’s proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	1% Decrease <u>4.66%</u>	Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 9,198,686</u>	<u>\$ 7,315,729</u>	<u>\$ 5,736,048</u>

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

Pension Plan Fiduciary Net Position

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2018, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$4,516,031 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$77,466,577. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .12411 percent, which was a decrease of .00227 percent from its proportionate share measured as of June 30, 2017 of .12638 percent.

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2018 are summarized in the following table:

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

Fiscal Year	Measurement Date	Discount Rate
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

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

Period of Projected Benefit

Payments for which the Following Rates were Applied:

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

* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.86%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	1% Decrease (3.86%)	Current Discount Rate (4.86%)	1% Increase (5.86%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 91,564,023</u>	<u>\$ 77,466,577</u>	<u>\$ 65,780,138</u>

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Plan Membership

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

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

Post-Retirement Medical Benefits Contributions

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

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution 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, 2019, 2018 and 2017 were \$1,168,233, \$1,186,311 and \$1,184,463, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2017 through June 30, 2018. Nonemployer allocation percentages have been rounded for presentation purposes.

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,677,180. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the OPEB liability attributable to the District is \$59,066,826. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state's share of the OPEB liability attributable to the District was .12810 percent, which was an increase of .00381 percent from its proportionate share measured as of June 30, 2017 of .12429 percent.

Actuarial Assumptions

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

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.
Long-Term Rate of Return	1.00%

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2018.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

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

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ 66,670,636
Changes Recognized for the Fiscal Year:	
Service Cost	2,287,177
Interest on the Total OPEB Liability	2,441,635
Differences Between Expected and Actual Experience	(4,029,569)
Changes of Assumptions	(6,778,214)
Gross Benefit Payments	(1,579,426)
Contributions from the Member	54,587
Net Changes	<u>\$ (7,603,810)</u>
Balance, June 30, 2018 Measurement Date	<u>\$ 59,066,826</u>

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

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 was not provided by the pension system.

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.87%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease <u>(2.87%)</u>	Current Discount Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 69,829,012</u>	<u>\$ 59,066,826</u>	<u>\$ 50,511,999</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	<u>\$ 48,822,172</u>	<u>\$ 59,066,826</u>	<u>\$ 72,615,773</u>

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

BUDGETARY COMPARISON SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance Final Budget with Actual</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
REVENUES					
Local Sources					
Local Tax Levy	\$ 32,248,065		\$ 32,248,065	\$ 32,248,065	
Miscellaneous	390,406	-	390,406	402,593	\$ 12,187
Sub-Total Local Sources	<u>32,638,471</u>	<u>-</u>	<u>32,638,471</u>	<u>32,650,658</u>	<u>12,187</u>
State Sources					
Categorical Special Education Aid	995,741		995,741	995,741	-
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	288,000	\$ 287,879	575,879	575,879	-
Nonpublic Transportation Aid				33,844	33,844
On Behalf TPAF Pension Contribution- (Non-Budgeted)					-
Normal				2,522,673	2,522,673
NCGI Premium				52,806	52,806
Post Retirement Medical Contributions				1,168,233	1,168,233
Long-Term Disability				3,085	3,085
Reimbursed TPAF Social Security Contributions (Non Budgeted)	-	-	-	978,081	978,081
Sub-Total State Sources	<u>1,579,434</u>	<u>287,879</u>	<u>1,867,313</u>	<u>6,626,035</u>	<u>4,758,722</u>
Federal Sources					
Medicaid Assistance Program (SEMI)	38,388	-	38,388	7,531	(30,857)
Sub-Total Federal Sources	<u>38,388</u>	<u>-</u>	<u>38,388</u>	<u>7,531</u>	<u>(30,857)</u>
Total Revenues	<u>34,256,293</u>	<u>287,879</u>	<u>34,544,172</u>	<u>39,284,224</u>	<u>4,740,052</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	53,152	423	53,575	53,575	-
Kindergarten	443,670	(5,107)	438,563	438,563	-
Grades 1-5	2,980,620	(55,161)	2,925,459	2,925,459	-
Grades 6-8	1,403,720	(41,226)	1,362,494	1,362,494	-
Grades 9-12	2,610,199	56,535	2,666,734	2,666,734	-
Regular Programs- Home Instructions					
Salaries of Teachers	50,000	(10,510)	39,490	39,490	-
Purchased Professional-Educational Services	7,000	(6,134)	866	866	-
Regular Programs- Undistributed Instruction					
Other Salaries for Instruction	23,209	29,245	52,454	52,454	-
Purchased Professional-Educational Services	175,000	107,093	282,093	282,093	-
Other Purchased Services	231,612	(4,394)	227,218	226,753	465
General Supplies	189,692	(15,754)	173,938	173,183	755
Textbooks	53,215	(27,402)	25,813	25,565	248
Other Objects	-	10,144	10,144	10,131	13
Total Regular Programs	<u>8,221,089</u>	<u>37,752</u>	<u>8,258,841</u>	<u>8,257,360</u>	<u>1,481</u>
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	133,754	194	133,948	133,948	-
Other Salaries for Instruction	79,959	30,903	110,862	110,862	-
Purchased Professional-Educational Services	30,000	21,647	51,647	51,647	-
Other Purchased Services	4,000	(760)	3,240	3,240	-
General Supplies	3,500	345	3,845	3,845	-
Total Learning and/or Language Disabilities	<u>251,213</u>	<u>52,329</u>	<u>303,542</u>	<u>303,542</u>	<u>-</u>

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

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance Final Budget with Actual</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Behavioral Disabilities					
Salaries of Teachers	\$ 85,765		\$ 85,765	\$ 85,765	-
Other Salaries for Instruction	19,722	\$ 2,716	22,438	22,438	-
General Supplies	1,500	(1,300)	200	200	-
Total Behavioral Disabilities	106,987	1,416	108,403	108,403	-
Multiple Disabilities					
Salaries of Teachers	108,402	(108,402)			-
Other Salaries for Instruction	23,209	(23,209)	-	-	-
Total Multiple Disabilities	131,611	(131,611)	-	-	-
Resource Room					
Salaries of Teachers	1,616,120	200,013	1,816,133	1,816,133	
Other Salaries for Instruction	63,479	60,637	124,116	124,116	-
General Supplies	7,348	(2,274)	5,074	4,997	\$ 77
Textbooks	860	(560)	300	300	-
Total Resource Room	1,687,807	257,816	1,945,623	1,945,546	77
Autism					
Salaries of Teachers	105,483	8,570	114,053	114,053	-
Other Salaries for Instruction	67,696	103,204	170,900	170,593	307
General Supplies	2,000	(788)	1,212	1,212	-
Total Autism Room	175,179	110,986	286,165	285,858	307
Preschool Disabilities - Part - Time					
Salaries of Teachers	96,992	4,258	101,250	101,250	-
Other Salaries for Instruction	89,027	(44,822)	44,205	44,205	-
General Supplies	1,000	596	1,596	1,584	12
Total Preschool Handicapped - Part - Time	187,019	(39,968)	147,051	147,039	12
Preschool Disabilities - Full - Time					
Salaries of Teachers	104,463	(46,528)	57,935	57,935	
Other Salaries for Instruction	83,758	(63,841)	19,917	19,917	-
General Supplies	1,000	379	1,379	1,305	74
Total Preschool Handicapped - Full - Time	189,221	(109,990)	79,231	79,157	74
Home Instruction					
Purchased Professional Educational Services	7,000	5,570	12,570	12,570	-
Total Home Instruction	7,000	5,570	12,570	12,570	-
Total Special Education	2,736,037	146,548	2,882,585	2,882,115	470
Basic Skills/Remedial					
Salaries of Teachers	574,754	(59,242)	515,512	515,512	-
Supplies	600	12,889	13,489	13,489	-
Total Basic Skills/Remedial	575,354	(46,353)	529,001	529,001	-
Bilingual Education					
Salaries of Teachers	71,262	671	71,933	71,740	193
Supplies	500	-	500	330	170
Total Bilingual Education	71,762	671	72,433	72,070	363

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

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
School Sponsored Co/Extra Curricular Activities					
Salaries	\$ 127,800	\$ (19,085)	\$ 108,715	\$ 107,480	\$ 1,235
Purchased Services	1,000	1,154	2,154	2,154	-
Supplies	4,000	-	4,000	3,869	131
Other Objects	17,700	(13,110)	4,590	4,590	-
Total School Sponsored Co/Extra Curricular Activities	<u>150,500</u>	<u>(31,041)</u>	<u>119,459</u>	<u>118,093</u>	<u>1,366</u>
School Sponsored Athletics					
Salaries	336,307	(15,928)	320,379	318,521	1,858
Purchased Services	55,000	(6,336)	48,664	48,527	137
Supplies and Materials	48,750	(1,245)	47,505	47,505	-
Other Objects	20,800	(6,450)	14,350	14,350	-
Total School Sponsored Athletics	<u>460,857</u>	<u>(29,959)</u>	<u>430,898</u>	<u>428,903</u>	<u>1,995</u>
Total - Instruction	<u>12,215,599</u>	<u>77,618</u>	<u>12,293,217</u>	<u>12,287,542</u>	<u>5,675</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - General Ed		12,457	12,457	12,457	
Tuition to Other LEA's Within the State - Special	734,160	(154,009)	580,151	580,151	-
Tuition to County Vocational School Dist.-Regular	512,050	(112,970)	399,080	399,080	-
Tuition to County Vocational School Dist.-Special	119,682	485,921	605,603	605,603	-
Tuition to CSSD & Regional Day Schools	278,670	58,114	336,784	336,784	-
Tuition to Private Schools for Disabled Within the State	2,060,852	(137,409)	1,923,443	1,923,443	-
Tuition to Private Schools for Disabled Within the State	36,247	-	36,247	36,247	-
Total Tuition	<u>3,741,661</u>	<u>152,104</u>	<u>3,893,765</u>	<u>3,893,765</u>	<u>-</u>
Health Services					
Salaries	406,304	(45,528)	360,776	360,776	-
Purchased Prof. and. Tech services	15,000	(1,949)	13,051	13,051	-
Other Purchased Services	1,500	(1,036)	464	464	-
Supplies and Materials	5,800	1,497	7,297	6,673	624
Other Objects	2,000	387	2,387	2,387	-
Total Health Services	<u>430,604</u>	<u>(46,629)</u>	<u>383,975</u>	<u>383,351</u>	<u>624</u>
Speech, OT/PT and Related Services					
Salaries	676,440	(6,670)	669,770	669,770	-
Purchased Prof. Ed. Services	99,282	(25,745)	73,537	73,537	-
Supplies and Materials	4,000	(507)	3,493	3,493	-
Total Speech, OT/PT and Related Services	<u>779,722</u>	<u>(32,922)</u>	<u>746,800</u>	<u>746,800</u>	<u>-</u>
Other Support Services - Students - Extra. Serv.					
Salaries	723,440	86,646	810,086	810,086	-
Purchased Professional-Educational Services	659,020	228,279	887,299	886,849	450
Total Other Support Services - Students - Extra Serv.	<u>1,382,460</u>	<u>314,925</u>	<u>1,697,385</u>	<u>1,696,935</u>	<u>450</u>
Guidance					
Salaries of Other Professional Staff	623,477	(70,637)	552,840	552,840	-
Salaries of Secretarial and Clerical Assistants	134,362	(598)	133,764	133,764	-
Other Purchased Prof. and. Tech services	2,500	(2,500)			-
Other Purchased Services	30,425	1,551	31,976	31,393	583
Supplies and Materials	17,385	(8,200)	9,185	9,150	35
Other Objects	1,545	43	1,588	1,588	-
Total Guidance	<u>809,694</u>	<u>(80,341)</u>	<u>729,353</u>	<u>728,735</u>	<u>618</u>

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

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Child Study Team					
Salaries of Other Professional Staff	\$ 810,875	\$ 9,109	\$ 819,984	\$ 819,984	-
Salaries of Secretarial and Clerical Assistants	73,367	3,733	77,100	77,100	-
Purchased Prof. - Ed. Services	9,000	14,714	23,714	23,714	-
Other Purchased Services	800	3,249	4,049	3,999	\$ 50
Supplies and Materials	7,500	2,740	10,240	10,240	-
Total Child Study Team	<u>901,542</u>	<u>33,545</u>	<u>935,087</u>	<u>935,037</u>	<u>50</u>
Improvement of Instructional Svcs/ Other Support					
Svcs - Instructional Staff					
Salaries of Supervisor of Instruction	209,776	-	209,776	209,776	-
Salaries of Other Professional Staff	10,000	(6,400)	3,600	3,600	-
Other Salaries	4,000	463	4,463	4,463	-
Other Purchased Services	-	3,165	3,165	3,165	-
Other Objects	-	6,215	6,215	6,215	-
Total Improvement of Instructional Svcs	<u>223,776</u>	<u>3,443</u>	<u>227,219</u>	<u>227,219</u>	<u>-</u>
Educational Media Services/School Library					
Salaries	183,654	28,877	212,531	212,531	-
Other Purchased Services	1,270	(1,270)	-	-	-
Supplies and Materials	15,800	(2,837)	12,963	12,963	-
Other Objects	9,490	(5,180)	4,310	4,310	-
Total Educational Media Services/School Library	<u>210,214</u>	<u>19,590</u>	<u>229,804</u>	<u>229,804</u>	<u>-</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	111,865	2,507	114,372	114,372	-
Other Salaries	4,000	(4,000)	-	-	-
Purchased Prof.-Ed. Services	7,000	(5,872)	1,128	1,128	-
Other Purchased Services	8,000	12,014	20,014	18,754	1,260
Supplies and Materials	-	915	915	915	-
Total Instructional Staff Training Services	<u>130,865</u>	<u>5,564</u>	<u>136,429</u>	<u>135,169</u>	<u>1,260</u>
Support Services General Administration					
Salaries	319,552	9,024	328,576	328,576	-
Legal Services	55,000	43,138	98,138	98,138	-
Audit Fees	36,000	33,951	69,951	37,241	32,710
Other Purchased Professional Services	2,600	(2,600)	-	-	-
Communications/Telephone	153,650	(33,107)	120,543	120,543	-
BOE Other Purchased Services	5,000	(4,601)	399	399	-
Miscellaneous Purchased Services	69,750	(5,370)	64,380	64,380	-
General Supplies	6,500	5,404	11,904	11,904	-
BOE In-House Training/Meeting Supplies	2,000	2,024	4,024	4,024	-
Miscellaneous Expenditures	4,500	3,310	7,810	7,810	-
BOE Membership Dues and Fees	14,500	(1,673)	12,827	12,827	-
Total Support Services General Administration	<u>669,052</u>	<u>49,500</u>	<u>718,552</u>	<u>685,842</u>	<u>32,710</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	1,043,733	(124,467)	919,266	919,266	-
Salaries of Secretarial and Clerical Assistants	264,864	25,950	290,814	290,814	-
Purchased Professional & Technical Services	3,000	3,597	6,597	6,597	-
Other Purchased Services	20,000	1,870	21,870	21,870	-
Supplies and Materials	30,250	16,807	47,057	45,657	1,400
Other Objects	15,000	(3,623)	11,377	11,377	-
Total Support Services School Administration	<u>1,376,847</u>	<u>(79,866)</u>	<u>1,296,981</u>	<u>1,295,581</u>	<u>1,400</u>

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

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance Final Budget with Actual</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Central Services					
Salaries	\$ 347,561	\$ 1,767	\$ 349,328	\$ 349,328	-
Purchased Professional Services	28,500	(1,075)	27,425	27,425	-
Purchased Technical Services	6,850	(1,716)	5,134	5,134	-
Miscellaneous Purchased Services	32,600	(6,104)	26,496	26,496	-
Supplies and Materials	7,925	2,545	10,470	10,470	-
Miscellaneous Expenditures	1,325	78	1,403	1,403	-
Total Central Services	424,761	(4,505)	420,256	420,256	-
Admin. Info. Tech.					
Purchased Technical Services	155,000	(500)	154,500	154,500	-
Other Purchased Services	32,500	70,853	103,353	103,353	-
Supplies and Materials	33,100	(6,134)	26,966	26,966	-
Other Objects	66,000	(66,000)	-	-	-
Total Admin. Info. Tech.	286,600	(1,781)	284,819	284,819	-
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	236,024	14,354	250,378	235,613	\$ 14,765
Lead Testing of Drinking Water	5,000	(5,000)	-	-	-
General Supplies	26,500	(19,887)	6,613	6,613	-
Other Objects	2,000	(1,144)	856	856	-
Total Required Maintenance for School Facilities	269,524	(11,677)	257,847	243,082	14,765
Custodial Services					
Salaries	1,193,212	(126,354)	1,066,858	1,066,858	-
Salaries of Non-Instructional Aides	97,981	43,468	141,449	141,449	-
Purchased Professional & Technical Services	7,000	8,309	15,309	15,309	-
Cleaning, Repair and Maint. Services	57,100	1,005	58,105	58,105	-
Other Purchased Property Services	22,848	-	22,848	22,848	-
Insurance	194,500	(3,182)	191,318	191,318	-
Travel	1,000	(1,000)	-	-	-
General Supplies	106,300	(18,307)	87,993	87,993	-
Energy - Natural Gas	74,567	89,659	164,226	164,226	-
Energy - Electricity	83,000	189,385	272,385	232,351	40,034
Other Objects	1,000	350	1,350	1,317	33
Interest-Energy Savings Improvement Bonds	158,452	-	158,452	158,452	-
Principal-Energy Savings Improvement Bonds	198,181	(1)	198,180	198,180	-
Total Custodial Services	2,195,141	183,332	2,378,473	2,338,406	40,067
Care and Upkeep of Grounds					
Salaries	34,641	(106)	34,535	34,535	-
Cleaning, Repair and Maint. Svc	47,500	6,375	53,875	53,875	-
General Supplies	15,500	(11,152)	4,348	4,348	-
Total Care and Upkeep of Grounds	97,641	(4,883)	92,758	92,758	-

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

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Security					
General Supplies	-	\$ 56,368	\$ 56,368	-	\$ 56,368
Total Security	-	56,368	56,368	-	56,368
Student Transportation Services					
Salaries for Pupil Transportation (Other Than Between Home and School)	\$ 211,331	42,739	254,070	\$ 254,070	-
Cleaning, Repair and Maintenance Services	20,000	18,636	38,636	38,636	-
Lease Purchase Payments - School Buses	20,633	-	20,633	20,633	-
Contracted Services (Other Than Between Home and School) - Vendors	2,000	(600)	1,400	1,400	-
Contracted Services (Between Home and School) - Vendors	129,000	22,464	151,464	151,464	-
Contracted Services (Special Ed Students) - Vendors	25,000	3,761	28,761	28,761	-
Contracted Services (Special Ed Students) -Joint Agreements	925,000	76,706	1,001,706	1,001,706	-
Contracted Services - Aid in Lieu of Payments	155,000	(26,584)	128,416	128,416	-
Transportation Supplies	15,000	1,116	16,116	16,116	-
Other Objects	1,875	103	1,978	1,978	-
Total Student Transportation Services	1,504,839	138,341	1,643,180	1,643,180	-
Unallocated Benefits					
Group Insurance - DCRP	8,000	41,141	49,141	49,141	-
Social Security Contributions	370,000	(11,362)	358,638	367,117	(8,479)
Other Retirement Contributions - PERS	379,000	(7,923)	371,077	371,077	-
Workmen's Compensation	220,000	(55,607)	164,393	164,393	-
Health Benefits	4,871,200	(159,750)	4,711,450	4,711,450	-
Tuition Reimbursement	56,000	(6,683)	49,317	49,317	-
Other Employee Benefits	6,000	13,772	19,772	19,772	-
Total Unallocated Benefits	5,910,200	(186,412)	5,723,788	5,732,267	(8,479)
On Behalf TPAF Pension Contributions- (Non-Budgeted)					
Normal	-	-	-	2,522,673	(2,522,673)
NCGI Premium	-	-	-	52,806	(52,806)
Post Retirement Medical Contribution	-	-	-	1,168,233	(1,168,233)
Long-Term Disability	-	-	-	3,085	(3,085)
On Behalf TPAF Social Security Contribution (Non Budgeted)	-	-	-	978,081	(978,081)
Total On-Behalf Contributions	-	-	-	4,724,878	(4,724,878)
Total Undistributed Expenditures	21,345,143	507,696	21,852,839	26,437,884	(4,585,045)
Interest Earned on Maintenance Reserve	50	(50)	-	-	-
Total Current Expenditures	33,560,792	585,264	34,146,056	38,725,426	(4,579,370)

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

	<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	\$ 50	\$ (50)	-	-	-
Equipment					
Learning and/or Language Disabilities	3,700	(2,080)	\$ 1,620	\$ 1,620	\$ 1,620
School Sponsored and other Instructional Program		2,567	2,567	\$ 2,567	-
Central Office		3,125	3,125	3,125	-
Operation and Maintenance		3,000	3,000	2,942	58
Upkeep of Grounds		10,000	10,000	5,095	4,905
Security	-	234,426	234,426	168,449	65,977
Total Undistributed Expenditures	<u>3,700</u>	<u>251,038</u>	<u>254,738</u>	<u>182,178</u>	<u>72,560</u>
Facilities Acquisition and Construction Services					
Architect/Engineer Services	-	12,100	12,100	8,994	3,106
Construction Services	-	166,893	166,893	16,975	149,918
Assessment for Debt Service on SDA Funding	50,619	-	50,619	50,619	-
Total Facilities Acquisition and Construction Services	<u>50,619</u>	<u>178,993</u>	<u>229,612</u>	<u>76,588</u>	<u>153,024</u>
Capital Assets Acquired under Capital Lease (Non-Budget)					
Computer Upgrade	-	141,657	141,657	141,657	-
Total Capital Assets Acquired under Capital Lease (Non-Budget)	<u>-</u>	<u>141,657</u>	<u>141,657</u>	<u>141,657</u>	<u>-</u>
Total Capital Outlay	<u>54,369</u>	<u>571,638</u>	<u>626,007</u>	<u>400,423</u>	<u>225,584</u>
Transfers to Charter Schools	299,570	5,118	304,688	294,708	9,980
Total Expenditures	<u>33,914,731</u>	<u>1,162,020</u>	<u>35,076,751</u>	<u>39,420,557</u>	<u>(4,343,806)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>341,562</u>	<u>(874,141)</u>	<u>(532,579)</u>	<u>(136,333)</u>	<u>396,246</u>
Other Financing Sources(Uses)					
Capital Leases (Non-Budget)				141,657	141,657
Transfer In From Capital Projects				614	614
Transfer Out- Capital Reserve to Capital Projects Fund	(300,000)	-	(300,000)	(300,000)	-
Total Other Financing Sources(Uses)	<u>(300,000)</u>	<u>-</u>	<u>(300,000)</u>	<u>(157,729)</u>	<u>142,271</u>
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Sources (Uses)	41,562	(874,141)	(832,579)	(294,062)	538,517
Fund Balances, Beginning of Year	<u>1,063,530</u>	<u>-</u>	<u>1,063,530</u>	<u>1,063,530</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1,105,092</u>	<u>\$ (874,141)</u>	<u>\$ 230,951</u>	<u>\$ 769,468</u>	<u>\$ 538,517</u>
Recapitulation					
Restricted Fund Balance:					
Capital Reserve				\$ 75,268	
Maintenance Reserve- Designated for Subsequent Year's Expenditures				100,000	
Assigned Fund Balance:					
Year-end Encumbrances				327,103	
Unassigned Fund Balance				<u>267,097</u>	
				769,468	
Reconciliation to Governmental Fund Statements (GAAP)					
Last two State Aid Payments				119,083	
Extraordinary Aid Payment				<u>575,879</u>	
Fund Balances per Governmental Funds (GAAP)				<u>\$ 74,506</u>	

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

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance Final Budget with Actual</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
REVENUES					
Intergovernmental					
Local	\$ 12,915	\$ 239,770	\$ 252,685	\$ 77,479	\$ (175,206)
State	5,885	11	5,896	679	(5,217)
Federal	551,200	193,200	744,400	695,521	(48,879)
Total Revenues	<u>\$ 570,000</u>	<u>\$ 432,981</u>	<u>\$ 1,002,981</u>	<u>\$ 773,679</u>	<u>\$ (229,302)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 160,000	\$ (9,336)	\$ 150,664	\$ 147,584	\$ 3,080
Purchased Prof. and Technical Services		4,550	4,550	4,550	-
Tuition	306,000	92,073	398,073	398,073	-
General Supplies	19,415	58,158	77,573	48,228	29,345
Textbooks	350	24	374	-	374
Total Instruction	<u>485,765</u>	<u>145,469</u>	<u>631,234</u>	<u>598,435</u>	<u>32,799</u>
Support Services					
Other Salaries	620	809	1,429	679	750
Personal Services-Employee Benefits	40,000	55,915	95,915	95,915	-
Purchased Professional/Technical Services	1,100	1,913	3,013	-	3,013
Purchased Professional Educational Services	13,500	5,850	19,350	19,350	-
Other Purchased Services	3,100	353	3,453	209	3,244
Travel	13,000	7,219	20,219	19,617	602
Supplies and Materials	12,915	92,953	105,868	15,536	90,332
Total Support Services	<u>84,235</u>	<u>165,012</u>	<u>249,247</u>	<u>151,306</u>	<u>97,941</u>
Non Instructional Equipment	-	122,500	122,500	23,938	98,562
Total Expenditures	<u>570,000</u>	<u>432,981</u>	<u>1,002,981</u>	<u>773,679</u>	<u>229,302</u>
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2019**

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	\$ 39,284,224	\$ 773,679
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, 2019		(9,720)
June 30, 2018		-
State Aid payment and Extraordinary Aid (2017/2018) recognized for GAAP purposes, not recognized for budgetary statements.	411,640	
State Aid payment and Extraordinary Aid (2018/2019) recognized for budgetary purposes not recognized for GAAP statements	<u>(694,962)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 39,000,902</u>	<u>\$ 763,959</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 39,420,557	\$ 773,679
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 2019		(9,720)
June 30, 2018	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 39,420,557</u>	<u>\$ 763,959</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 Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03715 %	0.03739 %	0.03816 %	0.03861 %	0.03880 %	0.05007 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,315,729	\$ 8,703,658	\$ 11,301,231	\$ 8,666,481	\$ 7,264,044	\$ 9,551,078
District's Covered Payroll	\$ 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	305.8	346.0 %	462.6 %	341.9 %	277.6 %	382.0 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

**SADDLE BROOK BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 369,577	\$ 346,373	\$ 338,988	\$ 349,095	\$ 337,940	\$ 276,809
Contributions in Relation to the Contractually Required Contribution	<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>					
District's Covered Payroll	\$ 2,392,364	\$ 2,515,519	\$ 2,443,192	\$ 2,534,706	\$ 2,616,572	\$ 2,500,603
Contributions as a Percentage of Covered Payroll	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 Five Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	%	%	%	0 %	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	%	%	%	0 %	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<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>\$ 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	\$ 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 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**SADDLE 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, 2019**

Change of Benefit Terms: None.

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

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 2,287,177	\$ 2,717,386
Interest On OPEB Liability	2,441,635	2,123,633
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(4,029,569)	-
Changes of Assumptions	(6,778,214)	(8,808,156)
Gross Benefit Payments	(1,579,426)	(1,691,487)
Contribution from the Member	<u>54,587</u>	<u>62,285</u>
Net Change in Total OPEB Liability	(7,603,810.0)	(5,596,339.0)
Total OPEB Liability - Beginning	<u>66,670,636</u>	<u>72,266,975</u>
Total OPEB Liability - Ending	<u>\$ 59,066,826</u>	<u>\$ 66,670,636</u>
District's Proportionate Share of OPEB Liability	\$0	\$0
State's Proportionate Share of OPEB Liability	<u>59,066,826</u>	<u>66,670,636</u>
Total OPEB Liability - Ending	<u>\$ 59,066,826</u>	<u>\$ 66,670,636</u>
District Covered Payroll	<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%

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, 2019**

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, 2019**

	<u>Title I</u>	<u>Title II A</u>	<u>Title IV</u>	<u>IDEIA Basic Reg. Prog.</u>	<u>IDEA Preschool</u>	<u>Non-Public Nursing</u>	<u>Local Programs</u>	<u>Total</u>
REVENUES								
Intergovernmental								
Local							\$ 77,479	\$ 77,479
State						\$ 679		679
Federal	\$ 255,568	\$ 34,467	\$ 7,413	\$ 382,314	\$ 15,759	-	-	695,521
Total Revenues	\$ 255,568	\$ 34,467	\$ 7,413	\$ 382,314	\$ 15,759	\$ 679	\$ 77,479	\$ 773,679
EXPENDITURES								
Instruction								
Salaries of Teachers	\$ 137,584						\$ 10,000	\$ 147,584
Purchased Prof. and Technical Services							4,550	4,550
Tuition				\$ 382,314	\$ 15,759			398,073
General Supplies	21,824	-	\$ 2,913	-	-	-	23,491	48,228
Total Instruction	159,408	-	2,913	382,314	15,759	-	38,041	598,435
Support Services								
Other Salaries						\$ 679		679
Personal Services Employee-Benefits	95,915							95,915
Purchased Prof. Educational Services		\$ 14,850	4,500					19,350
Other Purchased Services	209							209
Travel		19,617						19,617
Supplies and Materials	36	-	-	-	-	-	15,500	15,536
Total Support Services	96,160	34,467	4,500	-	-	679	15,500	151,306
Equipment								
Non Instructional Equipment	-	-	-	-	-	-	23,938	23,938
Total Equipment	-	-	-	-	-	-	23,938	23,938
Total Expenditures	\$ 255,568	\$ 34,467	\$ 7,413	\$ 382,314	\$ 15,759	\$ 679	\$ 77,479	\$ 773,679

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

NOT APPLICABLE

CAPITAL PROJECTS FUND

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

<u>Year</u>	<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures</u>		<u>Cancellation</u>	<u>Balance, June 30, 2019</u>
			<u>Prior Year</u>	<u>Current Year</u>		
2014/15	HVAC Project at the Middle/High School and Elementary Schools	\$ 474,600	\$ 455,905		\$ 18,598	\$ 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	4,773,143 *	2,057,450	\$ 2,694,731		20,962
2018/19	Storage Room Renovations, Office Renovations, Replacement Interior/Exterior Doors, Security Cameras, Door Locks and Gates	<u>300,000</u>	<u>13,500</u>	<u>196,052</u>	<u>-</u>	<u>90,448</u>
		<u>\$ 10,484,368</u>	<u>\$ 7,209,925</u>	<u>\$ 2,890,783</u>	<u>\$ 18,598</u>	<u>\$ 365,062</u>

Reconciliation to GAAP Basis

*- Modified for interest earnings

Project Balances	\$ 365,062
Less Unearned Revenue:	
Unfunded- Amount not Realized on SDA Grant Debt Authorized, Not Issued	(11) <u>(393)</u>
Fund Balance (GAAP)	<u>\$ 364,658</u>

Reconciliation to Fund Balance

Reserve for Encumbrances	\$ 57,585
Available for Capital Projects	<u>307,073</u>
Total Fund Balance - Restricted for Capital Projects	<u>\$ 364,658</u>

**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, 2019**

Revenues and Other Financing Sources

Interest Earned on Investments	\$ 614
Interest Earned on Lease Proceeds	9,008
Transfer from Capital Reserve	300,000
 Total Revenues and Other Financing Sources	 309,622

Expenditures and Other Financing Uses

Purchased Professional and Technical Services	
Construction Services	2,890,783
Cancel Prior Year SDA Revenue	18,598
Transfer to General Fund	614
 Total Expenditures and Other Financing Uses	 2,909,995
 Excess (deficiency) of Revenues and other Financing Sources over (under) Expenditures and Other Financing Uses	 (2,600,373)
 Fund Balance- Beginning of Year	 2,965,031
 Fund Balance- Ending of Year	 \$ 364,658

Reconciliation fo GAAP

Fund Balance, End of Year - Budgetary Basis	\$ <u>364,658</u>
Fund Balance, End of Year - GAAP	\$ <u>364,658</u>

**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, 2019**

	<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	\$ 20,954	\$ 9,008	\$ 29,962	\$ 29,962
Lease Proceeds	4,743,181		4,743,181	4,743,181
Total Revenues	4,764,135	9,008	4,773,143	4,773,143
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	47,500		47,500	47,500
Construction Services	2,009,950	2,694,731	4,704,681	4,725,643
Equipment/Supply Purchases	-	-	-	-
Transfer Out			-	-
Total Expenditures	2,057,450	2,694,731	4,752,181	4,773,143
Excess (deficiency) of revenues over (under) expenditures	\$ 2,706,685	\$ (2,685,723)	\$ 20,962	\$ -
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	\$ 29,962			
Revised Authorized Cost	\$ 4,773,143			
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
STORAGE ROOM RENOVATION, OFFICE RENOVATIONS, REPLACEMENT INTERIOR/EXTERIOR DOORS
SECURITY CAMERAS, DOOR LOCKS AND GATES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve		\$ 300,000	\$ 300,000	\$ 300,000
Total Revenues	-	300,000	300,000	300,000
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	\$ 13,500		13,500	15,000
Construction Services	-	196,052	196,052	285,000
Equipment/Supply Purchases	-	-	-	
Transfer Out	-		-	-
Total Expenditures	13,500		209,552	300,000
Excess (deficiency) of revenues over (under) expenditures	\$ (13,500)	\$ 300,000	\$ 90,448	\$ -

Additional project information:

Project Number	Not Applicable
Grant Date	Not Applicable
Bond Authorization Date	Not Applicable
Bonds Authorized	\$ -
Bonds Issued	\$ -
Original Authorized Cost	\$ 300,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 300,000
Percentage Increase over Original Authorized Cost	0%
Percentage completion	60%
Original target completion date	12/31/19
Revised target completion date	12/31/19

**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, 2019**

	<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	189,840	\$ (18,598)	171,242	171,242
	<u>474,600</u>	<u>(18,598)</u>	<u>456,002</u>	<u>456,002</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	34,305		34,305	34,402
Construction Services	421,600		421,600	421,600
	<u>455,905</u>	<u>-</u>	<u>455,905</u>	<u>456,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 18,695</u>	<u>\$ (18,598)</u>	<u>\$ 97</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	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	12/31/15			
Revised target completion date	12/31/15			

**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
SMITH SCHOOL AND LONG MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SDA Grants	\$ 327,221		\$ 327,221	\$ 327,232
Bond Proceeds	4,609,000		4,609,000	4,609,393
Total Revenues	4,936,221	-	4,936,221	4,936,625
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
Total Expenditures	4,682,666	-	4,682,666	4,936,625
Excess (deficiency) of revenues over (under) expenditures	\$ 253,555	\$ -	\$ 253,555	\$ -
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		95%		
Original target completion date	8/31/17			
Revised target completion date	8/31/17			

PROPRIETARY FUNDS

EXHIBIT G-4

**SADDLE BROOK BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-5

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

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

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

THIS STATEMENT IS NOT APPLICABLE

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

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, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

SCHEDULE G-3

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

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

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

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 166,487	\$ 189,160	\$ 355,647
Total Assets	<u>\$ 166,487</u>	<u>\$ 189,160</u>	<u>\$ 355,647</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 172,670	\$ 172,670
Accrued Salaries & Wages		100	100
Flex Benefit Benefits		1,285	1,285
Due to Other Funds		15,105	15,105
Due to Student Groups	<u>\$ 166,487</u>	<u>-</u>	<u>166,487</u>
Total Liabilities	<u>\$ 166,487</u>	<u>\$ 189,160</u>	<u>\$ 355,647</u>

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

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

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

	Balance July 1, 2018	Cash Receipts	Cash Disbursements	Balance June 30, 2019
ELEMENTARY SCHOOLS				
Franklin School	\$ 6,278	\$ 11,299	\$ 11,429	\$ 6,148
Long Memorial School	7,149	10,912	6,624	11,437
Helen I. Smith School	4,559	12,214	13,444	3,329
	<u>17,986</u>	<u>34,425</u>	<u>31,497</u>	<u>20,914</u>
Total Elementary Schools				
High School/Middle School	133,909	295,078	284,380	144,607
Athletic Account	2,367	50,781	52,182	966
	<u>136,276</u>	<u>345,859</u>	<u>336,562</u>	<u>145,573</u>
Total All Schools	<u>\$ 154,262</u>	<u>\$ 380,284</u>	<u>\$ 368,059</u>	<u>\$ 166,487</u>

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

	Balance, July 1, 2018	Cash Receipts	Cash Disbursements	Balance, June 30, 2019
Payroll Deductions and Withholdings	\$ 175,088	\$ 9,412,203	\$ 9,414,621	\$ 172,670
Accrued Salaries and Wages	100	11,457,513	11,457,513	100
Flex Spending	594	29,001	28,310	1,285
Due to Other Funds	127,306	10,117	122,318	15,105
	<u>303,088</u>	<u>20,908,834</u>	<u>21,022,762</u>	<u>189,160</u>
Total	<u>\$ 303,088</u>	<u>\$ 20,908,834</u>	<u>\$ 21,022,762</u>	<u>\$ 189,160</u>

LONG-TERM DEBT

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

<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, 2018</u>	<u>Decreased</u>	<u>Balance, June 30, 2019</u>
Refunding Bonds	12/29/2009	\$ 9,030,000	8/15/2019	\$ 860,000	3.00-4.00%	\$ 4,240,000	\$ 860,000	\$ 3,380,000
			8/15/2020	855,000				
			8/15/2021	840,000				
			8/15/2022	825,000				
Pension Refunding Bonds	8/23/2012	2,955,000	8/15/2019	170,000	5.00-5.75%	2,165,000	165,000	2,000,000
			8/15/2020	175,000				
			8/15/2021	180,000				
			8/15/2022	185,000				
			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				
Refunding Bonds	8/23/2012	3,530,000	2/15/2020	360,000	4.25-4.375%	2,270,000	345,000	1,925,000
			2/15/2021	375,000				
			2/15/2022	390,000				
			2/15/2023-24	400,000				
School Improvements	6/23/2015	4,609,000	2/15/2020	330,000	2.00-3.00%	4,114,000	325,000	3,789,000
			2/15/2021	335,000				
			2/15/2022	340,000				
			2/15/2023-25	345,000				
			2/15/2026-29	350,000				
			2/15/2030	349,000				
						<u>4,114,000</u>	<u>325,000</u>	<u>3,789,000</u>
						<u>\$ 12,789,000</u>	<u>\$ 1,695,000</u>	<u>\$ 11,094,000</u>

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

<u>Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2018</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2019</u>
<u>Business Type Activities</u>						
2017/18 Dishwasher	\$ 39,957	1.95%	\$ 29,245	-	\$ 9,263	\$ 19,982
Sub-Total Business Type Activities			<u>29,245</u>	<u>-</u>	<u>9,263</u>	<u>19,982</u>
<u>Governmental Activities</u>						
2015/2016 Technology Equipment	140,555	2.57%	35,573		35,573	-
2016/2017 Technology Equipment	142,506	2.43%	71,339		35,241	36,098
2017/18 Vehicles	205,000	2.86%	162,008		38,782	123,226
2017/18 Technology Equipment	129,894	3.31%	95,816		30,903	64,913
2017/18 Technology Equipment	78,548	5.38%	50,982		24,823	26,159
2017/18 Energy Savings Incentive Program	4,743,181	3.14%	4,743,181		198,181	4,545,000
2018/19 Technology Equipment	141,657	4.22%	-	\$ 141,657	37,275	104,382
Sub-Total Governmental Activities			<u>5,158,899</u>	<u>141,657</u>	<u>400,778</u>	<u>4,899,778</u>
Total Capital Leases			<u>\$ 5,188,144</u>	<u>\$ 141,657</u>	<u>\$ 410,041</u>	<u>\$ 4,919,760</u>

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

	<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	\$ 1,904,563		\$ 1,904,563	\$ 1,904,563	
State Sources					
Debt Service Aid	<u>132,197</u>	<u>-</u>	<u>132,197</u>	<u>132,197</u>	<u>-</u>
Total Revenues	<u>2,036,760</u>	<u>-</u>	<u>2,036,760</u>	<u>2,036,760</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Interest	870,912	\$ (449,950)	420,962	420,961	\$ 1
Principal	<u>1,245,050</u>	<u>449,950</u>	<u>1,695,000</u>	<u>1,695,000</u>	<u>-</u>
Total Expenditures	<u>2,115,962</u>	<u>-</u>	<u>2,115,962</u>	<u>2,115,961</u>	<u>1</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(79,202)</u>	<u>-</u>	<u>(79,202)</u>	<u>(79,201)</u>	<u>1</u>
Other Financing Sources/(Uses)					
Transfer-In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under Expenditures and Other Financing Sources/(Uses)	<u>(79,202)</u>	<u>-</u>	<u>(79,202)</u>	<u>(79,201)</u>	<u>1</u>
Fund Balances, Beginning of Year	<u>79,737</u>	<u>-</u>	<u>79,737</u>	<u>79,737</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 535</u>	<u>\$ -</u>	<u>\$ 535</u>	<u>\$ 536</u>	<u>\$ 1</u>

Analysis of Fund Balance

Available for Future Debt Service Expenditures	\$ 1
Designated for Subsequent Years Expenditure	<u>535</u>
	<u>\$ 536</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	Fiscal Year Ended June 30,									
	2010	2011	2012 (1)	2013	2014 (2)	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets	\$ 10,907,588	\$ 10,571,247	\$ 10,633,082	\$ 11,584,587	\$ 12,219,781	\$ 13,285,344	\$ 13,325,442	\$ 14,372,017	\$ 15,212,448	\$ 16,326,024
Restricted	151,066	151,066	557,869	582,557	406,245	852,338	1,212,600	608,773	560,200	266,349
Unrestricted	(4,411,210)	(3,146,960)	(2,560,621)	(3,047,648)	(12,691,298)	(12,700,774)	(11,252,684)	(11,441,911)	(12,172,449)	(11,933,506)
Total Governmental Activities Net Position	\$ 6,647,444	\$ 7,575,353	\$ 8,630,330	\$ 9,119,496	\$ (65,272)	\$ 1,436,908	\$ 3,285,358	\$ 3,538,879	\$ 3,600,199	\$ 4,658,867
Business-Type Activities										
Net Investment in Capital Assets		\$ 44,126	\$ 70,867	\$ 86,582	\$ 80,164	\$ 77,931	\$ 71,968	\$ 62,177	\$ 84,901	\$ 77,883
Unrestricted	\$ 160,068	288,621	438,869	584,111	687,093	467,341	254,008	369,976	425,297	432,110
Total Business-Type Activities Net Position	\$ 160,068	\$ 332,747	\$ 509,736	\$ 670,693	\$ 767,257	\$ 545,272	\$ 325,976	\$ 432,153	\$ 510,198	\$ 509,993
District-Wide										
Net Investment in Capital Assets	\$ 10,907,588	\$ 10,615,373	\$ 10,703,949	\$ 11,671,169	\$ 12,299,945	\$ 13,363,275	\$ 13,397,410	\$ 14,434,194	\$ 15,297,349	\$ 16,403,907
Restricted	151,066	151,066	557,869	582,557	406,245	852,338	1,212,600	608,773	560,200	266,349
Unrestricted	(4,251,142)	(2,858,339)	(2,121,752)	(2,463,537)	(12,004,205)	(12,233,433)	(10,998,676)	(11,071,935)	(11,747,152)	(11,501,396)
Total District Net Position	\$ 6,807,512	\$ 7,908,100	\$ 9,140,066	\$ 9,790,189	\$ 701,985	\$ 1,982,180	\$ 3,611,334	\$ 3,971,032	\$ 4,110,397	\$ 5,168,860

Source: District Financial Records

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

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

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 10,801,662	\$ 10,872,972	\$ 11,351,485	\$ 11,962,134	\$ 12,048,752	\$ 13,052,983	\$ 14,493,146	\$ 15,212,598	\$ 16,139,527	\$ 14,969,825
Special Education	5,836,857	5,534,331	6,786,763	6,837,218	6,896,661	7,069,375	7,508,957	8,025,261	8,506,016	9,130,491
Community Services	-	-	-	-	-	-	-	-	-	-
Other Instruction	783,583	1,110,155	787,007	849,883	853,366	870,994	915,587	1,191,767	1,555,684	1,259,840
School Sponsored Activities And Athletics	571,318	573,864	606,482	576,247	650,225	763,574	905,379	1,067,496	1,105,156	905,800
Support Services:										
Student & Instruction Related Services	3,834,248	3,969,839	4,201,866	4,655,461	4,818,320	6,385,729	7,312,644	8,171,404	8,532,183	8,192,138
Educational Media/School Library	210,472	240,492	249,830	169,616	180,622	206,409	154,639	364,953	260,098	409,473
General Administration	755,767	676,167	671,312	730,165	668,506	812,107	828,035	821,461	914,590	965,972
School Administrative Services	1,677,275	1,758,338	1,617,711	1,602,154	1,653,247	1,941,042	2,169,252	2,319,019	2,495,385	2,318,553
Central Services	627,871	641,502	626,992	670,372	732,490	746,421	755,517	765,904	835,222	862,647
Plant Operations And Maintenance	3,193,573	2,934,321	2,844,156	3,155,476	3,259,360	3,263,019	3,174,210	3,409,846	3,466,751	2,855,380
Pupil Transportation	1,083,966	956,650	877,950	1,062,029	1,099,945	1,116,615	1,296,918	1,380,806	1,599,634	1,734,536
Interest On Long-Term Debt	851,707	689,810	886,699	752,752	600,608	534,472	562,191	638,892	592,762	613,821
Total Governmental Activities Expenses	30,228,299	29,958,441	31,508,253	33,023,507	33,462,102	36,762,740	40,076,475	43,369,407	46,003,008	44,218,476
Business-Type Activities:										
Food Service	491,412	504,520	461,322	400,397	449,462	477,628	554,745	561,537	567,765	632,843
Community School	557,852	353,825	364,493	399,150	432,793	333,191	372,345	352,638	414,642	519,756
Total Business-Type Activities Expense	1,049,264	858,345	825,815	799,547	882,255	810,819	927,090	914,175	982,407	1,152,599
Total District Expenses	\$ 31,277,563	\$ 30,816,786	\$ 32,334,068	\$ 33,823,054	\$ 34,344,357	\$ 37,573,559	\$ 41,003,565	\$ 44,283,582	\$ 46,985,415	\$ 45,371,075
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular Instruction					\$ 11,600	\$ 90,450	\$ 66,064	\$ 23,047	\$ 82,927	\$ 120,269
Special Education	\$ 63,220	\$ 9,600	\$ 21,350	\$ 166,678	78,638	78,130	48,763	186,962	136,655	30,000
Plant Operations And Maintenance					132,960	163,230	174,714	99,560	100,860	37,500
Operating Grants And Contributions	4,323,592	3,168,718	4,077,462	4,603,526	4,366,581	7,585,134	10,056,924	11,557,269	12,961,957	10,678,829
Capital Grants And Contributions	33,760	105,708	13,188	2,525	-	-	517,061	-	-	50,435
Total Governmental Activities Program Revenues	4,420,572	3,284,026	4,112,000	4,772,729	4,589,779	7,916,944	10,863,526	11,866,838	13,282,399	10,917,033
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 380,686	\$ 404,759	\$ 342,896	\$ 295,518	\$ 330,252	\$ 333,462	\$ 401,699	\$ 394,300	\$ 389,037	\$ 450,618
Community Programs	539,128	479,036	479,136	513,314	483,290	395,188	386,879	457,549	480,207	500,105
Operating Grants And Contributions	105,619	144,366	177,101	147,968	160,687	156,827	158,822	168,082	190,917	201,356
Total Business Type Activities Program Revenues	1,025,433	1,028,161	999,133	956,800	974,229	885,477	947,400	1,019,931	1,060,161	1,152,079
Total District Program Revenues	\$ 5,446,005	\$ 4,312,187	\$ 5,111,133	\$ 5,729,529	\$ 5,564,008	\$ 8,802,421	\$ 11,810,926	\$ 12,886,769	\$ 14,342,560	\$ 12,069,112

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (Expense)/Revenue										
Governmental Activities	\$ (25,807,727)	\$ (26,674,415)	\$ (27,396,253)	\$ (28,250,778)	\$ (28,872,323)	\$ (28,845,796)	\$ (29,212,949)	\$ (31,502,569)	\$ (32,720,609)	\$ (33,301,443)
Business-Type Activities	(23,831)	169,816	173,318	157,253	91,974	74,658	20,310	105,756	77,754	(520)
Total District-Wide Net Expense	\$ (25,831,558)	\$ (26,504,599)	\$ (27,222,935)	\$ (28,093,525)	\$ (28,780,349)	\$ (28,771,138)	\$ (29,192,639)	\$ (31,396,813)	\$ (32,642,855)	\$ (33,301,963)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 23,530,455	\$ 25,823,849	\$ 26,287,326	\$ 26,813,073	\$ 27,349,334	\$ 28,167,707	\$ 28,731,061	\$ 29,445,682	\$ 30,456,166	\$ 32,248,065
Taxes Levied For Debt Service	1,768,038	1,749,760	1,757,115	1,755,618	1,710,837	1,649,344	1,705,944	1,965,189	1,990,669	1,904,563
State Aid Restricted for Debt Service								113,132	132,623	132,197
Unrestricted Grants And Contributions	239,550	19,151		19,845	18,490	49,046	51,727	72,630	70,104	21,034
Miscellaneous Income	272,945	206,074	406,789	151,408	159,972	181,879	332,368	159,457	132,367	54,252
Transfers	(45,357)	-	-	-	-	300,000	240,299	-	-	-
Total Governmental Activities	25,765,631	27,798,834	28,451,230	28,739,944	29,238,633	30,347,976	31,061,399	31,756,090	32,781,929	34,360,111
Business-Type Activities:										
Investment Earnings	3,941	2,863	4,456	3,704	4,590	3,357	693	421	291	315
Transfers	45,357	-	-	-	-	(300,000)	(240,299)	-	-	-
Total Business-Type Activities	49,298	2,863	4,456	3,704	4,590	(296,643)	(239,606)	421	291	315
Total District-Wide	\$ 25,814,929	\$ 27,801,697	\$ 28,455,686	\$ 28,743,648	\$ 29,243,223	\$ 30,051,333	\$ 30,821,793	\$ 31,756,511	\$ 32,782,220	\$ 34,360,426
Change in Net Position										
Governmental Activities	\$ (42,096)	\$ 1,124,419	\$ 1,054,977	\$ 489,166	\$ 366,310	\$ 1,502,180	\$ 1,848,450	\$ 253,521	\$ 61,320	\$ 1,058,668
Business-Type Activities	25,467	172,679	177,774	160,957	96,564	(221,985)	(219,296)	106,177	78,045	(205)
Total District	\$ (16,629)	\$ 1,297,098	\$ 1,232,751	\$ 650,123	\$ 462,874	\$ 1,280,195	\$ 1,629,154	\$ 359,698	\$ 139,365	\$ 1,058,463

Source: District Financial Records

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

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 176,317									
Unreserved	(28,964)									
Nonspendable		\$ 19,792		\$ 9,896						
Restricted		224,401	\$ 1,045,250	901,128	\$ 350,353	\$ 1,116,002	\$ 1,627,653	\$ 604,496	\$ 583,606	\$ 175,268
Assigned		89,365	214,731	55,821	347,374	91,144	257,231	513,084	59,920	327,103
Unassigned	-	282,463	269,582	216,853	78,156	245,876	320,382	301,696	8,364	(427,865)
Total General Fund	<u>\$ 147,353</u>	<u>\$ 616,021</u>	<u>\$ 1,529,563</u>	<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>
All Other Governmental Funds										
Reserved										
Unreserved	\$ 75,624									
Restricted	-	\$ 73,433	\$ 73,434	\$ 129,324	\$ 103,451	\$ 3,097,043	\$ 2,044,951	\$ 674,650	\$ 3,044,768	\$ 365,194
Total All Other Governmental Funds	<u>\$ 75,624</u>	<u>\$ 73,433</u>	<u>\$ 73,434</u>	<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>

Source: District Financial Records

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

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

	Fiscal Year Ended June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Tax Levy	\$ 25,298,493	\$ 27,573,609	\$ 28,044,441	\$ 28,568,691	\$ 29,060,171	\$ 29,817,051	\$ 30,437,005	\$ 31,410,871	\$ 32,446,835	\$ 34,152,628
Tuition Charges	63,220	9,600	21,350	-						
Miscellaneous	295,485	219,827	448,436	358,841	418,705	547,987	662,118	500,473	459,387	479,974
State Sources	3,745,993	2,528,249	3,407,977	4,048,867	3,776,008	4,069,361	5,109,811	5,076,643	5,617,672	6,475,589
Federal Sources	828,369	748,019	641,026	536,274	573,528	578,247	659,198	651,305	731,290	703,052
Total Revenue	30,231,560	31,079,304	32,563,230	33,512,673	33,828,412	35,012,646	36,868,132	37,639,292	39,255,184	41,811,243
Expenditures										
Instruction										
Regular Instruction	10,323,586	10,560,045	10,908,573	11,485,480	11,501,438	11,376,047	11,719,848	11,868,889	12,684,761	13,148,737
Special Education Instruction	5,700,235	5,434,659	6,643,431	6,684,032	6,741,817	6,529,061	6,565,040	6,833,081	7,351,453	8,428,256
Community Services	-									
Other Instruction	750,680	1,088,189	757,796	816,870	816,378	765,585	762,347	934,784	1,237,698	1,112,622
School Sponsored Activities and Athletics	549,648	559,853	587,366	555,419	625,855	681,983	754,665	863,254	893,454	799,006
Support Services:										
Student and Inst. Related Services	3,688,219	3,868,730	4,049,884	4,481,753	4,704,765	5,596,623	5,947,295	6,437,937	6,803,132	7,246,521
Educational Media/School Library	202,158	234,447	242,307	164,472	175,117	184,966	130,420	288,648	202,276	356,193
General Administration	733,860	666,904	657,379	711,693	649,438	745,186	726,370	716,162	791,601	883,601
School Administrative Services	1,602,312	1,707,219	1,556,846	1,539,886	1,578,393	1,684,969	1,744,073	1,782,540	1,924,973	2,015,198
Central Services	603,462	624,888	603,337	644,220	701,620	729,688	731,149	734,759	774,007	815,906
Plant Operations And Maintenance	3,109,954	2,886,986	2,775,183	3,075,452	3,168,527	3,213,058	3,079,838	3,286,589	3,177,522	2,689,084
Pupil Transportation	1,078,947	953,176	872,650	1,051,699	1,090,970	1,111,689	1,279,453	1,361,936	1,546,724	1,700,541
Capital Outlay	397,611	242,581	219,683	1,197,480	629,502	1,846,081	2,060,468	2,425,781	2,996,119	3,256,022
Debt Service:										
Bond Issuance Costs		113,473		104,064						
Principal	966,002	1,059,056	1,183,872	1,330,913	1,416,460	1,485,936	1,518,985	1,738,870	1,900,292	2,095,778
Advanced Refunding Escrow		531,694		258,111		-				
Interest and Other Charges	860,247	831,927	731,069	677,679	608,913	542,429	528,883	664,859	536,569	643,795
Total Expenditures	30,566,921	31,363,827	31,789,376	34,779,223	34,409,193	36,493,301	37,548,834	39,938,089	42,820,581	45,191,260
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(335,361)	(284,523)	773,854	(1,266,550)	(580,781)	(1,480,655)	(680,702)	(2,298,797)	(3,565,397)	(3,380,017)
Other Financing Sources (Uses)										
Cancellation of Prior Year Accounts Payable									11,506	
Capital Leases (Non-Budget)									413,442	141,657
Cancellation of Prior SDA Revenue										(18,598)
Discount on Refunding Bonds				(22,313)						
Premium on Refunding Bonds		258,167		421,413						
Proceeds From Borrowing		9,030,000		6,485,000		4,609,000			4,743,181	
Transfer to Escrow Agent for Payment of Debt		(8,643,000)		(6,515,000)						
Lease Purchase Agreement	100,551	105,833	139,689	607,475	147,093	242,386	140,555	142,506		
Transfers In	55,094	881	652	493	432	301,126	304,968	861,201	130,285	300,614
Transfers Out	(100,451)	(881)	(652)	(493)	(432)	(1,126)	(64,669)	(861,201)	(130,285)	(300,614)
Total Other Financing Sources (Uses)	55,194	751,000	139,689	976,575	147,093	5,151,386	380,854	142,506	5,168,129	123,059
Net Change in Fund Balances	\$ (280,167)	\$ 466,477	\$ 913,543	\$ (289,975)	\$ (433,688)	\$ 3,670,731	\$ (299,848)	\$ (2,156,291)	\$ 1,602,732	\$ (3,256,958)
Debt Service as a Percentage of Noncapital Expenditures	6.05%	8.15%	6.07%	7.06%	6.00%	5.85%	5.77%	6.41%	6.12%	6.53%

* 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>
2010	\$ 63,220	\$ 17,816	\$ 70,890	\$ 52,264	\$ 26,658	\$ 7,540	\$ 95,426	\$ 333,814
2011	9,600	13,694	92,880	41,281	7,540	5,002	44,796	214,793
2012	21,350	17,082	44,058	137,593	10,733	5,774	190,897	427,487
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

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.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate a
2010	\$ 18,124,000	\$1,482,058,700			\$397,401,100	\$309,480,900	\$ 81,712,700	\$2,288,777,400	\$2,351,315	\$ 2,291,128,715	\$2,411,560,208	\$ 1.154
2011	17,964,700	1,487,689,200			389,686,700	307,091,800	81,712,700	2,284,145,100	2,351,315	2,286,496,415	2,503,847,569	1.216
2012	18,354,500	1,485,483,200			378,682,945	303,470,900	81,712,700	2,267,704,245	1,889,310	2,269,593,555	2,410,380,131	1.247
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	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

Source: County Abstract of Ratables

105 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)**

<u>Calendar Year</u>	<u>Total</u>	<u>Local School District</u>	<u>Municipality</u>	<u>County (1)</u>
2010	\$ 2.022	\$ 1.154	0.662	\$ 0.206
2011	2.142	1.216	0.699	0.227
2012	2.185	1.247	0.705	0.233
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

(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	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Park 80 West	\$ 97,373,000	4.23%		
A.O. Associates	52,064,000	2.26%		
Tri-State Commercial Realty, LLC	43,288,000	1.88%		
Midland Holding CO	28,785,000	1.25%		
CP Saddle Brook, LLC	28,000,000	1.22%		
Saddle Brook Mayhill Assoc., LLC	27,799,000	1.21%		
Nights Vision Saddle Brook, LLC	26,853,900	1.17%		
Cloverdale Assoc.	23,320,000	1.01%		
Kessler Institute	19,949,000	0.87%		
Arrow Fasteners	16,252,000	0.71%		
L&L Park 80 LLC			\$ 125,895,400	5.49%
Midland Holding Co.			30,736,100	1.34%
Tri State Realty			30,507,000	1.33%
CP Saddle Brook, LLC			30,200,000	1.32%
Arrow Fasteners			26,488,900	1.16%
A.O. Associates			21,729,000	0.95%
Kessler Institute			17,110,000	0.75%
A.O. Associates			16,819,600	0.73%
Brook Associates. C/O Rosehart			14,623,600	0.64%
Mayhill St. Associates			13,142,500	0.57%
	<u>\$ 363,683,900</u>	<u>15.80%</u>	<u>\$ 327,252,100</u>	<u>14.28%</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	
2010	\$ 25,298,493	\$ 25,298,493	100.00%	
2011	27,573,609	26,636,052	96.60%	\$ 937,557
2012	28,044,441	28,044,441	100.00%	
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%	

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	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2010	\$ 17,778,000	\$ 36,809	\$ 119,314			\$ 17,934,123	13,684	\$ 1,311
2011	17,190,000	27,606	150,294			17,367,900	13,771	1,261
2012	16,125,000	18,403	180,314			16,323,717	13,822	1,181
2013	14,990,000	9,200	571,079			15,570,279	13,860	1,123
2014	13,805,000		495,912			14,300,912	13,878	1,030
2015	17,189,000		477,362			17,666,362	13,918	1,269
2016	15,929,000		358,932			16,287,932	13,911	1,171
2017	14,454,000		237,568			14,691,568	13,941	1,054
2018	12,789,000		5,158,899		\$ 29,245	17,977,144	13,930	1,291
2019	11,094,000		4,899,778		19,982	16,013,760	13,930	1,150

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			
2010	\$ 17,778,000		\$ 17,778,000	0.78%	\$ 1,300
2011	17,190,000		17,190,000	0.75%	1,250
2012	16,125,000		16,125,000	0.71%	1,164
2013	14,990,000		14,990,000	0.78%	1,077
2014	13,805,000		13,805,000	0.71%	992
2015	17,189,000		17,189,000	0.90%	1,229
2016	15,929,000		15,929,000	0.84%	1,155
2017	14,454,000		14,454,000	0.67%	1,037
2018	12,789,000	\$ 79,734	12,709,263	0.56%	912
2019	11,094,000	536	11,093,464	0.48%	796

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, 2018
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Township of Saddle Brook School District	\$ 9,764,404
Township of Saddle Brook	<u>30,527,126</u>
	<u>\$ 40,291,530</u>
Overlapping debt Apportioned to the Municipality:	
Bergen County (3);(A):	
County of Bergen (A)	<u>18,942,091</u>
Total Direct and Overlapping Debt	<u>\$ 59,233,621</u>

(A) The debt for this entity was apportioned to the Township of Saddle Brook by dividing the Municipality's 2018 equalized value by the total 2018 equalized value for Bergen County.

Sources:

- (1) Township of Saddle Brook Annual Debt Statement
- (3) Bergen County Debt Statement 12/31/2018

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

Legal Debt Margin Calculation for Calendar Year 2018

	Equalized valuation basis
	2018 \$ 2,416,961,225
	2017 2,392,646,446
	2016 <u>2,298,319,616</u>
	<u>\$ 7,107,927,287</u>
Average equalized valuation of taxable property	\$ 2,369,309,096
Debt limit (4 % of average equalization value)	94,772,364 ^a
Total Net Debt Applicable to Limit	<u>9,764,404</u>
Legal debt margin	<u>\$ 85,007,960</u>

	Calendar Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$95,483,873	\$ 95,858,570	\$ 97,094,580	\$ 95,888,201	\$ 92,339,508	\$ 89,959,797	\$ 91,343,919	\$ 92,366,187	\$ 94,549,128	\$ 94,772,364
Total Net Debt Applicable to Limit	<u>18,724,494</u>	<u>14,153,088</u>	<u>13,453,885</u>	<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>
Legal Debt Margin	<u>\$76,759,379</u>	<u>\$ 81,705,482</u>	<u>\$ 83,640,695</u>	<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>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	19.61%	14.76%	13.86%	15.93%	12.23%	11.38%	15.05%	13.13%	11.93%	10.30%

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>
2010	11.1%	\$ 65,992	13,684
2011	10.9%	68,865	13,771
2012	11.1%	71,789	13,822
2013	8.2%	71,100	13,860
2014	6.7%	73,637	13,878
2015	5.3%	76,821	13,918
2016	5.3%	77,901	13,911
2017	4.9%	81,203	13,941
2018	4.9%	81,203 *	13,930
2019	4.1%	81,203 *	13,930 *

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction										
Regular	105	102	99	102	104	107	108	110	112	104
Special Education	25	25	40	44	45	46	47	48	49	47
Other Special Education	5	5	6	6	6	6	6	6	6	5
Support Services:										
General Administration	3	2	2	2	2	2	2	2	2	3
School Administrative Services	11	11	11	11	11	11	11	11	11	13
Central Services	6	6	6	6	6	6	6	6	6	4
Plant Operations And Maintenance	20	20	24	24	24	24	24	24	24	31
Pupil Transportation	3	3	3	3	3	3	3	3	3	3
Other Support Services	<u>34</u>	<u>34</u>	<u>37</u>	<u>39</u>	<u>39</u>	<u>41</u>	<u>42</u>	<u>45</u>	<u>61</u>	<u>70</u>
Total	<u>212</u>	<u>208</u>	<u>228</u>	<u>237</u>	<u>240</u>	<u>246</u>	<u>249</u>	<u>255</u>	<u>274</u>	<u>280</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				
2010	\$ 1,785	\$ 28,343,061	15,878	5.17%	158	1:19	1:19	1:19	1,785	1,695	1.42%	94.97%
2011	1,785	28,585,096	16,014	0.85%	154	1:20	1:20	1:19	1,734	1,641	-2.86%	94.64%
2012	1,759	29,654,752	16,859	5.28%	153	1:20	1:20	1:19	1,700	1,612	-1.96%	94.82%
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%

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<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	339	337	311	291	275	283	295	305	309	313
<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	240	257	258	276	279	298	298	304	314	319
<u>Long Memorial</u>										
Square Feet	32,247	32,247	32,247	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	322	333	309	333	305	294	278	270	272	270
<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	785	786	800	759	777	766	789	784	778	785
<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	27	25	25	36	36	42	70	55	59	54

Number of Schools at June 30, 2019

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
School Facilities										
Washington School	\$ 53,226	\$ 30,962	\$ 48,966	\$ 65,795	\$ 62,037	\$ 34,765	\$ 33,139	\$ 48,642	\$ 61,755	\$ 30,792
Franklin School	28,646	27,502	53,969	93,575	80,026	39,640	82,168	43,679	52,551	26,240
Long Memorial School	26,573	28,864	29,944	82,607	80,678	117,714	81,199	47,347	42,905	21,071
Helen I. Smith School	36,212	29,854	67,449	93,110	57,165	63,371	60,281	50,811	42,586	77,663
High School/Middle School	<u>94,413</u>	<u>100,216</u>	<u>110,505</u>	<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>
Grand Total	<u>\$ 239,070</u>	<u>\$ 217,398</u>	<u>\$ 310,833</u>	<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>

Source: School District's Financial Statements

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

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-Great American Insurance Company		
Property -Blanket Building and Contents	\$ 65,230,378	(1) \$ 5,000
Electronic Data Processing equipment	5,000,000	5,000
Valuable Papers	5,000,000	1,000
General Liability - Great American Insurance Co.		
Aggregate/Each Occurrence	2,000,000/1,000,000	
Educator's Legal Liability- XL Catlin	1,000,000	
Educators Legal		20,000
Employment Practices		25,000
Commercial Automobile Liability - Great American Insurance Co.		
Combined Single Limit	1,000,000	
Comprehensive		1,000
Collision		1,000
Commercial Umbrella-Great American Insurance Company	9,000,000	10,000
Excess Liability-Fireman's Fund	50,000,000	-
Public Employees' Blanket Bond (Crime) - Selective Way Ins. Co.		
Primary (Per Employee)	100,000	5,000
Blanket Employee Dishonesty - Excess	400,000	-
Forgery and Alterations	50,000	1,000
Cyber Liability - Indian Harbor Insurance Co.	2,000,000	
Group Aggregate	6,000,000	
Environmental - ACE/Chubb	2,000,000	15,000
Group Aggregate	20,000,000	
Public Official Bond-Treasurer - Selective Insurance Company	250,000	-
Public Official Bond-Business Administrator - Selective Insurance Co.	250,000	-
Workmen's Compensation - Reinsurance - Safety National Ins. Co.	1,000,000	-
Boiler & Machinery - Great American Insurance Co.	65,230,378	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 & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Saddle 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, each major fund, and the aggregate remaining fund information of the Saddle Brook Board of Education as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Saddle Brook Board of Education's basic financial statements and have issued our report thereon dated December 16, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Saddle 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.

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

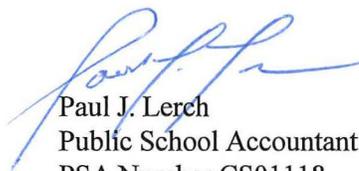
However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Saddle Brook Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated December 16, 2019.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 16,, 2019



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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CHRIS SOHN, CPA

**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 Trustees
Saddle Brook Board of Education
Saddle Brook, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Saddle Brook Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Saddle Brook Board of Education's major federal and state programs for the fiscal year ended June 30, 2019. 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.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the 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 the 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 Saddle Brook Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated December 16, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of 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 & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 16,, 2019

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

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	FAIN Number	Grant Period	Award Amount	Balance July 1, 2018	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	Balance, June 30, 2019			GAAP Receivable
											(Account Receivable)	Unearned Revenue	Due to Grantor	
U.S. Department of Education														
General Fund														
Medicaid Assistance Program (SEMI)	93.778	1905NJ5MAP	7/1/18-6/30/19	\$ 7,531	-	-	\$ 7,531	\$ 7,531	-	-	-	-	-	-
Total U.S. Department of Education					-	-	7,531	7,531	-	-	-	-	-	-
U.S. Department of Agriculture														
Passed-through State Department of Education														
National School Lunch Program														
Non-Cash Assistance	10.555	191NJ304N1099	9/1/18-6/30/19	40,231			40,231	40,231						
Cash Assistance	10.555	181NJ304N1099	9/1/17-6/30/18	138,795	\$ (7,720)		7,720							
Cash Assistance	10.555	191NJ304N1099	9/1/18-6/30/19	145,315			117,821	145,315			\$ (27,494)			\$ (27,494)
School Breakfast Program	10.553	181NJ304N1099	9/1/17-6/30/18	7,495	(569)		569							
School Breakfast Program	10.553	191NJ304N1099	9/1/18-6/30/19	9,923			8,985	9,923			(938)			(938)
Total U.S. Department of Agriculture- Cluster					(8,289)	-	175,326	195,469	-	-	(28,432)	-	-	(28,432)
U.S. Department of Education														
Passed-through State Department of Education														
ESEA Title I	84.010A	S010A1870030	7/1/18-6/30/19	255,697		\$ 37,044	131,267	255,568			(161,474)	\$ 37,173		(124,301)
ESEA Title I	84.010A	S010A170030	7/1/17-6/30/18	246,959	(23,724)	(37,044)	23,724				(25,464)	25,464		
ESEA Title I	84.010A	S010A160030	7/1/16-6/30/17	268,454	(86,380)		86,380							
ESEA Title I	84.010A	S010A160030	7/1/15-6/30/16	255,969	(682)		682							
ESEA Title I SIA	84.010A	S010A180030	7/1/18-6/30/19	30,406							(30,406)	30,406		
ESEA Title IIA	84.367A	S367A180029	7/1/18-6/30/19	34,309		760	32,589	34,467			(2,480)	602		(1,878)
ESEA Title IIA	84.367A	S367A170029	7/1/17-6/30/18	33,236	(2,285)	(760)	2,285				(1,580)	1,580		
ESEA Title IIA	84.367A	S367A160029	7/1/16-6/30/17	49,494	(17,693)		17,693							
ESEA Title III	84.365	S365A170030	7/1/17-6/30/18	10,000	(7,132)		7,132				(2,268)	2,268		
ESEA Title III, Immigrant	84.365	S365A180030	7/1/18-6/30/19	3,559							(3,559)	3,559		
ESEA Title III, Immigrant	84.365	S365A170030	7/1/17-6/30/18	2,640	2,520						(2,640)	5,160		
ESEA Title III, Immigrant	85.365	S365A160030	7/1/16-6/30/17	3,280	(3,280)		760				(2,520)			
ESEA Title IV	84.424	S424A180031	7/1/18-6/30/19	8,000		1,450		7,413			(9,450)	2,037		(7,413)
ESEA Title IV	84.424	S424A170031	7/1/17-6/30/18	10,000	(7,050)	(1,450)	7,050							
I.D.E.A. Part B, Basic Regular	84.027A	H027A160100	7/1/18-6/30/19	382,314			382,314	382,314						
I.D.E.A. Part B, Basic Regular	84.027A	H027A170100	7/1/17-6/30/18	367,299	(7,391)		7,391							
I.D.E.A. Part B, Basic Regular	84.027A	H027A110100	9/1/11-8/31/12	377,056	(15,680)						(15,680)			(15,680)
I.D.E.A. Part B, Preschool	84.173A	H173A160115	7/1/18-6/30/19	15,759			15,759	15,759						
IDEA Cluster Program					-	-	-	398,073	-	-	-	-	-	-
Total U.S. Department of Education					(168,777)	-	715,026	695,521	-	-	(257,521)	108,249	-	(149,272)
Total Federal Awards Subject to a Single Audit					\$ (177,066)	\$ -	\$ 897,883	\$ 898,521	\$ -	\$ -	\$ (285,953)	\$ 108,249	\$ -	\$ (177,704)

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, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2018			Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance, June 30, 2019			MEMO	
				(Accounts Receivable)	Unearned Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education																
General Fund																
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	\$ 995,741					\$ 902,856	\$ 995,741			\$ (92,885)			\$	995,741
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	995,741	\$ (77,135)				77,135								
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	17,740					16,549	17,740			(1,191)				17,740
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	17,740	(897)				897								-
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	43,806					40,234	43,806			(3,572)				43,806
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	43,806	(3,587)				3,587								-
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	17,030					897								-
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	17,030	(897)				897								-
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	17,430	(897)				897								-
Host District Aid	18-495-034-5120-102	7/1/17-6/30/18	2,419	(897)				897								-
State Aid Public Cluster									<u>1,057,287</u>							-
Extraordinary Aid	19-100-034-5120-044	7/1/18-6/30/19	575,879						575,879			(575,879)				575,879
Extraordinary Aid	18-100-034-5120-044	7/1/17-6/30/18	321,948	(321,948)				321,948								-
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	234,147					212,712	234,147			(21,435)				234,147
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	59,001	(4,485)				4,485								-
Nonpublic Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	33,844						<u>33,844</u>			(33,844)			\$	33,844
Nonpublic Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	37,120	(37,120)				37,120								-
Transportation Aid Cluster									<u>267,991</u>							-
On-Behalf Payments																
TPAF Pension and Annuity Aid																
Normal	19-495-034-5094-002	7/1/18-6/30/19	2,522,673					2,522,673	2,522,673							2,522,673
NCGI Premium	19-495-034-5094-004	7/1/18-6/30/19	52,806					52,806	52,806							52,806
Post Retirement Medical Contribution	19-495-034-5094-001	7/1/18-6/30/19	1,168,233					1,168,233	1,168,233							1,168,233
Long-Term Disability	19-495-034-5094-004	7/1/18-6/30/19	3,085					3,085	3,085							3,085
TPAF Social Security	18-495-034-5094-003	7/1/17-6/30/18	953,235	(47,471)				47,471								-
TPAF Social Security	19-495-034-5095-003	7/1/18-6/30/19	978,081					930,405	978,081			(47,676)			(47,676)	978,081
Total General Fund				<u>(496,231)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,345,784</u>	<u>6,626,035</u>	<u>-</u>	<u>-</u>	<u>(776,482)</u>	<u>-</u>	<u>-</u>	<u>(81,520)</u>	<u>6,626,035</u>
Special Revenue Fund																
Nonpublic Aid																
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	374					\$ 374						\$	374	-
Technology	19-100-034-5120-373	7/1/18-6/30/19	252					252							252	-
Technology	18-100-034-5120-373	7/1/17-6/30/18	296			\$ 6					\$ 6				-	-
Security	19-100-034-5120-509	7/1/18-6/30/19	1,050					1,050							1,050	-
Security	18-100-034-5120-509	7/1/17-6/30/18	600				600				600				-	-
Nursing Services	19-100-034-5120-070	7/1/18-6/30/19	679					679	679						-	679
Auxiliary Services																
English as a Second Language	19-100-034-5120-067	7/1/18-6/30/19	863					863							863	-
English as a Second Language	18-100-034-5120-067	7/1/17-6/30/18	1,445				722				722				-	-
Handicapped Services																
Corrective Speech	18-100-034-5120-066	7/1/17-6/30/18	3,929				1,697				1,697				-	-
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	2,385					2,678							2,678	-
Total Special Revenue Fund				<u>-</u>	<u>-</u>	<u>3,025</u>	<u>-</u>	<u>5,896</u>	<u>679</u>	<u>-</u>	<u>3,025</u>	<u>-</u>	<u>-</u>	<u>5,217</u>	<u>-</u>	<u>679</u>

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

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2018			Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance, June 30, 2019			GAAP Receivable	MEMO Cumulative Total Expenditures
				(Accounts Receivable)	Unearned Revenue	Due to Grantor						(Accounts Receivable)	Unearned Revenue	Due to Grantor		
State Department of Agriculture																
<u>Enterprise Fund</u>																
National School Lunch Program																
State Share	18-100-010-3350-023	9/1/17-6/30/18	\$ 5,676	\$ (320)	-	-	-	\$ 320	-	-	-	-	-	-	-	-
State Share	19-100-010-3350-023	9/1/18-6/30/19	5,887	-	-	-	-	4,827	\$ 5,887	-	-	\$ (1,060)	-	-	\$ (1,060)	\$ 5,887
Total Enterprise Fund				<u>(320)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,147</u>	<u>5,887</u>	<u>-</u>	<u>-</u>	<u>(1,060)</u>	<u>-</u>	<u>-</u>	<u>(1,060)</u>	<u>5,887</u>
State Economic Development Authority																
Educational Facilities Construction and Financial Act																
<u>Capital Projects Fund</u>																
HVAC at Middle/High School and Elementary Schools	4610-080-14-1002	N/A														
	4610-085-14-1003	N/A	189,840	(189,840)	-	-	-	-	-	-	-	(189,840)	-	-	(189,840)	-
Various Improvements to all Schools	4610-090-14-1004	N/A														
	4610-050-14-1001	N/A	327,221	(327,221)	-	-	-	-	-	\$ 18,598	-	(308,623)	-	-	(308,623)	-
Total Capital Projects Fund				<u>(517,061)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,598</u>	<u>-</u>	<u>(498,463)</u>	<u>-</u>	<u>-</u>	<u>(498,463)</u>	<u>-</u>
<u>Debt Service Fund</u>																
Debt Service Aid	19-495-034-5120-075	7/1/18-6/30/19	\$ 132,197	-	-	-	-	132,197	132,197	-	-	-	-	-	-	132,197
Total Debt Service Fund				<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,197</u>	<u>132,197</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,197</u>
Total State Financial Assistance- Determination for Single Audit				<u>\$ (1,013,612)</u>	<u>\$ -</u>	<u>\$ 3,025</u>	<u>\$ -</u>	<u>\$6,489,024</u>	<u>\$ 6,764,798</u>	<u>\$ 18,598</u>	<u>\$ 3,025</u>	<u>\$ (1,276,005)</u>	<u>\$ -</u>	<u>\$ 5,217</u>	<u>\$ (581,043)</u>	<u>\$ 6,764,798</u>
Less: On -Behalf TPAF Pension System Contributions									<u>3,746,797</u>							
Total State Financial Assistance Subject to Major Program Determination									<u>\$ 3,018,001</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, 2019**

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 \$283,322 for the general fund and a decrease of \$9,720 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 7,531	\$ 6,342,713	\$ 6,350,244
Special Revenue Fund	695,521	679	696,200
Debt Service Fund		132,197	132,197
Food Service Fund	<u>195,469</u>	<u>5,887</u>	<u>201,356</u>
Total Financial Assistance	<u>\$ 898,521</u>	<u>\$ 6,481,476</u>	<u>\$ 7,379,997</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, 2019**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

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 \$978,081 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$2,575,479, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,168,233 and TPAF Long-Term Disability Insurance in the amount of \$3,085 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions 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, 2019**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Type of auditor's report on compliance for major programs:	<u>Unmodified</u>	
Internal Control over compliance:		
1) Material weakness(es) identified?	_____ yes	<u> X </u> no
2) Significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes	<u> X </u> 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	<u> X </u> none reported
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$ 750,000</u>	
Auditee qualified as low-risk auditee?	<u> X </u> yes	_____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027A/84.173A</u>	<u>H027A180100/ H173A180114</u>	<u>IDEA Basic and Preschool</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the 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, 2019**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major 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, 2019**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, 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.