

SADDLE BROOK
SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2015



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, 2015

Prepared by

Business Office

**SADDLE BROOK BOARD OF EDUCATION
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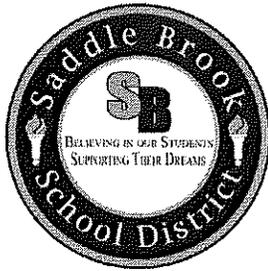
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INTRODUCTORY SECTION



SADDLE BROOK SCHOOL DISTRICT

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SADDLE BROOK, NEW JERSEY 07663

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BERT AMMERMAN
INTERIM SUPERINTENDENT OF SCHOOLS

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

December 21, 2015

Honorable President and
Members of the Board of Education
Saddle Brook School District
Saddle Brook, New Jersey 07648

Dear Board Members:

The comprehensive annual financial report of the Saddle Brook School District (District) for the fiscal year ended June 30, 2015 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. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and New Jersey OMB's Circular Letter 15-08, *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>
2014-2015	1,720	-1.0%
2013-2014	1,738	-.6%
2012-2013	1,748	-.6%
2011-2012	1,759	-1.5%
2010-2011	1,785	0%

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

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

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

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

MAJOR INITIATIVES:

Saddle Brook is a comprehensive Pre K-12 school district comprised of 3 elementary schools (Franklin, Long, and Smith), Washington School which houses our Pre K programs, and the grades 7-12 Middle/High School.

The following were our district goals for the 2014-15 school year:

- Restructure the Guidance Department and implement new programming to better serve students.
- To implement a successful and consistent full-day kindergarten program district-wide.
- Continue to concentrate on professional development that directly impacts classroom practice.
- To enhance the quality of security in and around the schools, based on recommendations from the Bergen County School Security Task Force and in collaboration with the Saddle Brook Police Department.
- Improve the quality of teacher observations completed by all instructional supervisors, principals and assistant principals, as demonstrated through comparisons of prior to current year documents and facilitated by increased collaboration, calibration and training.

In each of these areas we made tremendous strides, which moved our school district forward towards a higher standard for students achievement and educational quality. In addition, our students continue to shine. Their highlights and all of our achievements can be viewed on our district website, www.saddlebrookschoools.org.

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, 2015.

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

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

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

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

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

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

Respectfully submitted,



Bert Ammerman
Interim Superintendent of Schools



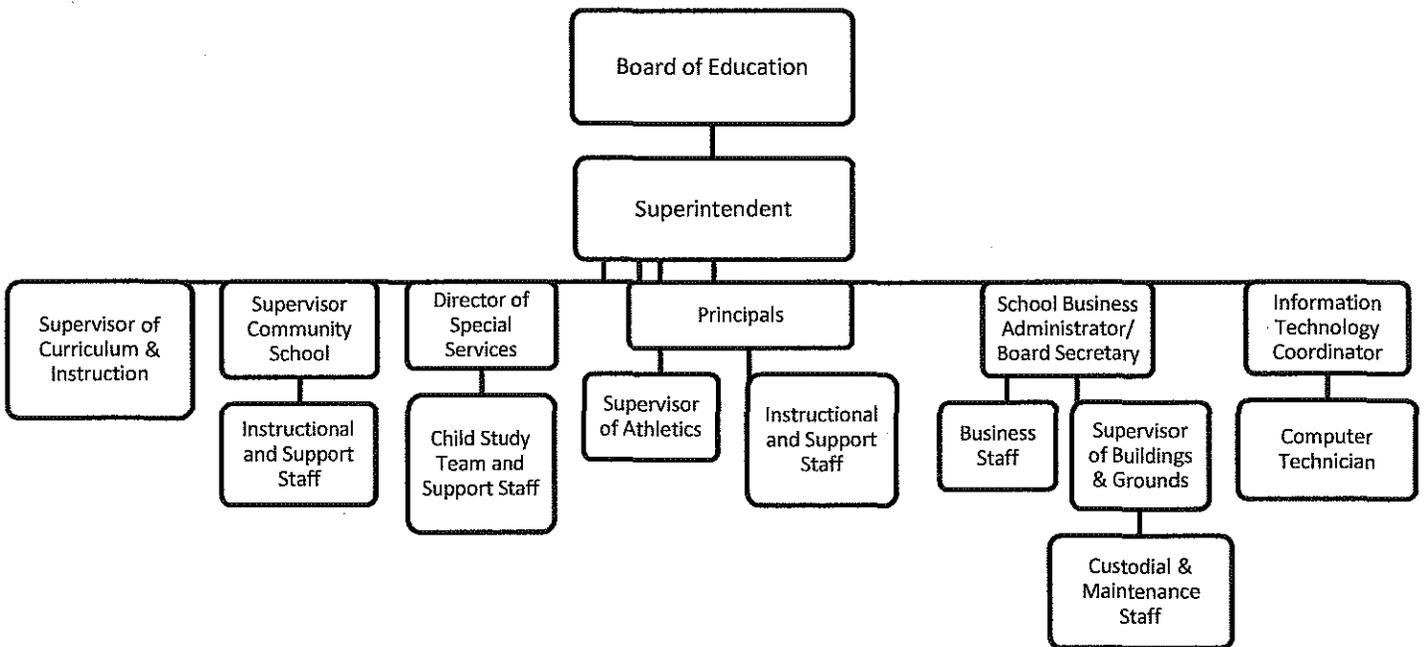
Raymond G. Karaty, CPA, PSA
Business Administrator/Board Secretary

POLICY

SADDLE BROOK BOARD OF EDUCATION

ADMINISTRATION
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Organizational Chart

1110 ORGANIZATIONAL CHART



Adopted: November 16, 2011

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

**ROSTER OF OFFICIALS
JUNE 30, 2015**

Members of the Board of Education

Term Expires

David Gierek, President	2016
Stephen Quinn, Vice President	2015
Michael Accomando	2016
Regina Barrale	2015
Carmine Bufi	2017
Sarah Sanchez	2017
Kim Scanapieco	2016
Parampreet Singh	2015
Sylvia Zottarelli	2017

Other Officials

Bert Ammerman, Interim Superintendent

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

Peter Bellani, CPA, Treasurer

Isabel Machado, Esq., Board Attorney

SADDLE BROOK BOARD OF EDUCATION

Consultants and Advisors

ARCHITECT

Gianforaro
555 East Main Street
Chester, New Jersey 07930

AUDITOR

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

ATTORNEY

Isabel Machado
Machado Law Group
136 Central Avenue – 2nd Floor
Clark, New Jersey 07066

OFFICIAL DEPOSITORY

Community Bank of Bergen County
210 Rochelle Avenue
Rochelle Park, NJ 07662

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

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, 2015 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 of 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, 2015, 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, 2015, the Saddle Brook Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for 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 and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Saddle 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 U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Saddle Brook Board of Education.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Saddle Brook Board of Education’s internal control over financial reporting and compliance.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 21, 2015

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, 2015**

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, 2015. 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 2015 are as follows:

- District-Wide Statements – The School District had \$38,853,754 in revenues, general revenues were \$30,051,333 or 77 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$8,802,421 or 23 percent of total revenues of \$38,853,754.
- District-Wide Statements - The School District had \$37,573,559 in expenses; only \$8,802,421 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$30,051,333 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 \$4,550,065, an increase of \$3,670,731 in comparison with the prior year. The increase was attributable to two items one was the bond referendum that was approved by the voters. The District sold these bonds in June before year end. The other is the District's sound fiscal management.

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**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

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**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

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 and food service	Activities the district operates similar to private Businesses
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset, deferred 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**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

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 Fund 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**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

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 School Program. 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 2015 and 2014 which were \$1,982,180 and \$701,985, respectively.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

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, 2015 and 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u> (Restated)
Assets						
Current and Other Assets	\$ 6,347,587	\$ 1,336,721	\$ 538,644	\$ 784,376	\$ 6,886,231	\$ 2,121,097
Capital Assets	<u>24,448,350</u>	<u>23,708,310</u>	<u>77,931</u>	<u>80,164</u>	<u>24,526,281</u>	<u>23,788,474</u>
Total Assets	<u>30,795,937</u>	<u>25,045,031</u>	<u>616,575</u>	<u>864,540</u>	<u>31,412,512</u>	<u>25,909,571</u>
Deferred Outflows of Resources						
Deferred amounts on Net Pension Liability	228,421				228,421	
Deferred amounts on Refunding of Debt	<u>397,530</u>	<u>482,400</u>	-	-	<u>397,530</u>	<u>482,400</u>
Total Deferred Outflows of Resources	<u>625,951</u>	<u>482,400</u>	-	-	<u>625,951</u>	<u>482,400</u>
Total Assets and Deferred Outflows of Resources	<u>31,421,888</u>	<u>25,527,431</u>	<u>616,575</u>	<u>864,540</u>	<u>32,038,463</u>	<u>26,391,971</u>
Liabilities						
Current Liabilities	1,982,883	652,779	69,966	94,408	2,052,849	747,187
Noncurrent Liabilities	<u>25,764,866</u>	<u>24,939,924</u>	-	-	<u>25,764,866</u>	<u>24,939,924</u>
Total Liabilities	<u>27,747,749</u>	<u>25,592,703</u>	<u>69,966</u>	<u>94,408</u>	<u>27,817,715</u>	<u>25,687,111</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	2,237,231				2,237,231	
Deferred Commodities Revenue	-	-	<u>1,337</u>	<u>2,875</u>	<u>1,337</u>	<u>2,875</u>
Total Deferred Inflows of Resources	<u>2,237,231</u>	-	<u>1,337</u>	<u>2,875</u>	<u>2,238,568</u>	<u>2,875</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,984,980</u>	<u>25,592,703</u>	<u>71,303</u>	<u>97,283</u>	<u>30,056,283</u>	<u>25,689,986</u>
Net Position						
Net Investment in Capital Assets	13,285,344	12,219,781	77,931	80,164	13,363,275	12,299,945
Restricted	852,338	406,245			852,338	406,245
Unrestricted	<u>(12,700,774)</u>	<u>(12,691,298)</u>	<u>467,341</u>	<u>687,093</u>	<u>(12,233,433)</u>	<u>(12,004,205)</u>
Total Net Position	<u>\$ 1,436,908</u>	<u>\$ (65,272)</u>	<u>\$ 545,272</u>	<u>\$ 767,257</u>	<u>\$ 1,982,180</u>	<u>\$ 701,985</u>

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Governmental activities. Governmental activities increased the District's net position by \$1,502,180 and \$366,310 for the fiscal years ended June 30, 2015 and 2014, respectively. Key elements of this increase are as follows:

**Table A-3
Changes in Net Position
For the Fiscal Year Ended June 30, 2015 and 2014**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues						
Program Revenues						
Charges for Services	\$ 331,810	\$ 223,198	\$ 728,650	\$ 813,542	\$ 1,060,460	\$ 1,036,740
Operating Grants and Contributions	7,585,134	4,366,581	156,827	160,687	7,741,961	4,527,268
General Revenues						
Property Taxes	29,817,051	29,060,171			29,817,051	29,060,171
Unrestricted State	49,046	18,490			49,046	18,490
Other	181,879	159,972	3,357	4,590	185,236	164,562
Total Revenues	<u>37,964,920</u>	<u>33,828,412</u>	<u>888,834</u>	<u>978,819</u>	<u>38,853,754</u>	<u>34,807,231</u>
Expenses						
Instruction						
Regular	13,052,983	12,048,752			13,052,983	12,048,752
Special	7,069,375	6,896,661			7,069,375	6,896,661
Other Instruction	870,994	853,366			870,994	853,366
School Sponsored Activities and Ath.	763,574	650,225			763,574	650,225
Support Services						
Student and Instruction Related Serv.	6,385,729	4,818,320			6,385,729	4,818,320
Educational Media/School Library	206,409	180,622			206,409	180,622
School Administrative Services	1,941,042	1,653,247			1,941,042	1,653,247
General Administrative Services	812,107	668,506			812,107	668,506
Plant Operations and Maintenance	3,263,019	3,259,360			3,263,019	3,259,360
Pupil Transportation	1,116,615	1,099,945			1,116,615	1,099,945
Central Services	746,421	732,490			746,421	732,490
Food Services			477,628	449,462	477,628	449,462
Community Programs			333,191	432,793	333,191	432,793
Interest on Long-Term Debt	534,472	600,608	-	-	534,472	600,608
Total Expenses	<u>36,762,740</u>	<u>33,462,102</u>	<u>810,819</u>	<u>882,255</u>	<u>37,573,559</u>	<u>34,344,357</u>
Change in Net Position Before Transfers	1,202,180	366,310	78,015	96,564	1,280,195	462,874
Transfers	300,000	-	(300,000)	-	-	-
Increase (Decrease) in Net Position	<u>1,502,180</u>	<u>366,310</u>	<u>(221,985)</u>	<u>96,564</u>	<u>1,280,195</u>	<u>462,874</u>
Net Position, Beginning of Year	(65,272)	9,119,496	767,257	670,693	701,985	9,790,189
Prior Period Adjustment	-	(9,551,078)	-	-	-	(9,551,078)
Net Position, End of Year	<u>\$ 1,436,908</u>	<u>\$ (65,272)</u>	<u>\$ 545,272</u>	<u>\$ 767,257</u>	<u>\$ 1,982,180</u>	<u>\$ 701,985</u>

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Governmental activities. The District's total governmental revenues were \$38,264,920. The local share of the revenues, that included property taxes, interest and miscellaneous revenue, amounted to \$30,347,976 or 79% of total revenues. Funding from state, federal sources amounted to \$7,585,134 or 20%. Charges for services amounted to \$338,810 or 1%. (See Table A-4)

The District's total governmental expenses were \$36,762,740 and are predominantly related to instruction and support services. Instruction totaled \$21,756,926 (59%), student support services totaled \$14,471,342 (39%) and interest on long-term debt total \$534,472 (2%) of total expenditures. (See Table A-5.)

Table A-4 Revenues by Source – Governmental Activities
For Fiscal Year 2015

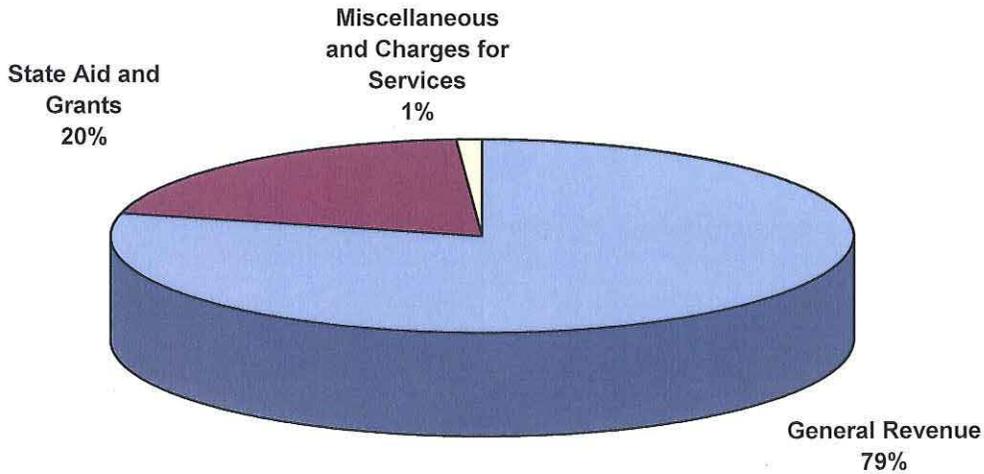
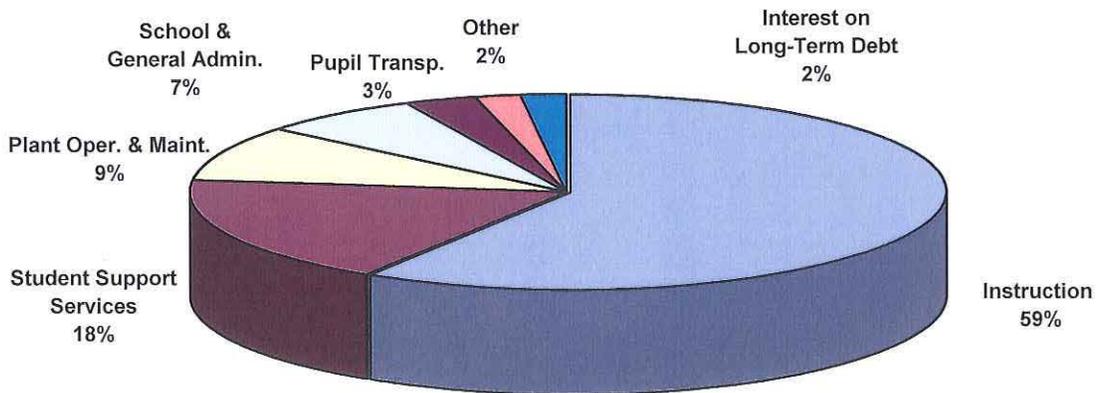


Table A-5 Expenditures by Type- Governmental Activities
For Fiscal Year 2015



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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

**Table A-6
Total and Net Cost of Governmental Activities
For the Fiscal Years Ended June 30, 2015 and 2014**

<u>Functions/Programs</u>	<u>Cost of Services</u>		<u>Net Cost Services</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Governmental Activities				
Instruction				
Regular	\$ 13,052,983	\$ 12,048,752	\$ 10,261,832	\$ 10,845,312
Special Education	7,069,375	6,896,661	4,504,460	4,789,322
Other Instruction	870,994	853,366	591,312	672,071
School Sponsored Activities and Athletics	763,574	650,225	633,727	601,470
Support Services				
Student and Instruction Related Svcs.	6,385,729	4,818,320	5,053,570	4,239,111
Educational Media/School Library	206,409	180,622	172,284	168,354
General Administrative Services	812,107	668,506	705,607	626,013
School Administrative Services	1,941,042	1,653,247	1,533,518	1,486,432
Plant Operations and Maintenance	3,263,019	3,259,360	3,061,388	3,087,215
Pupil Transportation	1,116,615	1,099,945	1,047,205	1,023,925
Central Services	746,421	732,490	746,421	732,490
Interest on Long-Term Debt	534,472	600,608	534,472	600,608
Total Governmental Activities	<u>\$ 36,762,740</u>	<u>\$ 33,462,102</u>	<u>\$ 28,845,796</u>	<u>\$ 28,872,323</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2015 was \$810,819. 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 before transfers of \$78,015.

Food Service Program

- Food service revenues exceeded expenses by \$13,941.
- Charges for services represent 68 % 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 before transfers by \$64,074.
- 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**

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

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 \$4,550,065. In 2013-2014 the fund balance was \$879,334.

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 \$35,012,646 and expenditures were \$36,493,301.

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, 2015 and 2014.

	Fiscal Year Ended <u>6/30/2015</u>	Fiscal Year Ended <u>6/30/2014</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Local Sources	\$ 30,365,038	\$ 29,478,876	\$ 886,162	3%
State Sources	4,069,361	3,776,008	293,353	8%
Federal Sources	<u>578,247</u>	<u>573,528</u>	<u>4,719</u>	1%
 Total Revenues	 <u>\$ 35,012,646</u>	 <u>\$ 33,828,412</u>	 <u>\$ 1,184,234</u>	 4%

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

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, 2015 and 2014.

	Fiscal Year Ended <u>6/30/2015</u>	Fiscal Year Ended <u>6/30/2014</u>	Amount of Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Current Expenses:				
Instruction	\$ 19,352,676	\$ 19,685,488	\$ (332,812)	-2%
Undistributed	13,266,179	12,068,830	1,197,349	10%
Capital Outlay	1,846,081	629,502	1,216,579	193%
Debt Service				
Principal	1,485,936	1,416,460	69,476	5%
Interest and Other Charges	<u>542,429</u>	<u>608,913</u>	<u>(66,484)</u>	-11%
 Total Expenditures	 <u>\$ 36,493,301</u>	 <u>\$ 34,409,193</u>	 <u>\$ 2,084,108</u>	 6%

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.
- Tuition 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 lower than anticipated for 2014-14.
- The district's expense for health benefits was less than anticipated due to the increase in employee contributions per Chapter 78.
- 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.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

Capital Assets

At the end of fiscal year 2015, the District had total assets of \$24,526,281 net of depreciation invested in land, land improvements, buildings, furniture, equipment and vehicles. Table 4 shows fiscal year 2015 balances compared to 2014.

**Table A-4
Capital Assets (Net Depreciation) as of June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 31,974	\$ 31,974			\$ 31,974	\$ 31,974
Construction in Progress	1,586,516	25,873			1,586,516	25,873
Land Improvements	485,028	485,028			485,028	485,028
Buildings and Building Improvements	31,971,633	31,971,633			31,971,633	31,971,633
Machinery, Equipment and Vehicles	<u>3,617,345</u>	<u>3,407,907</u>	\$ 186,978	\$ 177,011	<u>3,804,323</u>	<u>3,584,918</u>
Total	37,692,496	35,922,415	186,978	177,011	37,879,474	36,099,426
Less: Accumulated Depreciation	<u>13,244,146</u>	<u>12,214,105</u>	<u>109,047</u>	<u>96,847</u>	<u>13,353,193</u>	<u>12,310,952</u>
Total	<u>\$ 24,448,350</u>	<u>\$ 23,708,310</u>	<u>\$ 77,931</u>	<u>\$ 80,164</u>	<u>\$ 24,526,281</u>	<u>\$ 23,788,474</u>

Overall capital assets increased by \$737,807 from fiscal year 2014 to fiscal year 2015. The increase is attributable to the start of the new referendum which comprises improvements to all schools.

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, 2015, the District had \$25,764,866 of outstanding long-term liabilities. These liabilities include serial bonds and net pension liability for school construction and refunding bonds for the Early Retirement Incentive Program, capital leases and compensated absences.

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

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015**

**Table A-5
Long-Term Debt
Outstanding Long-Term Liabilities**

	<u>2015</u>	<u>2014</u> (Restated)
General Obligation Bonds	\$ 17,553,910	\$ 13,805,000
Net Pension Liability	7,264,044	9,551,078
Capital Leases	477,362	495,912
Compensated Absences Payable	<u>469,550</u>	<u>640,228</u>
 Total	 <u>\$ 25,764,866</u>	 <u>\$ 24,492,218</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.

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, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,946,096	\$ 501,426	\$ 6,447,522
Receivables, net	384,265	39,677	423,942
Internal Balances	17,226	(17,226)	-
Inventory		14,767	14,767
Capital Assets			
Not Being Depreciated	1,618,490		1,618,490
Being Depreciated, Net	<u>22,829,860</u>	<u>77,931</u>	<u>22,907,791</u>
Total Assets	<u>30,795,937</u>	<u>616,575</u>	<u>31,412,512</u>
Deferred Outflows of Resources			
Deferred Amounts on Net Pension Liability	228,421		228,421
Deferred Amounts on Refunding of Debt	<u>397,530</u>	<u>-</u>	<u>397,530</u>
	<u>625,951</u>	<u>-</u>	<u>625,951</u>
Total Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	<u>31,421,888</u>	<u>616,575</u>	<u>32,038,463</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	1,708,403	15,498	1,723,901
Payable to Other Governments	31,170		31,170
Accrued Interest Payable	185,361		185,361
Unearned Revenue	57,949	54,468	112,417
Noncurrent Liabilities			
Due Within One Year	1,872,497		1,872,497
Due Beyond One Year	<u>23,892,369</u>	<u>-</u>	<u>23,892,369</u>
Total Liabilities	<u>27,747,749</u>	<u>69,966</u>	<u>27,817,715</u>
Deferred Inflows of Resources			
Deferred Amounts on Net Pension Liability	2,237,231		2,237,231
Deferred Commodities Revenue	<u>-</u>	<u>1,337</u>	<u>1,337</u>
Total Deferred Inflows of Resources	<u>2,237,231</u>	<u>1,337</u>	<u>2,238,568</u>
Total Liabilities and Deferred Inflows of Resources	<u>29,984,980</u>	<u>71,303</u>	<u>30,056,283</u>
NET POSITION			
Net Investment in Capital Assets	13,285,344	77,931	13,363,275
Restricted for :			
Capital Projects	851,211		851,211
Debt Service	1,127		1,127
Unrestricted	<u>(12,700,774)</u>	<u>467,341</u>	<u>(12,233,433)</u>
Total Net Position	<u>\$ 1,436,908</u>	<u>\$ 545,272</u>	<u>\$ 1,982,180</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, 2015**

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	\$ 13,052,983	\$ 90,450	\$ 2,700,701		\$ (10,261,832)		\$ (10,261,832)
Special Education	7,069,375	78,130	2,486,785		(4,504,460)		(4,504,460)
Other Instruction	870,994		279,682		(591,312)		(591,312)
School Sponsored Activities and Athletics	763,574		129,847		(633,727)		(633,727)
Support Services							
Student and Instruction Related Services	6,385,729		1,332,159		(5,053,570)		(5,053,570)
Educational Media/School Library	206,409		34,125		(172,284)		(172,284)
General and Business Administrative Services	812,107		106,500		(705,607)		(705,607)
School Administrative Services	1,941,042		407,524		(1,533,518)		(1,533,518)
Plant Operations and Maintenance	3,263,019	163,230	38,401		(3,061,388)		(3,061,388)
Pupil Transportation	1,116,615		69,410		(1,047,205)		(1,047,205)
Central Services	746,421				(746,421)		(746,421)
Interest and Other Charges on Long-Term Debt	534,472	-	-	-	(534,472)	-	(534,472)
Total Governmental Activities	36,762,740	331,810	7,585,134	-	(28,845,796)	-	(28,845,796)
Business-Type Activities							
Food Service	477,628	333,462	156,827			\$ 12,661	12,661
Community Programs	333,191	395,188	-	-	-	61,997	61,997
Total Business-Type Activities	810,819	728,650	156,827	-	-	74,658	74,658
Total Primary Government	\$ 37,573,559	\$ 1,060,460	\$ 7,741,961	\$ -	(28,845,796)	74,658	(28,771,138)
General Revenues and Transfers							
Property Taxes, Levied for General Purposes, Net					28,167,707		28,167,707
Taxes Levied for Debt Service					1,649,344		1,649,344
Unrestrict State Aid					49,046		49,046
Transfers					300,000	(300,000)	
Miscellaneous Income					181,879	3,357	185,236
Total General Revenues					30,347,976	(296,643)	30,051,333
Change in Net Position					1,502,180	(221,985)	1,280,195
Net Position, Beginning of Year- Restated					(65,272)	767,257	701,985
Net Position, End of Year					\$ 1,436,908	\$ 545,272	\$ 1,982,180

FUND FINANCIAL STATEMENTS

**SADDLE BROOK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,697,811		\$ 4,247,158	\$ 1,127	\$ 5,946,096
Receivables, Net					
Receivables from Other Governments	145,865	\$ 234,962			380,827
Due from Other Funds	203,937				203,937
Other Receivables	950	-	-	-	950
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,048,563</u>	<u>\$ 234,962</u>	<u>\$ 4,247,158</u>	<u>\$ 1,127</u>	<u>\$ 6,531,810</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 528,126	\$ 31,138	\$ 1,149,139		\$ 1,708,403
Due to Other Funds	-	182,120	2,103		184,223
Payable to State Government		4,877			4,877
Payable to Federal Government	26,293				26,293
Unearned Revenue	41,122	16,827	-	-	57,949
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>595,541</u>	<u>234,962</u>	<u>1,151,242</u>	<u>-</u>	<u>1,981,745</u>
Fund Balances					
Restricted:					
Excess Surplus	264,791				264,791
Capital Reserve	851,211				851,211
Capital Projects			3,095,916		3,095,916
Debt Service				\$ 1,127	1,127
Assigned:					
Year End Encumbrances	86,200				86,200
ARRA-Semi- Designated for Subsequent Year's Expenditures	4,944				4,944
Unassigned:					
General Fund	245,876	-	-	-	245,876
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>1,453,022</u>	<u>-</u>	<u>3,095,916</u>	<u>1,127</u>	<u>4,550,065</u>
Total Liabilities and Fund Balances	<u>\$ 2,048,563</u>	<u>\$ 234,962</u>	<u>\$ 4,247,158</u>	<u>\$ 1,127</u>	<u>\$ 6,531,810</u>

SADDLE BROOK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015

Total Government Fund Balances \$ 4,550,065

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 \$37,692,496 and the accumulated depreciation is \$13,244,146 24,448,350

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 deferred over future years.

Deferred Outflows of Resources	\$ 228,421	
Deferred Inflows of Resources	<u>(2,237,231)</u>	(2,008,810)

The District has financed capital assets through the issuance of serial bonds and long term-lease obligations. The interest accrual at year end is: (185,361)

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. 397,530

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	\$ (17,553,910)	
Net Pension Liability	(7,264,044)	
Capital Leases	(477,362)	
Compensated Absences	<u>(469,550)</u>	(25,764,866)

Net Position of Governmental Activities (Exhibit A-1) \$ 1,436,908

**SADDLE BROOK BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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	\$ 28,167,707			\$ 1,649,344	\$ 29,817,051
Miscellaneous	512,563	\$ 34,298	\$ 1,126	-	547,987
Total - Local Sources	28,680,270	34,298	1,126	1,649,344	30,365,038
State Sources	4,058,786	10,575	-		4,069,361
Federal Sources	20,037	558,210	-	-	578,247
Total Revenues	<u>32,759,093</u>	<u>603,083</u>	<u>1,126</u>	<u>1,649,344</u>	<u>35,012,646</u>
EXPENDITURES					
Current					
Regular Instruction	11,344,084	31,963			11,376,047
Special Education Instruction	6,146,219	382,842			6,529,061
Other Instruction	653,654	111,931			765,585
School-Sponsored Activities and Athletics	681,983				681,983
Support Services					
Student and Instruction Related Services	5,520,276	76,347			5,596,623
Educational Media/School Library	184,966				184,966
General Administrative Services	745,186				745,186
School Administrative Services	1,684,969				1,684,969
Plant Operations and Maintenance	3,213,058				3,213,058
Pupil Transportation	1,111,689				1,111,689
Central Services	729,688				729,688
Debt Service					
Principal	260,936			1,225,000	1,485,936
Interest and Other Charges	62,194			480,235	542,429
Capital Outlay	285,438	-	1,560,643	-	1,846,081
Total Expenditures	<u>32,624,340</u>	<u>603,083</u>	<u>1,560,643</u>	<u>1,705,235</u>	<u>36,493,301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>134,753</u>	<u>-</u>	<u>(1,559,517)</u>	<u>(55,891)</u>	<u>(1,480,655)</u>
OTHER FINANCING SOURCES (USES)					
Capital Leases (Non-budget)	242,386				242,386
Bond Proceeds			4,609,000		4,609,000
Transfer In	300,000			1,126	301,126
Transfer Out	-	-	(1,126)	-	(1,126)
Total Other Financing Sources and Uses	<u>542,386</u>	<u>-</u>	<u>4,607,874</u>	<u>1,126</u>	<u>5,151,386</u>
Net Change in Fund Balances	677,139	-	3,048,357	(54,765)	3,670,731
Fund Balance, Beginning of Year	<u>775,883</u>	<u>-</u>	<u>47,559</u>	<u>55,892</u>	<u>879,334</u>
Fund Balance, End of Year	<u>\$ 1,453,022</u>	<u>\$ -</u>	<u>\$ 3,095,916</u>	<u>\$ 1,127</u>	<u>\$ 4,550,065</u>

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

**SADDLE BROOK BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 3,670,731**

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	\$ 1,846,081	
Depreciation Expense	<u>(1,106,041)</u>	
		740,040

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	84,109	
Amortization of Deferred Amounts on Refunding	(84,870)	
Capital Lease	(242,386)	
Bonds Issued	(4,609,000)	
Principal Repayments		
Bond Principal	1,225,000	
Capital Lease Principal	<u>260,936</u>	
		(3,367,524)

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):

Decrease in Compensated Absences	170,678	
Decrease in Net Pension Expense	<u>278,224</u>	
		448,902

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

Decrease in Accrued Interest		<u>10,031</u>
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Change in net position of governmental activities (Exhibit A-2) **\$ 1,502,180**

**SADDLE BROOK BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

	<u>Food Service</u>	<u>Community Programs</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 208,506	\$ 292,920	\$ 501,426
Intergovernmental Receivable			
State	1,233		1,233
Federal	38,444		38,444
Inventories	14,767	-	14,767
	<u>262,950</u>	<u>292,920</u>	<u>555,870</u>
Total Current Assets			
Capital Assets			
Equipment	186,978		186,978
Less: Accumulated Depreciation	(109,047)	-	(109,047)
	<u>77,931</u>	<u>-</u>	<u>77,931</u>
Total Capital Assets			
Total Assets	<u>340,881</u>	<u>292,920</u>	<u>633,801</u>
LIABILITIES			
Current Liabilities			
Due to Other Funds		17,226	17,226
Accounts Payable	5,200	10,298	15,498
Unearned Revenue	-	54,468	54,468
	<u>5,200</u>	<u>81,992</u>	<u>87,192</u>
Total Current Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>1,337</u>	<u>-</u>	<u>1,337</u>
Total Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	<u>6,537</u>	<u>81,992</u>	<u>88,529</u>
NET POSITION			
Net Investment in Capital Assets	77,931	-	77,931
Unrestricted	<u>256,413</u>	<u>210,928</u>	<u>467,341</u>
Total Net Position	<u>\$ 334,344</u>	<u>\$ 210,928</u>	<u>\$ 545,272</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, 2015**

	<u>Food Service</u>	<u>Community Programs</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
OPERATING REVENUES			
Charges for Services			
Daily Sales	\$ 332,937		\$ 332,937
Special Functions	525		525
Community Service Fees	-	\$ 395,188	395,188
Total Operating Revenues	<u>333,462</u>	<u>395,188</u>	<u>728,650</u>
OPERATING EXPENSES			
Cost of Sales	237,307		237,307
Salaries and Employee Benefits	184,003	275,128	459,131
Contracted Services		6,413	6,413
Rentals		35,000	35,000
Other Purchased Services	35,967	-	35,967
Telephone		2,182	2,182
Travel		30	30
Supplies and Materials	8,006	8,123	16,129
Depreciation	12,200		12,200
Miscellaneous	145	6,315	6,460
Total Operating Expenses	<u>477,628</u>	<u>333,191</u>	<u>810,819</u>
Operating Income/(Loss)	<u>(144,166)</u>	<u>61,997</u>	<u>(82,169)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	4,275		4,275
Federal Sources			
National School Lunch Program	144,662		144,662
School Breakfast Program	7,890		7,890
Interest and Investment Revenue	1,280	2,077	3,357
Total Nonoperating Revenues	<u>158,107</u>	<u>2,077</u>	<u>160,184</u>
Change in Net Position Before Transfers	13,941	64,074	78,015
Transfers		(300,000)	(300,000)
Total Net Position, Beginning of Year	<u>320,403</u>	<u>446,854</u>	<u>767,257</u>
Total Net Position, End of Year	<u>\$ 334,344</u>	<u>\$ 210,928</u>	<u>\$ 545,272</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, 2015**

	<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	\$ 333,462	\$ 396,330	\$ 729,792
Cash Payments for Employees' Salaries and Benefits	(184,003)	(275,128)	(459,131)
Cash Payments to Suppliers for Goods and Services	<u>(291,571)</u>	<u>(56,891)</u>	<u>(348,462)</u>
Net Cash Provided/(Used) for Operating Activities	<u>(142,112)</u>	<u>64,311</u>	<u>(77,801)</u>
Cash Flows from Noncapital Financing Activities			
Cash Received from State and Federal Subsidy Reimbursements	128,920	-	128,920
Cash Paid to Other Funds	<u>(2,303)</u>	<u>(343,684)</u>	<u>(345,987)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>126,617</u>	<u>(343,684)</u>	<u>(217,067)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Fixed Assets	<u>(9,967)</u>	-	<u>(9,967)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(9,967)</u>	-	<u>(9,967)</u>
Cash Flows from Investing Activities			
Interest on Investments	<u>1,280</u>	<u>2,077</u>	<u>3,357</u>
Net Cash Provided by Investing Activities	<u>1,280</u>	<u>2,077</u>	<u>3,357</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(24,182)	(277,296)	(301,478)
Cash and Cash Equivalents, Beginning of Year	<u>232,688</u>	<u>570,216</u>	<u>802,904</u>
Cash and Cash Equivalents, End of Year	<u>\$ 208,506</u>	<u>\$ 292,920</u>	<u>\$ 501,426</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided/(Used) by Operating Activities			
Operating Income (Loss)	<u>\$ (144,166)</u>	<u>\$ 61,997</u>	<u>\$ (82,169)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Noncash Federal Assistance - Food Distribution Program	24,016		24,016
Depreciation	12,200		12,200
Change in Assets and Liabilities			
(Increase)/Decrease in Inventory	(7,406)		(7,406)
Increase/(Decrease) in Accounts Payable	(26,756)	1,172	(25,584)
Increase/(Decrease) in Unearned Revenue	<u>-</u>	<u>1,142</u>	<u>1,142</u>
Total Adjustments	<u>2,054</u>	<u>2,314</u>	<u>4,368</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (142,112)</u>	<u>\$ 64,311</u>	<u>\$ (77,801)</u>
Non-Cash Financing Activities			
Food Distribution Program Commodities Received	<u>\$ 25,554</u>		

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, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 105,651	\$ 2,810	\$ 304,451
Due from Other Funds	<u>8,989</u>	<u>-</u>	<u>-</u>
Total Assets	<u>114,640</u>	<u>2,810</u>	<u>\$ 304,451</u>
LIABILITIES			
Payroll Deductions and Withholdings			\$ 155,006
Accrued Salaries & Wages			278
Due to Other Funds			11,477
Due to Student Groups			137,690
Due to State of New Jersey	<u>\$ 6,076</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>6,076</u>	<u>-</u>	<u>\$ 304,451</u>
NET POSITION			
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 108,564</u>	<u>\$ 2,810</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, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Trust Fund</u>
ADDITIONS		
Investment Earnings		
Employee Contributions	\$ 44,720	
Budget Contributions	20,000	
Interest	39	\$ 3
	<hr/>	<hr/>
Net Investment Earnings	64,759	3
	<hr/>	<hr/>
Total Additions	64,759	3
	<hr/>	<hr/>
DEDUCTIONS		
Unemployment Claims and Contributions	59,104	-
	<hr/>	<hr/>
Total Deductions	59,104	-
	<hr/>	<hr/>
Change in Net Position	5,655	3
Net Position, Beginning of Year	102,909	2,807
	<hr/>	<hr/>
Net Position, End of Year	\$ 108,564	\$ 2,810
	<hr/> <hr/>	<hr/> <hr/>

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, 2015**

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 school 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 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. 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 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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, 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, 2015**

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, 2015**

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

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, 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.

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, 2015**

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 government'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. The amount of unused commodities at year-end is reported as deferred inflows of resources.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$500 if purchased prior to July 1, 2001 or \$2,000 if purchased after July 2001 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 estimated fair market 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 & Building Improvements	30-40
Machinery and Equipment	5-20

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts 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, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types which arise only under the accrual basis of accounting that qualify for reporting in this category. Accordingly, only one item that qualifies for reporting in this category are 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. The deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

6. *Compensated Absences*

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

7. *Pensions*

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

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

SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

8. *Long-Term Obligations*

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 or 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 net of the applicable 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.

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2015 audited excess surplus that is required to be appropriated in the 2016/2017 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 3.)

SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Governmental Fund Statements (Continued)

Restricted Fund Balance (Continued)

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

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

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

ARRA/SEMI – Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of the ARRA/SEMI revenue that is unexpended at June 30, 2015 that will be appropriated either by Board resolution into the 2015/2016 budget or in the adopted 2016/2017 budget certified for taxes.

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

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2013-2014 and 2014-2015 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 Non-Operating 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.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On 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 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$165,820. The increase was funded by the reappropriation of prior year general fund encumbrances and the additional grant awards.

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, 2015**

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, 2015 is as follows:

Balance, July 1, 2014	\$ 350,353
Increased by:	
Deposits Approved by Board Resolution	\$ 500,000
Interest Earnings	<u>858</u>
Total Increases	<u>500,858</u>
Balance, June 30, 2015	<u>\$ 851,211</u>

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. As of June 30, 2015, the District has not made any deposits into the maintenance reserve.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for Reserved 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 reserve General 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, 2015 is \$264,791. The total amount of \$264,791 will be appropriated in the 2016/2017 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), 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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$6,860,434 and bank and brokerage firm balances of the Board's deposits amounted to \$7,545,839. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>6,860,433</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 the Board's bank balance was not exposed to custodial credit risk.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

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, 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, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2015, 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.

B. Receivables

Receivables as of June 30, 2015 for the district's individual major funds are as follows:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 950			\$ 950
Intergovernmental	<u>145,865</u>	<u>\$ 234,962</u>	<u>\$ 39,677</u>	<u>\$ 420,504</u>
 Net Total Receivables	 <u>\$ 146,815</u>	 <u>\$ 234,962</u>	 <u>\$ 39,677</u>	 <u>\$ 421,454</u>

C. Unearned Revenue

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

General Fund	
Preschool Tuition	\$ 41,122
Special Revenue Fund	
Unencumbered grant draw downs	<u>16,827</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 57,949</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Balance, July 1, 2014</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Balance, June 30, 2015</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 31,974			\$ 31,974
Construction in Progress	<u>25,873</u>	\$ 1,560,643	-	<u>1,586,516</u>
Total capital assets, not being depreciated	<u>57,847</u>	<u>1,560,643</u>	-	<u>1,618,490</u>
Capital assets, being depreciated:				
Land Improvements	485,028			485,028
Buildings and Building Improvements	31,971,633	-		31,971,633
Machinery and Equipment	<u>3,407,907</u>	<u>285,438</u>	\$ (76,000)	<u>3,617,345</u>
Total capital assets being depreciated	<u>35,864,568</u>	<u>285,438</u>	<u>(76,000)</u>	<u>36,074,006</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(9,973,740)	(840)		(9,974,580)
Land Improvements	(182,008)	(922,365)		(1,104,373)
Machinery and Equipment	<u>(2,058,357)</u>	<u>(182,836)</u>	76,000	<u>(2,165,193)</u>
Total accumulated depreciation	<u>(12,214,105)</u>	<u>(1,106,041)</u>	<u>76,000</u>	<u>(13,244,146)</u>
Total capital assets, being depreciated, net	<u>23,650,463</u>	<u>(820,603)</u>	-	<u>22,829,860</u>
Governmental activities capital assets, net	<u>\$ 23,708,310</u>	<u>\$ 740,040</u>	<u>\$ -</u>	<u>\$ 24,448,350</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Balance, July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2015</u>
Business-Type activities:				
Capital assets, being depreciated:				
Machinery and Equipment	\$ 177,011	\$ 9,967	-	\$ 186,978
Total capital assets being depreciated	<u>177,011</u>	<u>9,967</u>	<u>-</u>	<u>186,978</u>
Less accumulated depreciation for:				
Machinery and Equipment	(96,847)	(12,200)	-	(109,047)
Total accumulated depreciation	<u>(96,847)</u>	<u>(12,200)</u>	<u>-</u>	<u>(109,047)</u>
Total capital assets, being depreciated, net	<u>80,164</u>	<u>(2,233)</u>	<u>-</u>	<u>77,931</u>
Business-type activities capital assets, net	<u>\$ 80,164</u>	<u>\$ (2,233)</u>	<u>\$ -</u>	<u>\$ 77,931</u>

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental activities:

Instruction

Regular	\$ 467,133
Special	150,511
Other Instruction	29,363
School-Sponsored Activities and Athletics	<u>22,728</u>

Total Instruction	<u>669,735</u>
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Support Services

Support Services - Students	219,815
Educational Media	5,973
General Administration	18,642
School Administration	71,332
Operations and Maintenance of Plant	84,089
Student Transportation	8,292
Central Services	<u>28,163</u>

Total Support Services	<u>436,306</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 1,106,041</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 12,200</u>
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**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 2,103
General Fund	Community Programs	17,226
General Fund	Payroll Agency	2,488
General Fund	Special Revenue	182,120
Unemployment	Payroll Agency	<u>8,989</u>
		<u>\$ 212,926</u>

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

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

Interfund transfers

	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Debt Service Fund</u>
Transfer Out:		
Community Program	\$ 300,000	
Capital Projects Fund	-	\$ 1,126
Total transfers out	<u>\$ 300,000</u>	<u>\$ 1,126</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, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases (Note: Other than Certificates of Participation)

The District is leasing technology equipment, phone and computer wiring upgrades, student transportation and interactive projectors totaling \$996,554 under capital leases. The leases are for terms of 4 to 5 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2016	\$ 234,816
2017	200,201
2018	<u>63,655</u>
Total minimum lease payments	498,672
Less: amount representing interest	<u>21,310</u>
Present value of minimum lease payments	<u><u>\$ 477,362</u></u>

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015 are comprised of the following issues:

\$9,030,000, 2009 Refunding Bonds, due in annual installments of \$770,000 to \$860,000 through August 15, 2022, interest at 3% - 4%	\$ 6,705,000
\$2,955,000, 2012 Pension Refunding Bonds, due in annual installments of \$155,000 to \$240,000 through July 15, 2029, interest at 5.00% - 5.75%	2,645,000
\$3,530,000, 2012 Refunding Bonds, due in annual installments of \$300,000 to \$400,000 through February 15, 2024, interest at 4.25% - 4.375%	3,230,000
\$4,609,000, 2015 School Bonds, due in annual installments of \$175,000 to \$350,000 through February 15, 2030	<u>4,609,000</u>
	<u>\$ 17,189,000</u>

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2016	\$ 1,260,000	\$ 445,945	\$ 1,705,945
2017	1,475,000	604,446	2,079,446
2018	1,665,000	478,500	2,143,500
2019	1,695,000	420,961	2,115,961
2020	1,720,000	362,198	2,082,198
2021-2025	6,725,000	983,932	7,708,932
2026-2030	<u>2,649,000</u>	<u>235,050</u>	<u>2,884,050</u>
	<u>\$ 17,189,000</u>	<u>\$ 3,531,032</u>	<u>\$ 20,720,032</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 89,959,797
Less: Net Debt	<u>14,544,875</u>
Remaining Borrowing Power	<u>\$ 75,414,922</u>

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance, July 1, 2014	Additions	Reductions	Balance, June 30, 2015	Due Within One Year
Governmental activities:					
Bonds Payable	\$ 13,805,000	\$ 4,609,000	\$ 1,225,000	\$ 17,189,000	\$ 1,260,000
Deferred Amounts					
Add: Premium	467,393		84,109	383,284	
Less: Discount	<u>(19,687)</u>	<u>-</u>	<u>1,313</u>	<u>(18,374)</u>	<u>-</u>
Total Bonds Payable	14,252,706	4,609,000	1,310,422	17,553,910	1,260,000
Net Pension Liability	9,551,078		2,287,034	7,264,044	350,000
Capital Leases	495,912	242,386	260,936	477,362	222,497
Compensated Absences	<u>640,228</u>	<u>12,344</u>	<u>183,022</u>	<u>469,550</u>	<u>40,000</u>
Governmental Activity					
Long-Term Liabilities	<u>\$ 24,939,924</u>	<u>\$ 4,863,730</u>	<u>\$ 4,041,414</u>	<u>\$ 25,764,866</u>	<u>\$ 1,872,497</u>

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

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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>
2015	\$ 20,000	\$ 44,720	\$ 59,104	\$ 108,564
2014		59,019	45,048	102,909
2013			47,233	73,907

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.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

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, 2015, 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, 2015, the District had no estimated arbitrage earnings due to the IRS.

D. Employee Retirement Systems and Pension Plans

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

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

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 and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

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

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, and certain appointed officials, 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.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

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

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, 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.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

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

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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, 2013 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 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent 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 6.9% for PERS, 6.9% for TPAF and 5.50% for DCRP of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-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, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2015	\$ 337,940	\$ 674,746	\$ 3,428
2014	276,809	533,523	10,871
2013	269,748	780,809	5,147

For fiscal years 2014/2015 and 2012/2013, the state contributed \$674,746 and \$780,809, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$533,523 for normal cost pension and NCGI premium.

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 No. 24. 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 \$931,994 during the fiscal year ended June 30, 2015 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. 24.

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

Public Employees Retirement System (PERS)

At June 30, 2015, the District reported in the statement of net position (accrual basis) a liability of \$7,264,044 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 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, 2014, the District's proportionate share was .03880 percent, which was a decrease of .01127 percent from its proportionate share measured as of June 30, 2013.

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$59,716 for PERS. At June 30, 2015, 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>
Changes of Assumptions	\$ 228,421	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		\$ 432,898
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>-</u>	<u>1,804,333</u>
Total	<u>\$ 228,421</u>	<u>\$ 2,237,231</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2016	\$ (397,914)
2017	(397,914)
2018	(397,914)
2019	(397,914)
2020	(289,690)
Thereafter	<u>(127,464)</u>
	<u>\$ (2,008,810)</u>

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
Thereafter	Based on Age 3.15-5.40%
Investment Rate of Return	Based on Age 7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**SADDLE BROOK BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey 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% 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, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$3,627,020 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. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$67,404,965. 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, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

TPAF

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial Assumptions were Based	June 30, 2012

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (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 reports 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 plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans (OPEB)*, effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program 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 state 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. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 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.

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, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 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 who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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 to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$1,071,159, \$874,777 and \$882,897 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 RESTATEMENT

On July 1, 2014, the Saddle Brook Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions". The Saddle Brook Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$9,551,078. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$9,485,806 as originally reported to \$(65,272) as adjusted for the effects of the change in accounting principle.

BUDGETARY COMPARISON SCHEDULES

REQUIRED SUPPLEMENTARY INFORMATION - PART II

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
REVENUES					
Local Sources					
Local Tax Levy	\$ 28,167,707		\$ 28,167,707	\$ 28,167,707	
Miscellaneous	333,800	-	333,800	512,563	\$ 178,763
Sub-Total Local Sources	28,501,507	-	28,501,507	28,680,270	178,763
State Sources					
Categorical Special Education Aid	964,917		964,917	964,917	-
Equalization Aid	18,383		18,383	18,383	-
Security Aid	39,026		39,026	39,026	-
Transportation Aid	50,831		50,831	50,831	-
Extraordinary Aid	300,000		300,000	313,245	13,245
PARCC Readiness Aid	17,030		17,030	17,030	-
Per Pupil Growth Aid	17,030		17,030	17,030	-
Nonpublic Transportation Aid				19,455	19,455
On Behalf TPAF Pension Contribution- (Non-Budgeted)					-
Normal				629,459	629,459
NCGI Premium				45,287	45,287
Post Retirement Medical Contributions				1,071,159	1,071,159
Reimbursed TPAF Social Security Contributions (Non Budgeted)	-	-	-	931,994	931,994
Sub-Total State Sources	1,407,217	-	1,407,217	4,117,816	2,710,599
Federal Sources					
ARRA-Semi				4,944	4,944
Medicaid Assistance Program (SEMI)	16,728	-	16,728	15,093	(1,635)
Sub-Total Federal Sources	16,728	-	16,728	20,037	3,309
Total Revenues	29,925,452	-	29,925,452	32,818,123	2,892,671
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	291,926	\$ 119,036	410,962	405,924	5,038
Grades 1-5	2,965,630	(123,428)	2,842,202	2,834,328	7,874
Grades 6-8	1,374,324	(86,749)	1,287,575	1,286,815	760
Grades 9-12	2,619,358	73,924	2,693,282	2,599,327	93,955
Regular Programs- Home Instructions					
Salaries of Teachers	36,000	4,700	40,700	40,700	
Purchased Professional-Educational Services	8,000	(1,968)	6,032	4,618	1,414
Regular Programs- Undistributed Instruction					
Other Salaries for Instruction	25,000	(25,000)	-	-	
Other Purchased Services	321,859	5,180	327,039	324,057	2,982
General Supplies	152,674	(2,224)	150,450	143,121	7,329
Textbooks	52,023	(3,909)	48,114	41,977	6,137
Other Objects	5,000	1,285	6,285	6,285	-
Total Regular Programs	7,851,794	(39,153)	7,812,641	7,687,152	125,489
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	403,110	214,825	617,935	613,349	4,586
Other Salaries for Instruction	109,595	7,248	116,843	106,168	10,675
Other Purchased Services	6,000	-	6,000	3,131	2,869
General Supplies	8,950	(3,007)	5,943	5,152	791
Textbooks	1,500	565	2,065	1,910	155
Total Learning and/or Language Disabilities	529,155	219,631	748,786	729,710	19,076
Multiple Disabilities					
Salaries of Teachers	48,415	(48,415)	-	-	
Other Salaries for Instruction	19,319	(19,319)	-	-	
General Supplies	5,200	(5,200)	-	-	
Total Multiple Disabilities	72,934	(72,934)	-	-	

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance Final Budget with Actual</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Special Education (Continued)					
Resource Room					
Salaries of Teachers	\$ 1,318,699	\$ (141,804)	\$ 1,176,895	\$ 1,176,519	\$ 376
Other Salaries for Instruction	102,994	10,076	113,070	112,161	909
General Supplies	7,900	313	8,213	7,302	911
Textbooks	5,000	1,888	6,888	6,888	-
Total Resource Room	<u>1,434,593</u>	<u>(129,527)</u>	<u>1,305,066</u>	<u>1,302,870</u>	<u>2,196</u>
Preschool Disabilities - Part - Time					
Salaries of Teachers	45,915	(3,818)	42,097	42,097	
Other Salaries for Instruction	103,436	(43,040)	60,396	60,396	
General Supplies	600	-	600	397	203
Total Preschool Handicapped - Part - Time	<u>149,951</u>	<u>(46,858)</u>	<u>103,093</u>	<u>102,890</u>	<u>203</u>
Preschool Disabilities - Full - Time					
Salaries of Teachers	151,585	(47,493)	104,092	104,092	
Other Salaries for Instruction	143,610	(49,129)	94,481	94,481	
General Supplies	1,200	-	1,200	1,076	124
Total Preschool Handicapped - Full - Time	<u>296,395</u>	<u>(96,622)</u>	<u>199,773</u>	<u>199,649</u>	<u>124</u>
Home Instruction					
Purchased Professional Educational Services	2,000	7,143	9,143	9,143	-
Total Home Instruction	<u>2,000</u>	<u>7,143</u>	<u>9,143</u>	<u>9,143</u>	<u>-</u>
Total Special Education	<u>2,485,028</u>	<u>(119,167)</u>	<u>2,365,861</u>	<u>2,344,262</u>	<u>21,599</u>
Basic Skills/Remedial					
Salaries of Teachers	442,847	(57,709)	385,138	385,138	
Supplies	500	-	500	-	500
Total Basic Skills/Remedial	<u>443,347</u>	<u>(57,709)</u>	<u>385,638</u>	<u>385,138</u>	<u>500</u>
Bilingual Education					
Salaries of Teachers	65,370	-	65,370	65,370	
General Supplies	1,425	-	1,425	999	426
Total Bilingual Education	<u>66,795</u>	<u>-</u>	<u>66,795</u>	<u>66,369</u>	<u>426</u>
School Sponsored Co/Extra Curricular Activities					
Salaries	86,826	3,416	90,242	90,242	
Purchased Services		526	526	526	
Supplies		812	812	812	
Other Objects	14,200	3,522	17,722	17,722	-
Total School Sponsored Co/Extra Curricular Activities	<u>101,026</u>	<u>8,276</u>	<u>109,302</u>	<u>109,302</u>	<u>-</u>
School Sponsored Athletics					
Salaries	253,204	11,171	264,375	258,472	5,903
Purchased Services	47,000	6,023	53,023	52,912	111
Supplies and Materials	46,250	(708)	45,542	44,166	1,376
Other Objects	20,800	(4,000)	16,800	10,600	6,200
Total School Sponsored Athletics	<u>367,254</u>	<u>12,486</u>	<u>379,740</u>	<u>366,150</u>	<u>13,590</u>
Total - Instruction	<u>11,315,244</u>	<u>(195,267)</u>	<u>11,119,977</u>	<u>10,958,373</u>	<u>161,604</u>

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<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					
Instruction					
Tuition to Other LEA's Within the State - Special	\$ 501,299	\$ -	\$ 501,299	\$ 473,176	\$ 28,123
Tuition to County Vocational School Dist.-Regular	524,600	4,996	529,596	512,344	17,252
Tuition to County Vocational School Dist.-Special	297,600	(4,996)	292,604	289,800	2,804
Tuition to CSSD & Regional Day Schools	542,071	-	542,071	536,605	5,466
Tuition to Private Schools for the Handicapped - Within State	1,866,378	(148,946)	1,717,432	1,498,808	218,624
Tuition-State Facilities	4,500	-	4,500	4,500	-
Total Tuition	3,736,448	(148,946)	3,587,502	3,315,233	272,269
Health Services					
Salaries	335,450	3,918	339,368	339,368	-
Purchased Prof. and Tech services	15,500	(2,190)	13,310	13,310	-
Other Purchased Services	1,500	(1,500)	-	-	-
Supplies and Materials	4,850	250	5,100	4,916	184
Other Objects	1,700	280	1,980	1,980	-
Total Health Services	359,000	758	359,758	359,574	184
Speech, OT/PT and Related Services					
Salaries	626,886	32,986	659,872	659,872	-
Purchased Prof. Ed. Services	259,941	(20,788)	239,153	174,313	64,840
Supplies and Materials	1,600	40	1,640	1,640	-
Total Speech, OT/PT and Related Services	888,427	12,238	900,665	835,825	64,840
Other Support Services - Students - Extra. Serv.					
Salaries	474,317	54,334	528,651	528,075	576
Purchased Professional-Educational Services	347,848	28,602	376,450	349,068	27,382
Total Other Support Services - Students - Extra Serv.	822,165	82,936	905,101	877,143	27,958
Guidance					
Salaries of Other Professional Staff	579,490	(3,798)	575,692	575,692	-
Salaries of Secretarial and Clerical Assistants	125,738	744	126,482	126,482	-
Other Purchased Services	15,200	14,044	29,244	29,008	236
Supplies and Materials	7,090	674	7,764	7,407	357
Other Objects	115	-	115	115	-
Total Guidance	727,633	11,664	739,297	738,704	593
Child Study Team					
Salaries of Other Professional Staff	713,205	(36,659)	676,546	667,045	9,501
Salaries of Secretarial and Clerical Assistants	72,103	(4,903)	67,200	67,200	-
Purchased Prof. - Ed. Services	10,000	-	10,000	6,264	3,736
Other Purchased Services	2,000	-	2,000	690	1,310
Supplies and Materials	9,700	-	9,700	9,643	57
Other Objects	500	-	500	-	500
Total Child Study Team	807,508	(41,562)	765,946	750,842	15,104
Improvement of Instructional Svcs/ Other Support Svcs - Instructional Staff					
Salaries of Supervisor of Instruction	301,803	11,402	313,205	313,205	-
Other Salaries	3,000	312	3,312	3,312	-
Supplies and Materials	13,000	12,281	25,281	21,029	4,252
Other Objects	5,000	(3,228)	1,772	1,754	18
Total Improvement of Instructional Svcs	322,803	20,767	343,570	339,300	4,270

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Educational Media Services/School Library					
Salaries	\$ 103,067	\$ (5,213)	\$ 97,854	\$ 91,646	\$ 6,208
Other Purchased Services	2,000	-	2,000	1,998	2
Supplies and Materials	50,700	(7,207)	43,493	36,821	6,672
Other Objects	15,190	-	15,190	14,645	545
Total Educational Media Services/School Library	<u>170,957</u>	<u>(12,420)</u>	<u>158,537</u>	<u>145,110</u>	<u>13,427</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff		92,325	92,325	92,325	
Other Salaries	5,000	(4,000)	1,000	813	187
Purchased Prof.-Ed. Services	6,000	(150)	5,850	160	5,690
Other Purchased Services	6,000	15,328	21,328	14,719	6,609
Supplies and Materials	-	1,467	1,467	1,463	4
Total Instructional Staff Training Services	<u>17,000</u>	<u>104,970</u>	<u>121,970</u>	<u>109,480</u>	<u>12,490</u>
Support Services General Administration					
Salaries	285,362	1,803	287,165	286,015	1,150
Legal Services	89,000	(12,823)	76,177	45,896	30,281
Audit Fees	30,500	29,375	59,875	31,275	28,600
Other Purchased Professional Services	3,000	-	3,000	2,445	555
Communications/Telephone	101,600	45,908	147,508	142,592	4,916
Other Purchased Services	64,000	407	64,407	61,446	2,961
General Supplies	6,000	14,310	20,310	16,352	3,958
BOE In-House Training/Meeting Supplies	900	1,680	2,580	1,992	588
Miscellaneous Expenditures	3,000	2,033	5,033	5,033	-
BOE Membership Dues and Fees	15,300	(2,173)	13,127	13,127	-
Total Support Services General Administration	<u>598,662</u>	<u>80,520</u>	<u>679,182</u>	<u>606,173</u>	<u>73,009</u>
Support Services School Administration					
Salaries of Principals/Asst. Principals	853,138	(21,134)	832,004	831,454	550
Salaries of Secretarial and Clerical Assistants	258,624	4,356	262,980	262,980	
Purchased Professional & Technical Services	-	-	-	-	
Other Purchased Services	33,742	(745)	32,997	25,961	7,036
Supplies and Materials	46,826	(2,718)	44,108	26,806	17,302
Other Objects	9,300	1,023	10,323	9,973	350
Total Support Services School Administration	<u>1,201,630</u>	<u>(19,218)</u>	<u>1,182,412</u>	<u>1,157,174</u>	<u>25,238</u>
Central Services					
Salaries	320,360	-	320,360	319,414	946
Purchased Professional Services	20,000	(7,457)	12,543	12,543	
Purchased Technical Services	8,950	(1,462)	7,488	6,738	750
Miscellaneous Purchased Services	27,350	16,454	43,804	42,523	1,281
Supplies and Materials	7,000	4,920	11,920	11,820	100
Other Objects	1,215	110	1,325	1,325	-
Total Central Services	<u>384,875</u>	<u>12,565</u>	<u>397,440</u>	<u>394,363</u>	<u>3,077</u>
Admin. Info. Tech.					
Salaries	129,780	(14,786)	114,994	112,685	2,309
Purchased Technical Services		16,667	16,667	16,667	
Other Purchased Services	2,000	395	2,395	754	1,641
Other Objects	54,225	(2,612)	51,613	51,613	-
Total Admin. Info. Tech.	<u>186,005</u>	<u>(336)</u>	<u>185,669</u>	<u>181,719</u>	<u>3,950</u>
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	304,515	181,146	485,661	453,516	32,145
General Supplies	19,000	13,760	32,760	29,867	2,893
Other Objects	5,000	(2,000)	3,000	2,180	820
Total Required Maintenance for School Facilities	<u>328,515</u>	<u>192,906</u>	<u>521,421</u>	<u>485,563</u>	<u>35,858</u>

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	Budgeted Amounts			Actual	Variance Final Budget with Actual
	Original	Adjustments	Final		
EXPENDITURES (Continued)					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 1,135,245	\$ 46,462	\$ 1,181,707	\$ 1,178,226	\$ 3,481
Salaries of Non-Instructional Aides	97,893	(17,879)	80,014	80,014	
Purchased Professional & Technical Services	15,000	(5,870)	9,130	9,130	
Cleaning, Repair and Maint. Services	63,000	(4,856)	58,144	57,752	392
Insurance	183,000	(5,167)	177,833	177,833	
Travel	1,500	(500)	1,000	443	557
Miscellaneous Purchased Services		69	69	69	
General Supplies	73,000	27,090	100,090	89,992	10,098
Energy - Natural Gas	180,000	(5,624)	174,376	170,180	4,196
Energy - Electricity	309,000	34,337	343,337	341,835	1,502
Other Objects	1,000	-	1,000	444	556
Total Custodial Services	2,058,638	68,062	2,126,700	2,105,918	20,782
Care and Upkeep of Grounds					
Salaries	31,916	-	31,916	31,916	
Cleaning, Repair and Maint. Svc	62,000	(32,519)	29,481	29,481	-
General Supplies	13,000	(8,756)	4,244	4,244	-
Total Care and Upkeep of Grounds	106,916	(41,275)	65,641	65,641	-
Student Transportation Services					
Salaries for Pupil Transportation (Other Than Between Home and School)	199,758	(54,743)	145,015	127,227	17,788
Cleaning, Repair and Maintenance Services	20,000	6,177	26,177	24,207	1,970
Rental Payments		18,900	18,900	18,900	
Lease Purchase Payments	25,000	(861)	24,139	24,139	
Contracted Services (Other Than Between Home and School) - Vendors	1,000	2,665	3,665	3,665	-
Contracted Services (Between Home and School) - Vendors	145,000	60,034	205,034	199,553	5,481
Contracted Services (Special Ed Students) - Vendors	8,000	(200)	7,800	7,220	580
Contracted Services (Special Ed Students) - Joint Agreements	545,000	13,298	558,298	558,298	
Contracted Services - Aid in Lieu of Payments	128,000	(27,586)	100,414	100,414	-
Transportation Supplies	25,000	(7,300)	17,700	17,195	505
Other Objects	1,200	990	2,190	2,190	-
Total Student Transportation Services	1,097,958	11,374	1,109,332	1,083,008	26,324
Unallocated Benefits					
DCRP	-	3,500	3,500	3,428	72
Social Security	340,000	15,594	355,594	355,594	
Other Retirement Contributions - PERS	330,000	9,909	339,909	337,940	1,969
Unemployment Compensation	20,000	-	20,000	20,000	
Workmen's Compensation	185,000	(6,971)	178,029	176,171	1,858
Health Benefits	3,938,901	(336,478)	3,602,423	3,571,792	30,631
Tuition Reimbursement	55,000	450	55,450	53,384	2,066
Other Employee Benefits	73,000	134,579	207,579	206,816	763
Total Unallocated Benefits	4,941,901	(179,417)	4,762,484	4,725,125	37,359
On Behalf TPAF Pension Contributions- (Non-Budgeted)					
Normal				629,459	(629,459)
NCGI Premium				45,287	(45,287)
Post Retirement Medical Contribution				1,071,159	(1,071,159)
On Behalf TPAF Social Security Contribution (Non Budgeted)	-	-	-	931,994	(931,994)
Total On-Behalf Contributions	-	-	-	2,677,899	(2,677,899)
Total Undistributed Expenditures	18,757,041	155,586	18,912,627	20,953,794	(2,041,167)
Total Current Expenditures	30,072,285	(39,681)	30,032,604	31,912,167	(1,879,563)

**SADDLE BROOK BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

EXHIBIT C-1

	<u>Budgeted Amounts</u>			<u>Actual</u>	<u>Variance Final Budget with Actual</u>
	<u>Original</u>	<u>Adjustments</u>	<u>Final</u>		
CAPITAL OUTLAY					
Interest Deposit to Capital Reserve	\$ 500	-	\$ 500	-	\$ 500
Equipment					
Regular Programs					
Grades 9-12		\$ 3,147	3,147	\$ 3,147	-
Central Services		2,291	2,291		2,291
Required Maintenance for School Facilities	5,000	(575)	4,425	4,425	-
Custodial Services	-	3,033	3,033	-	3,033
Upkeep of Grounds	-	37,369	37,369	19,919	17,450
Total Undistributed Expenditures	5,000	45,265	50,265	27,491	22,774
Facilities Acquisition and Construction Services					
Construction Services					
Construction Services	-	15,561	15,561	15,561	-
Assessment for Debt Service on SDA Funding	50,619	-	50,619	50,619	-
Total Facilities Acquisition and Construction Services	50,619	15,561	66,180	66,180	-
Capital Assets Acquired under Capital Lease (Non-Budget)					
Computer Upgrade					
Computer Upgrade				150,230	(150,230)
School Bus					
School Bus	-	-	-	92,156	(92,156)
Total Capital Assets Acquired under Capital Lease (Non-Budget)	-	-	-	242,386	(242,386)
Total Capital Outlay	56,119	60,826	116,945	336,057	(219,112)
Transfers to Charter School	397,048	26,228	423,276	376,116	47,160
Total Expenditures	30,525,452	47,373	30,572,825	32,624,340	(2,051,515)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(600,000)	(47,373)	(647,373)	193,783	841,156
Other Financing Sources(Uses)					
Capital Leases (Non-Budget)					
Capital Leases (Non-Budget)				242,386	242,386
Transfer In					
Transfer In	300,000	-	300,000	300,000	-
Total Other Financing Sources(Uses)	300,000	-	300,000	542,386	242,386
Excess(Deficiency) of Revenues and Other Financing Sources Over(Under) Expenditures and Other Financing Sources (Uses)	(300,000)	(47,373)	(347,373)	736,169	1,083,542
Fund Balances, Beginning of Year	1,097,758	-	1,097,758	1,097,758	-
Fund Balances, End of Year	\$ 797,758	\$ (47,373)	\$ 750,385	\$ 1,833,927	\$ 1,083,542
Recapitulation					
Restricted Fund Balance:					
Excess Surplus				264,791	
Capital Reserve				851,211	
Assigned Fund Balance:					
Year-end Encumbrances				86,200	
ARRA-Semi-Designated for Subsequent Year's Expenditures				4,944	
Unassigned Fund Balance				626,781	
				1,833,927	
Reconciliation to Governmental Fund Statements (GAAP)					
Last two State Aid Payments					
Last two State Aid Payments				(67,660)	
Extraordinary Aid Payment					
Extraordinary Aid Payment				(313,245)	
Fund Balances per Governmental Funds (GAAP)				\$ 1,453,022	

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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		\$ 34,785	\$ 34,785	\$ 34,298	\$ (487)
State	\$ 10,000	5,452	15,452	10,575	(4,877)
Federal	480,000	78,210	558,210	558,210	-
Total Revenues	\$ 490,000	\$ 118,447	\$ 608,447	\$ 603,083	\$ (5,364)
EXPENDITURES					
Instruction					
Salaries of Teachers	\$ 80,000	\$ 42,000	\$ 122,000	\$ 122,000	
Purchased Prof. and Technical Services	2,500	(1,000)	1,500	1,500	
Tuition	360,000	22,842	382,842	382,842	
General Supplies		18,974	18,974	18,487	\$ 487
Textbooks	2,500	(593)	1,907	1,907	-
Total Instruction	445,000	82,223	527,223	526,736	487
Support Services					
Other Salaries		14,619	14,619	14,619	-
Personal Services-Employee Benefits		23,639	23,639	23,639	-
Purchased Professional/Technical Services		22,237	22,237	20,894	1,343
Other Purchased Services	5,000	(1,340)	3,660	126	3,534
Travel	40,000	(26,166)	13,834	13,834	-
Supplies and Materials		2,985	2,985	2,985	-
Other Objects	-	250	250	250	-
Total Support Services	45,000	36,224	81,224	76,347	4,877
Facilities Acquisition and Construction					
Instructional Equipment	-	-	-	-	-
Total Facilities Acquisition and Construction	-	-	-	-	-
Total Expenditures	490,000	118,447	608,447	603,083	5,364
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2015**

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	\$ 32,818,123	\$ 603,083
Difference- Budget to GAAP		
State Aid payment and Extraordinary Aid (2013/2014) recognized for GAAP purposes, not recognized for budgetary statements.	321,875	
Difference - Budget to GAAP:		
State Aid payment and Extraordinary Aid (2014/2015) recognized for budgetary purposes not recognized for GAAP statements	<u>(380,905)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 32,759,093</u>	<u>\$ 603,083</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 32,624,340	\$ 603,083
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 32,624,340</u>	<u>\$ 603,083</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**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 Two Fiscal Years*

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03880 %	0.05007 %
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 7,264,044	\$ 9,551,078
District's Covered-Employee Payroll	\$ 2,616,572	\$ 2,500,603
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	277.6 %	382.0 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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 Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 337,940	\$ 276,809
Contributions in Relation to the Contractually Required Contribution	<u>337,940</u>	<u>276,809</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,616,572	\$ 2,500,603
Contributions as a Percentage of Covered-Employee Payroll	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 Two Fiscal Years*

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0 %	0 %
District's Proportionate Share of the Net Pension Liability (Asset)	0 %	0 %
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>\$ 67,404,965</u>	<u>\$ 61,071,128</u>
Total	<u>\$ 67,404,965</u>	<u>\$ 61,071,128</u>
District's Covered-Employee Payroll	\$ 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 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	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, 2015**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

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, 2015**

	<u>Title I</u>	<u>Title II A</u>	<u>Title II A Carrvoer</u>	<u>Title III</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							\$ 34,298		\$ 34,298
State								\$ 10,575	10,575
Federal	\$ 131,611	\$ 38,246	\$ 3,683	1,828	\$ 368,143	\$ 14,699	-	-	558,210
Total Revenues	\$ 131,611	\$ 38,246	\$ 3,683	\$ 1,828	\$ 368,143	\$ 14,699	\$ 34,298	\$ 10,575	\$ 603,083
EXPENDITURES									
Instruction									
Salaries of Teachers	\$ 109,000						\$ 13,000		\$ 122,000
Purchased Prof. and Technical Services							1,500		1,500
Tuition					\$ 368,143	\$ 14,699			382,842
General Supplies							17,463	\$ 1,024	18,487
Textbooks	-	-	-	-	-	-	-	1,907	1,907
Total Instruction	109,000	-	-	-	368,143	14,699	31,963	2,931	526,736
Support Services									
Other Salaries		\$ 11,584						3,035	14,619
Personal Services Employee-Benefits	21,811			\$ 1,828				-	23,639
Purchased Prof. and Technical Services	800	18,750						1,344	20,894
Other Purchased Services		-						126	126
Travel		7,912	\$ 3,683					2,239	13,834
Supplies and Materials							2,085	900	2,985
Other Objects	-	-	-	-	-	-	250	-	250
Total Support Services	22,611	38,246	3,683	1,828	-	-	2,335	7,644	76,347
Total Facilities Acquisition and Construction	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 131,611	\$ 38,246	\$ 3,683	\$ 1,828	\$ 368,143	\$ 14,699	\$ 34,298	\$ 10,575	\$ 603,083

SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Ch 192/193</u> <u>Comp</u> <u>Ed</u>	<u>Non-Public</u> <u>Nursing</u>	<u>Non-Public</u> <u>Textbooks</u>	<u>Non-Public</u> <u>Technology</u>	<u>NJ Learn &</u> <u>Serve</u>	<u>Total</u> <u>Exhibit E-1A</u>
REVENUES						
Intergovernmental						
Local						
State	\$ 1,344	\$ 3,035	\$ 1,907	\$ 1,024	\$ 3,265	\$ 10,575
Federal	-	-	-	-	-	-
Total Revenues	<u>\$ 1,344</u>	<u>\$ 3,035</u>	<u>\$ 1,907</u>	<u>\$ 1,024</u>	<u>\$ 3,265</u>	<u>\$ 10,575</u>
EXPENDITURES						
Instruction						
Salaries of Teachers						
Purchased Prof. and Technical Services						
Other Purchased Services						
General Supplies				\$ 1,024		\$ 1,024
Textbooks	-	-	\$ 1,907	-	-	\$ 1,907
Total Instruction	<u>-</u>	<u>-</u>	<u>1,907</u>	<u>1,024</u>	<u>-</u>	<u>2,931</u>
Support Services						
Other Salaries		\$ 3,035				3,035
Personal Services Employee-Benefits						-
Purchased Prof. and Technical Services	\$ 1,344					1,344
Other Purchased Services					\$ 126	126
Travel					2,239	2,239
Supplies and Materials	-	-	-	-	900	900
Total Support Services	<u>1,344</u>	<u>3,035</u>	<u>-</u>	<u>-</u>	<u>3,265</u>	<u>7,644</u>
Total Facilities Acquisition and Construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 1,344</u>	<u>\$ 3,035</u>	<u>\$ 1,907</u>	<u>\$ 1,024</u>	<u>\$ 3,265</u>	<u>\$ 10,575</u>

**SADDLE BROOK BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL AID EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

<u>Year</u>	<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures</u>		<u>Balance, June 30, 2015</u>
			<u>Prior Year</u>	<u>Current Year</u>	
2014/15	HVAC Project at the Middle/High School and Elementary Schools	\$ 459,600	\$ 25,873	\$ 430,032	\$ 3,695
2002	Renovation and Upgrade of the High School	24,443,030 *	24,369,116		73,914
2014/15	Various Facility Improvements to the Middle/High School and Elementary Schools	<u>4,936,625</u>	<u>-</u>	<u>1,130,611</u>	<u>3,806,014</u>
		<u>\$ 29,839,255</u>	<u>\$ 24,394,989</u>	<u>\$ 1,560,643</u>	<u>\$ 3,883,623</u>
			Project Balances		\$ 3,883,623
			Less Unearned Revenue:		
			Local Share on HVAC Project		(275,760)
			State Share- SDA Grant		(511,072)
			Debt Authorized, Not Issued		<u>(875)</u>
			Fund Balance (GAAP)		<u>\$ 3,095,916</u>
			Analysis of Balance		
			Reserve for Encumbrances		\$ 1,688,586
			Project Balances		<u>1,407,330</u>
					<u>\$ 3,095,916</u>

*- Modified for an additional referendum costs of \$5,900,000

**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, 2015**

**Revenues and Other Financing
Sources**

Bond Proceeds	\$ 4,609,000
Interest Earned on Investments	<u>1,126</u>
Total Revenues	<u>4,610,126</u>

**Expenditures and Other
Financing Uses**

Purchased Professional and Technical Services	235,396
Construction Services	1,324,510
Supplies and Equipment	737
Transfer to Debt Service Fund	<u>1,126</u>
Total Expenditures	<u>1,561,769</u>

Excess (deficiency) or Revenues over (under) Expenditures	<u>3,048,357</u>
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Fund Balance- Beginning of Year	<u>47,559</u>
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Fund Balance- Ending of Year	<u><u>\$ 3,095,916</u></u>
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**SADDLE BROOK BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE, AND PROJECT STATUS-
BUDGETARY BASIS
RENOVATION AND UPGRADE OF THE HIGH SCHOOL, FRANKLIN ELEMENTARY SCHOOL, HELEN I
SMITH SCHOOL AND LONG MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grants	\$ 5,264,548		\$ 5,264,548	\$ 5,264,548
Bond Proceeds	19,178,000		19,178,000	19,178,482
	<hr/>		<hr/>	
Total Revenues	24,442,548	-	24,442,548	24,443,030
	<hr/>		<hr/>	
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	3,010,840		3,010,840	3,010,840
Construction Services	21,062,191		21,062,191	21,136,105
Equipment/Supply Purchases	296,085	-	296,085	296,085
	<hr/>		<hr/>	
Total Expenditures	24,369,116	-	24,369,116	24,443,030
	<hr/>		<hr/>	
Excess (deficiency) or revenues over (under) expenditures	\$ 73,432	\$ -	\$ 73,432	\$ -
	<hr/>		<hr/>	
Additional project information:				
Project Number	4610-050-02-0362	4610-080-02-0363	4610-085-02-0364	
	4610-090-02-0365	4610-050-02-0282		
Grant Date	5/12/03			
Bond Authorization Date	4/02 and 1/27/04			
Bonds Authorized	\$ 19,178,482			
Bonds Issued	19,178,000			
Original Authorized Cost	18,543,030			
Additional Authorized Cost	5,900,000			
Revised Authorized Cost	24,443,030			
Percentage Increase over Original Authorized Cost	32%			
Percentage completion	100%			
Original target completion date	12/1/05			
Revised target completion date	12/1/06			

**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, 2015**

	<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				\$ 275,760
State Sources - SCC Grants				183,840
Total Revenues	-	-	-	459,600
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	\$ 25,873	\$ 8,432	\$ 34,305	38,000
Construction Services		421,600	421,600	421,600
Equipment/Supply Purchases				
Total Expenditures	25,873	430,032	455,905	459,600
Excess (deficiency) or revenues over (under) expenditures	<u>\$ (25,873)</u>	<u>\$ (430,032)</u>	<u>\$ (455,905)</u>	<u>\$ -</u>

Additional project information:

Project Number	4610-050-14-1001-G04	4610-080-14-1002-G04
	4610-090-14-1004-G04	4610-085-14-1003-G04
Grant Date	Final Grant Agreements are not completed.	
Bond Authorization Date	N/A	
Bonds Authorized	N/A	
Bonds Issued	N/A	
Original Authorized Cost	459,600	
Additional Authorized Cost	-	
Revised Authorized Cost	459,600	
Percentage Increase over Original Authorized Cost	0%	
Percentage completion	75%	
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 J
SMITH SCHOOL AND LONG MEMORIAL SCHOOL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grants				\$ 327,232
Bond Proceeds		\$ 4,609,000	\$ 4,609,000	4,609,393
Total Revenues	-	4,609,000	4,609,000	4,936,625
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services		226,964	226,964	450,000
Construction Services		902,910	902,910	4,485,625
Equipment/Supply Purchases		737	737	1,000
Total Expenditures	-	1,130,611	1,130,611	4,936,625
Excess (deficiency) or revenues over (under) expenditures	\$ -	\$ 3,478,389	\$ 3,478,389	\$ -

Additional project information:

Project Number	4610-050-14-1001-G04	4610-080-14-1002-G04
	4610-090-14-1004-G04	4610-085-14-1003-G04
Grant Date	Final Grant Agreements are not completed.	
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	25%	
Original target completion date	6/30/16	
Revised target completion date	6/30/16	

PROPRIETARY FUNDS

**SADDLE BROOK BOARD OF EDUCATION
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

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, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

SCHEDULE G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**SADDLE BROOK BOARD OF EDUCATION
INTERNAL SERVICE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash	\$ 137,690	\$ 166,761	\$ 304,451
Total Assets	<u>\$ 137,690</u>	<u>\$ 166,761</u>	<u>\$ 304,451</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 155,006	\$ 155,006
Accrued Salaries & Wages		278	278
Due to Other Funds		11,477	11,477
Due to Student Groups	\$ 137,690	-	137,690
Total Liabilities	<u>\$ 137,690</u>	<u>\$ 166,761</u>	<u>\$ 304,451</u>

**FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

	Balance July 1, <u>2015</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance June 30, <u>2015</u>
ELEMENTARY SCHOOLS				
Franklin School	\$ 527	\$ 8,377	\$ 8,336	\$ 568
Long Memorial School	3,322	12,775	12,538	3,559
Helen I. Smith School	<u>2,022</u>	<u>10,208</u>	<u>9,005</u>	<u>3,225</u>
Total Elementary Schools	<u>5,871</u>	<u>31,360</u>	<u>29,879</u>	<u>7,352</u>
High School/Middle School	140,410	181,614	193,515	128,509
Athletic Account	<u>1,984</u>	<u>45,571</u>	<u>45,726</u>	<u>1,829</u>
Total All Schools	<u>\$ 148,265</u>	<u>\$ 258,545</u>	<u>\$ 269,120</u>	<u>\$ 137,690</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance, July 1, <u>2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2015</u>
Payroll Deductions and Withholdings	\$ 172,847	\$ 8,729,578	\$ 8,747,419	\$ 155,006
Accrued Salaries and Wages	122	10,616,854	10,616,698	278
Flex Spending- Due to Other Funds	413	14,450	12,375	2,488
Due to Other Funds	<u>57,213</u>	<u>8,989</u>	<u>57,213</u>	<u>8,989</u>
Total	<u>\$ 230,595</u>	<u>\$ 19,369,871</u>	<u>\$ 19,433,705</u>	<u>\$ 166,761</u>

LONG-TERM DEBT

SADDLE BROOK BOARD OF EDUCATION
 LONG-TERM DEBT
 SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Increased</u>	<u>Decreased</u>	<u>Balance, June 30, 2015</u>
Refunding Bonds	12/29/2009	\$ 9,030,000	8/15/2015	\$ 795,000	3.00-4.00%	\$ 7,475,000		\$ 770,000	\$ 6,705,000
			8/15/2016	820,000					
			8/15/2017	850,000					
			8/15/2018-19	860,000					
			8/15/2020	855,000					
			8/15/2021	840,000					
			8/15/2022	825,000					
Pension Refunding Bonds	8/23/2012	2,955,000	7/15/2016-18	160,000	5.00-5.75%	2,800,000		155,000	2,645,000
			7/15/2019	165,000					
			7/15/2020	170,000					
			7/15/2021	175,000					
			7/15/2022	180,000					
			7/15/2023	185,000					
			7/15/2024	190,000					
			7/15/2025	200,000					
			7/15/2026	210,000					
			7/15/2027	220,000					
			7/15/2028	230,000					
7/15/2029	240,000								
Refunding Bonds	8/23/2012	3,530,000	2/15/2016	305,000	4.25-4.375%	3,530,000		300,000	3,230,000
			2/15/2017	320,000					
			2/15/2018	335,000					
			2/15/2019	345,000					
			2/15/2020	360,000					
			2/15/2021	375,000					
			2/15/2022	390,000					
			2/15/2023-24	400,000					
School Improvements	6/23/2015	4,609,000	2/15/2017	175,000	2.00-3.00%				4,609,000
			2/15/2018	320,000					
			2/15/2019	325,000					
			2/15/2020	330,000					
			2/15/2021	335,000					
			2/15/2022	340,000					
			2/15/2023-25	345,000					
			2/15/2026-29	350,000					
			2/15/2030	349,000					
						\$ 13,805,000	\$ 4,609,000	\$ 1,225,000	\$ 17,189,000

**SADDLE BROOK BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2014</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2015</u>
2012 Technology Equipment	\$ 139,689	4.06%	\$ 35,782		\$ 35,782	
Phone and Computer Wiring Upgrade	209,825	2.10%	125,859		41,084	\$ 84,775
Computer/Technology Upgrade	134,253	2.10%	67,112		33,207	33,905
Interactive Projectors	263,397	2.10%	157,993		51,574	106,419
2013/2014 Technology Equipment	147,093	2.10%	109,166		35,635	73,531
School Bus Lease	92,156	3.20%		\$ 92,156	24,139	68,017
2014/2015 Technology Equipment	150,230	3.49%	-	150,230	39,515	110,715
			<u>\$ 495,912</u>	<u>\$ 242,386</u>	<u>\$ 260,936</u>	<u>\$ 477,362</u>

**SADDLE BROOK BOARD OF EDUCATION
LONG TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<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	\$ 1,649,344	-	\$ 1,649,344	\$ 1,649,344	-
Total Revenues	<u>1,649,344</u>	<u>-</u>	<u>1,649,344</u>	<u>1,649,344</u>	<u>-</u>
EXPENDITURES					
Debt Service					
Interest	480,235		480,235	480,235	
Principal	<u>1,225,000</u>	<u>-</u>	<u>1,225,000</u>	<u>1,225,000</u>	<u>-</u>
Total Expenditures	<u>1,705,235</u>	<u>-</u>	<u>1,705,235</u>	<u>1,705,235</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(55,891)</u>	<u>-</u>	<u>(55,891)</u>	<u>(55,891)</u>	<u>-</u>
Other Financing Sources/(Uses)					
Transfer-In	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,126</u>	<u>1,126</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under Expenditures and Other Financing Sources/(Uses)	<u>(55,891)</u>	<u>-</u>	<u>(55,891)</u>	<u>(54,765)</u>	<u>1,126</u>
Fund Balances, Beginning of Year	<u>55,892</u>	<u>-</u>	<u>55,892</u>	<u>55,892</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1,127</u>	<u>\$ 1,126</u>
<u>Analysis of Fund Balance</u>					
Available for Future Debt Service Expenses			\$ 1,126		
			<u>1</u>		
Designated for Subsequent Years Expenditure			<u>\$ 1,127</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,									
	2006	2007	2008	2009	2010	2011	2012 (1)	2013	2014 (2)	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 8,646,554	\$ 9,850,201	\$ 10,867,093	\$ 10,815,202	\$ 10,907,588	\$ 10,571,247	\$ 10,633,082	\$ 11,584,587	\$ 12,219,781	\$ 13,285,344
Restricted				150,001	151,066	151,066	557,869	582,557	406,245	852,338
Unrestricted	<u>(3,608,854)</u>	<u>(3,617,015)</u>	<u>(4,151,597)</u>	<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>
Total Governmental Activities Net Position	<u>\$ 5,037,700</u>	<u>\$ 6,233,186</u>	<u>\$ 6,715,496</u>	<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>
Business-Type Activities										
Net Investment in Capital Assets	\$ 4,458	\$ 1,329				\$ 44,126	\$ 70,867	\$ 86,582	\$ 80,164	\$ 77,931
Unrestricted	<u>199,932</u>	<u>195,320</u>	<u>\$ 189,902</u>	<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>
Total Business-Type Activities Net Position	<u>\$ 204,390</u>	<u>\$ 196,649</u>	<u>\$ 189,902</u>	<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>
District-Wide										
Net Investment in Capital Assets	\$ 8,651,012	\$ 9,851,530	\$ 10,867,093	\$ 10,815,202	\$ 10,907,588	\$ 10,615,373	\$ 10,703,949	\$ 11,671,169	\$ 12,299,945	\$ 13,363,275
Restricted			-	150,001	151,066	151,066	557,869	582,557	406,245	852,338
Unrestricted	<u>(3,408,922)</u>	<u>(3,421,695)</u>	<u>(3,961,695)</u>	<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>
Total District Net Position	<u>\$ 5,242,090</u>	<u>\$ 6,429,835</u>	<u>\$ 6,905,398</u>	<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>

Source: District Financial Records

Note 1 - Net Position at June 30, 2012 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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 9,412,968	\$ 9,723,082	\$ 10,566,470	\$ 10,329,339	\$ 10,801,662	\$ 10,872,972	\$ 11,351,485	\$ 11,962,134	\$ 12,048,752	\$ 13,052,983
Special Education	4,137,546	5,175,528	5,192,124	5,261,798	5,836,857	5,534,331	6,786,763	6,837,218	6,896,661	7,069,375
Community Services	4,089	5,290	1,663	-	-	-	-	-	-	-
Other Instruction	861,490	873,852	741,049	776,824	783,583	1,110,155	787,007	849,883	853,366	870,994
School Sponsored Activities And Athletics	520,114	607,520	554,531	589,333	571,318	573,864	606,482	576,247	650,225	763,574
Support Services:										
Student & Instruction Related Services	2,799,886	3,219,712	3,557,278	3,528,991	3,834,248	3,969,839	4,201,866	4,655,461	4,818,320	6,385,729
Educational Media/School Library	237,493	258,245	271,835	256,357	210,472	240,492	249,830	169,616	180,622	206,409
General Administration	442,724	509,972	589,554	626,648	755,767	676,167	671,312	730,165	668,506	812,107
School Administrative Services	1,279,291	1,354,223	1,479,917	1,570,586	1,677,275	1,758,338	1,617,711	1,602,154	1,653,247	1,941,042
Central Services	596,391	583,812	589,244	599,651	627,871	641,502	626,992	670,372	732,490	746,421
Plant Operations And Maintenance	2,518,404	2,663,820	2,855,477	3,023,296	3,193,573	2,934,321	2,844,156	3,155,476	3,259,360	3,263,019
Pupil Transportation	796,912	917,267	931,405	1,058,101	1,083,966	956,650	877,950	1,062,029	1,099,945	1,116,615
Interest On Long-Term Debt	1,130,835	892,565	931,016	889,949	851,707	689,810	886,699	752,752	600,608	534,472
Total Governmental Activities Expenses	24,738,143	26,784,888	28,261,563	28,510,873	30,228,299	29,958,441	31,508,253	33,023,507	33,462,102	36,762,740
Business-Type Activities:										
Food Service	429,298	556,797	509,221	509,710	491,412	504,520	461,322	400,397	449,462	477,628
Community School	540,150	608,143	612,880	629,930	557,852	353,825	364,493	399,150	432,793	333,191
Total Business-Type Activities Expense	969,448	1,164,940	1,122,101	1,139,640	1,049,264	858,345	825,815	799,547	882,255	810,819
Total District Expenses	\$ 25,707,591	\$ 27,949,828	\$ 29,383,664	\$ 29,650,513	\$ 31,277,563	\$ 30,816,786	\$ 32,334,068	\$ 33,823,054	\$ 34,344,357	\$ 37,573,559

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues										
Governmental Activities:										
Charges For Services:										
Regular Instruction									\$ 11,600	\$ 90,450
Special Education	\$ 475,023	\$ 428,179	\$ 201,625	\$ 97,847	\$ 63,220	\$ 9,600	\$ 21,350	\$ 166,678	78,638	78,130
Plant Operations And Maintenance									132,960	163,230
Operating Grants And Contributions	3,867,197	4,603,901	4,754,530	3,641,531	4,323,592	3,168,718	4,077,462	4,603,526	4,366,581	7,585,134
Capital Grants And Contributions	954,027	133,556	-	-	33,760	105,708	13,188	2,525	-	-
Total Governmental Activities Program Revenues	5,296,247	5,165,636	4,956,155	3,739,378	4,420,572	3,284,026	4,112,000	4,772,729	4,589,779	7,916,944
Business-Type Activities:										
Charges For Services:										
Food Service	\$ 349,698	\$ 372,518	\$ 379,924	\$ 368,691	\$ 380,686	\$ 404,759	\$ 342,896	\$ 295,518	\$ 330,252	\$ 333,462
Community Programs	590,868	579,011	556,629	534,372	539,128	479,036	479,136	513,314	483,290	395,188
Operating Grants And Contributions	80,218	90,015	82,144	96,236	105,619	144,366	177,101	147,968	160,687	156,827
Total Business Type Activities Program Revenues	1,020,784	1,041,544	1,018,697	999,299	1,025,433	1,028,161	999,133	956,800	974,229	885,477
Total District Program Revenues	\$ 6,317,031	\$ 6,207,180	\$ 5,974,852	\$ 4,738,677	\$ 5,446,005	\$ 4,312,187	\$ 5,111,133	\$ 5,729,529	\$ 5,564,008	\$ 8,802,421
Net (Expense)/Revenue										
Governmental Activities	\$ (19,441,896)	\$ (21,619,252)	\$ (23,305,408)	\$ (24,771,495)	\$ (25,807,727)	\$ (26,674,415)	\$ (27,396,253)	\$ (28,250,778)	\$ (28,872,323)	\$ (28,845,796)
Business-Type Activities	51,336	(123,396)	(103,404)	(140,341)	(23,831)	169,816	173,318	157,253	91,974	74,658
Total District-Wide Net Expense	\$ (19,390,560)	\$ (21,742,648)	\$ (23,408,812)	\$ (24,911,836)	\$ (25,831,558)	\$ (26,504,599)	\$ (27,222,935)	\$ (28,093,525)	\$ (28,780,349)	\$ (28,771,138)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 19,534,042	\$ 20,753,135	\$ 21,644,182	\$ 22,537,840	\$ 23,530,455	\$ 25,823,849	\$ 26,287,326	\$ 26,813,073	\$ 27,349,334	\$ 28,167,707
Taxes Levied For Debt Service	1,765,719	1,766,865	1,767,822	1,765,134	1,768,038	1,749,760	1,757,115	1,755,618	1,710,837	1,649,344
Unrestricted Grants And Contributions	239,294	240,224	289,692	281,472	239,550	19,151	19,845	18,490	19,151	49,046
Miscellaneous Income	157,124	154,541	170,166	239,561	272,945	206,074	406,789	151,408	159,972	181,879
Transfers	(21,816)	(100,027)	(84,144)	(78,468)	(45,357)	-	-	-	-	300,000
Total Governmental Activities	21,674,363	22,814,738	23,787,718	24,745,539	25,765,631	27,798,834	28,451,230	28,739,944	29,238,633	30,347,976
Business-Type Activities:										
Investment Earnings	10,124	15,628	12,513	6,572	3,941	2,863	4,456	3,704	4,590	3,357
Transfers	21,816	100,027	84,144	78,468	45,357	-	-	-	-	(300,000)
Total Business-Type Activities	31,940	115,655	96,657	85,040	49,298	2,863	4,456	3,704	4,590	(296,643)
Total District-Wide	\$ 21,706,303	\$ 22,930,393	\$ 23,884,375	\$ 24,830,579	\$ 25,814,929	\$ 27,801,697	\$ 28,455,686	\$ 28,743,648	\$ 29,243,223	\$ 30,051,333
Change in Net Position										
Governmental Activities	\$ 2,232,467	\$ 1,195,486	\$ 482,310	\$ (25,956)	\$ (42,096)	\$ 1,124,419	\$ 1,054,977	\$ 489,166	\$ 366,310	\$ 1,502,180
Business-Type Activities	83,276	(7,741)	(6,747)	(55,301)	25,467	172,679	177,774	160,957	96,564	(221,985)
Total District	\$ 2,315,743	\$ 1,187,745	\$ 475,563	\$ (81,257)	\$ (16,629)	\$ 1,297,098	\$ 1,232,751	\$ 650,123	\$ 462,874	\$ 1,280,195

Source: District Financial Records

Note 1 - Net Position at June 30, 2012 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,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 203,138	\$ 151,339	\$ 86,369	\$ 402,125	\$ 176,317					
Unreserved	409,430	233,972	258,888	(102,824)	(28,964)					
Nonspendable						\$ 19,792		\$ 9,896		
Restricted						224,401	\$ 1,045,250	901,128	\$ 350,353	\$ 1,116,002
Assigned						89,365	214,731	55,821	347,374	91,144
Unassigned	-	-	-	-	-	282,463	269,582	216,853	78,156	245,876
Total General Fund	<u>\$ 612,568</u>	<u>\$ 385,311</u>	<u>\$ 345,257</u>	<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>
All Other Governmental Funds										
Reserved	\$ 158,623	\$ 155,551		\$ 108,246						
Unreserved	508,342	283,781	\$ 266,356	95,597	\$ 75,624					
Restricted	-	-	-	-	-	\$ 73,433	\$ 73,434	\$ 129,324	\$ 103,451	\$ 3,097,043
Total All Other Governmental Funds	<u>\$ 666,965</u>	<u>\$ 439,332</u>	<u>\$ 266,356</u>	<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>

Source: District Financial Records

Beginning with Fiscal Year 2012, 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,										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues											
Tax Levy	\$ 19,526,842	\$ 21,299,761	\$ 22,520,000	\$ 23,412,004	\$ 24,302,974	\$ 25,298,493	\$ 27,573,609	\$ 28,044,441	\$ 28,568,691	\$ 29,060,171	\$ 29,817,051
Tuition Charges	318,062	475,023	428,179	201,625	97,847	63,220	9,600	21,350	-		
Miscellaneous	148,004	157,124	155,603	176,463	255,701	295,485	219,827	448,436	358,841	418,705	547,987
State Sources	7,077,106	4,540,629	4,470,220	4,541,803	3,354,755	3,745,993	2,528,249	3,407,977	4,048,867	3,776,008	4,069,361
Federal Sources	495,458	519,889	506,399	496,122	552,108	828,369	748,019	641,026	536,274	573,528	578,247
Total Revenue	27,565,472	26,992,426	28,080,401	28,828,017	28,563,385	30,231,560	31,079,304	32,563,230	33,512,673	33,828,412	35,012,646
Expenditures											
Instruction											
Regular Instruction	8,953,804	9,401,398	9,638,038	10,162,942	9,842,219	10,323,586	10,560,045	10,908,573	11,485,480	11,501,438	11,376,047
Special Education Instruction	4,043,967	4,134,316	5,147,854	5,080,249	5,125,589	5,700,235	5,434,659	6,643,431	6,684,032	6,741,817	6,529,061
Community Services	32,989	4,089	5,235	1,641	-	-	-	-	-	-	-
Other Instruction	706,420	861,090	866,313	713,205	741,771	750,680	1,088,189	757,796	816,870	816,378	765,585
School Sponsored Activities and Athletics	481,214	519,561	603,067	533,989	565,622	549,648	559,853	587,366	555,419	625,855	681,983
Support Services:											
Student and Inst. Related Services	2,865,620	2,797,541	3,200,748	3,441,001	3,390,457	3,688,219	3,868,730	4,049,884	4,481,753	4,704,765	5,596,623
Educational Media/School Library	221,980	237,232	256,145	262,359	245,629	202,158	234,447	242,307	164,472	175,117	184,966
General Administration	383,794	442,319	506,799	574,921	609,873	733,860	666,904	657,379	711,693	649,438	745,186
School Administrative Services	1,249,148	1,277,603	1,341,111	1,419,317	1,494,158	1,602,312	1,707,219	1,556,846	1,539,886	1,578,393	1,684,969
Central Services	567,752	595,724	578,613	567,447	575,221	603,462	624,888	603,337	644,220	701,620	729,688
Plant Operations And Maintenance	1,905,264	2,516,170	2,646,379	2,776,061	2,929,439	3,109,954	2,886,986	2,775,183	3,075,452	3,168,527	3,213,058
Pupil Transportation	833,785	796,249	916,616	930,401	1,053,332	1,078,947	953,176	872,650	1,051,699	1,090,970	1,111,689
Capital Outlay	16,893,758	4,360,397	552,728	400,817	213,954	397,611	242,581	219,683	1,197,480	629,502	1,846,081
Debt Service:											
Bond Issuance Costs							113,473		104,064		
Principal	764,157	1,106,636	1,166,091	1,230,908	908,948	966,002	1,059,056	1,183,872	1,330,913	1,416,460	1,485,936
Advanced Refunding Escrow							531,694		258,111		-
Interest and Other Charges	1,037,177	1,061,476	1,009,527	950,964	897,174	860,247	831,927	731,069	677,679	608,913	542,429
Total Expenditures	40,940,829	30,111,801	28,435,264	29,046,222	28,593,386	30,566,921	31,363,827	31,789,376	34,779,223	34,409,193	36,493,301
Excess (Deficiency) of Revenues											
Over (Under) Expenditures	(13,375,357)	(3,119,375)	(354,863)	(218,205)	(30,001)	(335,361)	(284,523)	773,854	(1,266,550)	(580,781)	(1,480,655)

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,										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources (Uses)											
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
Transfer to Escrow Agent for Payment of Debt							(8,643,000)		(6,515,000)		
Accrued Interest on Bonds											
Lease Purchase Agreement		\$ 64,475		\$ 89,319		\$ 100,551	105,833	\$ 139,689	607,475	\$ 147,093	242,386
Transfers In	\$ 446,950	220,212		14,801	\$ 5,049	55,094	881	652	493	432	301,126
Transfers Out	(518,250)	(242,028)	\$ (100,027)	(98,945)	(83,517)	(100,451)	(881)	(652)	(493)	(432)	(1,126)
Total Other Financing Sources (Uses)	(71,300)	42,659	(100,027)	5,175	(78,468)	55,194	751,000	139,689	976,575	147,093	5,151,386
Net Change in Fund Balances	\$ (13,446,657)	\$ (3,076,716)	\$ (454,890)	\$ (213,030)	\$ (108,469)	\$ (280,167)	\$ 466,477	\$ 913,543	\$ (289,975)	\$ (433,688)	\$ 3,670,731
Debt Service as a Percentage of Noncapital Expenditures	7.49%	8.42%	7.80%	7.62%	6.36%	6.05%	8.15%	6.07%	7.06%	6.00%	5.85%

* 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)

<u>Fiscal Year Ended June 30,</u>	<u>Tuition</u>	<u>Interest on Investments</u>	<u>Rent</u>	<u>Insurance/ Other Refunds</u>	<u>E-Rate</u>	<u>Gate Receipts</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	\$ 475,023	\$ 93,417					\$ 3,804	572,244
2007	428,179	84,623					29,800	542,602
2008	201,625	38,865					116,500	356,990
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

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
2006	\$ 12,170,800	\$ 754,697,700			\$ 209,372,500	\$ 161,423,454	\$ 29,578,300	\$ 1,167,242,754	\$ 1,451,852	\$ 1,168,694,606	\$ 2,286,626,112	\$ 1.875
2007	9,961,800	775,970,000			207,257,500	161,843,754	29,578,300	1,184,611,354	1,451,822	1,186,063,206	2,340,105,352	1.934
2008	9,870,800	779,770,600			207,328,400	161,843,754	28,978,300	1,187,791,854	768,949	1,188,560,803	2,472,350,162	2.007
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

Source: County Abstract of Ratables

66

a Tax rates are per \$100

(1) Town Revaluation

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

Calendar Year	Total	Local School District	Municipality	County (1)
2006	\$ 3.110	\$ 1.875	\$.915	\$.320
2007	3.298	1.934	1.016	0.348
2008	3.525	2.007	1.133	0.385
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

(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	2015		2006	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
L&L Park 80 LLC	\$ 91,400,000	4.74%		
A.O. Associates	34,000,000	1.76%		
CP Saddle Brook, LLC	26,000,000	1.35%		
Midland Holding CO.	23,739,800	1.23%		
Saddle Brook Green Owner, LLC	21,037,400	1.09%		
Saddle Brook Mayhill Assoc., LLC	17,875,000	0.93%		
Kessler Institute	15,202,300	0.79%		
Peykar Brothers Realty	13,595,500	0.71%		
45 Mayhill LLC	13,230,000	0.69%		
Bldg Saddle Brook LLC	12,549,000	0.65%		
L&L Park 80 LLC			\$ 6,170,000	5.27%
Tri State Realty			17,727,000	1.51%
Arrow Fastener			15,000,000	1.28%
Grandview Hotel			15,000,000	1.28%
Midland Holding Co.			14,300,000	1.22%
A.O. Associates			11,021,000	0.94%
Mayhill St. Associates			8,500,000	0.72%
Kessler Institute			8,500,000	0.72%
A.O. Associates			7,578,200	0.64%
Condor Contracting			7,500,000	0.64%
	<u>\$ 268,629,000</u>	<u>13.95%</u>	<u>\$ 111,296,200</u>	<u>14.22%</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	
2006	\$ 21,299,761	\$ 21,299,761	100.00%	
2007	22,520,000	22,520,000	100.00%	
2008	23,412,004	22,943,399	98.00%	\$ 468,605
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%	-

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		Total District	Population	Per Capita
	General Obligation Bonds	Loans	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2006	\$ 21,158,000	\$ 73,621	\$ 784,581			\$ 22,016,202	13,332	\$ 1,651
2007	20,368,000	64,418	417,693			20,850,111	13,440	1,551
2008	19,538,000	55,215	115,307			19,708,522	13,845	1,424
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	13,984	1,023
2015	17,189,000	-	477,362			17,666,362	13,984	1,263

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)

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2006	\$ 21,158,000		\$ 21,158,000	1.81%	\$ 1,587
2007	20,368,000		20,368,000	1.71%	1,515
2008	19,538,000		19,538,000	0.85%	1,411
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	0.76%	1,250
2012	16,125,000		16,125,000	0.84%	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

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, 2014
(Unaudited)**

	<u>Total Debt</u>
Municipal Debt: (1)	
Township of Saddle Brook School District	\$ 10,235,482
Township of Saddle Brook	<u>27,134,711</u>
	<u>\$ 37,370,193</u>
Overlapping debt Apportioned to the Municipality:	
Bergen County (3);(A):	
County of Bergen (A)	<u>12,976,644</u>
 Total Direct and Overlapping Debt	 <u>\$ 50,346,837</u>

(A) The debt for this entity was apportioned to the Township of Saddle Brook by dividing the Municipality's 2014 equalized value by the total 2014 equalized value for Bergen County.

Sources:

- (1) Township of Saddle Brook Annual Debt Statement
- (3) Bergen County Debt Statement 12/31/2014

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

Legal Debt Margin Calculation for Calendar Year 2014

	Equalized valuation basis
	2014 \$2,228,925,829
	2013 2,221,649,562
	2012 2,296,409,362
	<u>\$4,518,058,924</u>
Average equalized valuation of taxable property	\$1,506,019,641
Debt limit (4 % of average equalization value)	60,240,786 a
Total Net Debt Applicable to Limit	<u>10,235,482</u>
Legal debt margin	<u>\$ 50,005,304</u>

	Calendar Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit	\$63,710,017	\$ 72,148,963	\$81,243,985	\$ 90,858,681	\$ 95,483,873	\$ 95,858,570	\$97,094,580	\$95,888,201	\$ 92,339,508	\$ 60,240,786
Total Net Debt Applicable to Limit	<u>22,001,305</u>	<u>21,232,103</u>	<u>20,432,900</u>	<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>
Legal Debt Margin	<u>\$41,708,712</u>	<u>\$ 50,916,860</u>	<u>\$60,811,085</u>	<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>\$ 50,005,304</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	34.53%	29.43%	25.15%	21.57%	19.61%	14.76%	13.86%	15.93%	12.23%	16.99%

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>
2006	5.3%	\$ 63,103	13,332
2007	4.7%	67,544	13,440
2008	6.1%	67,331	13,845
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%	69,495	13,920
2014	6.7%	69,495 *	13,984
2015	NA	69,495 *	NA

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	97	98	99	102	105	102	99	102	104	107
Special Education	17	22	24	25	25	25	40	44	45	46
Other Special Education	5	5	5	5	5	5	6	6	6	6
Support Services:										
General Administration	2	2	2	2	3	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	20	20	20	24	24	24	24
Pupil Transportation	3	3	3	3	3	3	3	3	3	3
Other Support Services	22	22	24	24	34	34	37	39	39	41
Total	<u>183</u>	<u>189</u>	<u>194</u>	<u>198</u>	<u>212</u>	<u>208</u>	<u>228</u>	<u>237</u>	<u>240</u>	<u>246</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				
2006	1,695	\$ 23,985,685	\$ 14,151	8.90%	136	1:19	1:17	1:18	1,695	1,610	-1.28%	94.99%
2007	1,736	25,706,918	14,808	4.64%	148	1:19	1:18	1:18	1,736	1,646	2.42%	94.80%
2008	1,792	26,463,533	14,768	-0.27%	150	1:19	1:18	1:18	1,792	1,696	3.22%	94.65%
2009	1,760	26,573,310	15,098	2.24%	151	1:19	1:18	1:19	1,760	1,668	-1.81%	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	-1.59%	94.64%
2012	1,759	29,654,752	16,859	5.28%	153	1:20	1:20	1:19	1,700	1,612	-1.30%	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	-3.00%	94.66%
2015	1,720	32,618,855	18,964	6.21%	157	1:20	1:20	1:19	1,683	1,590	2.00%	94.47%

Sources: District records

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<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		361	358	328	339	337	311	291	275	283
<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		287	265	253	240	257	258	276	279	298
<u>Long Memorial</u>										
Square Feet	32,247	32,247	32,247	32,247	32,247	32,247	32,247	33,247	33,247	33,247
Capacity (students)	278	278	278	278	278	278	278	278	278	278
Enrollment		288	311	320	322	333	309	333	305	294
<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		761	800	784	785	786	800	759	777	766
<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		39	31	32	27	25	25	36	36	42

Number of Schools at June 30, 2015

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
School Facilities										
Washington School	\$ 119,833	\$ 10,943	\$ 5,250	\$ 35,496	\$ 53,226	\$ 30,962	\$ 48,966	\$ 65,795	\$ 62,037	\$ 34,765
Franklin School	115,743	21,887	10,501	22,340	28,646	27,502	53,969	93,575	80,026	39,640
Long Memorial School	122,394	19,698	9,451	24,320	26,573	28,864	29,944	82,607	80,678	117,714
Helen I. Smith School	121,064	24,075	11,551	31,853	36,212	29,854	67,449	93,110	57,165	63,371
High School/Middle School	<u>851,440</u>	<u>142,262</u>	<u>68,255</u>	<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>
Grand Total	<u>\$ 1,330,474</u>	<u>\$ 218,865</u>	<u>\$ 105,008</u>	<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>

Source: School District's Financial Statements

SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2015
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy-Great American Insurance Company		
Property -Blanket Building and Contents	\$ 65,756,896	(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-Darwin Advantage	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	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.	65,756,896	5,000
Athletic Accident - Zurich Insurance Co.	5,000,000	-
Accident Policy for Volunteers (Guarantee Trust)	500,000	-
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 P. LERCH, CPA, RMA, PSA
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GARY W. HIGGINS, CPA, RMA, PSA
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RALPH M. PICONE, CPA, RMA, PSA

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, 2015 and the related notes to the financial statements, which collectively comprise the Saddle Brook Board of Education's basic financial statements and have issued our report thereon dated December 21, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

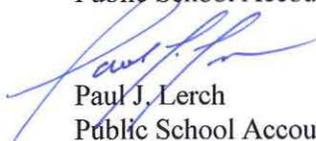
As part of obtaining reasonable assurance about whether the Saddle Brook Board of Education’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Saddle Brook Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated December 21, 2015.

Purpose of this Report

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


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


Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 21, 2015



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 U.S. OMB CIRCULAR A-133 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) Circular A-133 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, 2015. 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 laws, regulations, contracts, and grants 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; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars 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, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal and state program is not modified with respect to these matters.

The Saddle Brook Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Saddle Brook Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 U.S. OMB Circular A-133 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.

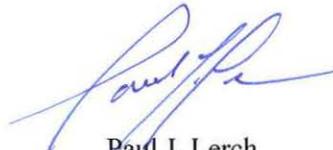
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 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, 2015 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 December 21, 2015, 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 U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Paul J. Lerch
Public School Accountant
PSA Number CS01118

Fair Lawn, New Jersey
December 21, 2015

SADDLE BROOK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Period	Award Amount	Balance July 1, 2014	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments	Refund of Prior Years' Balances	Balance, June 30, 2015			GAAP Receivable	
										(Account Receivable)	Unearned Revenue	Due to Grantor		
U.S. Department of Education														
General Fund														
ARRA-Semi	93.778	12/31/09-12/31/11	\$ 4,944			\$ 4,944	\$ 4,944							
Medicaid Assistance Program (SEMI)	93.778	7/1/14-6/30/15	15,093	-	-	3,660	15,093	-	-	\$ (11,433)	-	-	\$ (11,433)	
Total U.S. Department of Education				-	-	8,604	20,037	-	-	(11,433)	-	-	(11,433)	
U.S. Department of Agriculture														
Passed-through State Department of Education														
National School Lunch Program														
Non Cash Assistance	10.550	9/1/14-6/30/15	24,016			\$ 24,016	\$ 22,679				\$ 1,337			
Non Cash Assistance	10.550	9/1/13-6/30/14	29,894	\$ 2,875			2,875							
Cash Assistance	10.555	9/1/14-6/30/15	119,108			83,455	119,108			(35,653)			(35,653)	
Cash Assistance	10.555	9/1/13-6/30/14	123,630	(33,898)		33,898								
School Breakfast Program	10.553	9/1/13-6/30/14	4,468	(1,917)	-	1,917	-						-	
School Breakfast Program	10.553	9/1/14-6/30/15	6,248	-	-	5,099	7,890	-	-	(2,791)			(2,791)	
Total U.S. Department of Agriculture				(32,940)	-	148,385	152,552	-	-	(38,444)	1,337	-	(38,444)	
U.S. Department of Education														
Passed-through State Department of Education														
NCLB Title I	84.010A	7/1/14-6/30/15	113,611			81,686	131,611			(49,925)			(49,925)	
NCLB Title I	84.010A	7/1/13-6/30/14	138,234	(50,754)		50,754							-	
NCLB Title IIA	84.367A	9/1/12-8/31/13	36,178	-						(11,607)	11,607		(11,607)	
NCLB Title IIA	84.367A	7/1/13-6/30/14	53,145	(37,438)		37,438	3,683	\$ 3,683					-	
NCLB Title IIA	84.367A	7/1/14-6/30/15	38,246			25,397	38,246			(12,849)			(12,849)	
NCLB Title III. ESL. Carryover	84.365	9/1/09-8/31/10	7,570							(4,700)	4,700		(4,700)	
NCLB Title III. ESL. Carryover	84.365	9/1/06-8/31/07	7,570	1,828			1,828							
I.D.E.A. Part B, Basic Regular	84.027A	9/1/12-8/31/13	377,056	(15,680)						(15,680)			(15,680)	
I.D.E.A. Part B, Basic Regular	84.027A	7/1/13-6/30/14	367,266	(202,480)		202,480							-	
I.D.E.A. Part B, Basic Regular	84.027A	7/1/15-6/30/15	368,143			242,641	368,143			(125,502)			(125,502)	
I.D.E.A. Part B, Preschool	84.173A	7/1/13-6/30/14	14,883	(14,883)		14,883							-	
I.D.E.A. Part B, Preschool	84.173A	7/1/15-6/30/15	14,699	-	-	-	14,699	-	-	(14,699)	-	-	(14,699)	
Total U.S. Department of Education				(319,407)	-	655,279	558,210	3,683	-	(234,962)	16,307	-	(234,962)	
Total				\$ (352,347)	\$ -	\$ 812,268	\$ 730,799	\$ 3,683	\$ -	\$ (284,839)	\$ 17,644	\$ -	\$ (284,839)	

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

SADDLE BROOK BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at July 1, 2014			Carryover Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance, June 30, 2015			MEMO		
				(Accounts Receivable)	Unearned Revenue	Due to Grantor					(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
State Department of Education																
<u>General Fund</u>																
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	\$ 964,917					\$ 905,952	\$ 964,917		\$ (58,965)			\$	964,917	
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	964,917	\$ (34,869)				34,869								
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	18,383					17,260	18,383		(1,123)				18,383	
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	18,383	(662)				662								
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	39,026					36,642	39,026		(2,384)				39,026	
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	39,026	(1,405)				1,405								
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	50,831					47,725	50,831		(3,106)				50,831	
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	50,831	(1,830)				1,830								
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	17,030					15,989	17,030		(1,041)				17,030	
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	17,030					15,989	17,030		(1,041)				17,030	
Extraordinary Aid	15-100-034-5120-473	7/1/14-6/30/15	313,245						313,245		(313,245)				313,245	
Extraordinary Aid	14-100-034-5120-473	7/1/13-6/30/14	283,109	(283,109)				283,109								
Nonpublic Transportation Aid	N/A	7/1/14-6/30/15	19,455						19,455		(19,455)		\$	(19,455)	19,455	
Nonpublic Transportation Aid	N/A	7/1/13-6/30/14	24,922	(24,922)				24,922								
<u>On-Behalf Payments</u>																
TPAF Pension and Annuity Aid																
Normal	15-495-034-5094-006	7/1/14-6/30/15	629,459					629,459	629,459						629,459	
NCGI Premium	15-495-034-5094-007	7/1/14-6/30/15	45,287					45,287	45,287						45,287	
Post Retirement Medical Contribution	15-495-034-5094-001	7/1/14-6/30/15	1,071,159					1,071,159	1,071,159						1,071,159	
TPAF Social Security	15-495-034-5094-003	7/1/14-6/30/15	931,994					885,801	931,994		(46,193)		\$	(46,193)	931,994	
TPAF Social Security	14-495-034-5095-002	7/1/13-6/30/14	925,329	(45,967)				45,967								
				(392,764)				4,064,027	4,117,816		(446,553)			\$	(65,648)	4,117,816
<u>Special Revenue Fund</u>																
NJ Learn & Serve	94.004	7/1/10-6/30/11	66,000		\$ 3,265				3,265						3,265	
Nonpublic Aid																
Textbook Aid	14-100-034-5120-064	7/1/13-6/30/14	1,865		\$ 878					\$ 878						
Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	1,907					1,907	1,907						1,907	
Technology	15-100-034-5120-373	7/1/14-6/30/15	1,024					1,024	1,024						1,024	
Auxiliary Services																
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	2,687					2,687	1,344			\$ 1,343			1,344	
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	2,226			857				857						
English as a Second Language	14-100-034-5120-067	7/1/13-6/30/14	1,746			1,746				1,746						
Handicapped Services																
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	2,344			2,344				2,344						
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	3,534					3,534				3,534				
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	3,035					3,035	3,035						3,035	
					3,265	5,825		12,187	10,575	5,825			4,877		10,575	
State Department of Agriculture																
<u>Enterprise Fund</u>																
National School Lunch Program																
State Share	15-100-010-3350-023	9/1/14-6/30/15	4,275					3,042	4,275		(1,233)			(1,233)	4,275	
State Share	14-100-010-3350-023	9/1/13-6/30/14	5,092	(1,509)				1,509								
				(1,509)				4,551	4,275		(1,233)			(1,233)	4,275	
Total State Financial Assistance																
			\$ (394,273)	\$ 3,265	\$ 5,825	\$ -	\$ 4,080,765	\$ 4,132,666	\$ 5,825	\$ (447,786)	\$ -	\$ 4,877	\$ (66,881)	\$ 4,132,666		
Less: On -Behalf TPAF Pension System Contributions																
										(1,745,905)						
Total for State Financial Assistance Determination																
										\$ 2,386,761						

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

**SADDLE BROOK BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 bases of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" 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 \$59,030 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	\$ 20,037	\$ 4,058,786	\$ 4,078,823
Special Revenue Fund	558,210	10,575	568,785
Food Service Fund	<u>152,552</u>	<u>4,275</u>	<u>156,827</u>
Total Financial Assistance	<u>\$ 730,799</u>	<u>\$ 4,073,636</u>	<u>\$ 4,804,435</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, 2015**

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 National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$931,994 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, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$674,746 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,071,159 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

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

**SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

Financial Statement Section

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

Federal Awards Section

Internal Control over compliance:		
1) Material weakness(es) identified?	_____ yes	_____ X _____ no
2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?	_____ yes	_____ X _____ none reported
Type of auditor's report on compliance for major programs:	Unmodified	_____
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))?	_____ yes	_____ none reported

Identification of major programs:

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

Dollar threshold used to distinguish between Type A and Type B Programs	\$ \$ 300,000	_____
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Auditee qualified as low-risk auditee?	_____ yes	_____ X _____ no
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**SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor’s Results

State Awards Section

Internal Control over compliance:

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

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

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended? X yes _____ none reported

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>495-034-5120-097</u>	<u>PARCC Readiness Aid</u>
<u>100-0345120-473</u>	<u>Extraordinary Aid</u>
<u>495-034-5094-003</u>	<u>TPAF Reimbursable Social Security</u>

Dollar threshold used to distinguish between Type A and Type B Programs \$ 3,000,000

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

**SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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, 2015**

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 OMB Circular A-133 and New Jersey OMB's Circular 15-08, as amended.

CURRENT YEAR FEDERAL AWARDS

There are none.

**SADDLE BROOK BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

CURRENT YEAR STATE AWARDS (Continued)

Recommendation:

It is recommended that all student's cost information reported on the Extraordinary Aid Application be supported with cost documentation and costs be calculated correctly.

View of Responsible Officials and Planned Corrective Action

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

**SADDLE BROOK BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b)) and New Jersey OMB's Circular 04-04, as amended.

STATUS OF PRIOR YEAR FINDINGS

THERE WERE NONE.