

SADDLE BROOK
SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2018



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, 2018

Prepared by

Business Office

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INTRODUCTORY SECTION



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

January 23, 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, 2018 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 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> |
|--------------------|---------------------------|-----------------------|
| 2017-2018 | 1,770 | -2.72% |
| 2016-2017 | 1,723 | -1.8% |
| 2015-2016 | 1,753 | 2.4% |
| 2014-2015 | 1,720 | -1.0% |
| 2013-2014 | 1,738 | -.6% |

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 utilizing the latest evidence based programs: Project Read Multisensory Phonics instruction to support out 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, with the high school targeted assist students now being served with Title I resources, we have hired a teacher to address the needs of those students specifically in Math. Our elementary science program is Science Dimensions, which is a hands on, kit based inquiry science program. At the middle & high school, Science teachers have joined their county colleagues for professional development in Argument Driven Inquiry. The workshop will familiarize teachers with the eight stages of the ADI instructional model and support them in teaching students how to construct arguments to support a claim, and how to integrate "claim evidence reasoning" into our current units of study. 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. New this

MAJOR INITIATIVES (Continued):

year is the addition of our general education full day pre-school Program for 4-5 year olds. Classes are available in the morning, afternoon and also as a full day program, all preparing students with the skills needed for Kindergarten. We have been working to better advertise this program. This year, we are investigating a new pre-school curriculum. We hope to have that recommendation in place after the New Year. Having a researched based program will help us to advertise the high quality academic nature of our pre-school. The entire academic program, in math and language arts K-12 is being reviewed this year.

Our 2018-2019 District Goals include:

1. Implement language arts instruction and assessment practices in alignment with New Jersey Student Learning Standards LAL in K-6, as evidenced by standards-based student data collection (including formative and summative assessments, as well as anecdotal notes).
2. Embark upon district pilot programs in phonics and mathematics, as evidenced by participation in professional development, lesson plans, and classroom observations.
 - a. Project READ - select K-2 classrooms
 - b. Connected Math Project 3 - grade 7
3. Participate in and provide opportunities for ongoing HIB education, including new language in the legislation, for Saddle Brook School community, as evidenced by NJ HIB self-assessments, community presentations, professional development attendance reports, and program materials.
4. Integrate districtwide mindful and wellness practices throughout the school year, as evidenced by lesson plans, class schedules, calendar events, and scheduled wellness breaks.

STEM CON - The district is incredibly excited to see the continued interest and growth of the STEM CON event. This year (18-19), students were able to create video games, program a robot, build wind turbines, escape from the forensic room and many more hands-on activities. The science department partnered with the CTE department to create a website, QR Code, and promotional materials for the event. It was very well attended, and we are anxiously anticipating its return. The springtime may see another installment.

Social and emotional learning (SEL) is the process through which children and adults acquire and effectively apply the knowledge, attitudes, and skills necessary to understand and manage emotions, set and achieve positive goals, feel and show empathy for others, establish and maintain positive relationships, and make responsible decisions. As we focus on student achievement in all areas, we are acutely aware of how SEL can affect student achievement. One of the district goals in (18-19) stems from a need to meet the needs of the health and wellness of our student population as well as focus on self-care for the adults who are serving students. In the 17-18 school year, the school community suffered the loss of two of its high school students, and another recent graduate. The community was heartbroken and remains so. We have to ask ourselves how students get to a place where they feel so helpless, and how does a school community get in front of a national epidemic of teenage depression, addiction and suicide? What are the signs? How can we help them? How to we maintain our well-being so we are in a position to serve? It is a complex problem that requires budgetary answers. We are committed to professional development in this area, and exploring training in Responsive Classrooms and Responsive Schools. The current 18-19 budget does not allow for a SAC counselor, but the hope is that we can budget for one as we move forward into 19-20.

MAJOR INITIATIVES (Continued):

QSAC - During the 17-18 school year, the district was successful in meeting the demands of QSAC in (Cohort 2). That success is based on a comprehensive assessment of governance, operations, instruction and program (which includes student achievement), and fiscal management. That evaluation was based on the “old” QSAC District Performance Review components. As we move forward, we are expected to prepare for the “new” QSAC which is beginning with Cohort 3 in 18-19 school year. We will need to be ready in the 20-21 school year. This will necessitate addressing the world language benchmark proficiencies at the elementary level, dance and theater in 6-12, newly launched STEM/STEAM certifications, and the need for dramatic increases in student achievement across the district, including subgroup achievement. This will require us to pay close attention to extended instructional time in math and ELA in grades K-8, as well as extending the time we provide for elementary students to take recess. Currently, our school day is about 30 minutes too short to meet the demands of elementary education in NJ.

Phonics/RTI/ELA- in the past, there were a variety of pilot programs launched at the elementary school. This was not consistently applied across the buildings or extended up into grades 1-2. The phonics continuum is needed in k-2 at a bare minimum, with small group remediation for struggling readers in grade 2, and early responses to intervention in place by Grade 3. This is how a solid reading program is built. Prior to 18-19, the continuity was missing. For the 18-19 school year, we have ensured that all teachers in grades k-2 have the Project Read materials they need to launch the phonics program successfully. Teachers have participated in training and will continue to visit schools where Project Read has been successful. Additionally, the K-6 faculty has engaged in training for consistency of benchmarking in running records with the Teachers’ College Reading and Writing project resources... This work is foundational and central to the academic program K-12. Another component in responding to interventions is to collect data in a reliable and efficient manner. As we move forward, we will continue to investigate benchmarking, analysis and management systems for student achievement.

Math - In the 17-18 school year, the district admin team and teachers explored middle school math programs. The selection was made for Connected Math, and both materials and professional development were budgeted for this school year. Although, the training is ongoing and the teachers are happy with the program, we do not have enough instruction minutes scheduled at the middle level for this to be successful long term. Nor do we have enough math time blocked at the elementary level for this to be successful should we want to push it down to grade 6. This program may necessitate a change in the middle school schedule for the 19-20 school year to result in extended time in both math and ELA and the elimination of one elective for middle school students.

Supporting Title I students - the 17-18 school year resulted in less than adequate test scores at the high school level. In particular, the algebra I scores for high school students caused more than 80 students to be remediated in Algebra I this year. Luckily for the students and for the district the 18-19 school year has seen the addition of the HS as one of its Title I (targeted assist) schools. This allowed us to hire a Title I teacher specifically for this student population. In addition, carryover funds from the 17-18 ESSA grant will allow us to provide extended school day for students at risk in ELA in grades 9-11.

Director of Curriculum or Elementary Instruction - During the 17-18 school year, the budget reflected the addition of a Director of Curriculum and it was filled for approximately half the school year. When the HS Principal resigned, that administrators assumed the HS Principal’s role. As we moved in to the 18-19 school year, in July, the superintendent decided to really establish a lay of the land before filling that position. Additionally, there were so many needs in the special education department, and so many para-professionals that needed to be hired, as well as many instructional supplies/resources that were needed yet not budgeted, the superintendent decided not to fill the position. She also wanted to see where the needs were greatest. At this point, the need seems to be greatest at the elementary schools when the Principals need support in overseeing instruction and assessment, and having someone who can coach and support faculty members and provide meaningful feedback. As we move into the Spring of 2019, we will re-evaluate our situation regarding payroll and determine when we can afford to fill the elementary need.

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, 2018.

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

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

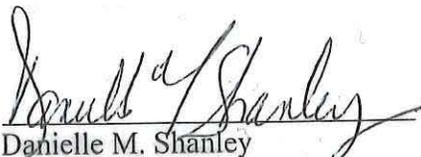
CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions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

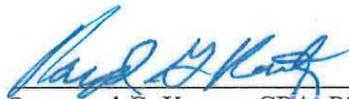
RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

OTHER INFORMATION: Independent Audit – State statutes require on annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & 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, U.S. Uniform Guidance and state Treasury Circular 15-08. 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,


Danielle M. Shanley
Superintendent of Schools

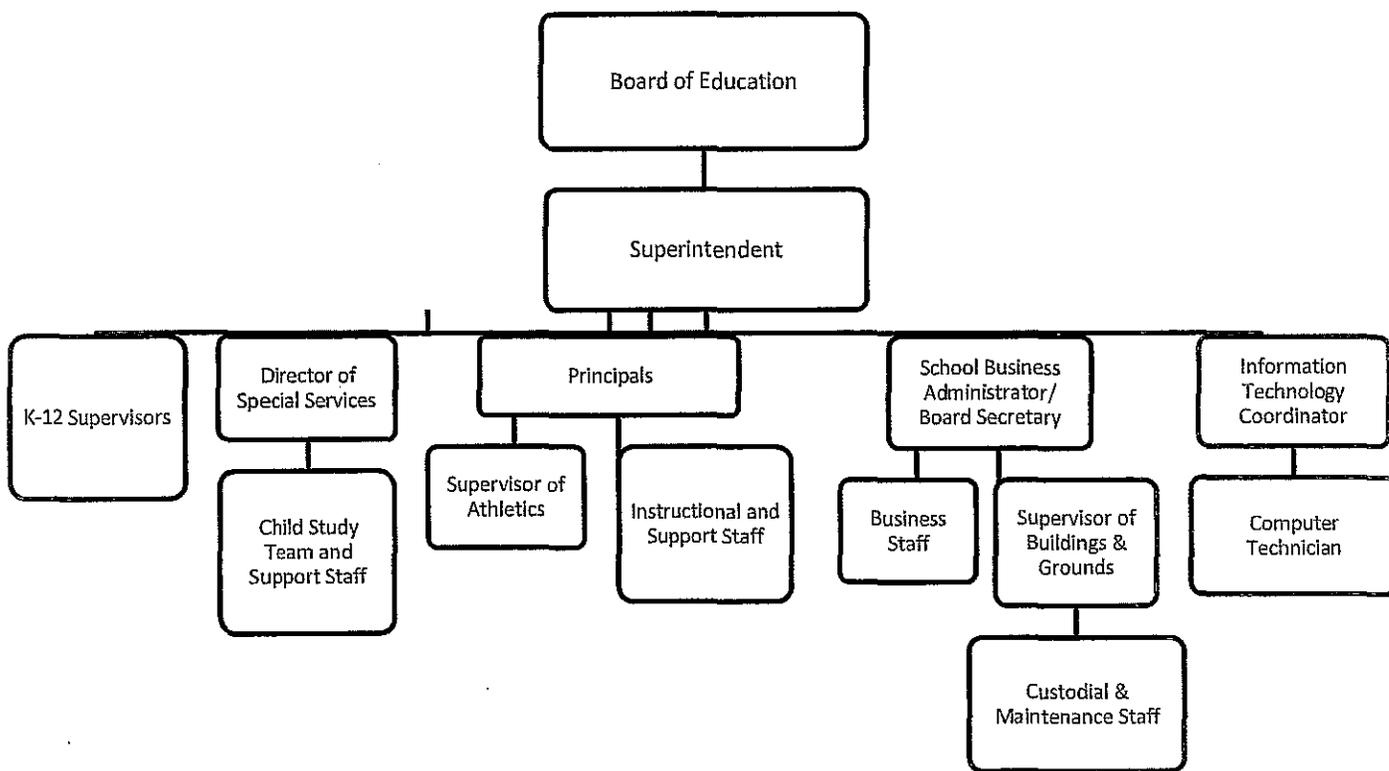

Raymond G. Karaty, CPA, PSA
Business Administrator/Board Secretary

POLICY

SADDLE BROOK BOARD OF EDUCATION

ADMINISTRATION
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Organizational Chart

1110 ORGANIZATIONAL CHART



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

**ROSTER OF OFFICIALS
JUNE 30, 2018**

| <u>Members of the Board of Education</u> | <u>Term Expires</u> |
|--|---------------------|
| Angela Robinson, President | 2019 |
| Stephen Quinn, Vice President | 2018 |
| Michael Accomando | 2019 |
| Regina Barrale | 2020 |
| Christian Cipollone | 2018 |
| Kelly Mahoney | 2020 |
| Timothy White | 2019 |
| Christopher Winnie | 2018 |
| 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

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AUDITOR

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Fair Lawn, NJ 07410

ATTORNEY

Jessika Kleen
Machado Law Group
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Clark, New Jersey 07066

OFFICIAL DEPOSITORY

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210 Rochelle Avenue
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FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
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GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, 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, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Adoption of New Accounting Pronouncement

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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.

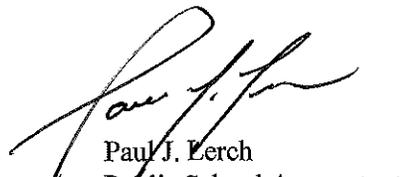
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 23, 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
January 23, 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, 2018**

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, 2018. 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 2018 are as follows:

- District-Wide Statements – The School District had \$47,124,780 in revenues, general revenues were \$32,782,220 or 70 percent of all revenues. Program specific revenues in the form of charges for services and grants and \$14,342,560 or 30 percent of all revenues.
- District-Wide Statements - The School District had \$46,985,415 in expenses; only \$14,342,560 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$32,782,220 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 \$3,696,658 an increase of \$1,602,732 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 2018 and 2017 which were \$4,110,397 and \$3,971,032, 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, 2018 and 2017

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|---------------------|-----------------------------|-------------------|---------------------|---------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Assets | | | | | | |
| Current and Other Assets | \$ 4,465,508 | \$ 3,118,079 | \$ 579,979 | \$ 459,560 | \$ 5,045,487 | \$ 3,577,639 |
| Capital Assets | <u>28,026,185</u> | <u>26,342,364</u> | <u>84,901</u> | <u>62,177</u> | <u>28,111,086</u> | <u>26,404,541</u> |
| Total Assets | <u>32,491,693</u> | <u>29,460,443</u> | <u>664,880</u> | <u>521,737</u> | <u>33,156,573</u> | <u>29,982,180</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred amounts on Net Pension Liability | 2,017,694 | 2,982,106 | | | 2,017,694 | 228,421 |
| Deferred amounts on Refunding of Debt | <u>201,565</u> | <u>258,593</u> | <u>-</u> | <u>-</u> | <u>201,565</u> | <u>258,593</u> |
| Total Deferred Outflows of Resources | <u>2,219,259</u> | <u>3,240,699</u> | <u>-</u> | <u>-</u> | <u>2,219,259</u> | <u>487,014</u> |
| Total Assets and Deferred Outflows of Resources | <u>34,710,952</u> | <u>32,701,142</u> | <u>664,880</u> | <u>521,737</u> | <u>35,375,832</u> | <u>30,469,194</u> |
| Liabilities | | | | | | |
| Current Liabilities | 1,015,405 | 1,214,809 | 125,437 | 89,584 | 1,140,842 | 1,304,393 |
| Noncurrent Liabilities | <u>27,327,377</u> | <u>26,709,359</u> | <u>29,245</u> | <u>-</u> | <u>27,356,622</u> | <u>26,709,359</u> |
| Total Liabilities | <u>28,342,782</u> | <u>27,924,168</u> | <u>154,682</u> | <u>89,584</u> | <u>28,497,464</u> | <u>28,013,752</u> |
| Deferred Inflows of Resources | | | | | | |
| Deferred Amounts on Net Pension Liability | <u>2,767,971</u> | <u>1,238,095</u> | <u>-</u> | <u>-</u> | <u>2,767,971</u> | <u>2,237,231</u> |
| Total Deferred Inflows of Resources | <u>2,767,971</u> | <u>1,238,095</u> | <u>-</u> | <u>-</u> | <u>2,767,971</u> | <u>2,237,231</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>31,110,753</u> | <u>29,162,263</u> | <u>154,682</u> | <u>89,584</u> | <u>31,265,435</u> | <u>30,250,983</u> |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 15,212,448 | 14,372,017 | 84,901 | 62,177 | 15,297,349 | 14,434,194 |
| Restricted | 560,200 | 608,773 | | | 560,200 | 608,773 |
| Unrestricted | <u>(12,172,449)</u> | <u>(11,441,911)</u> | <u>425,297</u> | <u>369,976</u> | <u>(11,747,152)</u> | <u>(11,071,935)</u> |
| Total Net Position | <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> |

**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 \$61,320 and \$253,521 for the fiscal years ended June 30, 2018 and 2017, respectively. Key elements of this increase are as follows:

**Table A-3
Changes in Net Position
For the Fiscal Year Ended June 30, 2018 and 2017**

| | <u>Governmental</u> | | <u>Business-Type</u> | | <u>Total</u> | |
|--|---------------------|---------------------|----------------------|-------------------|---------------------|---------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 320,442 | \$ 309,569 | \$ 869,244 | \$ 851,849 | \$ 1,189,686 | \$ 1,161,418 |
| Operating Grants and Contributions | 12,961,957 | 11,557,269 | 190,917 | 168,082 | 13,152,874 | 11,725,351 |
| General Revenues | | | | | | |
| Property Taxes | 32,446,835 | 31,410,871 | | | 32,446,835 | 31,410,871 |
| Restricted State | 132,623 | 113,132 | | | 132,623 | 113,132 |
| Unrestricted State | 70,104 | 72,630 | | | 70,104 | 72,630 |
| Other | 132,367 | 159,457 | 291 | 421 | 132,658 | 159,878 |
| Total Revenues | <u>46,064,328</u> | <u>43,622,928</u> | <u>1,060,452</u> | <u>1,020,352</u> | <u>47,124,780</u> | <u>44,643,280</u> |
| Expenses | | | | | | |
| Instruction | | | | | | |
| Regular | 16,139,527 | 15,212,598 | | | 16,139,527 | 15,212,598 |
| Special | 8,506,016 | 8,025,261 | - | - | 8,506,016 | 8,025,261 |
| Other Instruction | 1,555,684 | 1,191,767 | | | 1,555,684 | 1,191,767 |
| School Sponsored Activities and Ath. | 1,105,156 | 1,067,496 | | | 1,105,156 | 1,067,496 |
| Support Services | | | | | | |
| Student and Instruction Related Serv. | 8,532,183 | 8,171,404 | | | 8,532,183 | 8,171,404 |
| Educational Media/School Library | 260,098 | 364,953 | | | 260,098 | 364,953 |
| School Administrative Services | 2,495,385 | 2,319,019 | | | 2,495,385 | 2,319,019 |
| General Administrative Services | 914,590 | 821,461 | | | 914,590 | 821,461 |
| Plant Operations and Maintenance | 3,466,751 | 3,409,846 | | | 3,466,751 | 3,409,846 |
| Pupil Transportation | 1,599,634 | 1,380,806 | | | 1,599,634 | 1,380,806 |
| Central Services | 835,222 | 765,904 | | | 835,222 | 765,904 |
| Food Services | | | 567,765 | 561,537 | 567,765 | 561,537 |
| Community Programs | | | 414,642 | 352,638 | 414,642 | 352,638 |
| Interest on Long-Term Debt | 592,762 | 638,892 | - | - | 592,762 | 638,892 |
| Total Expenses | <u>46,003,008</u> | <u>43,369,407</u> | <u>982,407</u> | <u>914,175</u> | <u>46,985,415</u> | <u>44,283,582</u> |
| Change in Net Position | 61,320 | 253,521 | 78,045 | 106,177 | 139,365 | 359,698 |
| Net Position, Beginning of Year | <u>3,538,879</u> | <u>3,285,358</u> | <u>432,153</u> | <u>325,976</u> | <u>3,971,032</u> | <u>3,611,334</u> |
| Net Position, End 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> |

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

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

Governmental activities. The District’s total governmental revenues were \$46,064,328. The local share of the revenues that included property taxes, state aid restricted for debt service, unrestricted state aid and miscellaneous revenue, amounted to \$32,781,929 or 71% of total revenues. Funding from state, federal sources amounted to \$12,961,957 or 28%. Charges for services amounted to \$320,442 or 1%. (See Table A-4)

The District’s total governmental expenses were \$46,003,008 and are predominantly related to instruction and support services. Instruction totaled \$27,306,383 (59%), student support services totaled \$18,103,863 (40%) and interest on long-term debt total \$592,762 (1%) of total expenditures. (See Table A-5.)

Table A-4 Revenues by Source – Governmental Activities
For Fiscal Year 2018

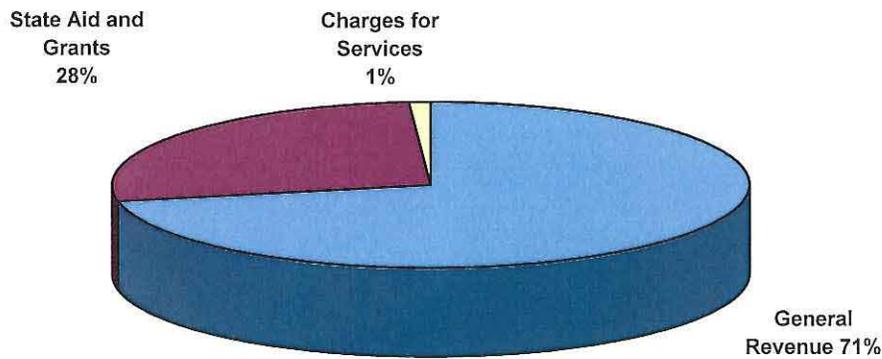
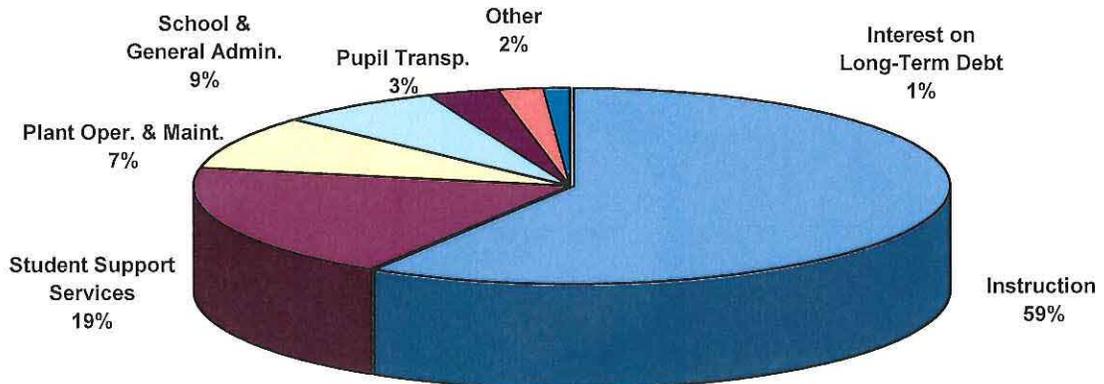


Table A-5 Expenditures by Type- Governmental Activities
For Fiscal Year 2018



**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, 2018 and 2017

| <u>Functions/Programs</u> | <u>Cost of Services</u> | | <u>Net Cost Services</u> | |
|---|-------------------------|----------------------|--------------------------|----------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Governmental Activities | | | | |
| Instruction | | | | |
| Regular | \$ 16,139,527 | \$ 15,212,598 | \$ 11,284,106 | \$ 10,887,159 |
| Special Education | 8,506,016 | 8,025,261 | 5,100,436 | 4,675,853 |
| Other Instruction | 1,555,684 | 1,191,767 | 892,174 | 724,302 |
| School Sponsored Activities and Athletics | 1,105,156 | 1,067,496 | 813,443 | 804,879 |
| Support Services | | | | |
| Student and Instruction Related Svcs. | 8,532,183 | 8,171,404 | 6,024,899 | 5,853,756 |
| Educational Media/School Library | 260,098 | 364,953 | 180,423 | 266,839 |
| General Administrative Services | 914,590 | 821,461 | 745,118 | 686,066 |
| School Administrative Services | 2,495,385 | 2,319,019 | 1,709,389 | 1,629,205 |
| Plant Operations and Maintenance | 3,466,751 | 3,409,846 | 3,117,837 | 3,267,459 |
| Pupil Transportation | 1,599,634 | 1,380,806 | 1,472,921 | 1,302,255 |
| Central Services | 835,222 | 765,904 | 787,101 | 765,904 |
| Interest on Long-Term Debt | 592,762 | 638,892 | 592,762 | 638,892 |
| Total Governmental Activities | \$ 46,003,008 | \$ 43,369,407 | \$ 32,720,609 | \$ 31,502,569 |

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2018 was \$982,407. These costs were funded by operating grants, charges for services and investment earnings. (Detailed on Table A-3). The operations resulted in an increase in net position of \$78,045.

Food Service Program

- Food service revenues exceeded expenses by \$12,332.
- Charges for services represent 67% 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 revenues exceeded expenses by \$65,713.
- 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 \$3,696,658. In 2016-2017 the fund balance was \$2,093,926. The increase is attributable to the capital lease proceeds for the Energy Savings Incentive Program in the capital projects fund. The general fund fund balance decreased \$767,386 from 2016-17.

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 \$39,255,184 and expenditures were \$42,820,581.

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, 2018 and 2017.

| | Fiscal Year Ended <u>6/30/2018</u> | Fiscal Year Ended <u>6/30/2017</u> | Amount of Increase (Decrease) | Percent Change |
|--------------------|---|---|--|---------------------------|
| Local Sources | \$ 32,906,222 | \$ 31,911,344 | \$ 994,878 | 3% |
| State Sources | 5,617,672 | 5,076,643 | 541,029 | 11% |
| Federal Sources | <u>731,290</u> | <u>651,305</u> | <u>79,985</u> | 12% |
| Total Revenues | <u>\$ 39,255,184</u> | <u>\$ 37,639,292</u> | <u>\$ 1,615,892</u> | 4% |

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, 2018 and 2017.

| | Fiscal Year Ended <u>6/30/2018</u> | Fiscal Year Ended <u>6/30/2017</u> | Amount of Increase (Decrease) | Percent Change |
|----------------------------|---|---|--|---------------------------|
| Current Expenses: | | | | |
| Instruction | \$ 22,167,366 | \$ 20,500,008 | \$ 1,667,358 | 8% |
| Undistributed | 15,220,235 | 14,608,571 | 611,664 | 4% |
| Capital Outlay | 2,996,119 | 2,425,781 | 570,338 | 24% |
| Debt Service | | | | |
| Principal | 1,900,292 | 1,738,870 | 161,422 | 9% |
| Interest and Other Charges | <u>536,569</u> | <u>664,859</u> | <u>(128,290)</u> | -19% |
| Total Expenditures | <u>\$ 42,820,581</u> | <u>\$ 39,938,089</u> | <u>\$ 2,882,492</u> | 7% |

**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 2017-18. As a result an appropriation of surplus 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 2018, the District had total assets of \$28,111,086 net of depreciation invested in land, construction in progress, land improvements, buildings, furniture, equipment and vehicles. Table 7 shows fiscal year 2018 balances compared to 2017.

**Table A-7
Capital Assets (Net Depreciation) as of June 30, 2018 and 2017**

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------------|----------------------------|----------------------|-----------------------------|------------------|----------------------|----------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Land | \$ 31,974 | \$ 31,974 | | | \$ 31,974 | \$ 31,974 |
| Construction in Progress | 3,965,438 | 2,469,287 | | | 3,965,438 | 2,469,287 |
| Land Improvements | 664,343 | 664,343 | | | 664,343 | 664,343 |
| Buildings and Building Improvements | 37,204,401 | 36,033,649 | | | 37,204,401 | 36,033,649 |
| Machinery, Equipment and Vehicles | <u>3,302,408</u> | <u>2,973,192</u> | \$ 237,311 | \$ 197,354 | <u>3,539,719</u> | <u>3,170,546</u> |
| Total | 45,168,564 | 42,172,445 | 237,311 | 197,354 | 45,405,875 | 42,369,799 |
| Less: Accumulated Depreciation | <u>17,142,379</u> | <u>15,830,081</u> | <u>152,410</u> | <u>135,177</u> | <u>17,294,789</u> | <u>15,965,258</u> |
| Total | <u>\$ 28,026,185</u> | <u>\$ 26,342,364</u> | <u>\$ 84,901</u> | <u>\$ 62,177</u> | <u>\$ 28,111,086</u> | <u>\$ 26,404,541</u> |

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

Capital Assets (Continued)

Overall capital assets increased by \$1,706,545 from fiscal year 2017 to fiscal year 2018. 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, 2018, the District's Governmental Activities had \$27,327,377 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>2018</u> | <u>2017</u> |
|-------------------------------|----------------------|----------------------|
| General Obligation Bonds, Net | \$ 12,960,285 | \$ 14,682,019 |
| Net Pension Liability | 8,703,658 | 11,301,231 |
| Capital Leases | 5,158,899 | 237,568 |
| Compensated Absences Payable | <u>504,535</u> | <u>488,541</u> |
| Total | <u>\$ 27,327,377</u> | <u>\$ 26,709,359</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, 2018

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|---------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 441,562 | \$ 570,921 | \$ 1,012,483 |
| Cash Held with Fiscal Agent | 3,022,673 | | 3,022,673 |
| Receivables, net | 966,150 | 32,658 | 998,808 |
| Internal Balances | 35,123 | (35,123) | - |
| Inventory | | 11,523 | 11,523 |
| Capital Assets | | | |
| Not Being Depreciated | 3,997,412 | | 3,997,412 |
| Being Depreciated, Net | <u>24,028,773</u> | <u>84,901</u> | <u>24,113,674</u> |
| Total Assets | <u>32,491,693</u> | <u>664,880</u> | <u>33,156,573</u> |
| Deferred Outflows of Resources | | | |
| Deferred Amounts on Net Pension Liability | 2,017,694 | | 2,017,694 |
| Deferred Amounts on Refunding of Debt | <u>201,565</u> | <u>-</u> | <u>201,565</u> |
| | <u>2,219,259</u> | <u>-</u> | <u>2,219,259</u> |
| Total Deferred Outflows of Resources | | | |
| Total Assets and Deferred Outflows of Resources | <u>34,710,952</u> | <u>664,880</u> | <u>35,375,832</u> |
| LIABILITIES | | | |
| Accounts Payable and Other Current Liabilities | 674,044 | 16,884 | 690,928 |
| Payable to Other Governments | 29,318 | | 29,318 |
| Accrued Interest Payable | 246,555 | | 246,555 |
| Unearned Revenue | 65,488 | 108,553 | 174,041 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 2,108,504 | 9,263 | 2,117,767 |
| Due Beyond One Year | <u>25,218,873</u> | <u>19,982</u> | <u>25,238,855</u> |
| Total Liabilities | <u>28,342,782</u> | <u>154,682</u> | <u>28,497,464</u> |
| Deferred Inflows of Resources | | | |
| Deferred Amounts on Net Pension Liability | <u>2,767,971</u> | <u>-</u> | <u>2,767,971</u> |
| Total Deferred Inflows of Resources | <u>2,767,971</u> | <u>-</u> | <u>2,767,971</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>31,110,753</u> | <u>154,682</u> | <u>31,265,435</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 15,212,448 | 84,901 | 15,297,349 |
| Restricted for : | | | |
| Capital Projects | 380,463 | | 380,463 |
| Debt Service | 79,737 | | 79,737 |
| Other Purposes | 100,000 | | 100,000 |
| Unrestricted | <u>(12,172,449)</u> | <u>425,297</u> | <u>(11,747,152)</u> |
| Total Net Position | <u>\$ 3,600,199</u> | <u>\$ 510,198</u> | <u>\$ 4,110,397</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, 2018**

| 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 | \$ 16,139,527 | \$ 82,927 | \$ 4,772,494 | | \$ (11,284,106) | | \$ (11,284,106) |
| Special Education | 8,506,016 | 136,655 | 3,268,925 | | (5,100,436) | | (5,100,436) |
| Other Instruction | 1,555,684 | | 663,510 | | (892,174) | | (892,174) |
| School Sponsored Activities and Athletics | 1,105,156 | | 291,713 | | (813,443) | | (813,443) |
| Support Services | | | | | - | | - |
| Student and Instruction Related Services | 8,532,183 | | 2,507,284 | | (6,024,899) | | (6,024,899) |
| Educational Media/School Library | 260,098 | | 79,675 | | (180,423) | | (180,423) |
| General and Business Administrative Services | 914,590 | | 169,472 | | (745,118) | | (745,118) |
| School Administrative Services | 2,495,385 | | 785,996 | | (1,709,389) | | (1,709,389) |
| Plant Operations and Maintenance | 3,466,751 | 100,860 | 248,054 | | (3,117,837) | | (3,117,837) |
| Pupil Transportation | 1,599,634 | | 126,713 | | (1,472,921) | | (1,472,921) |
| Central Services | 835,222 | | 48,121 | | (787,101) | | (787,101) |
| Interest and Other Charges on Long-Term Debt | 592,762 | - | - | - | (592,762) | - | (592,762) |
| Total Governmental Activities | 46,003,008 | 320,442 | 12,961,957 | - | (32,720,609) | - | (32,720,609) |
| Business-Type Activities | | | | | | | |
| Food Service | 567,765 | 389,037 | 190,917 | | | \$ 12,189 | 12,189 |
| Community Programs | 414,642 | 480,207 | - | | | 65,565 | 65,565 |
| Total Business-Type Activities | 982,407 | 869,244 | 190,917 | - | - | 77,754 | 77,754 |
| Total Primary Government | \$ 46,985,415 | \$ 1,189,686 | \$ 13,152,874 | \$ - | (32,720,609) | 77,754 | (32,642,855) |
| General Revenues | | | | | | | |
| Property Taxes, Levied for General Purposes, Net | | | | | 30,456,166 | | 30,456,166 |
| Property Taxes Levied for Debt Service | | | | | 1,990,669 | | 1,990,669 |
| State Aid Restricted for Debt Service | | | | | 132,623 | | 132,623 |
| Unrestricted State Aid | | | | | 70,104 | - | 70,104 |
| Miscellaneous Income | | | | | 132,367 | 291 | 132,658 |
| Total General Revenues | | | | | 32,781,929 | 291 | 32,782,220 |
| Change in Net Position | | | | | 61,320 | 78,045 | 139,365 |
| Net Position, Beginning of Year | | | | | 3,538,879 | 432,153 | 3,971,032 |
| Net Position, End of Year | | | | | \$ 3,600,199 | \$ 510,198 | \$ 4,110,397 |

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, 2018**

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 362,361 | | | \$ 79,201 | \$ 441,562 |
| Cash Held with Fiscal Agent | | | \$ 3,022,673 | | 3,022,673 |
| Receivables, Net | | | | | |
| Receivables from Other Governments | 105,744 | \$ 168,777 | 517,061 | | 791,582 |
| Due from Other Funds | 488,420 | - | | 536 | 488,956 |
| Other Receivables | 56,929 | - | - | - | 56,929 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Assets | <u>\$ 1,013,454</u> | <u>\$ 168,777</u> | <u>\$ 3,539,734</u> | <u>\$ 79,737</u> | <u>\$ 4,801,702</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ 323,732 | \$ 33,428 | \$ 316,884 | | \$ 674,044 |
| Due to Other Funds | 536 | 77,839 | 257,819 | | 336,194 |
| Payable to State Government | | 3,025 | | | 3,025 |
| Payable to Federal Government | 26,293 | | | | 26,293 |
| Unearned Revenue | 11,003 | 54,485 | - | - | 65,488 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Liabilities | <u>361,564</u> | <u>168,777</u> | <u>574,703</u> | <u>-</u> | <u>1,105,044</u> |
| Fund Balances | | | | | |
| Restricted: | | | | | |
| Excess Surplus Designated for Subsequent | | | | | |
| Year's Expenditures | 108,338 | | | | 108,338 |
| Capital Reserve | 75,268 | | | | 75,268 |
| Capital Reserve- Designated for Subsequent | | | | | |
| Year's Expenditures | 300,000 | | | | 300,000 |
| Maintenance Reserve | 100,000 | | | | 100,000 |
| Capital Projects | | | 2,965,031 | | 2,965,031 |
| Debt Service | | | | \$ 79,737 | 79,737 |
| Assigned: | | | | | |
| Year End Encumbrances | 59,920 | | | | 59,920 |
| Unassigned: | | | | | |
| | 8,364 | - | - | - | 8,364 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Fund Balances | <u>651,890</u> | <u>-</u> | <u>2,965,031</u> | <u>79,737</u> | <u>3,696,658</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,013,454</u> | <u>\$ 168,777</u> | <u>\$ 3,539,734</u> | <u>\$ 79,737</u> | <u>\$ 4,801,702</u> |

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

Total Government Fund Balances (Exhibit B-1) \$ 3,696,658

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 \$45,168,564 and the accumulated depreciation is \$17,142,379. 28,026,185

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 | \$ 2,017,694 | |
| Deferred Inflows of Resources | <u>(2,767,971)</u> | (750,277) |

The District has financed capital assets through the issuance of serial bonds and long term-lease obligations. The interest accrual at year end is: (246,555)

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. 201,565

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 | \$ (12,960,285) | |
| Net Pension Liability | (8,703,658) | |
| Capital Leases | (5,158,899) | |
| Compensated Absences | <u>(504,535)</u> | (27,327,377) |

Net Position of Governmental Activities (Exhibit A-1) \$ 3,600,199

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property Tax Levy | \$ 30,456,166 | | | \$ 1,990,669 | \$ 32,446,835 |
| Miscellaneous | 419,814 | \$ 18,084 | \$ 21,489 | - | 459,387 |
| Total - Local Sources | 30,875,980 | 18,084 | 21,489 | 1,990,669 | 32,906,222 |
| State Sources | 5,480,590 | 4,459 | | 132,623 | 5,617,672 |
| Federal Sources | 9,184 | 722,106 | - | - | 731,290 |
| Total Revenues | 36,365,754 | 744,649 | 21,489 | 2,123,292 | 39,255,184 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Regular Instruction | 12,672,741 | 12,020 | | | 12,684,761 |
| Special Education Instruction | 6,968,913 | 382,540 | | | 7,351,453 |
| Other Instruction | 1,012,356 | 225,342 | | | 1,237,698 |
| School-Sponsored Activities and Athletics | 893,454 | | | | 893,454 |
| Support Services | | | | | |
| Student and Instruction Related Services | 6,678,385 | 124,747 | | | 6,803,132 |
| Educational Media/School Library | 202,276 | | | | 202,276 |
| General Administrative Services | 791,601 | | | | 791,601 |
| School Administrative Services | 1,924,973 | | | | 1,924,973 |
| Plant Operations and Maintenance | 3,177,522 | | | | 3,177,522 |
| Pupil Transportation | 1,546,724 | | | | 1,546,724 |
| Central Services | 774,007 | | | | 774,007 |
| Debt Service | | | | | |
| Principal | 235,292 | | | 1,665,000 | 1,900,292 |
| Interest and Other Charges | 58,069 | | | 478,500 | 536,569 |
| Capital Outlay | 740,019 | - | 2,256,100 | - | 2,996,119 |
| Total Expenditures | 37,676,332 | 744,649 | 2,256,100 | 2,143,500 | 42,820,581 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,310,578) | - | (2,234,611) | (20,208) | (3,565,397) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Capital Leases (Non-budget) | 413,442 | | | | 413,442 |
| Lease Proceeds | | | 4,743,181 | | 4,743,181 |
| Cancellation of Prior Year Accounts Payable | | | 11,506 | | 11,506 |
| Transfer In | 129,750 | | | 535 | 130,285 |
| Transfer Out | - | - | (130,285) | - | (130,285) |
| Total Other Financing Sources and Uses | 543,192 | - | 4,624,402 | 535 | 5,168,129 |
| Net Change in Fund Balances | (767,386) | - | 2,389,791 | (19,673) | 1,602,732 |
| Fund Balance, Beginning of Year | 1,419,276 | - | 575,240 | 99,410 | 2,093,926 |
| Fund Balance, End of Year | \$ 651,890 | \$ - | \$ 2,965,031 | \$ 79,737 | \$ 3,696,658 |

**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, 2018**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,602,732

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 | \$ 2,996,119 | |
| Depreciation Expense | <u>(1,312,298)</u> | |
| | | 1,683,821 |

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 | 58,047 | |
| Amortization of Deferred Amounts on Refunding | (57,028) | |
| Capital Leases Issued | (5,156,623) | |
| Principal Repayments | | |
| Bond Principal | 1,665,000 | |
| Capital Lease Principal | <u>235,292</u> | |
| | | (3,256,625) |

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 | (15,994) | |
| Decrease in Net Pension Expense | <u>103,285</u> | |
| | | 87,291 |

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.

| | | |
|------------------------------|--|-----------------|
| Increase in Accrued Interest | | <u>(55,899)</u> |
|------------------------------|--|-----------------|

Change in net position of governmental activities (Exhibit A-2) **\$ 61,320**

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

**SADDLE BROOK BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

| | <u>Food Service</u> | <u>Community Programs</u> | <u>Business-Type Activities Enterprise Fund Totals</u> |
|----------------------------------|-------------------------|-------------------------------|--|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | \$ 52,580 | \$ 518,341 | \$ 570,921 |
| Other Accounts Receivable | 4,698 | 19,351 | 24,049 |
| Intergovernmental Receivable | | | |
| State | 320 | | 320 |
| Federal | 8,289 | | 8,289 |
| Inventories | <u>11,523</u> | <u>-</u> | <u>11,523</u> |
| Total Current Assets | <u>77,410</u> | <u>537,692</u> | <u>615,102</u> |
| Capital Assets | | | |
| Equipment | 237,311 | | 237,311 |
| Less: Accumulated Depreciation | <u>(152,410)</u> | <u>-</u> | <u>(152,410)</u> |
| Total Capital Assets, Net | <u>84,901</u> | <u>-</u> | <u>84,901</u> |
| Total Assets | <u>162,311</u> | <u>537,692</u> | <u>700,003</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Due to Other Funds | | 35,123 | 35,123 |
| Capital Leases Payable | 9,263 | | 9,263 |
| Accounts Payable | 4,561 | 12,323 | 16,884 |
| Unearned Revenue | <u>14,963</u> | <u>93,590</u> | <u>108,553</u> |
| Total Current Liabilities | <u>28,787</u> | <u>141,036</u> | <u>169,823</u> |
| Non-Current Liabilities | | | |
| Capital Lease Payable | <u>19,982</u> | <u>-</u> | <u>19,982</u> |
| Total Non-Current Liabilities | <u>19,982</u> | <u>-</u> | <u>19,982</u> |
| Total Liabilities | <u>48,769</u> | <u>141,036</u> | <u>189,805</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 84,901 | - | 84,901 |
| Unrestricted | <u>28,641</u> | <u>396,656</u> | <u>425,297</u> |
| Total Net Position | <u>\$ 113,542</u> | <u>\$ 396,656</u> | <u>\$ 510,198</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, 2018**

| | <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 | \$ 219,134 | | \$ 219,134 |
| Daily Sales - Non-Reimbursable Programs | 169,903 | | 169,903 |
| Community Service Fees | - | \$ 480,207 | 480,207 |
| | <hr/> | <hr/> | <hr/> |
| Total Operating Revenues | 389,037 | 480,207 | 869,244 |
| OPERATING EXPENSES | | | |
| Cost of Sales - Reimbursable | 168,869 | | 168,869 |
| Cost of Sales - Non-Reimbursable | 112,731 | | 112,731 |
| Salaries and Employee Benefits | 231,214 | 355,756 | 586,970 |
| Contracted Services | | 4,327 | 4,327 |
| Rentals | | 35,000 | 35,000 |
| Purchased Property Services | 2,879 | | 2,879 |
| Other Purchased Services | 31,755 | | 31,755 |
| Telephone | | 2,159 | 2,159 |
| Supplies and Materials | 2,943 | 11,119 | 14,062 |
| Depreciation | 17,233 | | 17,233 |
| Miscellaneous | 84 | 6,281 | 6,365 |
| | <hr/> | <hr/> | <hr/> |
| Total Operating Expenses | 567,708 | 414,642 | 982,350 |
| Operating Income/(Loss) | <hr/> (178,671) | <hr/> 65,565 | <hr/> (113,106) |
| NONOPERATING REVENUES/(EXPENSES) | | | |
| State Sources | | | |
| School Lunch Program | 5,676 | | 5,676 |
| Federal Sources | | | |
| National School Lunch Program | 138,796 | | 138,796 |
| Food Distribution Program | 38,950 | | 38,950 |
| School Breakfast Program | 7,495 | | 7,495 |
| Interest and Investment Revenue | 143 | 148 | 291 |
| Interest Expense | (57) | - | (57) |
| | <hr/> | <hr/> | <hr/> |
| Total Nonoperating Revenues | 191,003 | 148 | 191,151 |
| Change in Net Position | 12,332 | 65,713 | 78,045 |
| Total Net Position, Beginning of Year | <hr/> 101,210 | <hr/> 330,943 | <hr/> 432,153 |
| Total Net Position, End of Year | <hr/> <u>\$ 113,542</u> | <hr/> <u>\$ 396,656</u> | <hr/> <u>\$ 510,198</u> |

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

**SADDLE BROOK BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| | <u>Food Service</u> | <u>Community Programs</u> | <u>Business-Type Activities Enterprise Fund Totals</u> |
|---|-------------------------|-------------------------------|--|
| Cash Flows from Operating Activities | | | |
| Cash Received from Customers | \$ 399,302 | \$ 497,925 | \$ 897,227 |
| Cash Payments for Employees' Salaries and Benefits | (231,214) | (355,756) | (586,970) |
| Cash Payments to Suppliers for Goods and Services | <u>(287,056)</u> | <u>(108,553)</u> | <u>(395,609)</u> |
| Net Cash Provided/(Used) for Operating Activities | <u>(118,968)</u> | <u>33,616</u> | <u>(85,352)</u> |
| Cash Flows from Noncapital Financing Activities | | | |
| Cash Payments to Other Funds | (240,299) | | (240,299) |
| Cash Received from State and Federal Subsidy Reimbursements | <u>152,724</u> | <u>-</u> | <u>152,724</u> |
| Net Cash Provided/(Used) by Noncapital Financing Activities | <u>(87,575)</u> | <u>-</u> | <u>(87,575)</u> |
| Cash Flows from Capital and Related Financing Activities | | | |
| Principal Payment Capital Lease | (10,712) | | (10,712) |
| Interest Paid- Capital Leases | <u>(57)</u> | <u>-</u> | <u>(57)</u> |
| Net Cash Used by Capital and Related Financing Activities | <u>(10,769)</u> | <u>-</u> | <u>(10,769)</u> |
| Cash Flows from Investing Activities | | | |
| Interest on Investments | <u>143</u> | <u>148</u> | <u>291</u> |
| Net Cash Provided by Investing Activities | <u>143</u> | <u>148</u> | <u>291</u> |
| Net Increase/(Decrease) in Cash and Cash Equivalents | (217,169) | 33,764 | (183,405) |
| Cash and Cash Equivalents, Beginning of Year | <u>269,749</u> | <u>484,577</u> | <u>754,326</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 52,580</u> | <u>\$ 518,341</u> | <u>\$ 570,921</u> |
| Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities | | | |
| Operating Income (Loss) | \$ (178,671) | \$ 65,565 | \$ (113,106) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities | | | |
| Noncash Federal Assistance - Food Distribution Program | 38,950 | | 38,950 |
| Depreciation | 17,233 | | 17,233 |
| Change in Assets and Liabilities | | | |
| (Increase)/Decrease in Accounts Receivable | (4,698) | (2,227) | (6,925) |
| (Increase)/Decrease in Inventory | (5,254) | | (5,254) |
| Increase/(Decrease) in Accounts Payable | (1,491) | 2,436 | 945 |
| Increase/(Decrease) in Interfund Accounts Payable | | (52,103) | (52,103) |
| Increase/(Decrease) in Unearned Revenue | <u>14,963</u> | <u>19,945</u> | <u>34,908</u> |
| Total Adjustments | <u>59,703</u> | <u>(31,949)</u> | <u>27,754</u> |
| Net Cash Provided by (Used for) Operating Activities | <u>\$ (118,968)</u> | <u>\$ 33,616</u> | <u>\$ (85,352)</u> |
| Non-Cash Financing Activities | | | |
| Food Distribution Program Commodities Received | \$ 38,950 | | |
| Purchase of Capital Assets on Account (Capital Lease) | 39,957 | | |

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, 2018**

| | <u>Unemployment Compensation Trust</u> | <u>Private Purpose Trust Fund</u> | <u>Agency Fund</u> |
|---|--|---------------------------------------|--------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 106,534 | \$ 2,818 | \$ 457,350 |
| Due from Other Funds | <u>9,667</u> | <u>-</u> | <u>-</u> |
| Total Assets | <u>116,201</u> | <u>2,818</u> | <u>\$ 457,350</u> |
| LIABILITIES | | | |
| Payroll Deductions and Withholdings | | | 175,088 |
| Accrued Salaries & Wages | | | 100 |
| Flex Spending Benefits | | | 594 |
| Due to Other Funds | | | 127,306 |
| Due to Student Groups | | | 154,262 |
| Due to State of New Jersey | <u>2,678</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>2,678</u> | <u>-</u> | <u>\$ 457,350</u> |
| NET POSITION | | | |
| Held in Trust for Unemployment Claims and Other Purposes | <u>\$ 113,523</u> | <u>\$ 2,818</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, 2018**

| | <u>Unemployment Compensation Trust</u> | <u>Private Purpose Trust Fund</u> |
|---------------------------------------|--|---------------------------------------|
| ADDITIONS | | |
| Investment Earnings | | |
| Employee Contributions | \$ 29,148 | |
| Interest | 302 | \$ 3 |
| | <hr/> | <hr/> |
| Net Investment Earnings | 29,450 | 3 |
| | <hr/> | <hr/> |
| Total Additions | 29,450 | 3 |
| | <hr/> | <hr/> |
| DEDUCTIONS | | |
| Unemployment Claims and Contributions | 18,665 | - |
| | <hr/> | <hr/> |
| Total Deductions | 18,665 | - |
| | <hr/> | <hr/> |
| Change in Net Position | 10,785 | 3 |
| Net Position, Beginning of Year | 102,738 | 2,815 |
| | <hr/> | <hr/> |
| Net Position, End of Year | <u>\$ 113,523</u> | <u>\$ 2,818</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, 2018**

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 2018, the District adopted the following GASB statements:

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following 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 funds* 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".

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects and/or Lease-Purchase Agreements 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 period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from 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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

6. Deferred Outflows/Inflows of Resources (Continued)

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

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, 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, 2018

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.

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

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

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

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

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, 2018**

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)

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 District 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.

Amounts in the assigned fund balance classification are intended to be used by the District's 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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, 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 2016-2017 and 2017-2018 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund 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, 2018**

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 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$1,018,016. 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, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Capital Reserve

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

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

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

| | |
|------------------------------|-------------------|
| Balance, July 1, 2017 | \$ 260,918 |
| Increased by: | |
| Unexpended Project Balances | <u>129,750</u> |
| Withdrawals: | |
| Approved by Board Resolution | <u>15,400</u> |
| Balance, June 30, 2018 | <u>\$ 375,268</u> |

The June 30, 2017 LRFP 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. \$300,000 of the capital reserve balance at June 30, 2018 was designated and appropriated for use in the 2018/2019 original budget certified for taxes.

C. Maintenance Reserve

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

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

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Maintenance Reserve (Continued)

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

| | |
|------------------------|-------------------|
| Balance, July 1, 2017 | \$ 100,000 |
| Balance, June 30, 2018 | <u>\$ 100,000</u> |

The June 30, 2018 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$1,331,073.

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2018 is \$108,338. \$108,338 was designated and appropriated in the 2018/2019 original budget certified for taxes.

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2018, the book value of the Board's deposits were \$4,601,858 and bank and brokerage firm balances of the Board's deposits amounted to \$5,462,956. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" and "cash held with fiscal agent" are categorized as:

Depository Account

| | |
|---------|---------------------|
| Insured | <u>\$ 5,462,956</u> |
|---------|---------------------|

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2018 the Board’s bank balance was not exposed to custodial credit risk.

Investments

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

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

Investment and interest earnings in the Capital Projects Fund are assigned to the Debt Service Fund in accordance with Board policy except for the interest earnings on the capital lease.

B. Receivables

Receivables as of June 30, 2018 for the district’s individual major funds 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 | \$ 1,333 | | | \$ 4,698 | \$ 19,351 | \$ 25,382 |
| Intergovernmental | | | | | | - |
| Federal | | \$ 168,777 | | 8,289 | | 177,066 |
| State | 105,744 | | \$ 517,061 | 320 | | 623,125 |
| Local | 55,596 | - | - | - | - | 55,596 |
| Net Total Receivables | <u>\$ 162,673</u> | <u>\$ 168,777</u> | <u>\$ 517,061</u> | <u>\$ 13,307</u> | <u>\$ 19,351</u> | <u>\$ 881,169</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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 | \$ 525 |
| Insurance Proceeds for Damages to be Repaired | 10,478 |
| Special Revenue Fund | |
| Unencumbered Grant Draw Downs | <u>54,485</u> |
| Total Unearned Revenue for Governmental Funds | <u>\$ 65,488</u> |

D. Capital Assets

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

| | <u>Balance, July 1, 2017</u> | <u>Increases</u> | <u>Decreases/ Adjustments</u> | <u>Balance, June 30, 2018</u> |
|--|----------------------------------|---------------------|-----------------------------------|-----------------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 31,974 | | | \$ 31,974 |
| Construction in Progress | <u>2,469,287</u> | \$ 2,574,677 | \$ (1,078,526) | <u>3,965,438</u> |
| Total capital assets, not being depreciated | <u>2,501,261</u> | <u>2,574,677</u> | <u>(1,078,526)</u> | <u>3,997,412</u> |
| Capital assets, being depreciated: | | | | |
| Land Improvements | 664,343 | | | 664,343 |
| Buildings and Building Improvements | 36,033,649 | 92,226 | 1,078,526 | 37,204,401 |
| Machinery and Equipment | <u>2,973,192</u> | <u>329,216</u> | <u>-</u> | <u>3,302,408</u> |
| Total capital assets being depreciated | <u>39,671,184</u> | <u>421,442</u> | <u>1,078,526</u> | <u>41,171,152</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and Building Improvements | (208,056) | (24,368) | | (232,424) |
| Land Improvements | (13,063,492) | (1,112,476) | | (14,175,968) |
| Machinery and Equipment | <u>(2,558,533)</u> | <u>(175,454)</u> | <u>-</u> | <u>(2,733,987)</u> |
| Total accumulated depreciation | <u>(15,830,081)</u> | <u>(1,312,298)</u> | <u>-</u> | <u>(17,142,379)</u> |
| Total capital assets, being depreciated, net | <u>23,841,103</u> | <u>(890,856)</u> | <u>1,078,526</u> | <u>24,028,773</u> |
| Governmental activities capital assets, net | <u>\$ 26,342,364</u> | <u>\$ 1,683,821</u> | <u>\$ -</u> | <u>\$ 28,026,185</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

| | <u>Balance, July 1, 2017</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance, June 30, 2018</u> |
|--|----------------------------------|------------------|------------------|-----------------------------------|
| Business-Type activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Machinery and Equipment | \$ 197,354 | \$ 39,957 | - | \$ 237,311 |
| Total capital assets being depreciated | <u>197,354</u> | <u>39,957</u> | <u>-</u> | <u>237,311</u> |
| Less accumulated depreciation for: | | | | |
| Machinery and Equipment | <u>(135,177)</u> | <u>(17,233)</u> | <u>-</u> | <u>(152,410)</u> |
| Total accumulated depreciation | <u>(135,177)</u> | <u>(17,233)</u> | <u>-</u> | <u>(152,410)</u> |
| Total capital assets, being depreciated, net | <u>62,177</u> | <u>22,724</u> | <u>-</u> | <u>84,901</u> |
| Business-type activities capital assets, net | <u>\$ 62,177</u> | <u>\$ 22,724</u> | <u>\$ -</u> | <u>\$ 84,901</u> |

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

Governmental activities:

Instruction

| | |
|---|---------------|
| Regular | \$ 534,365 |
| Special Education | 178,581 |
| Other Instruction | 49,184 |
| School-Sponsored Activities and Athletics | <u>32,745</u> |

Total Instruction

794,875

Support Services

| | |
|--|---------------|
| Student and Instruction Related Services | 267,440 |
| Educational Media | 8,944 |
| General and Business Administrative Services | 19,023 |
| School Administrative Services | 88,228 |
| Plant Operations and Maintenance | 95,934 |
| Pupil Transportation | 14,734 |
| Central Services | <u>23,120</u> |

Total Support Services

517,423

Total Depreciation Expense - Governmental Activities

\$ 1,312,298

Business-Type Activities:

| | |
|-------------------|------------------|
| Food Service Fund | <u>\$ 17,233</u> |
|-------------------|------------------|

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

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

| <u>Project</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|----------------------------------|----------------------|---------------------------------|
| Energy Savings Incentive Program | \$ 1,713,961 | \$ 2,990,720 |

E. Interfund Receivables, Payables, and Transfers

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

Due To/From Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--------------------------------------|------------------------------------|-------------------|
| General Fund | Payroll Agency Fund | \$ 117,639 |
| General Fund | Community Programs Enterprise Fund | 35,123 |
| General Fund | Special Revenue Fund | 77,839 |
| General Fund | Capital Projects Fund | 257,819 |
| Debt Service Fund | General Fund | 536 |
| Unemployment Compensation Trust Fund | Payroll Agency Fund | 9,667 |
| | | <u>\$ 498,623</u> |

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund.

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

Interfund transfers

| | <u>Transfer In:</u> | | |
|--|-------------------------|------------------------------|-------------------|
| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Total</u> |
| Transfer Out: Capital Projects Fund | <u>129,750</u> | \$ <u>535</u> | <u>130,285</u> |
| Total | \$ <u>129,750</u> | \$ <u>535</u> | \$ <u>130,285</u> |

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

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing technology equipment, student transportation, district vehicles, energy savings incentive program and food service equipment totaling \$5,722,027 under capital leases. The leases are for terms of 4 to 18 years.

The unexpended proceeds from capital leases in the amount of \$3,022,673 at June 30, 2018 are held with the Fiscal Agent.

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

| <u>Fiscal Year Ending June 30</u> | <u>Governmental Activities</u> | <u>Business Type Activities</u> |
|---|------------------------------------|-------------------------------------|
| 2019 | \$ 535,220 | \$ 10,769 |
| 2020 | 433,636 | 10,769 |
| 2021 | 379,306 | 10,769 |
| 2022 | 349,732 | |
| 2023 | 316,071 | |
| 2024-2028 | 1,769,458 | |
| 2029-3033 | 2,030,631 | |
| 2034-3036 | <u>931,864</u> | <u>-</u> |
| Total minimum lease payments | 6,745,918 | 32,307 |
| Less: amount representing interest | <u>(1,587,019)</u> | <u>(3,062)</u> |
| Present value of minimum lease payments | <u>\$ 5,158,899</u> | <u>\$ 29,245</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

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. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

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

| | |
|--|---------------------|
| \$9,030,000, 2009 Refunding Bonds, due in annual installments of \$825,000 to \$860,000 through August 15, 2022, interest at 3% - 4% | \$ 4,240,000 |
| \$2,955,000, 2012 Pension Refunding Bonds, due in annual installments of \$165,000 to \$240,000 through August 15, 2029, interest at 5.00% - 5.75% | 2,165,000 |
| \$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% | 2,270,000 |
| \$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>4,114,000</u> |
| | <u>\$12,789,000</u> |

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

Governmental Activities:

| Year Ending June 30, | <u>Serial Bonds</u> | | <u>Total</u> |
|-------------------------|----------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2019 | \$ 1,695,000 | \$ 420,961 | \$ 2,115,961 |
| 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 |
| 2024-2028 | 3,190,000 | 442,750 | 3,632,750 |
| 2029-2030 | <u>939,000</u> | <u>36,480</u> | <u>975,480</u> |
| | <u>\$ 12,789,000</u> | <u>\$ 2,002,141</u> | <u>\$ 14,791,141</u> |

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

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

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

| | |
|---|----------------------|
| 4% of Equalized Valuation Basis (Municipal) | \$ 94,549,128 |
| Less: Net Debt | <u>10,624,393</u> |
| Remaining Borrowing Power | <u>\$ 83,924,735</u> |

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

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

| | Balance, July 1, 2017 | <u>Additions</u> | <u>Reductions</u> | Balance, June 30, 2018 | Due Within One Year |
|----------------------------------|--------------------------|---------------------|---------------------|---------------------------|---------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable | \$ 14,454,000 | | \$ 1,665,000 | \$ 12,789,000 | \$ 1,695,000 |
| Deferred Amounts | | | | | |
| Add: Premium | 243,767 | | 58,047 | 185,720 | |
| Less: Discount | <u>(15,748)</u> | <u>-</u> | <u>1,313</u> | <u>(14,435)</u> | <u>-</u> |
| Total Bonds Payable | 14,682,019 | - | 1,724,360 | 12,960,285 | 1,695,000 |
| Net Pension Liability | 11,301,231 | | 2,597,573 | 8,703,658 | |
| Capital Leases | 237,568 | \$ 5,156,623 | 235,292 | 5,158,899 | 363,504 |
| Compensated Absences | <u>488,541</u> | <u>40,066</u> | <u>24,072</u> | <u>504,535</u> | <u>50,000</u> |
| Governmental Activity | | | | | |
| Long-Term Liabilities | <u>\$ 26,709,359</u> | <u>\$ 5,196,689</u> | <u>\$ 4,581,297</u> | <u>\$ 27,327,377</u> | <u>\$ 2,108,504</u> |
| Business-Type Activities: | | | | | |
| Capital Leases | <u>-</u> | <u>\$ 39,957</u> | <u>\$ 10,712</u> | <u>\$ 29,245</u> | <u>\$ 9,263</u> |
| Business-Type Activity | | | | | |
| Long-Term Liabilities | <u>-</u> | <u>\$ 39,957</u> | <u>\$ 10,712</u> | <u>\$ 29,245</u> | <u>\$ 9,263</u> |

For the governmental activities, the liabilities for compensated absences, capital leases, and net pension liability are generally liquidated by the general fund. For the business-type activities, the liabilities for capital leases are liquidated by the food service enterprise fund.

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

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

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

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

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

| <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> |
|--------------------------------------|---|---|------------------------------------|---------------------------------|
| 2018 | | \$ 29,148 | \$ 18,665 | \$ 113,523 |
| 2017 | | 28,721 | 48,108 | 102,738 |
| 2016 | \$ 10,000 | 27,855 | 24,395 | 122,076 |

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

NOTE 4 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

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

C. Federal Arbitrage Regulations

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

D. Employee Retirement Systems and Pension Plans

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 eligible Board employees:

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

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

The following represent the membership tiers for TPAF:

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

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

Other Pension Funds

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

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

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

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

Actuarial Methods and Assumptions

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

Employer and Employee Pension Contributions

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

Annual Pension Costs (APC)

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

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

| Year Ended June 30, | PERS | On-behalf TPAF | DCRP |
|------------------------|------------|-------------------|----------|
| 2018 | \$ 346,373 | \$ 1,836,739 | \$ 9,237 |
| 2017 | 338,988 | 1,421,537 | 5,787 |
| 2016 | 349,095 | 1,003,077 | 4,659 |

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$4,001 and \$1,567, respectively for PERS and the State contributed \$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 \$953,235 during the fiscal year ended June 30, 2018 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$8,703,658 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2017, the District's proportionate share was .03739 percent, which was a decrease of .00077 percent from its proportionate share measured as of June 30, 2016 of .03816 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$300,874 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|--|---|
| Difference Between Expected and Actual Experience | \$ 204,941 | |
| Changes of Assumptions | 1,753,487 | \$ 1,747,059 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 59,266 | |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | <u>-</u> | <u>1,020,912</u> |
| Total | <u>\$ 2,017,694</u> | <u>\$ 2,767,971</u> |

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

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

| Year Ending <u>June 30,</u> | <u>Total</u> |
|-----------------------------------|---------------------|
| 2019 | \$ (176,991) |
| 2020 | (68,767) |
| 2021 | (7,490) |
| 2022 | (296,602) |
| 2023 | (200,427) |
| Thereafter | <u>-</u> |
| | <u>\$ (750,277)</u> |

Actuarial Assumptions

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

| | <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, 2016 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, 2018**

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

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

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

Discount Rate

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

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

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

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 excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,902,956 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$85,210,558. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .12638 percent, which was an increase of .0011 percent from its proportionate share measured as of June 30, 2016 of .12528 percent.

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

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

| | <u>TPAF</u> |
|---------------------------|-------------------------------|
| Inflation Rate | 2.25% |
| Salary Increases: | |
| 2012-2021 | Varies based on experience |
| Thereafter | Varies based on experience |
| Investment Rate of Return | 7.00% |

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

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

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

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

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

Period of Projected Benefit

Payments for which the Following Rates were Applied:

| | |
|-----------------------------------|----------------------------------|
| Long-Term Expected Rate of Return | Through June 30, 2036 |
| Municipal Bond Rate * | From July 1, 2036 and Thereafter |

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

Sensitivity of Net Pension Liability

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

| | 1% Decrease (3.25%) | Current Discount Rate (4.25%) | 1% Increase (5.25%) |
|--|------------------------------------|--|------------------------------------|
| State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District | <u>\$ 101,232,816</u> | <u>\$ 85,210,558</u> | <u>\$ 72,011,352</u> |

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

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

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 effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

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

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Funded Status and Funding Progress

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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

Actuarial Methods and Assumptions

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

Post-Retirement Medical Benefits Contributions

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

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

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$1,186,311, \$1,184,463 and \$1,194,388, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

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

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

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

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$3,917,732. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$66,670,636. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .12429 percent, which was a decrease of .00067 percent from its proportionate share measured as of June 30, 2016 of .12496 percent.

Actuarial Assumptions

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

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

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

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

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)

Actuarial Assumptions (Continued)

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

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

Long-Term Expected Rate of Return

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

Discount Rate

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

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

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

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

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

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

| | Total OPEB Liability (State Share 100%) |
|---|---|
| Balance, June 30, 2016 Measurement Date | \$ <u>72,266,975</u> |
| Changes Recognized for the Fiscal Year: | |
| Service Cost | \$ 2,717,386 |
| Interest on the Total OPEB Liability | 2,123,633 |
| Changes of Assumptions | (8,808,156) |
| Gross Benefit Payments | (1,691,487) |
| Contributions from the Member | <u>62,285</u> |
| Net Changes | \$ <u>(5,596,339)</u> |
| Balance, June 30, 2017 Measurement Date | <u>\$ 66,670,636</u> |

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

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

Sensitivity of OPEB Liability

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

| | 1% Decrease (2.58%) | Current Discount Rate (3.58%) | 1% Increase (4.58%) |
|--|---------------------------|-------------------------------------|---------------------------|
| State's Proportionate Share of the OPEB Liability Attributable to the District | \$ <u>79,142,855</u> | \$ <u>66,670,636</u> | \$ <u>56,777,553</u> |

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

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 (Continued)

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

| | <u>1%</u> <u>Decrease</u> | Healthcare Cost Trend <u>Rates</u> | <u>1%</u> <u>Increase</u> |
|--|--------------------------------------|---|--------------------------------------|
| Total OPEB Liability (School Retirees) | \$ <u>54,830,153</u> | \$ <u>66,670,636</u> | \$ <u>82,394,658</u> |

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

F. Subsequent Events

On November 6, 2018, the District voters approved a school facility security upgrade project in the amount of \$450,000 for the 2018-19 school budget. The funding for this security project will be done through the District's tax levy.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

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

| | Budgeted Amounts | | | Actual | Variance Final Budget with Actual |
|---|-------------------|---------------|-------------------|-------------------|---|
| | Original | Adjustments | Final | | |
| REVENUES | | | | | |
| Local Sources | | | | | |
| Local Tax Levy | \$ 30,456,166 | | \$ 30,456,166 | \$ 30,456,166 | |
| Miscellaneous | 476,162 | - | 476,162 | 419,814 | \$ (56,348) |
| Sub-Total Local Sources | <u>30,932,328</u> | <u>-</u> | <u>30,932,328</u> | <u>30,875,980</u> | <u>(56,348)</u> |
| State Sources | | | | | |
| Categorical Special Education Aid | 957,677 | \$ 38,064 | 995,741 | 995,741 | - |
| Equalization Aid | 17,740 | | 17,740 | 17,740 | - |
| Security Aid | 43,806 | | 43,806 | 43,806 | - |
| Transportation Aid | 59,001 | | 59,001 | 59,001 | - |
| Extraordinary Aid | 288,000 | | 288,000 | 321,948 | 33,948 |
| PARCC Readiness Aid | 17,030 | | 17,030 | 17,030 | - |
| Per Pupil Growth Aid | 17,030 | | 17,030 | 17,030 | - |
| Professional Learning Community Aid | 17,430 | | 17,430 | 17,430 | - |
| Host District Aid | 2,419 | | 2,419 | 2,419 | - |
| Nonpublic Transportation Aid | | | | 37,120 | 37,120 |
| Lead Testing Schools Aid | | | | 5,219 | 5,219 |
| On Behalf TPAF Pension Contribution- (Non-Budgeted) | | | | | - |
| Normal | | | | 1,793,222 | 1,793,222 |
| NCGI Premium | | | | 43,517 | 43,517 |
| Post Retirement Medical Contributions | | | | 1,186,311 | 1,186,311 |
| Long-Term Disability | | | | 3,499 | 3,499 |
| Reimbursed TPAF Social Security Contributions (Non Budgeted) | - | - | - | 953,235 | 953,235 |
| Sub-Total State Sources | <u>1,420,133</u> | <u>38,064</u> | <u>1,458,197</u> | <u>5,514,268</u> | <u>4,056,071</u> |
| Federal Sources | | | | | |
| Medicaid Assistance Program (SEMI) | 34,025 | - | 34,025 | 9,184 | (24,841) |
| Sub-Total Federal Sources | <u>34,025</u> | <u>-</u> | <u>34,025</u> | <u>9,184</u> | <u>(24,841)</u> |
| Total Revenues | <u>32,386,486</u> | <u>38,064</u> | <u>32,424,550</u> | <u>36,399,432</u> | <u>3,974,882</u> |
| EXPENDITURES | | | | | |
| CURRENT EXPENDITURES | | | | | |
| Instruction - Regular Programs | | | | | |
| Salaries of Teachers | | | | | |
| Preschool | | 52,110 | 52,110 | 52,110 | - |
| Kindergarten | 428,064 | 11,307 | 439,371 | 439,371 | - |
| Grades 1-5 | 2,986,546 | (39,259) | 2,947,287 | 2,947,287 | - |
| Grades 6-8 | 1,391,176 | (109,177) | 1,281,999 | 1,281,999 | - |
| Grades 9-12 | 2,566,274 | (85,704) | 2,480,570 | 2,480,570 | - |
| Regular Programs- Home Instructions | | | | | - |
| Salaries of Teachers | 50,000 | 20,071 | 70,071 | 70,071 | - |
| Purchased Professional-Educational Services | 5,000 | 1,175 | 6,175 | 6,175 | - |
| Regular Programs- Undistributed Instruction | | | | | - |
| Purchased Professional-Educational Services | 175,000 | 312,524 | 487,524 | 487,524 | - |
| Other Purchased Services | 278,030 | (40,147) | 237,883 | 237,883 | - |
| General Supplies | 225,530 | (28,285) | 197,245 | 197,245 | - |
| Textbooks | 72,518 | (27,813) | 44,705 | 44,705 | - |
| Other Objects | 1,400 | 3,642 | 5,042 | 5,042 | - |
| Total Regular Programs | <u>8,179,538</u> | <u>70,444</u> | <u>8,249,982</u> | <u>8,249,982</u> | <u>-</u> |
| Special Education | | | | | |
| Learning and/or Language Disabilities | | | | | |
| Salaries of Teachers | 116,720 | 16,965 | 133,685 | 133,685 | - |
| Other Salaries for Instruction | 55,812 | (1,384) | 54,428 | 54,428 | - |
| Purchased Professional-Educational Services | 15,000 | 40,296 | 55,296 | 55,296 | - |
| Other Purchased Services | 4,000 | (760) | 3,240 | 3,240 | - |
| General Supplies | 3,520 | 1,850 | 5,370 | 5,370 | - |
| Total Learning and/or Language Disabilities | <u>195,052</u> | <u>56,967</u> | <u>252,019</u> | <u>252,019</u> | <u>-</u> |

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

| | Budgeted Amounts | | | Actual | Variance Final Budget with Actual |
|---|------------------|------------------|------------------|------------------|---|
| | Original | Adjustments | Final | | |
| EXPENDITURES (Continued) | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| Special Education (Continued) | | | | | |
| Behavioral Disabilities | | | | | |
| Salaries of Teachers | \$ 47,000 | \$ 35,000 | \$ 82,000 | \$ 82,000 | - |
| Other Salaries for Instruction | 18,000 | (149) | 17,851 | 17,851 | - |
| General Supplies | - | - | - | - | - |
| Total Behavioral Disabilities | <u>65,000</u> | <u>34,851</u> | <u>99,851</u> | <u>99,851</u> | - |
| Multiple Disabilities | | | | | |
| Salaries of Teachers | 113,182 | (8,000) | 105,182 | 105,182 | - |
| Other Salaries for Instruction | 22,655 | (2,560) | 20,095 | 20,095 | - |
| General Supplies | 1,500 | (301) | 1,199 | 1,199 | - |
| Total Multiple Disabilities | <u>137,337</u> | <u>(10,861)</u> | <u>126,476</u> | <u>126,476</u> | - |
| Resource Room | | | | | |
| Salaries of Teachers | 1,751,343.0 | (276,187.0) | 1,475,156.0 | 1,475,156.0 | - |
| Other Salaries for Instruction | 64,814 | (8,489) | 56,325 | 56,325 | - |
| General Supplies | 8,470 | 809 | 9,279 | 9,279 | - |
| Textbooks | 550 | (550) | - | - | - |
| Total Resource Room | <u>1,825,177</u> | <u>(284,417)</u> | <u>1,540,760</u> | <u>1,540,760</u> | - |
| Autism | | | | | |
| Salaries of Teachers | 102,415 | 718 | 103,133 | 103,133 | - |
| Other Salaries for Instruction | 85,040 | (11,781) | 73,259 | 73,259 | - |
| General Supplies | 1,500 | (812) | 688 | 688 | - |
| Total Autism Room | <u>188,955</u> | <u>(11,875)</u> | <u>177,080</u> | <u>177,080</u> | - |
| Preschool Disabilities - Part - Time | | | | | |
| Salaries of Teachers | 95,090 | - | 95,090 | 95,090 | - |
| Other Salaries for Instruction | 85,828 | (2,160) | 83,668 | 83,668 | - |
| General Supplies | 1,000 | 409 | 1,409 | 1,409 | - |
| Total Preschool Handicapped - Part - Time | <u>181,918</u> | <u>(1,751)</u> | <u>180,167</u> | <u>180,167</u> | - |
| Preschool Disabilities - Full - Time | | | | | |
| Salaries of Teachers | 55,470 | (5,315) | 50,155 | 50,155 | - |
| Other Salaries for Instruction | 62,132 | 17,902 | 80,034 | 80,034 | - |
| General Supplies | 500 | 6,377 | 6,877 | 6,877 | - |
| Total Preschool Handicapped - Full - Time | <u>118,102</u> | <u>18,964</u> | <u>137,066</u> | <u>137,066</u> | - |
| Home Instruction | | | | | |
| Purchased Professional Educational Services | 5,000 | (2,020) | 2,980 | 2,980 | - |
| Total Home Instruction | <u>5,000</u> | <u>(2,020)</u> | <u>2,980</u> | <u>2,980</u> | - |
| Total Special Education | <u>2,716,541</u> | <u>(200,142)</u> | <u>2,516,399</u> | <u>2,516,399</u> | - |
| Basic Skills/Remedial | | | | | |
| Salaries of Teachers | 508,962 | 90,703 | 599,665 | 599,665 | - |
| Supplies | 400 | 1,209 | 1,609 | 1,609 | - |
| Total Basic Skills/Remedial | <u>509,362</u> | <u>91,912</u> | <u>601,274</u> | <u>601,274</u> | - |
| Bilingual Education | | | | | |
| Salaries of Teachers | 69,865 | - | 69,865 | 69,865 | - |
| Total Bilingual Education | <u>69,865</u> | <u>-</u> | <u>69,865</u> | <u>69,865</u> | - |

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

| | Budgeted Amounts | | | Actual | Variance Final Budget with Actual |
|--|------------------|-------------|------------|------------|---|
| | Original | Adjustments | Final | | |
| EXPENDITURES (Continued) | | | | | |
| CURRENT EXPENDITURES (Continued) | | | | | |
| School Sponsored Co/Extra Curricular Activities | | | | | |
| Salaries | \$ 119,000 | \$ 6,608 | \$ 125,608 | \$ 125,608 | - |
| Purchased Services | 700 | 689 | 1,389 | 1,389 | - |
| Supplies | | 6,184 | 6,184 | 6,184 | - |
| Other Objects | 21,700 | (4,774) | 16,926 | 16,926 | - |
| Total School Sponsored Co/Extra Curricular Activities | 141,400 | 8,707 | 150,107 | 150,107 | - |
| School Sponsored Athletics | | | | | |
| Salaries | 294,692 | 25,280 | 319,972 | 319,972 | - |
| Purchased Services | 55,200 | (7,995) | 47,205 | 47,205 | - |
| Supplies and Materials | 47,750 | 6,147 | 53,897 | 53,897 | - |
| Other Objects | 17,200 | (3,850) | 13,350 | 13,350 | - |
| Total School Sponsored Athletics | 414,842 | 19,582 | 434,424 | 434,424 | - |
| Total - Instruction | 12,031,548 | (9,497) | 12,022,051 | 12,022,051 | - |
| Undistributed Expenditures | | | | | |
| Instruction | | | | | |
| Tuition to Other LEA's Within the State - Special | 248,500 | 172,777 | 421,277 | 421,277 | - |
| Tuition to County Vocational School Dist.-Regular | 565,812 | (52,897) | 512,915 | 512,915 | - |
| Tuition to County Vocational School Dist.-Special | 334,380 | 22,009 | 356,389 | 356,389 | - |
| Tuition to CSSD & Regional Day Schools | 432,300 | (112,426) | 319,874 | 319,874 | - |
| Tuition to Private Schools for Disabled Within the State | 1,633,439 | 398,010 | 2,031,449 | 2,031,449 | - |
| Total Tuition | 3,214,431 | 427,473 | 3,641,904 | 3,641,904 | - |
| Health Services | | | | | |
| Salaries | 364,992 | 4,674 | 369,666 | 369,666 | - |
| Purchased Prof .and. Tech services | 21,500 | (6,774) | 14,726 | 14,726 | - |
| Other Purchased Services | 1,500 | (886) | 614 | 614 | - |
| Supplies and Materials | 5,800 | (281) | 5,519 | 5,519 | - |
| Other Objects | 2,000 | 295 | 2,295 | 2,295 | - |
| Total Health Services | 395,792 | (2,972) | 392,820 | 392,820 | - |
| Speech, OT/PT and Related Services | | | | | |
| Salaries | 689,204 | (47,928) | 641,276 | 641,276 | - |
| Purchased Prof. Ed. Services | 242,980 | (162,079) | 80,901 | 80,901 | - |
| Supplies and Materials | 4,000 | (106) | 3,894 | 3,894 | - |
| Total Speech, OT/PT and Related Services | 936,184 | (210,113) | 726,071 | 726,071 | - |
| Other Support Services - Students - Extra. Serv. | | | | | |
| Salaries | 713,749 | 80,337 | 794,086 | 794,086 | - |
| Purchased Professional-Educational Services | 397,514 | 302,753 | 700,267 | 700,267 | - |
| Total Other Support Services - Students - Extra Serv. | 1,111,263 | 383,090 | 1,494,353 | 1,494,353 | - |
| Guidance | | | | | |
| Salaries of Other Professional Staff | 643,457 | (32,097) | 611,360 | 611,360 | - |
| Salaries of Secretarial and Clerical Assistants | 132,200 | 22 | 132,222 | 132,222 | - |
| Other Purchased Prof .and. Tech services | | 250 | 250 | 250 | - |
| Other Purchased Services | 49,600 | (17,600) | 32,000 | 32,000 | - |
| Supplies and Materials | 17,960 | (12,181) | 5,779 | 5,779 | - |
| Other Objects | 1,060 | 378 | 1,438 | 1,438 | - |
| Total Guidance | 844,277 | (61,228) | 783,049 | 783,049 | - |

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

| | 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 | \$ 829,937 | \$ (133,531) | \$ 696,406 | \$ 696,406 | - |
| Salaries of Secretarial and Clerical Assistants | 72,434 | 1,899 | 74,333 | 74,333 | - |
| Purchased Prof. - Ed. Services | 9,000 | 87,718 | 96,718 | 96,718 | - |
| Other Purchased Services | 1,000 | (95) | 905 | 905 | - |
| Supplies and Materials | 9,500 | (702) | 8,798 | 8,798 | - |
| Total Child Study Team | 921,871 | (44,711) | 877,160 | 877,160 | - |
| Improvement of Instructional Svcs/ Other Support | | | | | |
| Svcs - Instructional Staff | | | | | |
| Salaries of Supervisor of Instruction | 334,465 | (156,816) | 177,649 | 177,649 | - |
| Salaries of Other Professional Staff | 20,800 | (7,520) | 13,280 | 13,280 | - |
| Other Salaries | 5,000 | 5,307 | 10,307 | 10,307 | - |
| Other Purchased Services | 9,000 | (9,000) | - | - | - |
| Other Objects | - | 2,332 | 2,332 | 2,332 | - |
| Total Improvement of Instructional Svcs | 369,265 | (165,697) | 203,568 | 203,568 | - |
| Educational Media Services/School Library | | | | | |
| Salaries | 187,317 | (65,615) | 121,702 | 121,702 | - |
| Other Purchased Services | 1,260 | (3) | 1,257 | 1,257 | - |
| Supplies and Materials | 43,600 | (35,992) | 7,608 | 7,608 | - |
| Other Objects | 12,145 | (2,482) | 9,663 | 9,663 | - |
| Total Educational Media Services/School Library | 244,322 | (104,092) | 140,230 | 140,230 | - |
| Instructional Staff Training Services | | | | | |
| Salaries of Other Professional Staff | 109,770 | 7,878 | 117,648 | 117,648 | - |
| Other Salaries | 4,000 | (3,014) | 986 | 986 | - |
| Purchased Prof.-Ed. Services | 10,000 | (416) | 9,584 | 9,584 | - |
| Other Purchased Services | 36,000 | (13,930) | 22,070 | 21,123 | \$ 947 |
| Total Instructional Staff Training Services | 159,770 | (9,482) | 150,288 | 149,341 | 947 |
| Support Services General Administration | | | | | |
| Salaries | 305,689 | (46,827) | 258,862 | 258,862 | - |
| Legal Services | 55,000 | 45,254 | 100,254 | 100,254 | - |
| Audit Fees | 35,000 | 32,305 | 67,305 | 35,305 | 32,000 |
| Other Purchased Professional Services | 3,000 | (505) | 2,495 | 2,495 | - |
| Communications/Telephone | 121,348 | (6,831) | 114,517 | 114,517 | - |
| BOE Other Purchased Services | 5,000 | (1,846) | 3,154 | 3,154 | - |
| Miscellaneous Purchased Services | 64,800 | (2,353) | 62,447 | 62,447 | - |
| General Supplies | 6,000 | 7,025 | 13,025 | 13,025 | - |
| BOE In-House Training/Meeting Supplies | 2,000 | 1,292 | 3,292 | 3,292 | - |
| Miscellaneous Expenditures | 4,300 | 1,653 | 5,953 | 5,953 | - |
| BOE Membership Dues and Fees | 14,100 | (1,273) | 12,827 | 12,827 | - |
| Total Support Services General Administration | 616,237 | 27,894 | 644,131 | 612,131 | 32,000 |
| Support Services School Administration | | | | | |
| Salaries of Principals/Asst. Principals | 904,368 | 22,723 | 927,091 | 927,091 | - |
| Salaries of Secretarial and Clerical Assistants | 258,871 | 14,611 | 273,482 | 273,482 | - |
| Purchased Professional & Technical Services | 5,000 | (4,485) | 515 | 515 | - |
| Other Purchased Services | 25,900 | (7,830) | 18,070 | 18,070 | - |
| Supplies and Materials | 34,800 | (3,892) | 30,908 | 30,908 | - |
| Other Objects | 17,000 | (4,355) | 12,645 | 12,645 | - |
| Total Support Services School Administration | 1,245,939 | 16,772 | 1,262,711 | 1,262,711 | - |

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

| | <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 | \$ 346,021 | \$ (31,419) | \$ 314,602 | \$ 314,602 | - |
| Purchased Professional Services | 27,500 | 19,521 | 47,021 | 47,021 | - |
| Purchased Technical Services | 800 | 4,297 | 5,097 | 5,097 | - |
| Miscellaneous Purchased Services | 36,450 | (11,346) | 25,104 | 25,104 | - |
| Supplies and Materials | 9,000 | (235) | 8,765 | 8,765 | - |
| Miscellaneous Expenditures | 1,325 | 35 | 1,360 | 1,360 | - |
| Total Central Services | 421,096 | (19,147) | 401,949 | 401,949 | - |
| Admin. Info. Tech. | | | | | |
| Purchased Technical Services | 150,000 | - | 150,000 | 150,000 | - |
| Other Purchased Services | | 29,384 | 29,384 | 29,384 | - |
| Supplies and Materials | | 20,525 | 20,525 | 20,525 | - |
| Other Objects | 42,900 | 4,956 | 47,856 | 47,856 | - |
| Total Admin. Info. Tech. | 192,900 | 54,865 | 247,765 | 247,765 | - |
| Required Maintenance for School Facilities | | | | | |
| Cleaning, Repair and Maintenance Services | 225,215 | 119,668 | 344,883 | 344,883 | - |
| Lead Testing of Drinking Water | 5,000 | (5,000) | | | - |
| General Supplies | 23,000 | (3,305) | 19,695 | 19,695 | - |
| Other Objects | 3,000 | (1,930) | 1,070 | 1,070 | - |
| Total Required Maintenance for School Facilities | 256,215 | 109,433 | 365,648 | 365,648 | - |
| Custodial Services | | | | | |
| Salaries | 1,246,849 | (97,930) | 1,148,919 | 1,148,919 | - |
| Salaries of Non-Instructional Aides | 94,683 | 27,863 | 122,546 | 122,546 | - |
| Purchased Professional & Technical Services | 12,000 | 37,694 | 49,694 | 49,694 | - |
| Cleaning, Repair and Maint. Services | 87,900 | 3,409 | 91,309 | 91,309 | - |
| Other Purchased Property Services | | 22,848 | 22,848 | 22,848 | - |
| Insurance | 192,700 | (6,498) | 186,202 | 186,202 | - |
| Miscellaneous Purchased Services | 500 | 259 | 759 | 759 | - |
| General Supplies | 83,500 | 15,851 | 99,351 | 99,351 | - |
| Energy - Natural Gas | 165,200 | (24,249) | 140,951 | 140,951 | - |
| Energy - Electricity | 349,000 | (57,354) | 291,646 | 291,646 | - |
| Other Objects | 1,000 | 45 | 1,045 | 1,045 | - |
| Total Custodial Services | 2,233,332 | (78,062) | 2,155,270 | 2,155,270 | - |
| Care and Upkeep of Grounds | | | | | |
| Salaries | 33,962 | - | 33,962 | 33,962 | - |
| Cleaning, Repair and Maint. Svc | 55,500 | (7,479) | 48,021 | 48,021 | - |
| General Supplies | 15,500 | (8,065) | 7,435 | 7,435 | - |
| Total Care and Upkeep of Grounds | 104,962 | (15,544) | 89,418 | 89,418 | - |

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

| | <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) | | | | | |
| Student Transportation Services | | | | | |
| Salaries for Pupil Transportation (Other Than Between Home and School) | \$ 200,855 | \$ (355) | \$ 200,500 | \$ 200,500 | - |
| Cleaning, Repair and Maintenance Services | 20,000 | 10,523 | 30,523 | 30,523 | - |
| Lease Purchase Payments - School Buses | 24,139 | 21,132 | 45,271 | 45,271 | - |
| Contracted Services (Other Than Between Home and School) - Vendors | 1,000 | 730 | 1,730 | 1,730 | - |
| Contracted Services (Between Home and School) - Vendors | 200,000 | (80,193) | 119,807 | 119,807 | - |
| Contracted Services (Special Ed Students) - Vendors | 14,000 | 11,279 | 25,279 | 25,279 | - |
| Contracted Services (Special Ed Students) -Joint Agreements | 725,000 | 197,953 | 922,953 | 922,953 | - |
| Contracted Services - Aid in Lieu of Payments | 101,660 | 35,717 | 137,377 | 137,377 | - |
| Transportation Supplies | 25,000 | (7,316) | 17,684 | 17,684 | - |
| Other Objects | 1,775 | (156) | 1,619 | 1,619 | - |
| Total Student Transportation Services | 1,313,429 | 189,314 | 1,502,743 | 1,502,743 | - |
| Unallocated Benefits | | | | | |
| Group Insurance - DCRP | 4,000 | 5,237 | 9,237 | 9,237 | - |
| Social Security Contributions | 360,000 | 22,536 | 382,536 | 382,536 | - |
| Other Retirement Contributions - PERS | 355,000 | 20,266 | 375,266 | 375,266 | - |
| Workmen's Compensation | 229,000 | (11,000) | 218,000 | 218,000 | - |
| Health Benefits | 4,562,000 | (116,750) | 4,445,250 | 4,445,250 | - |
| Tuition Reimbursement | 56,000 | (13,626) | 42,374 | 42,374 | - |
| Other Employee Benefits | 11,700 | 16,905 | 28,605 | 28,605 | - |
| Total Unallocated Benefits | 5,577,700 | (76,432) | 5,501,268 | 5,501,268 | - |
| On Behalf TPAF Pension Contributions- (Non-Budgeted) | | | | | |
| Normal | | | | 1,793,222 | \$ (1,793,222) |
| NCGI Premium | | | | 43,517 | (43,517) |
| Post Retirement Medical Contribution | | | | 1,186,311 | (1,186,311) |
| Long-Term Disability | | | | 3,499 | (3,499) |
| On Behalf TPAF Social Security Contribution (Non Budgeted) | - | - | - | 953,235 | (953,235) |
| Total On-Behalf Contributions | - | - | - | 3,979,784 | (3,979,784) |
| Total Undistributed Expenditures | 20,158,985 | 421,361 | 20,580,346 | 24,527,183 | (3,946,837) |
| Interest Earned on Maintenance Reserve | 50 | - | 50 | - | 50 |
| Total Current Expenditures | 32,190,583 | 411,864 | 32,602,447 | 36,549,234 | (3,946,787) |

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

| | Budgeted Amounts | | | Actual | Variance Final Budget with Actual |
|--|------------------|--------------|------------|--------------|---|
| | Original | Adjustments | Final | | |
| CAPITAL OUTLAY | | | | | |
| Interest Deposit to Capital Reserve | \$ 100 | - | \$ 100 | - | \$ 100 |
| Equipment | | | | | |
| Learning and/or Language Disabilities | 3,700 | \$ (3,700) | - | - | - |
| School Administration | | 7,998 | 7,998 | \$ 7,998 | - |
| Upkeep of Grounds | - | 30,000 | 30,000 | 20,002 | 9,998 |
| Total Undistributed Expenditures | 3,700 | 34,298 | 37,998 | 28,000 | 9,998 |
| Facilities Acquisition and Construction Services | | | | | |
| Construction Services | | 315,552 | 315,552 | 298,577 | 16,975 |
| Assessment for Debt Service on SDA Funding | 50,619 | - | 50,619 | 50,619 | - |
| Total Facilities Acquisition and Construction Services | 50,619 | 315,552 | 366,171 | 349,196 | 16,975 |
| Capital Assets Acquired under Capital Lease (Non-Budget) | | | | | |
| Computer Upgrade and Vehicles | - | - | - | 413,442 | (413,442) |
| Total Capital Assets Acquired under Capital Lease (Non-Budget) | - | - | - | 413,442 | (413,442) |
| Total Capital Outlay | 54,419 | 349,850 | 404,269 | 790,638 | (386,369) |
| Transfers to Charter Schools | 351,724 | (15,264) | 336,460 | 336,460 | - |
| Total Expenditures | 32,596,726 | 746,450 | 33,343,176 | 37,676,332 | (4,333,156) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (210,240) | (708,386) | (918,626) | (1,276,900) | (358,274) |
| Other Financing Sources(Uses) | | | | | |
| Capital Leases (Non-Budget) | | | | 413,442 | 413,442 |
| Transfer In- Capital Projects Fund to Capital Reserve | - | - | - | 129,750 | 129,750 |
| Total Other Financing Sources(Uses) | - | - | - | 543,192 | 543,192 |
| Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Sources (Uses) | (210,240) | (708,386) | (918,626) | (733,708) | 184,918 |
| Fund Balances, Beginning of Year | 1,797,238 | - | 1,797,238 | 1,797,238 | - |
| Fund Balances, End of Year | \$ 1,586,998 | \$ (708,386) | \$ 878,612 | \$ 1,063,530 | \$ 184,918 |
| Recapitulation | | | | | |
| Restricted Fund Balance: | | | | | |
| Excess Surplus- Designated for Subsequent Year's Expenditures | | | | 108,338 | |
| Capital Reserve | | | | 75,268 | |
| Capital Reserve- Designated for Subsequent Year's Expenditures | | | | 300,000 | |
| Maintenance Reserve | | | | 100,000 | |
| Assigned Fund Balance: | | | | | |
| Year-end Encumbrances | | | | 59,920 | |
| Unassigned Fund Balance | | | | 420,004 | |
| | | | | 1,063,530 | |
| Reconciliation to Governmental Fund Statements (GAAP) | | | | | |
| Last two State Aid Payments | | | | 89,692 | |
| Extraordinary Aid Payment | | | | 321,948 | |
| Fund Balances per Governmental Funds (GAAP) | | | | \$ 651,890 | |

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| | <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 | | \$ 69,971 | \$ 69,971 | \$ 18,084 | \$ (51,887) |
| State | \$ 8,600 | (1,116) | 7,484 | 4,459 | (3,025) |
| Federal | 590,700 | 202,711 | 793,411 | 722,106 | (71,305) |
| Total Revenues | <u>\$ 599,300</u> | <u>\$ 271,566</u> | <u>\$ 870,866</u> | <u>\$ 744,649</u> | <u>\$ (126,217)</u> |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | \$ 91,890 | \$ 116,171 | \$ 208,061 | \$ 160,335 | \$ 47,726 |
| Purchased Prof. and Technical Services | | 1,050 | 1,050 | 723 | 327 |
| Purchased Professional Educational Services | | 2,000 | 2,000 | | 2,000 |
| Tuition | 363,000 | 19,540 | 382,540 | 382,540 | - |
| General Supplies | 23,200 | 66,088 | 89,288 | 76,156 | 13,132 |
| Textbooks | 500 | (62) | 438 | 438 | - |
| Total Instruction | <u>478,590</u> | <u>204,787</u> | <u>683,377</u> | <u>620,192</u> | <u>63,185</u> |
| Support Services | | | | | |
| Other Salaries | 10,800 | (1,024) | 9,776 | 7,776 | 2,000 |
| Personal Services-Employee Benefits | 69,000 | (11,850) | 57,150 | 57,150 | - |
| Purchased Professional/Technical Services | 4,800 | (3,355) | 1,445 | | 1,445 |
| Purchased Professional Educational Services | | 38,660 | 38,660 | 38,660 | - |
| Other Purchased Services | 2,000 | 5,829 | 7,829 | 2,232 | 5,597 |
| Travel | 28,000 | (11,806) | 16,194 | 16,194 | - |
| Supplies and Materials | 6,110 | 50,325 | 56,435 | 2,445 | 53,990 |
| Total Support Services | <u>120,710</u> | <u>66,779</u> | <u>187,489</u> | <u>124,457</u> | <u>63,032</u> |
| Total Expenditures | <u>599,300</u> | <u>271,566</u> | <u>870,866</u> | <u>744,649</u> | <u>126,217</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, 2018**

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

| | General Fund | Special Revenue Fund |
|---|-------------------------|-------------------------------------|
| Sources/inflows of resources | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule | \$ 36,399,432 | \$ 744,649 |
| Difference- Budget to GAAP State Aid payment and Extraordinary Aid (2016/2017) recognized for GAAP purposes, not recognized for budgetary statements. | 377,962 | |
| Difference - Budget to GAAP: State Aid payment and Extraordinary Aid (2017/2018) recognized for budgetary purposes not recognized for GAAP statements | <u>(411,640)</u> | <u>-</u> |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. | <u>\$ 36,365,754</u> | <u>\$ 744,649</u> |
| Uses/outflows of resources | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule | <u>\$ 37,676,332</u> | <u>\$ 744,649</u> |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 37,676,332</u> | <u>\$ 744,649</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 Five Fiscal Years*

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

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

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

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

Public Employees Retirement System

Last Five Fiscal Years

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Contractually Required Contribution | \$ 346,373 | \$ 338,988 | \$ 349,095 | \$ 337,940 | \$ 276,809 |
| Contributions in Relation to the Contractually Required Contribution | <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-Employee Payroll | \$ 2,515,519 | \$ 2,443,192 | \$ 2,534,706 | \$ 2,616,572 | \$ 2,500,603 |
| Contributions as a Percentage of Covered-Employee Payroll | 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>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>\$ 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>\$ 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-Employee Payroll | \$ 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-Employee Payroll | % | 0 % | 0 % | 0 % | 0 % |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 25.41% | 22.33% | 28.71% | 33.64% | 33.76% |

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

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

**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, 2018**

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 One Fiscal Year*

| | 2018 |
|---|-----------------------------|
| Total OPEB Liability | |
| Service Cost | \$ 2,717,386 |
| Interest On OPEB Liability | 2,123,633 |
| Changes of Benefit Terms | - |
| Differences Between Expected and Actual Experience | - |
| Changes of Assumptions | (8,808,156) |
| Gross Benefit Payments | (1,691,487) |
| Contribution from the Member | <u>62,285</u> |
| Net Change in Total OPEB Liability | (5,596,339.0) |
| Total OPEB Liability - Beginning | <u>72,266,975</u> |
| Total OPEB Liability - Ending | <u>\$ 66,670,636</u> |
| | |
| District's Proportionate Share of OPEB Liability | \$0 |
| State's Proportionate Share of OPEB Liability | <u>66,670,636</u> |
| Total OPEB Liability - Ending | <u>\$ 66,670,636</u> |
| | |
| District Covered-Employee Payroll | <u>\$ 15,803,643</u> |
| | |
| District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll | 0% |

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

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

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

**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, 2018**

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, 2018**

| | <u>Title I</u> | <u>Title II A</u> | <u>Title III</u> | <u>Title III C/O</u> | <u>Title IV</u> | <u>IDEIA Basic Reg. Prog.</u> | <u>IDEA Preschool</u> | <u>Local Programs</u> | <u>Totals Exhibit E-1A</u> | <u>Total</u> |
|--|-------------------|-------------------|------------------|----------------------|-----------------|---------------------------------------|---------------------------|---------------------------|--------------------------------|-------------------|
| REVENUES | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | |
| Local | | | | | | | | \$ 18,084 | | \$ 18,084 |
| State | | | | | | | | | \$ 4,459 | 4,459 |
| Federal | \$ 272,195 | \$ 50,929 | \$ 7,132 | \$ 760 | \$ 8,550 | \$ 367,299 | \$ 15,241 | - | - | 722,106 |
| Total Revenues | \$ 272,195 | \$ 50,929 | \$ 7,132 | \$ 760 | \$ 8,550 | \$ 367,299 | \$ 15,241 | \$ 18,084 | \$ 4,459 | \$ 744,649 |
| EXPENDITURES | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Salaries of Teachers | \$ 159,575 | | | \$ 760 | | | | | - | \$ 160,335 |
| Purchased Prof. and Technical Services | | | | | | | | | \$ 723 | 723 |
| Tuition | | | | | | \$ 367,299 | \$ 15,241 | | | 382,540 |
| General Supplies | 48,164 | | \$ 7,132 | | \$ 8,550 | | | \$ 12,020 | 290 | 76,156 |
| Textbooks | - | - | - | - | - | - | - | - | 438 | 438 |
| Total Instruction | 207,739 | - | 7,132 | 760 | 8,550 | 367,299 | 15,241 | 12,020 | 1,451 | 620,192 |
| Support Services | | | | | | | | | | |
| Other Salaries | 7,000 | | | | | | | | 776 | 7,776 |
| Personal Services Employee-Benefits | 57,150 | | | | | | | | | 57,150 |
| Purchased Prof. Educational Services | | \$ 34,735 | | | | | | 3,925 | | 38,660 |
| Other Purchased Services | | | | | | | | | 2,232 | 2,232 |
| Travel | | 16,194 | | | | | | | | 16,194 |
| Supplies and Materials | 306 | - | - | - | - | - | - | 2,139 | - | 2,445 |
| Total Support Services | 64,456 | 50,929 | - | - | - | - | - | 6,064 | 3,008 | 124,457 |
| Total Expenditures | \$ 272,195 | \$ 50,929 | \$ 7,132 | \$ 760 | \$ 8,550 | \$ 367,299 | \$ 15,241 | \$ 18,084 | \$ 4,459 | \$ 744,649 |

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| | <u>Ch 192/193</u> | | <u>Non-Public Nursing</u> | <u>Non-Public Technology</u> | <u>Non-Public Textbooks</u> | <u>Total Exhibit E-1A</u> |
|--|-------------------|-----------------|-------------------------------|----------------------------------|---------------------------------|-------------------------------|
| | <u>ESL</u> | <u>Speech</u> | | | | |
| REVENUES | | | | | | |
| Intergovernmental | | | | | | |
| Local | | | | | | |
| State | \$ 723 | \$ 2,232 | \$ 776 | \$ 290 | \$ 438 | \$ 4,459 |
| Federal | - | - | - | - | - | - |
| Total Revenues | <u>\$ 723</u> | <u>\$ 2,232</u> | <u>\$ 776</u> | <u>\$ 290</u> | <u>\$ 438</u> | <u>\$ 4,459</u> |
| EXPENDITURES | | | | | | |
| Instruction | | | | | | |
| Salaries of Teachers | | | | | | |
| Purchased Prof. and Technical Services | \$ 723 | | | | | \$ 723 |
| Other Purchased Services | | | | | | - |
| General Supplies | | | | \$ 290 | | 290 |
| Textbooks | - | - | - | - | \$ 438 | 438 |
| Total Instruction | <u>723</u> | <u>-</u> | <u>-</u> | <u>290</u> | <u>438</u> | <u>1,451</u> |
| Support Services | | | | | | |
| Other Salaries | | | \$ 776 | | | 776 |
| Personal Services Employee-Benefits | | | | | | - |
| Purchased Prof. and Technical Services | | | | | | - |
| Other Purchased Services | | \$ 2,232 | | | | 2,232 |
| Travel | | | | | | - |
| Supplies and Materials | - | - | - | - | - | - |
| Total Support Services | <u>-</u> | <u>2,232</u> | <u>776</u> | <u>-</u> | <u>-</u> | <u>3,008</u> |
| Total Expenditures | <u>\$ 723</u> | <u>\$ 2,232</u> | <u>\$ 776</u> | <u>\$ 290</u> | <u>\$ 438</u> | <u>\$ 4,459</u> |

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

| Year | Issue/Project Title | Appropriation | Expenditures | | Transfer Out | Balance, June 30, 2018 |
|---------|---|----------------------|---------------------|---------------------|-------------------|------------------------|
| | | | Prior Year | Current Year | | |
| 2014/15 | HVAC Project at the Middle/High School and Elementary Schools | \$ 474,600 | \$ 455,905 | | | \$ 18,695 |
| 2014/15 | Various Facility Improvements to the Middle/High School and Elementary Schools | 4,936,625 | 4,497,920 | \$ 185,150 | | 253,555 |
| 2015/16 | Boiler and Bathroom Renovations at Smith School and Track Upgrades | 782,000 | 652,250 | - | \$ 129,750 | - |
| 2017/18 | Energy Savings Incentive Program | 4,764,135 * | | 2,057,450 | | 2,706,685 |
| 2018/19 | Storage Room Renovations, Office Renovations, Replacement Interior/Exterior Doors, Security Cameras, Door Locks and Gates | 300,000 | - | 13,500 | - | 286,500 |
| | | <u>\$ 11,257,360</u> | <u>\$ 5,606,075</u> | <u>\$ 2,256,100</u> | <u>\$ 129,750</u> | <u>\$ 3,265,435</u> |

Reconciliation to GAAP Basis

| | |
|--|---------------------|
| Project Balances | \$ 3,265,435 |
| Less Unearned Revenue: | |
| Local Share on 2018-19 Project | (300,000) |
| Unfunded- Amount not Realized on SDA Grant | (11) |
| Debt Authorized, Not Issued | (393) |
| Fund Balance (GAAP) | <u>\$ 2,965,031</u> |

Reconciliation to Fund Balance

| | |
|--|---------------------|
| Reserve for Encumbrances | \$ 2,856,281 |
| Available for Capital Projects | <u>108,750</u> |
| Total Fund Balance - Restricted for Capital Projects | <u>\$ 2,965,031</u> |

*- Modified for interest earnings

**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, 2018**

Revenues and Other Financing Sources

| | |
|--|------------------|
| Interest Earned on Investments | \$ 535 |
| Interest Earned on Lease Proceeds | 20,954 |
| Lease Proceeds | 4,743,181 |
| Cancel Prior Year Accounts Payable | <u>11,506</u> |
| | <u>4,776,176</u> |
| | |
| Total Revenues and Other Financing Sources | |

Expenditures and Other Financing Uses

| | |
|---|------------------|
| Purchased Professional and Technical Services | 61,000 |
| Construction Services | 2,195,100 |
| Transfer to Capital Reserve- Unexpended Project Balances | 129,750 |
| Transfer to Debt Service Fund | <u>535</u> |
| | <u>2,386,385</u> |
| | |
| Total Expenditures and Other Financing Uses | |
| | |
| Excess (deficiency) of Revenues and other Financing Sources over (under) Expenditures and Other Financing Uses | <u>2,389,791</u> |

| | |
|---------------------------------|---------------------|
| Fund Balance- Beginning of Year | <u>575,240</u> |
| Fund Balance- Ending of Year | <u>\$ 2,965,031</u> |

Reconciliation fo GAAP

| | |
|---|---------------------|
| Fund Balance, End of Year - Budgetary Basis | <u>\$ 2,965,031</u> |
| Fund Balance, End of Year - GAAP | <u>\$ 2,965,031</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, 2018**

| | <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 | \$ 20,954 | \$ 20,954 |
| Lease Proceeds | | 4,743,181 | 4,743,181 | 4,743,181 |
| | | <hr/> | <hr/> | <hr/> |
| Total Revenues | - | 4,764,135 | 4,764,135 | 4,764,135 |
| | | <hr/> | <hr/> | <hr/> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | - | 47,500 | 47,500 | 47,500 |
| Construction Services | - | 2,009,950 | 2,009,950 | 4,716,635 |
| Equipment/Supply Purchases | - | - | - | - |
| Transfer Out | - | - | - | - |
| | | <hr/> | <hr/> | <hr/> |
| Total Expenditures | - | 2,057,450 | 2,057,450 | 4,764,135 |
| | | <hr/> | <hr/> | <hr/> |
| Excess (deficiency) of revenues over (under) expenditures | | <u>\$ 2,706,685</u> | <u>\$ 2,706,685</u> | <u>\$ -</u> |
| Additional project information: | | | | |
| Project Number | Not Applicable | | | |
| Grant Date | Not Applicable | | | |
| Bond Authorization Date | Not Applicable | | | |
| Bonds Authorized | \$ - | | | |
| Bonds Issued | \$ - | | | |
| Original Authorized Cost | \$ 4,743,171 | | | |
| Additional Authorized Cost | \$ 20,954 | | | |
| Revised Authorized Cost | \$ 4,764,125 | | | |
| Percentage Increase over Original Authorized Cost | 0% | | | |
| Percentage completion | 50% | | | |
| 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, 2018**

| | <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 |
| Total Revenues | - | - | - | \$ 300,000 |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | - | \$ 13,500 | \$ 13,500 | 17,500 |
| Construction Services | - | - | - | 282,500 |
| Equipment/Supply Purchases | - | - | - | - |
| Transfer Out | - | - | - | - |
| Total Expenditures | - | - | 13,500 | 300,000 |
| Excess (deficiency) of revenues over (under) expenditures | \$ - | \$ - | \$ (13,500) | \$ - |
| 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 | 0% | | | |
| Original target completion date | 6/30/19 | | | |
| Revised target completion date | 6/30/19 | | | |

**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, 2018**

| | <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 | | 189,840 | 189,840 |
| | <u>474,600</u> | <u>-</u> | <u>474,600</u> | <u>474,600</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | \$ 34,305 | | 34,305 | 38,000 |
| Construction Services | 421,600 | | 421,600 | 436,600 |
| | <u>455,905</u> | <u>-</u> | <u>455,905</u> | <u>474,600</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 18,695</u> | <u>\$ -</u> | <u>\$ 18,695</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 | - | | | |
| Revised Authorized Cost | \$ 474,600 | | | |
| 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 I
SMITH SCHOOL AND LONG MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|---|----------------------|---------------------|-------------------|--|
| Revenues and Other Financing Sources | | | | |
| State Sources - SDA Grants | \$ 327,221 | | \$ 327,221 | \$ 327,232 |
| Bond Proceeds | 4,609,000 | | 4,609,000 | 4,609,393 |
| | <u>4,936,221</u> | <u>-</u> | <u>4,936,221</u> | <u>4,936,625</u> |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | 376,579 | | 376,579 | 450,000 |
| Construction Services | 3,615,030 | \$ 185,150 | 3,800,180 | 3,926,625 |
| Equipment/Supply Purchases | 505,907 | | 505,907 | 560,000 |
| | <u>4,497,516</u> | <u>185,150</u> | <u>4,682,666</u> | <u>4,936,625</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 438,705</u> | <u>\$ (185,150)</u> | <u>\$ 253,555</u> | <u>\$ -</u> |
| Additional project information: | | | | |
| Project Number | 4610-080-14-61HK | | 4610-090-14-G1HM | |
| | 4610-085-14-G1HL | | 4610-050-14-G2ZH | |
| Grant Date | 1/1/2016 | | | |
| Bond Authorization Date | 12/9/14 | | | |
| Bonds Authorized | \$ 4,609,393 | | | |
| Bonds Issued | \$ 4,609,000 | | | |
| Original Authorized Cost | \$ 4,936,625 | | | |
| Additional Authorized Cost | - | | | |
| Revised Authorized Cost | \$ 4,936,625 | | | |
| Percentage Increase over Original | | | | |
| Authorized Cost | 0% | | | |
| Percentage completion | 90% | | | |
| Original target completion date | 8/31/17 | | | |
| Revised target completion date | 8/31/17 | | | |

**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-
BUDGETARY BASIS
BATHROOM AND BOILER UPGRADES AT THE HELEN I SMITH ELEMENTARY SCHOOL AND
TRACK IMPROVEMENTS AT THE HIGH SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| | <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 | \$ 782,000 | _____ | \$ 782,000 | \$ 782,000 |
| Total Revenues | 782,000 | - | 782,000 | 782,000 |
| Expenditures and Other Financing Uses | | | | |
| Purchased Professional and Technical Services | 50,790 | | 50,790 | 60,000 |
| Construction Services | 601,460 | | 601,460 | 700,000 |
| Equipment/Supply Purchases | | | | 22,000 |
| Transfer Out | | \$ 129,750 | 129,750 | - |
| Total Expenditures | 652,250 | 129,750 | 782,000 | 782,000 |
| Excess (deficiency) of revenues over (under) expenditures | \$ 129,750 | \$ (129,750) | \$ - | \$ - |
| Additional project information: | | | | |
| Project Number | Not Applicable | | | |
| Grant Date | None | | | |
| Bond Authorization Date | Not Applicable | | | |
| Bonds Authorized | None | | | |
| Bonds Issued | None | | | |
| Original Authorized Cost | \$ 782,000 | | | |
| Additional Authorized Cost | - | | | |
| Revised Authorized Cost | \$ 782,000 | | | |
| Percentage Increase over Original | | | | |
| Authorized Cost | | 0% | | |
| Percentage completion | | 0% | | |
| Original target completion date | 8/31/17 | | | |
| Revised target completion date | 8/31/17 | | | |

PROPRIETARY FUNDS

**SADDLE BROOK BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

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, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

SCHEDULE G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

EXHIBIT G-4

**SADDLE BROOK BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

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, 2018**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-6

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

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

| | <u>Student Activity</u> | <u>Payroll</u> | <u>Total Agency Funds</u> |
|-------------------------------------|-----------------------------|-------------------|-------------------------------|
| ASSETS | | | |
| Cash | \$ 154,262 | \$ 303,088 | \$ 457,350 |
| Total Assets | <u>\$ 154,262</u> | <u>\$ 303,088</u> | <u>\$ 457,350</u> |
| LIABILITIES | | | |
| Payroll Deductions and Withholdings | | \$ 175,088 | \$ 175,088 |
| Accrued Salaries & Wages | | 100 | 100 |
| Flex Benefit Benefits | | 594 | 594 |
| Due to Other Funds | | 127,306 | 127,306 |
| Due to Student Groups | \$ 154,262 | - | 154,262 |
| Total Liabilities | <u>\$ 154,262</u> | <u>\$ 303,088</u> | <u>\$ 457,350</u> |

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

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, 2018**

| | Balance July 1, 2017 | Cash Receipts | Cash Disbursements | Balance June 30, 2018 |
|---------------------------|-------------------------------------|--------------------------|-------------------------------|--------------------------------------|
| ELEMENTARY SCHOOLS | | | | |
| Franklin School | \$ 9,665 | \$ 8,073 | \$ 11,460 | \$ 6,278 |
| Long Memorial School | 6,847 | 11,619 | 11,317 | 7,149 |
| Helen I. Smith School | <u>2,756</u> | <u>11,660</u> | <u>9,857</u> | <u>4,559</u> |
| Total Elementary Schools | <u>19,268</u> | <u>31,352</u> | <u>32,634</u> | <u>17,986</u> |
| High School/Middle School | 145,334 | 167,256 | 178,681 | 133,909 |
| Athletic Account | <u>1,438</u> | <u>61,897</u> | <u>60,968</u> | <u>2,367</u> |
| Total All Schools | <u>\$ 166,040</u> | <u>\$ 260,505</u> | <u>\$ 272,283</u> | <u>\$ 154,262</u> |

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

| | Balance, July 1, 2017 | Cash Receipts | Cash Disbursements | Balance, June 30, 2018 |
|-------------------------------------|--------------------------------------|--------------------------|-------------------------------|---------------------------------------|
| Payroll Deductions and Withholdings | \$ 180,082 | \$ 9,382,053 | \$ 9,387,047 | \$ 175,088 |
| Accrued Salaries and Wages | 278 | 11,049,941 | 11,050,119 | 100 |
| Flex Spending | 2,001 | 14,759 | 16,166 | 594 |
| Due to Other Funds | <u>131,120</u> | <u>127,305</u> | <u>131,119</u> | <u>127,306</u> |
| Total | <u>\$ 313,481</u> | <u>\$ 20,574,058</u> | <u>\$ 20,584,451</u> | <u>\$ 303,088</u> |

LONG-TERM DEBT

**SADDLE BROOK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| <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, 2017</u> | <u>Decreased</u> | <u>Balance, June 30, 2018</u> |
|-------------------------|----------------------|------------------------|-------------------------------|---------------|----------------------|------------------------------|---------------------|-------------------------------|
| Refunding Bonds | 12/29/2009 | \$ 9,030,000 | 8/15/2018-19 | \$ 860,000 | 3.00-4.00% | \$ 5,090,000 | \$ 850,000 | \$ 4,240,000 |
| | | | | 860,000 | | | | |
| | | | | 855,000 | | | | |
| | | | | 840,000 | | | | |
| | | | | 825,000 | | | | |
| Pension Refunding Bonds | 8/23/2012 | 2,955,000 | 8/15/2019 | 165,000 | 5.00-5.75% | 2,325,000 | 160,000 | 2,165,000 |
| | | | | 170,000 | | | | |
| | | | | 175,000 | | | | |
| | | | | 180,000 | | | | |
| | | | | 185,000 | | | | |
| | | | | 190,000 | | | | |
| | | | | 200,000 | | | | |
| | | | | 210,000 | | | | |
| | | | | 220,000 | | | | |
| | | | | 230,000 | | | | |
| | | | | 240,000 | | | | |
| | | | Refunding Bonds | 8/23/2012 | | | | |
| | 360,000 | | | | | | | |
| | 375,000 | | | | | | | |
| | 390,000 | | | | | | | |
| | 400,000 | | | | | | | |
| School Improvements | 6/23/2015 | 4,609,000 | 2/15/2019 | 325,000 | 2.00-3.00% | 4,434,000 | 320,000 | 4,114,000 |
| | | | | 330,000 | | | | |
| | | | | 335,000 | | | | |
| | | | | 340,000 | | | | |
| | | | | 345,000 | | | | |
| | | | | 350,000 | | | | |
| | | | | 349,000 | | | | |
| | | | | | | <u>4,434,000</u> | <u>320,000</u> | <u>4,114,000</u> |
| | | | | | | <u>\$ 14,454,000</u> | <u>\$ 1,665,000</u> | <u>\$ 12,789,000</u> |

**SADDLE BROOK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| <u>Issue</u> | <u>Amount of Original Issue</u> | <u>Interest Rate</u> | <u>Balance, July 1, 2017</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance, June 30, 2018</u> |
|---|---|--------------------------|----------------------------------|---------------------|-------------------|-----------------------------------|
| <u>Business Type Activities</u> | | | | | | |
| 2017/18 Dishwasher | \$ 39,957 | 1.95% | \$ - | \$ 39,957 | \$ 10,712 | \$ 29,245 |
| Sub-Total Business Type Activities | | | \$ - | \$ 39,957 | \$ 10,712 | \$ 29,245 |
| <u>Governmental Activities</u> | | | | | | |
| School Bus Lease | 92,156 | 3.20% | \$ 23,390 | | \$ 23,390 | |
| 2014/2015 Technology Equipment | 150,230 | 3.49% | 38,181 | | 38,181 | |
| 2015/2016 Technology Equipment | 140,555 | 2.57% | 70,255 | | 34,682 | \$ 35,573 |
| 2016/2017 Technology Equipment | 142,506 | 2.43% | 105,742 | | 34,403 | 71,339 |
| 2017/18 Vehicles | 205,000 | 2.86% | | \$ 205,000 | 42,992 | 162,008 |
| 2017/18 Technology Equipment | 129,894 | 3.31% | | 129,894 | 34,078 | 95,816 |
| 2017/18 Technology Equipment | 78,548 | 5.38% | | 78,548 | 27,566 | 50,982 |
| 2017/18 Energy Savings Incentive Program | 4,743,181 | 3.14% | - | 4,743,181 | - | 4,743,181 |
| Sub-Total Governmental Activities | | | \$ 237,568 | \$ 5,156,623 | \$ 235,292 | \$ 5,158,899 |
| Total Capital Leases | | | \$ 237,568 | \$ 5,196,580 | \$ 246,004 | \$ 5,188,144 |

**SADDLE BROOK BOARD OF EDUCATION
LONG TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| | <u>Original Budget</u> | <u>Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final Budget with Actual</u> |
|---|----------------------------|--------------------|-------------------------|------------------|--|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Local Tax Levy | \$ 1,990,669 | | \$ 1,990,669 | \$ 1,990,669 | |
| State Sources | | | | | |
| Debt Service Aid | <u>132,623</u> | <u>-</u> | <u>132,623</u> | <u>132,623</u> | <u>-</u> |
| Total Revenues | <u>2,123,292</u> | <u>-</u> | <u>2,123,292</u> | <u>2,123,292</u> | <u>-</u> |
| EXPENDITURES | | | | | |
| Debt Service | | | | | |
| Interest | 478,500 | | 478,500 | 478,500 | |
| Principal | <u>1,665,000</u> | <u>-</u> | <u>1,665,000</u> | <u>1,665,000</u> | <u>-</u> |
| Total Expenditures | <u>2,143,500</u> | <u>-</u> | <u>2,143,500</u> | <u>2,143,500</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(20,208)</u> | <u>-</u> | <u>(20,208)</u> | <u>(20,208)</u> | <u>-</u> |
| Other Financing Sources/(Uses) | | | | | |
| Transfer-In | <u>-</u> | <u>-</u> | <u>-</u> | <u>535</u> | <u>535</u> |
| Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under Expenditures and Other Financing Sources/(Uses) | <u>(20,208)</u> | <u>-</u> | <u>(20,208)</u> | <u>(19,673)</u> | <u>535</u> |
| Fund Balances, Beginning of Year | <u>99,410</u> | <u>-</u> | <u>99,410</u> | <u>99,410</u> | <u>-</u> |
| Fund Balances, End of Year | <u>\$ 79,202</u> | <u>\$ -</u> | <u>\$ 79,202</u> | <u>\$ 79,737</u> | <u>\$ 535</u> |

Analysis of Fund Balance

| | |
|--|------------------|
| Available for Future Debt Service Expenditures | \$ 535 |
| Designated for Subsequent Years Expenditure | <u>79,202</u> |
| | <u>\$ 79,737</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, | | | | | | | | | |
|--|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 (1) | 2013 | 2014 (2) | 2015 | 2016 | 2017 | 2018 |
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 10,815,202 | \$ 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 |
| Restricted | 150,001 | 151,066 | 151,066 | 557,869 | 582,557 | 406,245 | 852,338 | 1,212,600 | 608,773 | 560,200 |
| Unrestricted | <u>(4,275,663)</u> | <u>(4,411,210)</u> | <u>(3,146,960)</u> | <u>(2,560,621)</u> | <u>(3,047,648)</u> | <u>(12,691,298)</u> | <u>(12,700,774)</u> | <u>(11,252,684)</u> | <u>(11,441,911)</u> | <u>(12,172,449)</u> |
| Total Governmental Activities Net Position | <u>\$ 6,689,540</u> | <u>\$ 6,647,444</u> | <u>\$ 7,575,353</u> | <u>\$ 8,630,330</u> | <u>\$ 9,119,496</u> | <u>\$ (65,272)</u> | <u>\$ 1,436,908</u> | <u>\$ 3,285,358</u> | <u>\$ 3,538,879</u> | <u>\$ 3,600,199</u> |
| Business-Type Activities | | | | | | | | | | |
| Net Investment in Capital Assets | | | \$ 44,126 | \$ 70,867 | \$ 86,582 | \$ 80,164 | \$ 77,931 | \$ 71,968 | \$ 62,177 | \$ 84,901 |
| Unrestricted | <u>\$ 134,601</u> | <u>\$ 160,068</u> | <u>288,621</u> | <u>438,869</u> | <u>584,111</u> | <u>687,093</u> | <u>467,341</u> | <u>254,008</u> | <u>369,976</u> | <u>425,297</u> |
| Total Business-Type Activities Net Position | <u>\$ 134,601</u> | <u>\$ 160,068</u> | <u>\$ 332,747</u> | <u>\$ 509,736</u> | <u>\$ 670,693</u> | <u>\$ 767,257</u> | <u>\$ 545,272</u> | <u>\$ 325,976</u> | <u>\$ 432,153</u> | <u>\$ 510,198</u> |
| District-Wide | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 10,815,202 | \$ 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 |
| Restricted | 150,001 | 151,066 | 151,066 | 557,869 | 582,557 | 406,245 | 852,338 | 1,212,600 | 608,773 | 560,200 |
| Unrestricted | <u>(4,141,062)</u> | <u>(4,251,142)</u> | <u>(2,858,339)</u> | <u>(2,121,752)</u> | <u>(2,463,537)</u> | <u>(12,004,205)</u> | <u>(12,233,433)</u> | <u>(10,998,676)</u> | <u>(11,071,935)</u> | <u>(11,747,152)</u> |
| Total District Net Position | <u>\$ 6,824,141</u> | <u>\$ 6,807,512</u> | <u>\$ 7,908,100</u> | <u>\$ 9,140,066</u> | <u>\$ 9,790,189</u> | <u>\$ 701,985</u> | <u>\$ 1,982,180</u> | <u>\$ 3,611,334</u> | <u>\$ 3,971,032</u> | <u>\$ 4,110,397</u> |

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, | | | | | | | | | |
|--|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 10,329,339 | \$ 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 |
| Special Education | 5,261,798 | 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 |
| Community Services | - | - | - | - | - | - | - | - | - | - |
| Other Instruction | 776,824 | 783,583 | 1,110,155 | 787,007 | 849,883 | 853,366 | 870,994 | 915,587 | 1,191,767 | 1,555,684 |
| School Sponsored Activities And Athletics | 589,333 | 571,318 | 573,864 | 606,482 | 576,247 | 650,225 | 763,574 | 905,379 | 1,067,496 | 1,105,156 |
| Support Services: | | | | | | | | | | |
| Student & Instruction Related Services | 3,528,991 | 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 |
| Educational Media/School Library | 256,357 | 210,472 | 240,492 | 249,830 | 169,616 | 180,622 | 206,409 | 154,639 | 364,953 | 260,098 |
| General Administration | 626,648 | 755,767 | 676,167 | 671,312 | 730,165 | 668,506 | 812,107 | 828,035 | 821,461 | 914,590 |
| School Administrative Services | 1,570,586 | 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 |
| Central Services | 599,651 | 627,871 | 641,502 | 626,992 | 670,372 | 732,490 | 746,421 | 755,517 | 765,904 | 835,222 |
| Plant Operations And Maintenance | 3,023,296 | 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 |
| Pupil Transportation | 1,058,101 | 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 |
| Interest On Long-Term Debt | 889,949 | 851,707 | 689,810 | 886,699 | 752,752 | 600,608 | 534,472 | 562,191 | 638,892 | 592,762 |
| Total Governmental Activities Expenses | 28,510,873 | 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 |
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 509,710 | 491,412 | 504,520 | 461,322 | 400,397 | 449,462 | 477,628 | 554,745 | 561,537 | 567,765 |
| Community School | 629,930 | 557,852 | 353,825 | 364,493 | 399,150 | 432,793 | 333,191 | 372,345 | 352,638 | 414,642 |
| Total Business-Type Activities Expense | 1,139,640 | 1,049,264 | 858,345 | 825,815 | 799,547 | 882,255 | 810,819 | 927,090 | 914,175 | 982,407 |
| Total District Expenses | \$ 29,650,513 | \$ 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 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges For Services: | | | | | | | | | | |
| Regular Instruction | | | | | | \$ 11,600 | \$ 90,450 | \$ 66,064 | \$ 23,047 | \$ 82,927 |
| Special Education | \$ 97,847 | \$ 63,220 | \$ 9,600 | \$ 21,350 | \$ 166,678 | 78,638 | 78,130 | 48,763 | 186,962 | 136,655 |
| Plant Operations And Maintenance | | | | | | 132,960 | 163,230 | 174,714 | 99,560 | 100,860 |
| Operating Grants And Contributions | 3,641,531 | 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 |
| Capital Grants And Contributions | - | 33,760 | 105,708 | 13,188 | 2,525 | - | - | 517,061 | - | - |
| Total Governmental Activities Program Revenues | 3,739,378 | 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 |
| Business-Type Activities: | | | | | | | | | | |
| Charges For Services | | | | | | | | | | |
| Food Service | \$ 368,691 | \$ 380,686 | \$ 404,759 | \$ 342,896 | \$ 295,518 | \$ 330,252 | \$ 333,462 | \$ 401,699 | \$ 394,300 | \$ 389,037 |
| Community Programs | 534,372 | 539,128 | 479,036 | 479,136 | 513,314 | 483,290 | 395,188 | 386,879 | 457,549 | 480,207 |
| Operating Grants And Contributions | 96,236 | 105,619 | 144,366 | 177,101 | 147,968 | 160,687 | 156,827 | 158,822 | 168,082 | 190,917 |
| Total Business Type Activities Program Revenues | 999,299 | 1,025,433 | 1,028,161 | 999,133 | 956,800 | 974,229 | 885,477 | 947,400 | 1,019,931 | 1,060,161 |
| Total District Program Revenues | \$ 4,738,677 | \$ 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 |

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (24,771,495) | \$ (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) |
| Business-Type Activities | (140,341) | (23,831) | 169,816 | 173,318 | 157,253 | 91,974 | 74,658 | 20,310 | 105,756 | 77,754 |
| Total District-Wide Net Expense | \$ (24,911,836) | \$ (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) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes Levied For General Purposes, Net | \$ 22,537,840 | \$ 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 |
| Taxes Levied For Debt Service | 1,765,134 | 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 |
| State Aid Restricted for Debt Service | | | | | | | | | 113,132 | 132,623 |
| Unrestricted Grants And Contributions | 281,472 | 239,550 | 19,151 | | 19,845 | 18,490 | 49,046 | 51,727 | 72,630 | 70,104 |
| Miscellaneous Income | 239,561 | 272,945 | 206,074 | 406,789 | 151,408 | 159,972 | 181,879 | 332,368 | 159,457 | 132,367 |
| Transfers | (78,468) | (45,357) | - | - | - | - | 300,000 | 240,299 | - | - |
| Total Governmental Activities | 24,745,539 | 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 |
| Business-Type Activities: | | | | | | | | | | |
| Investment Earnings | 6,572 | 3,941 | 2,863 | 4,456 | 3,704 | 4,590 | 3,357 | 693 | 421 | 291 |
| Transfers | 78,468 | 45,357 | - | - | - | - | (300,000) | (240,299) | - | - |
| Total Business-Type Activities | 85,040 | 49,298 | 2,863 | 4,456 | 3,704 | 4,590 | (296,643) | (239,606) | 421 | 291 |
| Total District-Wide | \$ 24,830,579 | \$ 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 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | \$ (25,956) | \$ (42,096) | \$ 1,124,419 | \$ 1,054,977 | \$ 489,166 | \$ 366,310 | \$ 1,502,180 | \$ 1,848,450 | \$ 253,521 | \$ 61,320 |
| Business-Type Activities | (55,301) | 25,467 | 172,679 | 177,774 | 160,957 | 96,564 | (221,985) | (219,296) | 106,177 | 78,045 |
| Total District | \$ (81,257) | \$ (16,629) | \$ 1,297,098 | \$ 1,232,751 | \$ 650,123 | \$ 462,874 | \$ 1,280,195 | \$ 1,629,154 | \$ 359,698 | \$ 139,365 |

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, | | | | | | | | | |
|---|----------------------------|-------------------|-------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 402,125 | \$ 176,317 | | | | | | | | |
| Unreserved | (102,824) | (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 |
| Assigned | | | 89,365 | 214,731 | 55,821 | 347,374 | 91,144 | 257,231 | 513,084 | 59,920 |
| Unassigned | - | - | <u>282,463</u> | <u>269,582</u> | <u>216,853</u> | <u>78,156</u> | <u>245,876</u> | <u>320,382</u> | <u>301,696</u> | <u>8,364</u> |
| Total General Fund | <u>\$ 299,301</u> | <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> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 108,246 | | | | | | | | | |
| Unreserved | 95,597 | \$ 75,624 | | | | | | | | |
| Restricted | - | - | <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> |
| Total All Other Governmental Funds | <u>\$ 203,843</u> | <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> |

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, | | | | | | | | | |
|--|----------------------------|---------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Revenues | | | | | | | | | | |
| Tax Levy | \$ 24,302,974 | \$ 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 |
| Tuition Charges | 97,847 | 63,220 | 9,600 | 21,350 | - | - | - | - | - | - |
| Miscellaneous | 255,701 | 295,485 | 219,827 | 448,436 | 358,841 | 418,705 | 547,987 | 662,118 | 500,473 | 459,387 |
| State Sources | 3,354,755 | 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 |
| Federal Sources | 552,108 | 828,369 | 748,019 | 641,026 | 536,274 | 573,528 | 578,247 | 659,198 | 651,305 | 731,290 |
| Total Revenue | 28,563,385 | 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 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 9,842,219 | 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 |
| Special Education Instruction | 5,125,589 | 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 |
| Community Services | - | - | - | - | - | - | - | - | - | - |
| Other Instruction | 741,771 | 750,680 | 1,088,189 | 757,796 | 816,870 | 816,378 | 765,585 | 762,347 | 934,784 | 1,237,698 |
| School Sponsored Activities and Athletics | 565,622 | 549,648 | 559,853 | 587,366 | 555,419 | 625,855 | 681,983 | 754,665 | 863,254 | 893,454 |
| Support Services: | | | | | | | | | | |
| Student and Inst. Related Services | 3,390,457 | 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 |
| Educational Media/School Library | 245,629 | 202,158 | 234,447 | 242,307 | 164,472 | 175,117 | 184,966 | 130,420 | 288,648 | 202,276 |
| General Administration | 609,873 | 733,860 | 666,904 | 657,379 | 711,693 | 649,438 | 745,186 | 726,370 | 716,162 | 791,601 |
| School Administrative Services | 1,494,158 | 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 |
| Central Services | 575,221 | 603,462 | 624,888 | 603,337 | 644,220 | 701,620 | 729,688 | 731,149 | 734,759 | 774,007 |
| Plant Operations And Maintenance | 2,929,439 | 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 |
| Pupil Transportation | 1,053,332 | 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 |
| Capital Outlay | 213,954 | 397,611 | 242,581 | 219,683 | 1,197,480 | 629,502 | 1,846,081 | 2,060,468 | 2,425,781 | 2,996,119 |
| Debt Service: | | | | | | | | | | |
| Bond Issuance Costs | - | - | 113,473 | - | 104,064 | - | - | - | - | - |
| Principal | 908,948 | 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 |
| Advanced Refunding Escrow | - | - | 531,694 | - | 258,111 | - | - | - | - | - |
| Interest and Other Charges | 897,174 | 860,247 | 831,927 | 731,069 | 677,679 | 608,913 | 542,429 | 528,883 | 664,859 | 536,569 |
| Total Expenditures | 28,593,386 | 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 |
| Excess (Deficiency) of Revenues | | | | | | | | | | |
| Over (Under) Expenditures | (30,001) | (335,361) | (284,523) | 773,854 | (1,266,550) | (580,781) | (1,480,655) | (680,702) | (2,298,797) | (3,565,397) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Cancellation of Prior Year Accounts Payable | - | - | - | - | - | - | - | - | - | \$ 11,506 |
| Capital Leases (Non-Budget) | - | - | - | - | - | - | - | - | - | 413,442 |
| 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 | \$ 5,049 | 55,094 | 881 | 652 | 493 | 432 | 301,126 | 304,968 | 861,201 | 130,285 |
| Transfers Out | (83,517) | (100,451) | (881) | (652) | (493) | (432) | (1,126) | (64,669) | (861,201) | (130,285) |
| Total Other Financing Sources (Uses) | (78,468) | 55,194 | 751,000 | 139,689 | 976,575 | 147,093 | 5,151,386 | 380,854 | 142,506 | 5,168,129 |
| Net Change in Fund Balances | \$ (108,469) | \$ (280,167) | \$ 466,477 | \$ 913,543 | \$ (289,975) | \$ (433,688) | \$ 3,670,731 | \$ (299,848) | \$ (2,156,291) | \$ 1,602,732 |
| Debt Service as a Percentage of | | | | | | | | | | |
| Noncapital Expenditures | 6.36% | 6.05% | 8.15% | 6.07% | 7.06% | 6.00% | 5.85% | 5.77% | 6.41% | 6.12% |

* 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> |
|----------------------------------|----------------|------------------------------------|-------------------------------------|---|---------------|--------------------------|----------------------|--------------|
| 2009 | \$ 97,847 | \$ 24,492 | \$ 63,255 | \$ 37,146 | \$ 40,407 | | \$ 69,212 | \$ 332,359 |
| 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 |

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Source: District financial records

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

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities | Net Valuation Taxable | Estimated Actual (County Equalized) Value | Total Direct School Tax Rate ^a |
|----------------------------|---------------|-----------------|-----------|-------|---------------|---------------|---------------|----------------------|------------------|-----------------------|---|---|
| 2009 (1) | \$ 25,575,000 | \$1,480,640,200 | | | \$407,172,400 | \$310,075,600 | \$ 63,652,700 | \$ 2,287,115,900 | \$ 2,301,600 | \$ 2,289,417,500 | \$ 2,469,388,148 | \$ 1.083 |
| 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 |

Source: County Abstract of Ratables

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> |
|----------------------|-----|--------------|------------------------------|---------------------|-------------------|
| 2009 | (2) | \$ 1.885 | \$ 1.083 | 0.595 | \$ 0.207 |
| 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 |

- (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 | 2018 | | 2009 | |
|----------------------------------|------------------------------|--|------------------------------|--|
| | Taxable Assessed Value | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| Park 80 West | \$ 97,373,000 | 4.32% | | |
| A.O. Associates | 52,064,000 | 2.31% | | |
| Tri-State Commercial Realty, LLC | 43,288,000 | 1.92% | | |
| Midland Holding CO | 28,785,000 | 1.28% | | |
| CP Saddle Brook, LLC | 28,000,000 | 1.24% | | |
| Saddle Brook Mayhill Assoc., LLC | 27,799,000 | 1.23% | | |
| Nights Vision Saddle Brook, LLC | 26,853,900 | 1.19% | | |
| Cloverdale Assoc. | 23,320,000 | 1.03% | | |
| Kessler Institute | 19,949,000 | 0.88% | | |
| Arrow Fasteners | 16,252,000 | 0.72% | | |
| | | | | |
| L&L Park 80 LLC | | | \$ 125,895,400 | 5.50% |
| Midland Holding Co. | | | 30,736,100 | 1.34% |
| Tri State Realty | | | 30,507,000 | 1.34% |
| Saddle Brook, LLC | | | 30,200,000 | 1.32% |
| Arrow Fasteners | | | 26,488,900 | 1.16% |
| A.O. Associates | | | 17,110,000 | 75.00% |
| Kessler Institute | | | 17,110,000 | 75.00% |
| A.O. Associates | | | 16,819,600 | 73.00% |
| Brook Associates. C/O Rosehart | | | 14,623,600 | 64.00% |
| Mayhill St. Associates | | | 13,142,500 | 57.00% |
| | | | | |
| | <u>\$ 363,683,900</u> | <u>16.12%</u> | <u>\$ 322,633,100</u> | <u>354.66%</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 | |
| 2009 | \$ 24,302,974 | \$ 24,302,974 | 100.00% | |
| 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% | |

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 | | |
| 2009 | \$ 18,678,000 | \$ 46,012 | \$ 75,620 | | | \$ 18,799,632 | 14,173 | \$ 1,326 |
| 2010 | 17,778,000 | 36,809 | 119,314 | | | 17,934,123 | 13,679 | 1,311 |
| 2011 | 17,190,000 | 27,606 | 150,294 | | | 17,367,900 | 13,790 | 1,259 |
| 2012 | 16,125,000 | 18,403 | 180,314 | | | 16,323,717 | 13,850 | 1,179 |
| 2013 | 14,990,000 | 9,200 | 571,079 | | | 15,570,279 | 13,920 | 1,119 |
| 2014 | 13,805,000 | | 495,912 | | | 14,300,912 | 13,945 | 1,026 |
| 2015 | 17,189,000 | | 477,362 | | | 17,666,362 | 14,093 | 1,254 |
| 2016 | 15,929,000 | | 358,932 | | | 16,287,932 | 14,188 | 1,148 |
| 2017 | 14,454,000 | | 237,568 | | | 14,691,568 | 14,169 | 1,037 |
| 2018 | 12,789,000 | | 5,158,899 | | 29,245 | 17,977,144 | 14,169 | 1,269 |

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 | | | |
| 2009 | \$ 18,678,000 | | \$ 18,678,000 | 0.82% | \$ 1,318 |
| 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% | 1,020 |
| 2018 | 12,789,000 | | 12,789,000 | 0.57% | 903 |

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, 2017
(Unaudited)**

| | <u>Total Debt</u> |
|---|----------------------|
| Municipal Debt: (1) | |
| Township of Saddle Brook School District | \$ 11,279,393 |
| Township of Saddle Brook | <u>30,414,432</u> |
| | <u>\$ 41,693,825</u> |
| Overlapping debt Apportioned to the Municipality: | |
| Bergen County (3);(A): | |
| County of Bergen (A) | <u>16,509,819</u> |
| Total Direct and Overlapping Debt | <u>\$ 58,203,644</u> |

(A) The debt for this entity was apportioned to the Township of Saddle Brook by dividing the Municipality's 2017 equalized value by the total 2017 equalized value for Bergen County.

Sources:

- (1) Township of Saddle Brook Annual Debt Statement
- (3) Bergen County Debt Statement 12/31/2017

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

Legal Debt Margin Calculation for Calendar Year 2017

| | |
|---|---------------------------|
| | Equalized valuation basis |
| | 2017 \$ 2,392,646,446 |
| | 2016 2,298,319,616 |
| | 2015 <u>2,400,218,561</u> |
| | <u>\$ 7,091,184,623</u> |
| Average equalized valuation of taxable property | \$ 2,363,728,208 |
| Debt limit (4 % of average equalization value) | 94,549,128 ^a |
| Total Net Debt Applicable to Limit | <u>11,279,393</u> |
| Legal debt margin | <u>\$ 83,269,735</u> |

| | Calendar Year | | | | | | | | | |
|---|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| Debt Limit | \$90,858,681 | \$ 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 |
| Total Net Debt Applicable to Limit | <u>19,593,697</u> | <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> |
| Legal Debt Margin | <u>\$71,264,984</u> | <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> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 21.57% | 19.61% | 14.76% | 13.86% | 15.93% | 12.23% | 11.38% | 15.05% | 13.13% | 11.93% |

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> |
|------------------------------------|------------------------------|---|----------------------------------|-------------------|
| 2009 | 10.8% | | \$ 63,874 | 14,173 |
| 2010 | 11.1% | | 63,885 | 13,679 |
| 2011 | 10.9% | | 67,248 | 13,790 |
| 2012 | 11.1% | | 69,281 | 13,850 |
| 2013 | 8.2% | | 70,498 | 13,920 |
| 2014 | 6.7% | | 73,536 | 13,945 |
| 2015 | 5.3% | | 76,388 | 14,093 |
| 2016 | 5.3% | | 77,187 | 14,118 |
| 2017 | 4.9% | | 77,187 * | 14,169 * |
| 2018 | 4.9% | * | 77,187 * | 14,169 * |

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>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 102 | 105 | 102 | 99 | 102 | 104 | 107 | 108 | 110 | 112 |
| Special Education | 25 | 25 | 25 | 40 | 44 | 45 | 46 | 47 | 48 | 49 |
| Other Special Education | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Support Services: | | | | | | | | | | |
| General Administration | 2 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| School Administrative Services | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Central Services | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Plant Operations And Maintenance | 20 | 20 | 20 | 24 | 24 | 24 | 24 | 24 | 24 | 24 |
| Pupil Transportation | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Other Support Services | 24 | 34 | 34 | 37 | 39 | 39 | 41 | 42 | 45 | 61 |
| Total | <u>198</u> | <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> |

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 | | | | |
| 2009 | 1,760 | \$ 26,573,310 | \$ 15,098 | 2.24% | 151 | 1:19 | 1:18 | 1:19 | 1,760 | 1,668 | -1.79% | 94.77% |
| 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 | 8.37% | 155 | 1:20 | 1:20 | 1:19 | 1,649 | 1,561 | -1.55% | 94.66% |
| 2015 | 1,720 | 32,618,855 | 18,964 | 6.21% | 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% |

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)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <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 | 328 | 339 | 337 | 311 | 291 | 275 | 283 | 295 | 305 | 309 |
| <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 | 253 | 240 | 257 | 258 | 276 | 279 | 298 | 298 | 304 | 314 |
| <u>Long Memorial</u> | | | | | | | | | | |
| Square Feet | 32,247 | 32,247 | 32,247 | 32,247 | 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 | 320 | 322 | 333 | 309 | 333 | 305 | 294 | 278 | 270 | 272 |
| <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 | 784 | 785 | 786 | 800 | 759 | 777 | 766 | 789 | 784 | 778 |
| <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 | 32 | 27 | 25 | 25 | 36 | 36 | 42 | 70 | 55 | 59 |

Number of Schools at June 30, 2018
 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>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| School Facilities | | | | | | | | | | |
| Washington School | \$ 35,496 | \$ 53,226 | \$ 30,962 | \$ 48,966 | \$ 65,795 | \$ 62,037 | \$ 34,765 | \$ 33,139 | \$ 48,642 | \$ 61,755 |
| Franklin School | 22,340 | 28,646 | 27,502 | 53,969 | 93,575 | 80,026 | 39,640 | 82,168 | 43,679 | 52,551 |
| Long Memorial School | 24,320 | 26,573 | 28,864 | 29,944 | 82,607 | 80,678 | 117,714 | 81,199 | 47,347 | 42,905 |
| Helen I. Smith School | 31,853 | 36,212 | 29,854 | 67,449 | 93,110 | 57,165 | 63,371 | 60,281 | 50,811 | 42,586 |
| High School/Middle School | <u>90,339</u> | <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> |
| Grand Total | <u>\$ 204,348</u> | <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> |

Source: School District's Financial Statements

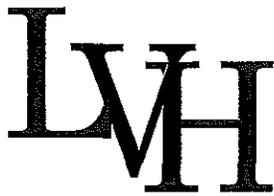
SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2018
(Unaudited)

| | <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

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

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

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of 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, 2018 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 January 23, 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.

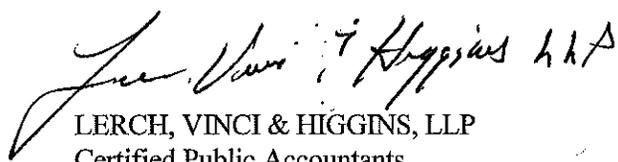
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

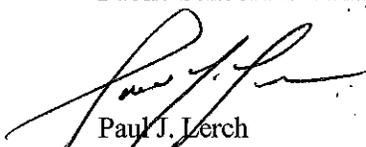
As part of obtaining reasonable assurance about whether the Saddle Brook Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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.

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
January 23, 2019



LERCH, VINCI & HIGGINS, LLP

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of 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, 2018. 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, 2018.

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.

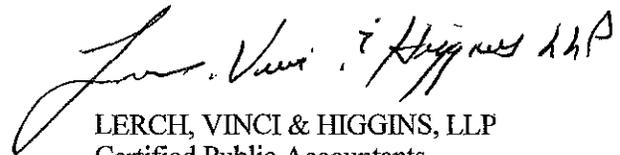
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 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, 2018 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated January 23, 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
January 23, 2019

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

| Federal/Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | FAIN Number | Grant Period | Award Amount | Balance July 1, 2017 | Carryover Amount | Cash Received | Budgetary Expenditures | Adjustments | Refund of Prior Years' Balances | Balance, June 30, 2018 | | | GAAP Receivable |
|--|---------------------------|----------------|-----------------|-----------------|-------------------------|---------------------|------------------|---------------------------|-------------|--|-------------------------|---------------------|-------------------|--------------------|
| | | | | | | | | | | | (Account Receivable) | Unearned Revenue | Due to Grantor | |
| U.S. Department of Education | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | |
| Medicaid Assistance Program (SEMI) | 93.778 | 1805NJ5MAP | 7/1/17-6/30/18 | \$ 9,184 | - | - | \$ 9,184 | \$ 9,184 | - | - | - | - | - | - |
| Total U.S. Department of Education | | | | | - | - | 9,184 | 9,184 | - | - | - | - | - | - |
| U.S. Department of Agriculture Passed-through State Department of Education | | | | | | | | | | | | | | |
| National School Lunch Program | | | | | | | | | | | | | | |
| Non-Cash Assistance | 10.555 | 181NJ304N1099 | 9/1/17-6/30/18 | 38,950 | | | 38,950 | 38,950 | | | | | | |
| Cash Assistance | 10.555 | 181NJ304N1099 | 9/1/17-6/30/18 | 138,795 | | | 131,076 | 138,796 | | | \$ (7,720) | | | \$ (7,720) |
| Cash Assistance | 10.555 | 171NJ304N1099 | 9/1/16-6/30/17 | 127,834 | \$ (8,530) | | 8,530 | | | | | | | |
| School Breakfast Program | 10.553 | 181NJ304N1099 | 9/1/17-6/30/18 | 7,495 | | | 6,926 | 7,495 | | | (569) | | | (569) |
| School Breakfast Program | 10.553 | 171NJ304N1099 | 9/1/16-6/30/17 | 6,878 | (522) | | 522 | | | | | | | |
| Total U.S. Department of Agriculture- Cluster | | | | | (9,052) | - | 186,004 | 185,241 | - | - | (8,289) | - | - | (8,289) |
| U.S. Department of Education Passed-through State Department of Education | | | | | | | | | | | | | | |
| ESEA Title I | 84.010A | S010A170030 | 7/1/17-6/30/18 | 246,959 | | \$ 87,744 | 160,727 | 272,195 | | | (86,232) | \$ 62,508 | | (23,724) |
| ESEA Title I | 84.010A | S010A160030 | 7/1/16-6/30/17 | 268,454 | (105,877) | (87,062) | 106,559 | | | | (86,380) | | | (86,380) |
| ESEA Title I | 84.010A | S010A160030 | 7/1/15-6/30/16 | 255,969 | | (682) | | | | | (682) | | | (682) |
| ESEA Title IIA | 84.367A | S367A170029 | 7/1/17-6/30/18 | 33,236 | | 20,033 | 28,611 | 50,929 | | | (4,625) | 2,340 | | (2,285) |
| ESEA Title IIA | 84.367A | S367A160029 | 7/1/16-6/30/17 | 49,494 | (20,218) | (18,683) | 21,208 | | | | (17,693) | | | (17,693) |
| ESEA Title IIA | 84.367A | S367A160029 | 7/1/15-6/30/16 | 38,246 | 1,350 | (1,350) | | | | | | | | |
| ESEA Title III | 84.365 | S365A170030 | 7/1/17-6/30/18 | 10,000 | | | | 7,132 | | | (10,000) | 2,868 | | (7,132) |
| ESEA Title III, Immigrant | 84.365 | S365A170030 | 7/1/17-6/30/18 | 2,640 | | 3,280 | | 760 | | | (2,640) | 5,160 | | (760) |
| ESEA Title III, Immigrant | 85.365 | S365A160030 | 7/1/16-6/30/17 | 3,280 | | (3,280) | | | | | (3,280) | | | |
| Title III Cluster Program | | | | | | | | 7,892 | | | | | | |
| ESEA Title IV | 84.424 | S424A170031 | 7/1/17-6/30/18 | 10,000 | | | 1,500 | 8,550 | | | (8,500) | 1,450 | | (7,050) |
| I.D.E.A. Part B, Basic Regular | 84.027A | H027A170100 | 7/1/17-6/30/18 | 367,299 | | | 359,908 | 367,299 | | | (7,391) | | | (7,391) |
| I.D.E.A. Part B, Preschool | 84.173A | H173A170114 | 7/1/17-6/30/18 | 15,241 | | | 15,241 | 15,241 | | | | | | |
| I.D.E.A. Part B, Basic Regular | 84.027A | H027A160100 | 7/1/16-6/30/17 | 411,076 | (195,061) | | 195,061 | | | | | | | |
| I.D.E.A. Part B, Preschool | 84.173A | H173A160114 | 7/1/16-6/30/17 | 15,848 | (15,848) | | 15,848 | | | | | | | |
| 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) |
| IDEA Cluster Program | | | | | | | | 382,540 | | | | | | |
| Total U.S. Department of Education | | | | | (351,334) | - | 904,663 | 722,106 | - | - | (243,103) | 74,326 | - | (168,777) |
| Total Federal Awards Subject to a Single Audit | | | | | \$ (360,386) | \$ - | \$ 1,099,851 | \$ 916,531 | \$ - | \$ - | \$ (251,392) | \$ 74,326 | \$ - | \$ (177,066) |

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

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance at July 1, 2017 | | | Carryover Amount | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Balance, June 30, 2018 | | | MEMO GAAP Receivable | MEMO Cumulative Total Expenditures |
|--------------------------------------|-------------------------------|----------------|--------------|-------------------------|------------------|----------------|------------------|------------------|------------------------|------------------------------------|------------------------|------------------|----------------|----------------------|------------------------------------|
| | | | | (Accounts Receivable) | Unearned Revenue | Due to Grantor | | | | | (Accounts Receivable) | Unearned Revenue | Due to Grantor | | |
| State Department of Education | | | | | | | | | | | | | | | |
| General Fund | | | | | | | | | | | | | | | |
| Special Education Aid | 17-495-034-5120-089 | 7/1/16-6/30/17 | 957,677 | \$ (63,192) | | | | \$ 63,192 | | | | | | | |
| Special Education Aid | 18-495-034-5120-089 | 7/1/17-6/30/18 | 995,741 | | | | | 918,606 | \$ 995,741 | \$ (77,135) | | | \$ 995,741 | | |
| Equalization Aid | 17-495-034-5120-078 | 7/1/16-6/30/17 | 17,740 | (735) | | | 735 | | | | | | | | |
| Equalization Aid | 18-495-034-5120-078 | 7/1/17-6/30/18 | 17,740 | | | | 16,843 | 17,740 | | (897) | | | 17,740 | | |
| Security Aid | 17-495-034-5120-084 | 7/1/16-6/30/17 | 43,806 | (2,939) | | | 2,939 | | | | | | | | |
| Security Aid | 18-495-034-5120-084 | 7/1/17-6/30/18 | 43,806 | | | | 40,219 | 43,806 | | (3,587) | | | 43,806 | | |
| PARCC Readiness Aid | 17-495-034-5120-098 | 7/1/16-6/30/17 | 17,030 | (735) | | | 735 | | | | | | | | |
| PARCC Readiness Aid | 18-495-034-5120-098 | 7/1/17-6/30/18 | 17,030 | | | | 16,133 | 17,030 | | (897) | | | 17,030 | | |
| Per Pupil Growth Aid | 17-495-034-5120-097 | 7/1/16-6/30/17 | 17,030 | (735) | | | 735 | | | | | | | | |
| Per Pupil Growth Aid | 18-495-034-5120-097 | 7/1/17-6/30/18 | 17,030 | | | | 16,133 | 17,030 | | (897) | | | 17,030 | | |
| Professional Learning Community Aid | 17-495-034-5120-101 | 7/1/16-6/30/17 | 17,430 | (735) | | | 735 | | | | | | | | |
| Professional Learning Community Aid | 18-495-034-5120-101 | 7/1/17-6/30/18 | 17,430 | | | | 16,533 | 17,430 | | (897) | | | 17,430 | | |
| Host District Aid | 18-495-034-5120-102 | 7/1/17-6/30/18 | 2,419 | | | | 1,522 | 2,419 | | (897) | | | 2,419 | | |
| | | | | | | | | | <u>1,111,196</u> | | | | | | |
| State Aid Public Cluster | | | | | | | | | | | | | | | |
| Extraordinary Aid | 17-100-034-5120-044 | 7/1/16-6/30/17 | 304,482 | (304,482) | | | | 304,482 | | | | | | | |
| Extraordinary Aid | 18-100-034-5120-044 | 7/1/17-6/30/18 | 321,948 | | | | | | | (321,948) | | | 321,948 | | |
| Lead Testing for Schools Aid | 18-495-034-5120-104 | 7/1/17-6/30/18 | 5,219 | | | | 5,219 | 5,219 | | | | | 5,219 | | |
| Transportation Aid | 17-495-034-5120-014 | 7/1/16-6/30/17 | 59,001 | (4,409) | | | 4,409 | | | | | | | | |
| Transportation Aid | 18-495-034-5120-014 | 7/1/17-6/30/18 | 59,001 | | | | 54,516 | 59,001 | | (4,485) | | | 59,001 | | |
| Nonpublic Transportation Aid | 17-495-034-5120-014 | 7/1/16-6/30/17 | 31,345 | (21,345) | | | 21,345 | | | | | | | | |
| Nonpublic Transportation Aid | 18-495-034-5120-014 | 7/1/17-6/30/18 | 37,120 | | | | | 37,120 | | (37,120) | | | \$ (37,120) | 37,120 | |
| | | | | | | | | | <u>96,121</u> | | | | | | |
| Transportation Aid Cluster | | | | | | | | | | | | | | | |
| On-Behalf Payments | | | | | | | | | | | | | | | |
| TPAF Pension and Annuity Aid | | | | | | | | | | | | | | | |
| Normal | 18-495-034-5094-002 | 7/1/17-6/30/18 | 1,793,222 | | | | 1,793,222 | 1,793,222 | | | | | 1,793,222 | | |
| NCGI Premium | 18-495-034-5094-004 | 7/1/17-6/30/18 | 43,517 | | | | 43,517 | 43,517 | | | | | 43,517 | | |
| Post Retirement Medical Contribution | 18-495-034-5094-001 | 7/1/17-6/30/18 | 1,186,311 | | | | 1,186,311 | 1,186,311 | | | | | 1,186,311 | | |
| Long-Term Disability | 18-495-034-5094-004 | 7/1/17-6/30/18 | 3,499 | | | | 3,499 | 3,499 | | | | | 3,499 | | |
| TPAF Social Security | 18-495-034-5094-003 | 7/1/17-6/30/18 | 953,235 | | | | 905,764 | 953,235 | | (47,471) | | | (47,471) | 953,235 | |
| TPAF Social Security | 17-495-034-5095-003 | 7/1/16-6/30/17 | 964,806 | (47,173) | | | 47,173 | | | | | | | | |
| Total General Fund | | | | <u>(446,480)</u> | - | - | - | <u>5,464,517</u> | <u>5,514,268</u> | - | <u>(496,231)</u> | - | - | <u>(84,591)</u> | <u>5,514,268</u> |
| Special Revenue Fund | | | | | | | | | | | | | | | |
| Nonpublic Aid | | | | | | | | | | | | | | | |
| Textbook Aid | 18-100-034-5120-064 | 7/1/17-6/30/18 | 438 | | | | \$ 438 | \$ 438 | | | | | 438 | | |
| Textbook Aid | 17-100-034-5120-064 | 7/1/16-6/30/17 | 634 | | | \$ 403 | | | \$ 403 | | | | - | | |
| Technology | 18-100-034-5120-373 | 7/1/17-6/30/18 | 296 | | | | 296 | 290 | | | | \$ 6 | 290 | | |
| Technology | 17-100-034-5120-373 | 7/1/16-6/30/17 | 286 | | | 286 | | | 286 | | | | - | | |
| Security | 18-100-034-5120-509 | 7/1/17-6/30/18 | 600 | | | | 600 | | | | | 600 | - | | |
| Security | 17-100-034-5120-509 | 7/1/16-6/30/17 | 550 | | | 550 | | | 550 | | | | - | | |
| Nursing Services | 18-100-034-5120-070 | 7/1/17-6/30/18 | 776 | | | | 776 | 776 | | | | | - | 776 | |
| Auxiliary Services | | | | | | | | | | | | | | | |
| Compensatory Education | 17-100-034-5120-067 | 7/1/15-6/30/17 | 4,211 | | | 4,211 | | | 4,211 | | | | - | | |
| English as a Second Language | 18-100-034-5120-067 | 7/1/17-6/30/18 | 1,445 | | | | 1,445 | 723 | | | | 722 | 723 | | |
| English as a Second Language | 17-100-034-5120-067 | 7/1/16-6/30/17 | 1,462 | | | 822 | | | 822 | | | | - | | |
| | | | | | | | | | <u>723</u> | | | | | | |
| Handicapped Services | | | | | | | | | | | | | | | |
| Supplemental Instruction | 17-100-034-5120-066 | 7/1/16-6/30/17 | 1,883 | | | 1,883 | | | 1,883 | | | | - | | |
| Corrective Speech | 18-100-034-5120-066 | 7/1/17-6/30/18 | 3,929 | | | | 3,929 | 2,232 | | | | 1,697 | 2,232 | | |
| Corrective Speech | 17-100-034-5120-066 | 7/1/16-6/30/17 | 2,385 | | | 530 | | | 530 | | | | - | | |
| | | | | | | | | | <u>2,232</u> | | | | | | |
| Handicapped Services Cluster | | | | | | | | | | | | | | | |
| Total Special Revenue Fund | | | | - | - | 8,685 | - | 7,484 | 4,459 | 8,685 | - | - | 3,025 | - | 4,459 |

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

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance at July 1, 2017 | | | Carryover Amount | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | Balance, June 30, 2018 | | | MEMO | |
|--|-------------------------------|----------------|--------------|-------------------------|------------------|-----------------|------------------|---------------------|------------------------|------------------------------------|------------------------|------------------|-----------------|---------------------|-------------------------------|
| | | | | (Accounts Receivable) | Unearned Revenue | Due to Grantor | | | | | (Accounts Receivable) | Unearned Revenue | Due to Grantor | GAAP Receivable | Cumulative Total Expenditures |
| State Department of Agriculture | | | | | | | | | | | | | | | |
| Enterprise Fund | | | | | | | | | | | | | | | |
| National School Lunch Program | | | | | | | | | | | | | | | |
| State Share | 18-100-010-3350-023 | 9/1/17-6/30/18 | \$ 5,676 | | | | | \$ 5,356 | \$ 5,676 | | \$ (320) | | | \$ (320) | \$ 5,676 |
| State Share | 17-100-010-3350-023 | 9/1/16-6/30/17 | 4,688 | \$ (314) | - | - | - | 314 | - | - | - | - | - | - | - |
| Total Enterprise Fund | | | | <u>(314)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,670</u> | <u>5,676</u> | <u>-</u> | <u>(320)</u> | <u>-</u> | <u>-</u> | <u>(320)</u> | <u>5,676</u> |
| State Economic Development Authority | | | | | | | | | | | | | | | |
| Educational Facilities Construction and Financial Act | | | | | | | | | | | | | | | |
| Capital Projects Fund | | | | | | | | | | | | | | | |
| 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) | 189,840 |
| Various Improvements to all Schools | 4610-090-14-1004 | N/A | | | | | | | | | | | | | |
| | 4610-050-14-1001 | N/A | 327,221 | (327,221) | - | - | - | - | - | - | (327,221) | - | - | (327,221) | 327,221 |
| Total Capital Projects Fund | | | | <u>(517,061)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(517,061)</u> | <u>-</u> | <u>-</u> | <u>(517,061)</u> | <u>517,061</u> |
| Debt Service Fund | | | | | | | | | | | | | | | |
| Debt Service Aid | 18-495-034-5120-075 | 7/1/17-6/30/18 | \$ 132,623 | - | - | - | - | 132,623 | 132,623 | - | - | - | - | - | 132,623 |
| Total Debt Service Fund | | | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>132,623</u> | <u>132,623</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>132,623</u> |
| Total State Financial Assistance- Determination for Single Audit | | | | <u>\$ (963,855)</u> | <u>\$ -</u> | <u>\$ 8,685</u> | <u>\$ -</u> | <u>\$ 5,610,294</u> | <u>\$ 5,657,026</u> | <u>\$ 8,685</u> | <u>\$ (1,013,612)</u> | <u>\$ -</u> | <u>\$ 3,025</u> | <u>\$ (601,972)</u> | <u>\$ 6,174,087</u> |
| Less: On -Behalf TPAF Pension System Contributions | | | | | | | | | <u>3,026,549</u> | | | | | | |
| Total State Financial Assistance Subject to Major Program Determination | | | | | | | | | <u>\$ 2,630,477</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, 2018**

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 \$33,678 for the general fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|----------------------------|-------------------|---------------------|---------------------|
| General Fund | \$ 9,184 | \$ 5,480,590 | \$ 5,489,774 |
| Special Revenue Fund | 722,106 | 4,459 | 726,565 |
| Debt Service Fund | | 132,623 | 132,623 |
| Food Service Fund | <u>185,241</u> | <u>5,676</u> | <u>190,917</u> |
| Total Financial Assistance | <u>\$ 916,531</u> | <u>\$ 5,623,348</u> | <u>\$ 6,539,879</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, 2018**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5 OTHER INFORMATION

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 \$953,235 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$1,836,739, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,186,311 and TPAF Long-Term Disability Insurance in the amount of \$3,499 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions 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, 2018

Part I – Summary of Auditor’s Results

State Awards Section

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

Internal Control over compliance:

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

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

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

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

Auditee qualified as low-risk auditee? X yes no

Identification of major programs:

| <u>State Grant/Project Number (s)</u> | <u>Name of State Program</u> |
|---------------------------------------|--|
| <u>495-034-5120-089</u> | <u>Special Education Aid</u> |
| <u>495-034-5120-078</u> | <u>Equalization Aid</u> |
| <u>495-034-5120-084</u> | <u>Security Aid</u> |
| <u>495-034-5120-097</u> | <u>Per Pupil Growth Aid</u> |
| <u>495-034-5120-098</u> | <u>PARCC Readiness Aid</u> |
| <u>495-034-5120-101</u> | <u>Professional Learning Community Aid</u> |
| <u>495-034-5120-102</u> | <u>Host District Support Aid</u> |
| <u>495-034-5094-003</u> | <u>Reimbursed TPAF Social Security Contributions</u> |

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

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, 2018**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 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, 2018**

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