

SCHOOL DISTRICT
OF
HIGH BRIDGE BOROUGH

**High Bridge Borough School District
Board of Education
High Bridge, Hunterdon County
New Jersey**

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2012**

Comprehensive Annual

Financial Report

of the

High Bridge Borough School District

Board of Education

High Bridge, New Jersey

For the Fiscal Year Ending June 30, 2012

Prepared by

High Bridge Borough School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section

HIGH BRIDGE SCHOOL DISTRICT

High Bridge, New Jersey 08829

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October 19, 2012

The Honorable President Robert Imhoff and Members of the Board of Education
High Bridge Public School District
50 Thomas Street
High Bridge, New Jersey 08829

Dear Mr. Robert Imhoff and Board Members:

The comprehensive annual financial report of the High Bridge Borough School District for the fiscal year ended June 30, 2012 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. 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 and account groups 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 general-purpose financial statements and schedules, 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 provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payment". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The High Bridge School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the district are included in this report. The High Bridge Board of Education and its two schools constitute the district's reporting entity.

The district provides a full range of educational programs and services appropriate to grade levels preschool disabilities classes, ages 3 to 5, and kindergarten through eighth. These grade levels include regular education programs in addition to special education classes for classified learning disabled students enrolled in preschool disabled, language/learning disabled, and resource center programs. During the 2011-2012 fiscal year, the district had an Average Daily Enrollment (ADE) of 388.8 students, a .41% decrease from the 2010-11 ADE. The following table details the changes in the student average daily enrollment of the district over the last nineteen years:

AVERAGE DAILY ENROLLMENT

Fiscal Year	Student Enrollment (ADE)	Percent Change: increase (decrease)
2011-12	388.8	(0.41)%
2010-11	390.4	(2.20)%
2009-10	399.1	(0.70)%
2008-09	401.9	1.95 %
2007-08	394.2	(6.40)%
2006-07	421.0	(5.10)%
2005-06	443.5	(3.40)%
2004-05	459.3	(1.39)%
2003-04	465.8	1.13 %
2002-03	460.6	1.12 %
2001-02	495.7	4.07 %
2000-01	476.3	0.23 %
1999-00	466.3	(6.63)%
1998-99	499.4	0.56 %
1997-98	496.6	(0.68)%
1996-97	500.0	(2.53)%
1995-96	513.0	2.04 %
1994-95	502.7	(2.49)%
1993-94	515.2	(0.35)%
1992-93	517.0	10.10 %

2. ECONOMIC CONDITION AND OUTLOOK: The Borough of High Bridge is a small suburban community, which is primarily residential with small percentages of its land dedicated for commercial business and open space. The Mayor and Council have worked diligently to develop and upgrade the downtown business area by creating a merchant center through zoning changes and incentives. Local merchants have improved their properties and have followed the Borough’s initiatives. This combined effort has resulted in a much more picturesque Main Street.

The Mayor and Council embarked upon a program in the middle 1990's to preserve the few parcels of open space left undeveloped in the borough. Today, approximately 30% of the Borough is either open space or dedicated to recreation. Preserving open space has not only preserved the character and quality of life of the borough but kept unrestrained residential development in check. Unrestrained residential development or sprawl is one of the leading causes of an uncontrolled tax rate. This is due in part to the cost generation of school age children, infrastructure needs and services required from the borough. As evidenced of this commitment the borough has increased its open space inventory from approximately 7 acres of open space in 1995 to approximately 496 as of 2012. Four proposed housing developments have not come to fruition.

One of the open space properties was developed into a municipal golf course and opened in June of 1999. The land acquisition and golf course construction was performed through the purchase of municipal bond anticipation notes. The debt service on the low interest notes was not required for three years. In that time the course was completed and revenue was realized to offset the required debt service. Revenue from the course of \$38,000 was also used to fund open space initiatives. By providing this capital, High Bridge was able to increase its granting percentage for Green Acres funding from 25% grant, 75% loan to a 50% grant, 50% loan. After the payment of debt service, approximately \$200,000 of golf course revenue was used to offset a portion of the municipal tax rate in 2002. Long-term outlooks are good for the golf course to be a major revenue producer for the Borough during and after debt reduction. Golf course utility bonds were issued in May 2002 to retire the bond anticipation notes. The utility bonds will be repaid with annual payments through the year 2022.

Anticipated residential development on Dewey Avenue, known as Tamaron Hollow development, was a Council of Affordable Housing (COAH) builder's remedy development with a total potential of 170 units. In 2008, the High Bridge Borough Mayor and Council successfully secured the property through Eminent Domain for the purposes of maintaining the parcel as Open Space.

The number of ratables, both commercial and residential, decreased from 1487 to 1472 from the years 2007 to 2012. Residential properties have remained constant at 1342. Exempt properties (open space) have increased. Educational costs and increased educational spending continue to drive the property tax rate as is experienced throughout the State. Increased educational spending or costs could quickly extinguish any revenue increases from the business sector or from the municipal golf course. High Bridge's current and future economic condition relies on a delicate balance of saving open space, preventing unrestrained residential development, protecting revenue sources and controlling educational and governmental spending and costs.

3. MAJOR INITIATIVES

3.1 *Program Improvement Plan*

The school district's personnel continued to assess/evaluate and implement modifications and improvements to the educational programs and services for all students.

As a result of the district's on-going curriculum/program improvement process the students at each grade continue to perform well on locally developed, national standardized and State assessment tests. The students, over the years, have consistently scored above state average on the NJASK in Language Arts Literature, Math and Science.

3.2 *Staff Development*

Professional Development Activities

The district staff actively participated in numerous professional development opportunities during the 2011-2012 school year based on the district's comprehensive Staff Development plan.

The staff development/professional development opportunities reflected:

- District Goals
- Staff Surveys
- No Child Left Behind District Needs Assessment
- Analysis of State/Standardized Test Results
- District Level Objectives
- Professional Improvement Plans: Math, English Language Arts and Curriculum Guide Revisions
- College Courses
- Coaching/Classroom Visitations
- Continuing training and implementation of Foundation and Wilson Reading Programs

Staff development days were planned so that staff could actively participate in activities that directly related to our district and school level goals.

3.3 *Special Education and Least Restrictive Environment*

The Preschool Classroom Program is an inclusive program that includes special needs (IDEA), hardship (ELLI), and typical peer lottery student populations. Using the High Scope Curriculum, cooperative planning time is built into the schedule so that the teacher, aides, and therapists have ample time to discuss and plan for all students. The preschool program is supported by a class aide, one-to-one aides, school nurse, building principal, case manager, and director of special services. Some students qualify for Speech/Language, ABA, Occupational Therapy, and Physical Therapy. The program provides instruction to a wide

range of ability levels from three to five years of age. The district has completed five successful years of the Preschool Inclusive Program.

The Resource Center Program offers a full range of services (K-8) from up to a half-day maximum for pullout replacement to one subject area for in-class support, full inclusion, and/or supplementary aides and services. Multi-sensory lessons and study skill strategies are infused into daily lessons and activities. The in-class support teachers' present lessons using the co-teaching model with additional flexibility to present small group parallel lessons if needed.

Lessons are differentiated and include a variety of strategies i.e. scaffolding, tiering, cooperative learning, compacting, flexible grouping, and problem-based learning. The Inclusive Models for Occupational Therapy and Speech/Language Therapy are provided. Physical Therapy, and applied behavioral analysis social skills training are provided as a pullout service with in-class service, as necessary. Adaptive Physical Education (PE) is available. The program provides parent support groups. A thirty-day extended school year is offered to eligible students.

Our Multiply Disabled Classroom Program (reopened in January 2012) is a full day program and is one of a few within a public school offered in this State (according to the CP Agency of New Jersey). Paraprofessionals, therapists, adaptive PE, LPN/Paraprofessional, and a school nurse support the classroom teacher. Multi-sensory lessons and activities are incorporated throughout the daily curriculum. The classroom is equipped with assistive technology to assist with the implementation of the New Jersey State Core Curriculum Content Standards for the severely disabled population. Focus is on developing independence, language development, academics, social/emotional development, fine/gross motor skills and functional life skills. A thirty-day extended school year is offered to eligible students. This program is open to tuition students from neighboring public school districts.

The High Bridge School District has fully implemented a Behavioral Disabilities class since September 2003. This program is designed to incorporate Applied Behavioral Analysis throughout the academic and social day. Students are mainstreamed into age appropriate grade levels for academics and specials. Paraprofessionals and therapists support this program. The special education teacher was in the first graduating class for BCBA from Rutgers University. The special education teacher acts not only as an ABA therapist for the Preschool and the Behavioral Disabilities Class, but is also available to the district students (K-8) who may be in need of an "on call" behaviorist. The facilitation of this program enables the teacher to write ABA program and model delivery of objectives that offers ongoing training to paraprofessional. This program is open to tuition students from neighboring districts.

3.4 Computer/Technology

During the 2011-2012 school year, the High Bridge School District continued to implement the goals set forth in the 2010 – 2013 district technology plan. Additional classroom based

technology was purchased and installed providing teachers and students with greater access to internet programs.

The initiatives successfully completed during the 2009 – 2010 were further enhanced during the 2011-2012 school year through acquisition of equipment and software technology.

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

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

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

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project 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 order commitments on a line item basis. Open encumbrances at year- end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2012.

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

7. 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 meeting its responsibility for sound financial management. The following schedule presents a summary of the general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2012 and the amount and percentage of increases in relation to prior year revenues.

Revenue Change 11-12 vs. 10-11

Revenue	2011-12 Amount	Percent of 2011-12 Budget	\$ Change from 2011	Proportion of Increase (Decrease)
Local Sources	\$ 5,567,265	70.51%	\$ 13,859	0.25%
State Sources	\$ 2,140,107	27.10%	\$ 13,189	0.62%
Federal Sources	\$ 188,643	2.39%	\$ (88,736)	(31.99)%
Total	\$ 7,896,015	100.00%	\$ (61,688)	(0.78)%

The following schedule presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2011 and the percentage of increases and decreases in relation to prior year amounts.

Expenditure Change 11-12 vs. 10-11

Expenditures	2011-12 Amount	Percent of Total	Dollar Increase/ (Decrease)	Percent of Increase/ (Decrease)
Current expense:				
Instruction	\$3,803,056	48.14 %	\$ 224,767	6.28 %
Undistributed	\$3,299,580	41.77 %	\$ 135,645	4.29 %
Total	\$7,102,636	89.91 %	\$ 360,412	5.35 %
Capital Outlay	\$ 32,469	0.41 %	\$ (23,936)	(42.44)%
Debt Service	\$ 624,528	7.91 %	\$ 10,238	1.67 %
Special Revenue	\$ 139,703	1.77 %	\$ (144,276)	(50.81)%
Total	\$7,899,336	100.00 %	\$ 202,438	2.63 %

8. DEBT ADMINISTRATION: On January 15, 1996, the district issued \$6,865,000 in general obligation bonds (30 year) to fund a voter-approved referendum for capital building projects at the district's two facilities. On December 1, 1997 the district issued \$1,500,000 in general

obligation bonds (15 year) to fund a voter-approved referendum for the Middle School Asbestos Abatement Project. At June 30, 2012 the outstanding debt balance was \$5,330,000.

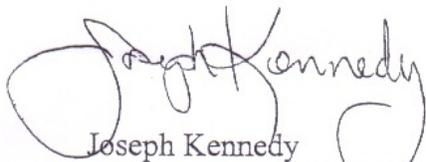
9. CASH MANAGEMENT: The investment policy of the district is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The district has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provision so 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.

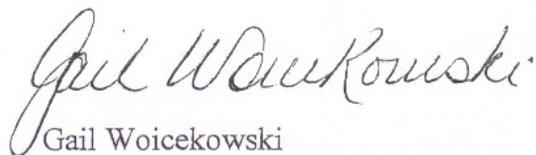
10. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision hazard and theft insurance on property and contents, and fidelity bonds.

11. OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Co., LLP, was reappointed at the May 2012, reorganization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose 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.

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

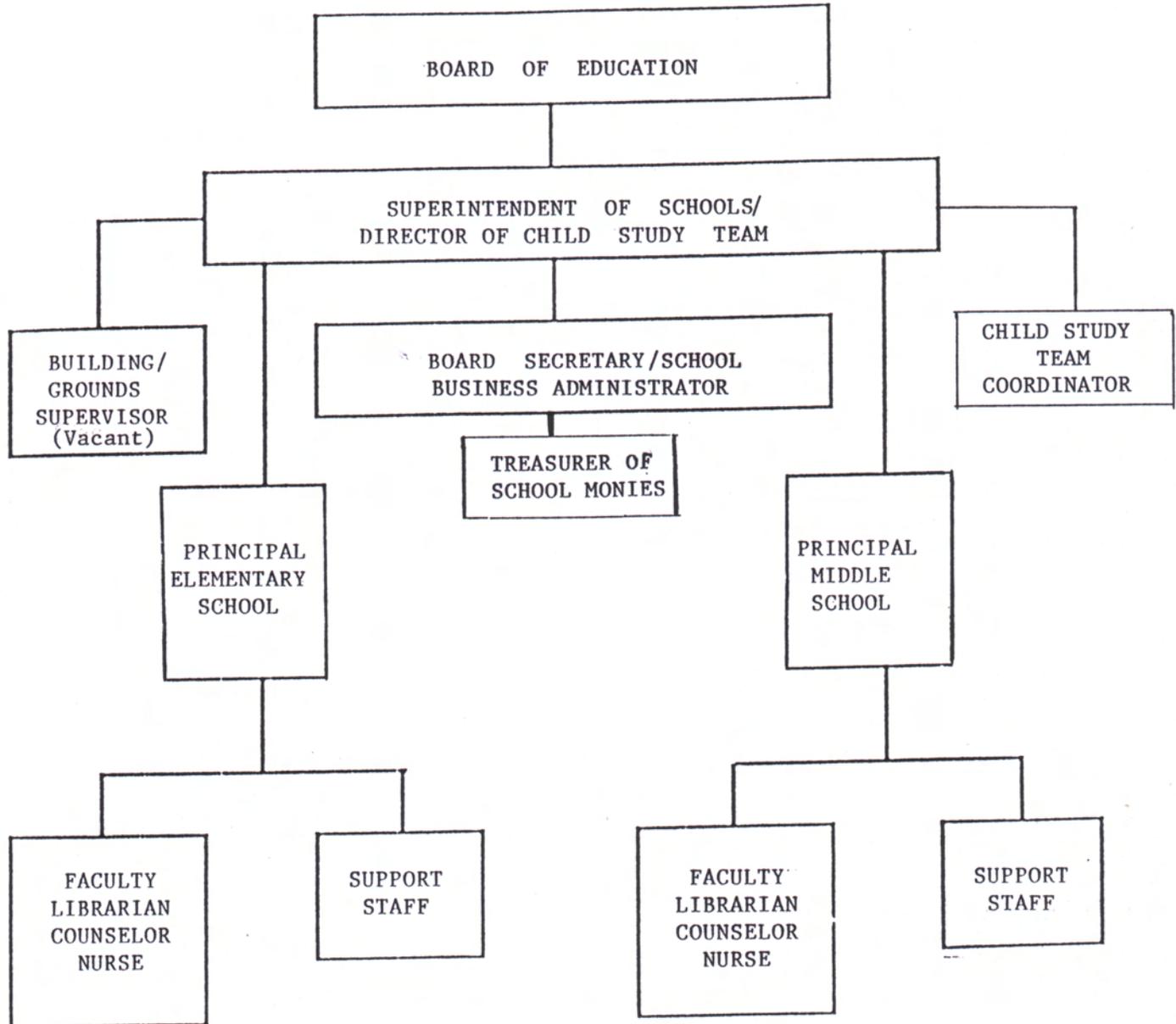
Respectfully submitted,


Joseph Kennedy
Superintendent of Schools


Gail Woickowski
Business Administrator/Board Secretary

HIGH BRIDGE SCHOOL DISTRICT

HIGH BRIDGE SCHOOL DISTRICT ORGANIZATIONAL CHART (UNIT CONTROL)



**HIGH BRIDGE BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

JUNE 30, 2012

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Imhoff, <i>President</i>	2014
William Stover, <i>Vice-President</i>	2012
Janice Stemple	2012
Ann Willard	2013
Larissa Critelli	2013
Karen Yaskanin-Jones	2012
Alan Schwartz	2013
Kay Daughters-Musnuff	2012

Other Officials

Joseph Kennedy, *Superintendent of Schools*

Gail Woicekowski, *School Business Administrator/Board Secretary*

Patti Fischer, *Treasurer of School Monies*

Schwartz, Simon, Edelstein, Celso & Kessler, LLP, *Attorneys*

**HIGH BRIDGE BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ARCHITECTS

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Somerville, New Jersey 08876

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Financial Section

Independent Auditor's Report



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UNQUALIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND SUPPLEMENTARY SCHEDULE OF STATE AWARDS AND OTHER SUPPLEMENTARY INFORMATION-GOVERNMENTAL ENTITY

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
High Bridge Borough School District
County of Hunterdon
High Bridge, New Jersey 08829

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the High Bridge Borough School District in the County of Hunterdon, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the High Bridge Borough School District Board of Education's management. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund, and the aggregate remaining fund information of the High Bridge Borough School District Board of Education in the County of Hunterdon, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

-Continued-

In accordance with Government Auditing Standards, we have also issued our report dated October 19, 2012, on our consideration of the High Bridge Borough School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 7 through 7.8, and 39 through 52 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the High Bridge Borough School District Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by New Jersey OMB's Circular 04-04, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Licensed Public School Accountant No. 2369
ARDITO & CO., LLP

Date: October 19, 2012

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The discussion and analysis of High Bridge Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- ◆ In total, net assets decreased \$449,427 which represents a 6.0 percent decrease from 2011.
- ◆ General revenues accounted for \$5,279,001 in revenue or 66.1 percent of all revenues. Program specific revenues in the form of charges for services, operating grants were \$2,708,444 or 33.8 of total revenues of \$7,987,445.
- ◆ Total assets of governmental activities decreased by \$178,419 as cash and cash equivalents increased by \$542,776, receivables decreased by \$442,049, and capital assets decreased by \$263,777.
- ◆ The School District had \$8,436,872 in expenses; only \$2,708,444 of these expenses were offset by program specific charges for services, grants or contributions. General Revenues (primarily property taxes) of \$5,279,001 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$7,282,039 in revenues and \$7,127,806 in expenditures. The General Fund's surplus balance increased \$199,675 over 2011 due to extraordinary aid, tuition revenue, return of capital reserve from the capital project fund, and additional state aid received after budget adoption.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand High Bridge Borough School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of High Bridge Borough School District, the General Fund is by far the most significant fund.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2012 compared to 2011.

	Table 1	
	Net Assets	
	<u>2012</u>	<u>2011</u>
Assets		
Current and Other Assets	\$ 1,070,070	\$ 984,712
Capital Assets	<u>12,046,877</u>	<u>12,484,279</u>
Total Assets	<u>13,116,947</u>	<u>13,468,991</u>
 Liabilities		
Long-Term Liabilities	5,563,980	5,386,925
Other Liabilities	<u>623,735</u>	<u>529,782</u>
Total Liabilities	<u>6,187,715</u>	<u>5,916,707</u>
 Net Assets		
Invested in Capital Assets, Net of Debt	6,716,877	6,804,279
Restricted	701,557	263,935
Unrestricted	<u>(489,202)</u>	<u>484,070</u>
Total Net Assets	<u>\$ 6,929,232</u>	<u>\$ 7,552,284</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 UNAUDITED

Total assets decreased \$178,419. Cash and cash equivalents increased by \$542,776, receivables decreased by \$442,049, and capital assets decreased by \$263,777. The cash increase was due to non-budgeted revenues and receipts of prior year federal and state grants. Capital asset decreases were due to depreciation expense.

Table 2 shows the changes in net assets from fiscal year 2011.

Table 2
Changes in Net Assets

	<u>2012</u>	<u>2011</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 202,408	\$ 201,900
Operating Grants and Contributions	2,506,036	2,428,633
General Revenues:		
Property Taxes	5,343,727	5,346,083
Federal and State Capital Grants	(150,255)	
Interest Earnings	3,305	4,187
Other	<u>82,224</u>	<u>65,682</u>
Total Revenues	<u>7,987,445</u>	<u>8,046,485</u>
Program Expenses		
Instruction	5,144,508	4,344,118
Support Services:		
Tuition	76,900	3,060
Pupils and Instructional Staff	1,347,699	1,519,446
General Administration, School Administration, Business	721,846	665,200
Operations and Maintenance of Facilities	675,216	704,512
Pupil Transportation	72,022	37,784
Business-Type Activities	90,284	86,913
Interest and Fiscal Charges	<u>308,397</u>	<u>314,225</u>
Total Expenses	<u>8,436,872</u>	<u>7,675,258</u>
Increase in Net Assets	<u>\$ (449,427)</u>	<u>\$ 371,227</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012
 UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 66.9 percent of revenues for governmental activities for the High Bridge Borough School District for the fiscal year 2012.

Instruction comprises 60.9 percent of district expenses. Support services expenses make up 33.4 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>
Instruction	\$ 5,144,508	\$ 3,496,870	\$ 4,344,118	\$ 2,857,624
Support Services:				
Tuition	76,900	55,399	3,060	2,206
Pupils and Instructional Staff	1,347,699	901,435	1,519,446	941,856
General Administration, School Administration, Business	721,846	520,022	665,200	479,566
Operation and Maintenance of Facilities	675,216	486,430	704,512	507,907
Pupil Transportation	72,022	51,885	37,784	27,240
Business-Type Activities	90,284	(138)	86,913	4,465
Interest and Fiscal Charges	308,397	216,525	314,225	223,861
Total Expenses	<u>\$ 8,436,872</u>	<u>\$ 5,728,428</u>	<u>\$ 7,675,258</u>	<u>\$ 5,044,725</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service and child care.

Interest and fiscal charges involve the transactions associated with the unallocated depreciation.

The dependence upon tax revenues is apparent. Over 68.0 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 67.9 percent. The community, as a whole, is the primary support for the High Bridge Borough School District.

The School District's Funds

Information about the School District's major funds starts on page 10 (Balance Sheet/Exhibit B-1) . These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,896,015 and expenditures of \$7,899,336. The net change in fund balance for the year was most significant in the General Fund, an increase of \$199,675 due to extraordinary aid, additional tuition revenue, return of capital reserve from the capital project fund, and additional state aid received after budget adoption. The Capital Projects fund surplus decreased by \$202,996, due to the return of capital surplus to the general fund's capital reserve, and the adjustment of the SDA receivable to the actual amount received.

General Fund Budgeting Highlights

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

During the course of the fiscal 2012 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding TPAF on-behalf amount, was \$6,722,003, \$307,175 over original budgeted estimates of \$6,414,828. This difference was due primarily to extraordinary aid, additional tuition revenue, and additional state aid received after budget adoption.

The General fund revenues and other financing sources of the School District exceeded expenditures by \$208,756 (budgetary basis), again due to additional revenues as noted in the above paragraph.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Capital Assets

At the end of the fiscal year 2012, the School District had \$12,046,877 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2012 balances compared to 2011.

Table 4
Capital Assets (Net of Depreciation) at June 30,

	<u>2012</u>	<u>2011</u>
Land	\$ 4,826,600	\$ 4,826,600
Land Improvements	247,117	283,374
Buildings and Improvements	6,910,941	7,116,532
Machinery and Equipment	<u>62,219</u>	<u>84,148</u>
Totals	<u>\$ 12,046,877</u>	<u>\$ 12,310,654</u>

Overall capital assets decreased \$263,777 from fiscal year 2011 to fiscal year 2012. Increases in capital assets (primarily equipment) were offset by depreciation expenses for the year.

Capital improvements purchased during fiscal year 2012 totaling \$14,012.

Debt Administration

At June 30, 2012, the School District had \$5,938,980 as outstanding debt. Of this amount \$608,980 is for compensated absences, and \$5,330,000 is general obligation bond debt for the purpose of school construction.

At June 30, 2012, the School District's overall legal debt margin was \$12,188,203 and the unvoted debt margin was \$6,858,203.

For the Future

The High Bridge Borough School District is in very good financial condition presently. A major concern is the increased reliance on local property taxes in light of drastic reductions in state aid over the past few years.

It has been increasingly difficult to balance educational needs with increases in property tax rates. The steady decrease in state aid to offset local property taxes in a predominately bedroom community is thought to be the main reason for the problem. This problem seems to be statewide and is not exclusive to the High Bridge Borough School District. The High Bridge Borough School District is primarily a residential community, with very few ratables, thus the burden is focused on homeowners to bear the tax burden.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

In conclusion, the High Bridge Borough School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Gail Woicekowski, School Business Administrator/ Board Secretary at High Bridge Borough School District, 50 Thomas Street, High Bridge, NJ 08829.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET ASSETS

JUNE 30, 2012

	GOVERNMENTAL	BUSINESS-TYPE	
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 592,342	\$ 9,776	\$ 602,118
Receivables from Other Governments	233,876	915	234,791
Interfund Receivables	190	3,342	3,532
Inventory		3,069	3,069
Restricted Assets:			
Capital Reserve Account - Cash	111,463		111,463
Maintenance Reserve Account - Cash	115,097		115,097
Capital Assets, Net (Note 6):	12,046,877		12,046,877
Total Assets	13,099,845	17,102	13,116,947
LIABILITIES			
Accounts Payable	134,126	3,226	137,352
Interfund Payables	3,342	190	3,532
Deferred Revenue	9,888	1,197	11,085
Accrued Interest	96,766		96,766
Noncurrent Liabilities (Note 7):			
Due Within One Year	375,000		375,000
Due Beyond One Year	5,563,980		5,563,980
Total Liabilities	6,183,102	4,613	6,187,715
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,716,877		6,716,877
Reserved for:			
Other Purposes	701,557		701,557
Unrestricted	(501,691)	12,489	(489,202)
Total Net Assets	\$ 6,916,743	\$ 12,489	\$ 6,929,232

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET ASSETS		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Functions/Programs						
Governmental Activities:						
Instruction:						
Regular	\$ 3,660,783	\$ 139,017	\$ 1,093,780		\$ (2,427,986)	\$ (2,427,986)
Special Education	1,141,845		319,253		(822,592)	(822,592)
Other Special Instruction	294,072		82,221		(211,851)	(211,851)
School Sponsored Cocurricular	47,808		13,367		(34,441)	(34,441)
Support Services:						
Tuition	76,900		21,501		(55,399)	(55,399)
Student & Instruction Related Serv.	1,347,699		446,264		(901,435)	(901,435)
School Administrative Services	263,053		73,548		(189,505)	(189,505)
General and Business Admin. Serv.	458,793		128,276		(330,517)	(330,517)
Plant Operations and Maintenance	675,216		188,786		(486,430)	(486,430)
Pupil Transportation	72,022		20,137		(51,885)	(51,885)
Interest on Long-Term Debt	280,618		91,872		(188,746)	(188,746)
Unallocated Depreciation	27,779				(27,779)	(27,779)
Total Governmental Activities	8,346,588	139,017	2,479,005		(5,728,566)	(5,728,566)
Business-Type Activities:						
Food Service	90,284	63,391	27,031		\$ 138	138
Total Business-Type Activities	90,284	63,391	27,031		138	138
Total Primary Government	\$ 8,436,872	\$ 202,408	\$ 2,506,036		\$ (5,728,566)	\$ (5,728,428)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 4,811,071		\$ 4,811,071
Taxes Levied for Debt Service				532,656		532,656
Federal and State Grants on Capital Projects				(150,255)		(150,255)
Investment Earnings				3,305		3,305
Miscellaneous Income				81,216	\$ 1,008	82,224
Total General Revenues, Special Items, Extraor. Items and Transfers				5,277,993	1,008	5,279,001
Change in Net Assets				(450,573)	1,146	(449,427)
Net Assets—Beginning (As Restated)				7,367,316	11,343	7,378,659
Net Assets—Ending				\$ 6,916,743	\$ 12,489	\$ 6,929,232

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>GENERAL</u> <u>FUND</u>	<u>SPECIAL</u> <u>REVENUE</u> <u>FUND</u>	<u>TOTAL</u> <u>GOVERNMENTAL</u> <u>FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 818,902		\$ 818,902
Interfund Receivables	20,471	\$ 6,790	27,261
Receivables from Other Governments	201,145	32,731	233,876
TOTAL ASSETS	\$ 1,040,518	\$ 39,521	\$ 1,080,039
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 124,304	\$ 9,822	\$ 134,126
Interfund Payable	9,942	20,471	30,413
Deferred Revenue		9,888	9,888
Total Liabilities	134,246	40,181	174,427
Fund Balances:			
<u>Restricted for:</u>			
Capital Reserve Account	286,463		286,463
Maintenance Reserve Account	290,097		290,097
<u>Assigned to:</u>			
Excess Surplus	60,082		60,082
General Fund - Designated for Subsequent Year's Expenditures	64,915		64,915
Year-End Encumbrances	5,501		5,501
Special Revenue Fund		(660)	(660)
<u>Unassigned:</u>			
General Fund	199,214		199,214
Total Fund Balances	906,272	(660)	905,612
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,040,518	\$ 39,521	\$ 1,080,039

Amounts reported for *governmental activities* in the statement of net assets (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 \$16,555,378 and the accumulated depreciation is \$4,508,501.	12,046,877
Accrued Interest on 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 (see Note 7)	(96,766)
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 (see Note 7)	(5,938,980)
Net assets of governmental activities	<u>\$6,916,743</u>

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	<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:					
Local Tax Levy	\$ 4,811,071			\$ 532,656	\$ 5,343,727
Tuition	139,017				139,017
Miscellaneous	84,521				84,521
Total - Local Sources	5,034,609	-	-	532,656	5,567,265
State Sources	2,191,890	\$ 6,600	\$ (150,255)	91,872	2,140,107
Federal Sources	55,540	133,103			188,643
Total Revenues	7,282,039	139,703	(150,255)	624,528	7,896,015
EXPENDITURES					
Current:					
Regular Instruction	2,458,676	56,236			2,514,912
Special Education Instruction	1,034,608				1,034,608
Other Special Instruction	266,454				266,454
School Sponsored Cocurricular	43,318				43,318
Support services and undistributed costs:					
Tuition	76,900				76,900
Student and Instruction Related Services	1,151,674	69,455			1,221,129
School Administrative Services	238,348				238,348
Other Administrative Services	407,906			500	408,406
Plant Operations and Maintenance	611,803				611,803
Pupil Transportation	72,022				72,022
Unallocated Benefits	740,927				740,927
Transfer to Charter School					-
Debt Service:					
Principal				350,000	350,000
Interest and Other Charges				274,028	274,028
Capital Outlay	25,170	14,012	7,299		46,481
Total Expenditures	7,127,806	139,703	7,299	624,528	7,899,336
Excess (Deficiency) of Revenues Over Expenditures	154,233		(157,554)		(3,321)
OTHER FINANCING SOURCES (USES)					
Transfer - Capital Projects	45,442		(45,442)		-
Total Other Financing Sources and Uses	45,442		(45,442)		-
Net Change in Fund Balances	199,675	-	(202,996)	-	(3,321)
Fund Balance—July 1	706,597	(660)	\$ 202,996	-	908,933
Fund Balance—June 30	\$ 906,272	\$ (660)	-	-	\$ 905,612

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (3,321)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (277,789)	
Capital Outlays	<u>14,012</u>	(263,777)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net assets and is not reported in the statement of activities. 350,000

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net assets and is not reported in the statement of activities. 12,586

In the statement of activities, compensated absence debt is accrued, regardless of when paid. In the governmental funds, the related expense is reported when paid. This is the amount by which current year's debt amount of exceeds the prior year's amount. (552,055)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which current year's amount of interest accrual exceeds the prior year's amount. 5,994

Change in Net Assets of Governmental Activities \$ (450,573)

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET ASSETS
 PROPRIETARY FUNDS

JUNE 30, 2012

		Business-Type Activities- Enterprise Funds	
		Food Service	Totals
ASSETS			
Current assets:			
Cash and Cash Equivalents		\$ 9,776	\$ 9,776
Accounts Receivable		915	915
Interfund Receivables		3,342	3,342
Inventories		3,069	3,069
Total Current Assets		<u>17,102</u>	<u>17,102</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment		139,368	139,368
Less Accumulated Depreciation		(139,368)	(139,368)
Total Noncurrent Assets		<u> </u>	<u> </u>
Total Assets		<u>17,102</u>	<u>17,102</u>
LIABILITIES			
Current liabilities:			
Accounts Payable		3,226	3,226
Interfund Payable		190	190
Deferred Revenue		1,197	1,197
Total Current Liabilities		<u>4,613</u>	<u>4,613</u>
Total Liabilities		<u>4,613</u>	<u>4,613</u>
NET ASSETS			
Invested in Capital Assets Net of Related Debt			
Unrestricted		12,489	12,489
Total Net Assets		<u>\$ 12,489</u>	<u>\$ 12,489</u>

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2012

	Business-type Activities- Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable Programs	\$ 44,317	\$ 44,317
Daily Sales - Non-Reimbursable Programs	19,074	19,074
Miscellaneous	1,008	1,008
Total Operating Revenues	<u>64,399</u>	<u>64,399</u>
Operating Expenses:		
Cost of Sales	48,777	48,777
Salaries	25,275	25,275
Employee Benefits	6,564	6,564
Other Purchased Professional Services	9,668	9,668
Total Operating Expenses	<u>90,284</u>	<u>90,284</u>
Operating Income (Loss)	<u>(25,885)</u>	<u>(25,885)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,008	1,008
Federal Sources:		
National School Lunch Program	20,568	20,568
Special Milk Program	800	800
Food Distribution Program	4,608	4,608
Interest Income	47	47
Total Nonoperating Revenues (Expenses)	<u>27,031</u>	<u>27,031</u>
Income (Loss) Before Contributions and Transfers	1,146	1,146
Transfers In (Out)		
Change in Net Assets	<u>1,146</u>	<u>1,146</u>
Total Net Assets—Beginning	11,343	11,343
Total Net Assets—Ending	<u>\$ 12,489</u>	<u>\$ 12,489</u>

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2012

	Business-Type Activities- Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 63,291	63,291
Payments to Employees and Benefits	(31,839)	(31,839)
Payments to Suppliers	(59,365)	(59,365)
Net Cash Provided by (used for) Operating Activities	(27,913)	(27,913)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	1,037	1,037
Federal Sources	21,862	21,862
Operating Subsidies and Transfers from Other Funds	(4,091)	(4,091)
Net Cash Provided by (used for) Non-Capital Financing Activities	18,808	18,808
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Income	47	47
Net Cash Provided by (used for) Non-Capital Financing Activities	47	47
Net Increase (Decrease) in Cash and Cash Equivalents	(9,058)	(9,058)
Balances—Beginning of Year	18,834	18,834
Balances—End of Year	\$ 9,776	\$ 9,776
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (25,885)	\$ (25,885)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Federal Commodities	4,608	4,608
(Increase) Decrease in Accounts Receivable, Net	750	750
(Increase) Decrease in Inventories	(265)	(265)
Increase (Decrease) in Accounts Payable	(7,121)	(7,121)
Total Adjustments	(2,028)	(2,028)
Net Cash Provided by (used for) Operating Activities	\$ (27,913)	\$ (27,913)

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2012

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 51,594	\$ 28,770
	<u>51,594</u>	<u>28,770</u>
Total Assets	\$ 51,594	\$ 28,770
LIABILITIES		
Accounts Payable		\$ 19,007
Payable to Student Groups		<u>9,763</u>
Total Liabilities		<u>28,770</u>
NET ASSETS		
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 51,594</u>	<u> </u>

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-8

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For the Year Ended June 30, 2012

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Total Contributions	
Plan Member	\$ 8,256
Employer	<u>-</u>
Total Contributions	<u>8,256</u>
Investment Earnings:	
Interest	<u>110</u>
Net Investment Earnings	<u>110</u>
Total Additions	<u>8,366</u>
DEDUCTIONS	
Unemployment Claims	<u>8,469</u>
Total Deductions	<u>8,469</u>
Change in Net Assets	(103)
Net Assets—Beginning of the Year	<u>51,697</u>
Net Assets—End of the Year	<u>\$ 51,594</u>

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

Notes to Financial Statements

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the High Bridge Borough School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, and Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (GASB 45). The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2011.

A. Reporting Entity:

The High Bridge Borough School District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The High Bridge Borough School District had an approximate enrollment at June 30, 2012, of 394 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net assets presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No.34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts 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. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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.

D. Encumbrance Accounting:

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 reservations of 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.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted sick leave in varying amounts under the District's personnel contractual agreed policies. Sick leave benefits provide for ordinary sick pay begin vesting with the employee after twenty years of service and payable at set limits upon retirement in the state pension system.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2: CASH AND CASH EQUIVALENTS (Continued):

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2012, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2012, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Capital Reserve	\$111,463		\$111,463
Maintenance Reserve	115,097		115,097
Checking Accounts	<u>602,118</u>	<u>\$80,364</u>	<u>682,482</u>
	<u>\$828,678</u>	<u>\$80,364</u>	<u>\$909,042</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2012, was \$909,042 and the bank balance was \$1,071,553. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$821,553 was covered by collateral pool.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 3: RECEIVABLES

Receivables at June 30, 2012, consisted of tuition charges and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$196,019	\$196,062
Federal Aid	34,757	35,629
Other Receivables	3,100	3,100
Gross Receivable	233,876	234,791
Less: Allow. for Uncollectibles		
Total Receivables, Net	\$233,876	\$234,791

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2012, consisted of the following:

Food	\$2,361
Supplies	<u>708</u>
	<u>\$3,069</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 4,826,600			\$ 4,826,600
Total Capital Assets Not Being Depreciated	<u>4,826,600</u>			<u>4,826,600</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	725,140			725,140
Buildings and Building Improvements	10,723,960			10,723,960
Machinery and Equipment	265,666	14,012		279,678
Total at Historical Cost	<u>11,714,766</u>	<u>14,012</u>	-	<u>11,728,778</u>
Less Accumulated Depreciation for:				
Land Improvements	(441,766)	(36,257)		(478,023)
Building and Improvements	(3,607,428)	(205,591)		(3,813,019)
Equipment	(181,518)	(35,941)		(217,459)
Total Accumulated Depreciation	<u>(4,230,712)</u>	<u>(277,789)</u>	-	<u>(4,508,501)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>7,484,054</u>	<u>(263,777)</u>	-	<u>7,220,277</u>
Government Activity Capital Assets, Net	<u>\$ 12,310,654</u>	<u>\$ (263,777)</u>	-	<u>\$ 12,046,877</u>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 250,010
Unallocated	<u>27,779</u>
Total	<u>\$ 277,789</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 7: LONG-TERM OBLIGATIONS

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2012, are as follows:

	Balance <u>7/1/11</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/12</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 5,680,000		\$ (350,000)	\$ 5,330,000	\$ 350,000
Capital Lease Obligation	12,586		(12,586)		
Other Liabilities:					
Compensated Absences Payable	56,925	\$ 552,055		608,980	
Total	<u>\$ 5,749,511</u>	<u>\$ 552,055</u>	<u>\$ (362,586)</u>	<u>\$ 5,938,980</u>	<u>\$ 350,000</u>

Compensated absences and capital leases have been liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

For the year ended June 30, 2012, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			
	<u>Issue</u> <u>Dates</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>Balance</u> <u>6/30/2012</u>
Asbestos Removal	12/1/97	4.85%	2/15/13	\$ 140,000
1999 Advance Refunding 1996 Bonds	5/1/99	4.0-5.0%	2/15/26	5,190,000
Total Bonds				\$ 5,330,000

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2012, is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 375,000	\$ 258,042	\$ 633,042
2014	260,000	240,795	500,795
2015	285,000	229,095	514,095
2016	300,000	216,127	516,127
2017	315,000	202,327	517,327
Thereafter	3,795,000	1,014,867	4,809,867
	\$5,330,000	\$2,161,253	\$ 7,491,253

As of June 30, 2012, the District had no authorized but not issued bonds.

C. Advance Refunding:

The 1999 Series Refunding Bonds were issued for the purpose of advance refunding the school's 1996 School Bonds. The 1996 Bonds were originally issued to provide funding for various improvements to the elementary and middle schools. The balance outstanding on the refunded bonds was \$5,190,000 at June 30, 2012.

D. Capital Leases:

On January 1, 2007, the district entered into a lease agreement with Hunterdon County Education Services Commission for the purpose of acquiring technology equipment related to telephone and computer servers. The lease is for a term of 60 months at a monthly payment of \$2,097.80, and commenced January 1, 2007. At the end of the lease the equipment can be purchased for \$1.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 8: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A.18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 8: PENSION PLANS (Continued)

Significant Legislation - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2012	\$65,975	100 %	-0-
6/30/2011	\$145,427	100	-0-
6/30/2010	\$52,091	100	-0-

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2012	-0-	100 %	-0-
6/30/2011	-0-	100	-0-
6/30/2010	-0-	100	-0-

During the fiscal year ended June 30, 2012, the State of New Jersey did contribute \$326,414 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$242,703 during the year ended June 30, 2012, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2011 there were 93,323 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums 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 free 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the the State of New Jersey and as such, no district OPEB liability exists.

NOTE 10: DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

- Siracusa
- Prudential
- Lincoln National Life

NOTE 11: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted sick leave in varying amounts under the District's personnel contractual agreed policies. Sick leave benefits provide for ordinary sick pay begin vesting with the employee after twenty years of service and payable at set limits upon retirement in the state pension system.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 11: COMPENSATED ABSENCES (Continued)

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2012, no liability existed for compensated absences in the proprietary fund types.

NOTE 12: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - 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 expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011-2012	\$110	\$8,256	\$8,469	\$51,594
2010-2011	\$156		\$8,444	\$51,697
2009-2010	\$31	\$3,419	\$28,922	\$59,985

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

LITIGATION

The Board is involved in two civil disputes arising from erroneously over paid teacher's salaries, of which it is recovering over a five year period. The disputes allege the board acted unilaterally to recover the overpaid amounts and is seeking an order to compel the board to cease in the collection of the overpaid amounts. Management is of the opinion that any outcome resulting from these actions would not have a material effect on the District's financial position.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)- Of the \$906,272 General Fund fund balance at June 30, 2012, \$5,501 is reserved for encumbrances; \$286,463 has been reserved in the Capital Reserve Account; \$290,097 has been reserved in the Maintenance Reserve Account; \$60,082 has been reserved for excess surplus in accordance with N.J.S.A.18A:7F-7, as amended; (\$60,082 of the excess surplus will be appropriated and included as anticipated revenue for the year ending June 30, 2014), \$64,915 is appropriated and included as anticipated revenue for the year ending June 30, 2013, and \$199,214 is unreserved and undesignated.

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the High Bridge Borough School District Board of Education by inclusion of \$1. on October 9, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account 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. 6A:23-2.13(g), the balance in the account 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 July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$ 118,654
Interest Earnings	108
Budgeted Withdrawal	(7,299)
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/18/12	175,000
Ending Balance, June 30, 2012	<u><u>\$ 286,463</u></u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 16: MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

A maintenance reserve account was established by the High Bridge Borough School District Board of Education by inclusion of \$1 on June 30, 2003, for the accumulation of funds for use as maintenance reserve expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$ 115,001
Interest Earnings	96
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/18/12	175,000
Ending Balance, June 30, 2012	\$ 290,097

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES

A net interfund payable of \$3,152 is due from the current fund to the food service fund for state and federal subsidies received but not yet transferred to the food service fund.

NOTE 18: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$660 in the Special Revenue Fund as of June 30, 2012, as reported in the fund statements (modified accrual basis). P.L.2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No.33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district can not recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payments, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

NOTE 19: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$60,082.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 20: RETROACTIVE RESTATEMENT OF NET ASSETS

Restatement of Prior Period:

As an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of June 30, 2010. The appraisal revealed minor asset activity that that should be recorded as of June 30, 2011. Accordingly, a restatement of net assets as of June 30, 2011 was necessary.

Governmental Activities Net Assets:

Net Assets (per A-1), June 30, 2011	\$ 7,540,941
Restatement of Capital Assets	<u>(173,625)</u>
Fund balance (per A-1), June 30, 2011, as Restated	<u>\$ 7,367,316</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 4,811,071		\$ 4,811,071	\$ 4,811,071	
Tuition	95,001		95,001	139,017	\$ 44,016
Miscellaneous	18		18	84,521	84,503
Total - Local Sources	<u>4,906,090</u>		<u>4,906,090</u>	<u>5,034,609</u>	<u>128,519</u>
State Sources:					
Equalization Aid	1,037,546		1,037,546	1,037,546	
Transportation Aid	12,586		12,586	12,586	
Special Education Aid	198,253		198,253	198,253	
Security Aid	29,439		29,439	29,439	
Adjustment Aid	87,864		87,864	152,779	64,915
Other State Aid	89,197	24,000	113,197	201,251	88,054
TPAF Pension (On-Behalf - Non-Budgeted)				326,414	326,414
TPAF Social Security (Reimbursed - Non-Budgeted)				242,703	242,703
Total State Sources	<u>1,454,885</u>	<u>24,000</u>	<u>1,478,885</u>	<u>2,200,971</u>	<u>722,086</u>
Federal Sources:					
Education Jobs Grant	53,853	1,687	55,540	55,540	
Total Federal Sources	<u>53,853</u>	<u>1,687</u>	<u>55,540</u>	<u>55,540</u>	
TOTAL REVENUES	<u>6,414,828</u>	<u>25,687</u>	<u>6,440,515</u>	<u>7,291,120</u>	<u>850,605</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	66,850	857	67,707	67,707	
Grades 1-5 - Salaries of Teachers	930,494	53,374	983,868	983,868	
Grades 6-8 - Salaries of Teachers	717,045	10,838	727,883	727,461	422
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	70,566	13,292	83,858	83,858	
Purchased Professional-Educational Services	3,000	(2,450)	550	550	
Purchased Technical Services	68,526	(5,757)	62,769	62,769	
Other Purchased Services (400-500 series)	6,070	(5,492)	578	578	
General Supplies	85,659	50,155	135,814	135,698	116
Textbooks	16,355	1,924	18,279	14,318	3,961
Other Objects	3,675	(3,675)	-	-	
TOTAL REGULAR PROGRAMS - INSTRUCTION	1,968,240	113,066	2,081,306	2,076,807	4,499
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
General Supplies	300	(300)	-	-	-
Total Learning and/or Language Disabilities	300	(300)	-	-	-
Resource Room/Resource Center:					
Salaries of Teachers	566,294	47,231	613,525	612,551	974
Other Salaries for Instruction	7,669	(7,652)	17	17	
General Supplies	1,960	(1,543)	417	417	-
Total Resource Room/Resource Center	575,923	38,036	613,959	612,985	974

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Autism:					
Salaries of Teachers	121,255	5,736	126,991	126,991	
Other Salaries for Instruction	6,000	10,712	16,712	8,259	8,453
Other Purchased Services (400-500 series)	3,000	(3,000)	-	-	
General Supplies	2,650	1,026	3,676	3,676	
Total Autism	132,905	14,474	147,379	138,926	8,453
Preschool Disabilities - Part-Time:					
Salaries of Teachers	69,619	2,548	72,167	72,167	
Other Salaries for Instruction	15,658	(7,489)	8,169	7,752	417
Total Preschool Disabilities - Part-Time	85,277	(4,941)	80,336	79,919	417
TOTAL SPECIAL EDUCATION - INSTRUCTION	794,405	47,269	841,674	831,830	9,844
Basic Skills/Remedial - Instruction					
Salaries of Teachers	267,843	(216)	267,627	266,454	1,173
General Supplies	1,900	(1,760)	140	-	140
Total Basic Skills/Remedial - Instruction	269,743	(1,976)	267,767	266,454	1,313
Bilingual Education - Instruction					
General Supplies	923	(923)	-	-	
Total Bilingual Education - Instruction	923	(923)	-	-	
TOTAL INSTRUCTION	3,033,311	157,436	3,190,747	3,175,091	15,656

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNDISTRIBUTED EXPENDITURES					
School-Sponsored Co/Extra Curricular Activities - Instruction:					
Salaries	37,664	1,158	38,822	38,822	-
Purchased Services (300-500 series)	3,000	1,121	4,121	4,121	
Supplies and Materials	800	(407)	393	375	18
Other Objects	300	(300)	-	-	
Total School-Spon.Co/Extra Curric. Activities - Instruc.	41,764	1,572	43,336	43,318	18
Instruction:					
Tuition to Other LEAs Within the State-Special	50,000	(50,000)			
Tuition to CSSD & Regional Day Schools		46,150	46,150	46,150	
Tuition - State Facilities		30,750	30,750	30,750	
Total Instruction	50,000	26,900	76,900	76,900	
Health Services:					
Salaries	107,424	4,254	111,678	111,611	67
Purchased Professional and Technical Services	3,209	(3,109)	100	100	
Supplies and Materials	3,750	(20)	3,730	3,657	73
Total Health Services	114,383	1,125	115,508	115,368	140
Other Supp. Services Students-Related Services:					
Salaries	76,260	30,084	106,344	106,344	
Purchased Professional - Educational Services	33,200	(28,145)	5,055	5,055	
Supplies and Materials	1,149	551	1,700	1,700	
Total Other Supp. Services Students-Related Services	110,609	2,490	113,099	113,099	-
Other Supp. Services Students-Extra Services:					
Salaries	166,229	(2,334)	163,895	163,895	
Purchased Professional - Educational Services	-	33,657	33,657	33,657	
Total Other Supp. Services Students-Extra Services	166,229	31,323	197,552	197,552	-
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	47,805	7,655	55,460	55,460	
Salaries of Secretarial and Clerical Assistants	14,516	5,494	20,010	20,010	
Purchased Professional - Educational Services	2,000	(1,215)	785	785	
Supplies and Materials	1,081	(80)	1,001	1,001	
Total Other Supp. Services Students-Regular	65,402	11,854	77,256	77,256	

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	257,823	(4,315)	253,508	253,508	
Salaries of Secretarial and Clerical Assistants	22,949	4	22,953	22,953	
Purchased Professional - Educational Services	15,000	(4,980)	10,020	8,922	1,098
Other Purchased Professional and Technical Services	2,235	215	2,450	1,650	800
Misc. Purchased Services (400-500 series O/than Resid.Costs)	2,400	2,113	4,513	4,512	1
Supplies and Materials	3,800	3,560	7,360	7,360	
Other Objects	950	(111)	839	839	
Total Other Supp. Services Students-Special	305,157	(3,514)	301,643	299,744	1,899
Improvement of Instruction Services :					
Salaries of Other Professional Staff	6,125	(6,125)	-	-	
Other Salaries	500	6,658	7,158	7,158	
Supplies and Materials	500	(500)	-	-	
Total Improvement of Instruction Services	7,125	33	7,158	7,158	-
Educational Media Services/School Library:					
Salaries	150,000	1,155	151,155	151,155	
Purchased Professional and Technical Services	4,291	(2,753)	1,538	1,538	
Supplies and Materials	4,705	(4,676)	29	29	
Total Educational Media Services/School Library	158,996	(6,274)	152,722	152,722	
Instructional Staff Training Services:					
Purchased Professional - Educational Services	4,000	(1,016)	2,984	2,702	282
Other Purchased Services (400-500 series)	2,500	(1,163)	1,337	1,336	1
Supplies and Materials	625	198	823	180	643
Total Instructional Staff Training Services	7,125	(1,981)	5,144	4,218	926

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Supp. Services - General Administration:					
Salaries	110,525	121	110,646	110,645	1
Legal Services	42,336	(22,965)	19,371	19,371	
Audit Fees	16,000	66	16,066	16,066	
Architect/Engineer Fees	-	17,333	17,333	17,333	
Other Purchased Professional Services	7,100	(2,533)	4,567	3,808	759
Purchased Technical Services	7,995	(3,852)	4,143	3,152	991
Communications/Telephone	27,820	30,966	58,786	58,786	
BOE Other Purchased Services	7,542	(2,101)	5,441	3,883	1,558
Other Purchased Services (400-500 series)	4,800	500	5,300	4,650	650
General Supplies	1,500	2,777	4,277	4,277	
Miscellaneous Expenditures	7,886	(2,011)	5,875	5,775	100
BOE Membership Dues & Fees	6,825	125	6,950	6,950	
Total Supp. Services - General Administration	240,329	18,426	258,755	254,696	4,059
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	147,057	(41,078)	105,979	105,979	
Salaries of Secretarial and Clerical Assistants	65,784	(2,400)	63,384	61,387	1,997
Other Salaries	70	-	70	-	70
Purchased Professional - Educational Services	-	45,425	45,425	45,415	10
Supplies and Materials	4,000	(1,073)	2,927	2,731	196
Other Objects	1,000	(1,000)	-	-	
Total Support Services - School Administration	217,911	(126)	217,785	215,512	2,273
Central Services:					
Salaries	102,247	(1,539)	100,708	100,708	
Purchased Professional Services	-	5,000	5,000	3,762	1,238
Purchased Technical Services	20,500	(18,850)	1,650	1,650	
Misc. Purchased Services (400-500 series)	4,300	7,729	12,029	12,029	
Supplies and Materials	2,038	(1,212)	826	824	2
Other Objects	4,050	(1,509)	2,541	2,237	304
Total Central Services	133,135	(10,381)	122,754	121,210	1,544

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Required Maintenance for School Facilities:					
Salaries	190,361	25,248	215,609	214,801	808
Total Required Maintenance for School Facilities	190,361	25,248	215,609	214,801	808
Other Operations and Maintenance of Plant:					
Salaries	-	3,319	3,319	3,319	
Purchased Professional and Technical Services	43,000	24,652	67,652	67,652	
Cleaning, Repair and Maintenance Services	47,350	17,627	64,977	64,977	-
Other Purchased Property Services	11,440	982	12,422	12,422	
Insurance	34,975	(2,502)	32,473	32,344	129
General Supplies	30,714	(4,192)	26,522	26,522	
Energy (Natural Gas)	83,200	(49,701)	33,499	33,499	
Energy (Electricity)	108,160	(26,910)	81,250	81,250	
Energy (Gasoline)	1,040	250	1,290	1,101	189
Other Objects	1,725	(1,526)	199	30	169
Total Other Operations and Maintenance of Plant	361,604	(38,001)	323,603	323,116	487
Student Transportation Services:					
Salaries for Pupil Trans.(Bet.Home & Sch.)-Sp.Ed.	3,587	9	3,596	3,595	1
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	22,100	(9,669)	12,431	11,050	1,381
Contract Services - (Between Home and School) - Vendors	-	884	884	884	
Contract Services (Other than Between Home & School)-Vendors	23,300	(1,162)	22,138	22,138	
Contr Serv (Spl. Ed. Students) - Vendors	20,000	(14,081)	5,919	5,233	686
Contracted Services (Special Education Students)-ESCs & CTSA's	5,000	24,122	29,122	29,122	
Miscellaneous Purchased Services-Transportation	312	(312)	-	-	
Total Student Transportation Services	74,299	(209)	74,090	72,022	2,068
ALLOCATED BENEFITS					
Regular Programs-Instruction:					
Workmen's Compensation	28,500	(1,851)	26,649	26,649	
Health Benefits	352,240	(39,627)	312,613	312,613	
Tuition Reimbursement	28,560	(28,560)	-	-	
Other Employee Benefits	42,608	(1)	42,607	42,607	
Total Regular Programs-Instruction	451,908	(70,039)	381,869	381,869	
Special Programs - Instruction:					
Workmen's Compensation	3,500	(287)	3,213	3,194	19
Health Benefits	214,766	(15,181)	199,585	199,584	1
Total Special Programs - Instruction	218,266	(15,468)	202,798	202,778	20

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Health Services:					
Workmen's Compensation	3,000	(195)	2,805	2,805	
Health Benefits	20,073	423	20,496	20,496	
Total Health Services	<u>23,073</u>	<u>228</u>	<u>23,301</u>	<u>23,301</u>	-
Other Support Services-Students-Related Services:					
Workmen's Compensation	1,000	(65)	935	935	
Health Benefits	11,649	37	11,686	11,686	
Total Other Support Services-Students-Related Services	<u>12,649</u>	<u>(28)</u>	<u>12,621</u>	<u>12,621</u>	
Other Support Services-Students-Extra. Services:					
Workmen's Compensation	5,000	(344)	4,656	4,656	
Health Benefits	18,663	(4,399)	14,264	14,264	
Total Other Support Services-Students-Extra. Services	<u>23,663</u>	<u>(4,743)</u>	<u>18,920</u>	<u>18,920</u>	-
Other Support Services-Students-Regular:					
Workmen's Compensation	2,000	(130)	1,870	1,870	
Health Benefits	31,632	504	32,136	32,136	
Total Other Support Services-Students-Regular	<u>33,632</u>	<u>374</u>	<u>34,006</u>	<u>34,006</u>	
Other Support Services-Students-Regular:					
Workmen's Compensation	3,000	(195)	2,805	2,805	
Health Benefits	51,342	281	51,623	51,623	
Total Other Support Services-Students-Regular	<u>54,342</u>	<u>86</u>	<u>54,428</u>	<u>54,428</u>	-

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Educational Media Services/School Library:					
Workmen's Compensation	1,000	(65)	935	935	
Health Benefits	40,041	305	40,346	40,346	
Total Educational Media Services/School Library	41,041	240	41,281	41,281	-
Support Services - General Administration:					
Health Benefits	13,844	563	14,407	14,407	
Total Support Services - General Administration	13,844	563	14,407	14,407	-
Support Services - School Administration:					
Workmen's Compensation	500	-	500	468	32
Health Benefits	22,214	154	22,368	22,368	
Total Support Services - School Administration	22,714	154	22,868	22,836	32
Central Services:					
Health Benefits	17,228	365	17,593	17,593	
Total Central Services	17,228	365	17,593	17,593	
Operation and Maintenance of Plant Services:					
Workmen's Compensation	10,000	(625)	9,375	9,351	24
Health Benefits	64,180	1,768	65,948	64,535	1,413
Total Operation and Maintenance of Plant Services	74,180	1,143	75,323	73,886	1,437
Student Transportation Services:					
Health Benefits	2,052	(2,052)	-	-	
Total Student Transportation Services	2,052	(2,052)	-	-	
TOTAL ALLOCATED BENEFITS	988,592	(89,177)	899,415	897,926	1,489

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNALLOCATED BENEFITS:					
Social Security Contributions	83,746	14,574	98,320	98,320	
Other Retirement Contributions - PERS	66,732	(5,177)	61,555	61,555	
Other Retirement Contributions - Regular		4,666	4,666	4,420	246
Health Benefits	3,100	(3,100)	-	-	
Other Employee Benefits		7,713	7,713	7,515	198
TOTAL UNALLOCATED BENEFITS	153,578	18,676	172,254	171,810	444
On-behalf TPAF pension Contrib. (non-budgeted)				326,414	(326,414)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				242,703	(242,703)
TOTAL ON-BEHALF CONTRIBUTIONS				569,117	(569,117)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	1,142,170	(70,501)	1,071,669	1,638,853	1,933
TOTAL UNDISTRIBUTED EXPENDITURES	3,386,599	(12,016)	3,374,583	3,927,545	16,155
TOTAL GENERAL CURRENT EXPENSE	6,419,910	145,420	6,565,330	7,102,636	31,811
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Lease Purchase Agreements - Principal	25,174		25,174	25,164	10
Other Objects	6		6	6	
Total Facilities Acquisition and Construction Services	25,180	-	25,180	25,170	10
TOTAL CAPITAL OUTLAY	25,180	-	25,180	25,170	10
TOTAL EXPENDITURES	6,445,090	145,420	6,590,510	7,127,806	31,821
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,262)	(119,733)	(149,995)	163,314	313,309

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Financing Sources (Uses):					
Operating Transfer In/(Out):					
Transfer to Capital Projects Fund		(7,299)	(7,299)	(7,299)	
Transfer from Capital Projects Fund				52,741	(52,741)
Total Transfer In/(Out)		<u>(7,299)</u>	<u>(7,299)</u>	<u>45,442</u>	<u>(52,741)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)					
	(30,262)	(127,032)	(157,294)	208,756	260,568
Fund Balance, July 1	834,974		834,974	834,974	
Fund Balance, June 30	<u>\$ 804,712</u>	<u>\$ (127,032)</u>	<u>\$ 677,680</u>	<u>\$ 1,043,730</u>	<u>\$ 260,568</u>
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 286,463	
Maintenance Reserve				290,097	
Assigned to:					
Excess Surplus				60,082	
Designated for Subsequent Year's Expenditures				64,915	
Year-End Encumbrances				5,501	
Unassigned:					
Unrestricted Fund Balance				<u>336,672</u>	
Fund Balance, June 30				<u>\$ 1,043,730</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				\$ 1,043,730	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(137,458)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 906,272</u>	

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
APPROPRIATIONS COMBINING SCHEDULE - FUNDS 11 AND 18
EDUCATION JOBS FUND - FUND 18
GENERAL FUND
 Fiscal Year Ended June 30, 2012

Line	Description	Account #	Fund 11/12/13 Approps	Fund 18 Approps	Schedule C-1 Total General Fund Approps
Undist. Expend.-Custodial Services					
2520	Grades 1-5 - Salaries of Teachers	11-120-100-101	966,344	17,524	983,868
2530	Grades 6-8 - Salaries of Teachers	11-130-100-101	719,325	8,136	727,461
3950	Salaries of Teachers-Autism	11-214-100-101	122,221	4,770	126,991
7621	Salaries-Custodial	11-000-261-100	189,691	25,110	214,801
TOTAL EXPENDITURES			1,997,581	55,540	2,053,121

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
State Sources	\$ 6,600	-	\$ 6,600	\$ 6,600	-
Federal Sources	105,228	\$ 28,504	133,732	125,561	\$ (8,171)
Total Revenues	111,828	28,504	140,332	132,161	(8,171)
EXPENDITURES:					
Instruction					
Salaries of Teachers	22,910	(16,310)	6,600	6,600	
Tuition		42,768	42,768	42,768	-
Purchased Professional and Technical Services	576	(473)	103	103	-
General Supplies	11,623	(3,085)	8,538	5,607	2,931
Other Objects		150	150	150	
Total Instruction	35,109	23,050	58,159	55,228	2,931
Support Services					
Other Purchased Professional Services	33,951	33,215	67,166	66,477	689
Other purchased Services (400-500 series)	42,768	(42,268)	500	500	
Supplies & Materials		307	307	134	173
Total Support Services	76,719	(8,746)	67,973	67,111	862
Facilities Acquisition & Const. Serv.:					
Instructional Equipment		14,200	14,200	9,822	4,378
Total Facilities Acq. & Const. Serv.		14,200	14,200	9,822	4,378
Total Expenditures	111,828	28,504	140,332	132,161	8,171
Total Outflows	\$ 111,828	\$ 28,504	\$ 140,332	\$ 132,161	\$ 8,171
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)				None	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				(660)	
Fund Balance per Governmental Funds(GAAP Basis)				(660)	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2012

**Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 7,291,120	\$ 132,161
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	8,742
Current Year Encumbrances	N/A	(1,200)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	128,377	660
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(137,458)</u>	<u>(660)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 7,282,039</u>	<u>\$ 139,703</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 7,127,806	\$ 132,161
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	8,742
Current Year Encumbrances	N/A	(1,200)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u> </u>	<u> </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 7,127,806</u>	<u>\$ 139,703</u>

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2012

	Title I Part A	Title I I Part A	Title IV	IDEA Basic	IDEA Pre-School	Pre-Sch. Educ. Aid	Totals
REVENUES							
State Sources						\$ 6,600	\$ 6,600
Federal Sources	\$ 9,962	\$14,057	\$ 103	\$ 93,632	\$ 7,807		125,561
TOTAL REVENUES	9,962	14,057	103	93,632	7,807	6,600	132,161
EXPENDITURES:							
Instruction:							
Salaries of Teachers						6,600	6,600
Tuition				42,768			42,768
Purchased Profess. & Tech. Serv.			103				103
General Supplies	140				5,467		5,607
Other Objects					150		150
Total Instruction	140		103	42,768	5,617	6,600	55,228
Support Services:							
Purchased Professional Serv.		13,923		50,864	1,690		66,477
Other Purchased Services (500 Series)					500		500
Supplies and Materials		134					134
Total Support Services	-	14,057	-	50,864	2,190	-	67,111
Facilities Acquisition & Const. Serv.:							
Instructional Equipment	9,822						9,822
Total Facilities Acq. & Const. Serv.	9,822						9,822
TOTAL EXPENDITURES	9,962	14,057	103	93,632	7,807	6,600	132,161
Total Outflows	9,962	14,057	103	93,632	7,807	6,600	132,161
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)							

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Preschool Education Aid Schedule of Expenditures
Preschool - All Programs
Budgetary Basis
For the Fiscal Year Ended June 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance
EXPENDITURES:					
Instruction:					
Salaries of Teachers	\$ 6,600	-	\$ 6,600	\$ 6,600	\$ -
Total instruction	<u>6,600</u>	<u>-</u>	<u>6,600</u>	<u>6,600</u>	<u>-</u>
Total Expenditures	<u>\$ 6,600</u>	<u>-</u>	<u>\$ 6,600</u>	<u>6,600</u>	<u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total 2011-2012 PreK Aid Allocation	\$ 6,600
Add: Actual ECPA Carryover June 30, 2011	-
Add: Budgeted Transfer From General Fund	<u>-</u>
Total Funds Available for 2011-2012 Budget	6,600
Less: 2011-2012 Budgeted PreK & ECPA (Including prior year budgeted carryover)	<u>(6,600)</u>
Available & Unbudgeted Funds as of June 30, 2012	-
 Add: June 30, 2012 Unexpended PreK Aid	<u>-</u>
2011-2012 Actual Carryover - PreK Aid	<u>-</u>
 2011-2012 ECPA Carryover Budgeted in 2012-13	<u><u>-</u></u>

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2012

<u>Issue/Project Title</u>	<u>Approval</u>	<u>Original Date</u>	<u>Original Appropriations</u>	<u>Revised Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2012</u>
					<u>Prior Years</u>	<u>Current Year</u>	
Elementary School Improvements	Board of Education	3/8/04	\$ 69,400	\$ 16,556	\$ 16,556		-
Middle School Improvements	Board of Education	3/8/04	485,720	335,568	335,568		-
Summer School Improvements	Board of Education	6/18/12	7,299	7,299		\$ 7,299	-
Totals			<u>\$ 562,419</u>	<u>\$ 359,423</u>	<u>\$ 352,124</u>	<u>\$ 7,299</u>	-
						Fund Balance	<u>-</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit F-2

**CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE-BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2012

Revenues and Other Financing

Sources

State Sources - SCC Grant	\$ (150,255)
Transfer from capital outlay	<u>(45,442)</u>
Total Revenues	\$ (195,697)

Expenditures and Other Financing

Sources

Purchased professional and technical services	<u>7,299</u>
Total Expenditures	7,299

Excess(deficiency) of revenues over(under) expenditures	\$ (202,996)
---	--------------

Fund Balance - beginning	<u>\$ 202,996</u>
--------------------------	-------------------

Fund Balance - ending	<u><u>-</u></u>
-----------------------	-----------------

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
MIDDLE SCHOOL IMPROVEMENTS

From Inception and for the Fiscal Year Ended June 30, 2012

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 194,288	\$ (128,135)	\$ 66,153	\$ 55,237
Transfer from capital outlay	291,432	(22,017)	269,415	280,331
Total Revenues	<u>485,720</u>	<u>(150,152)</u>	<u>335,568</u>	<u>335,568</u>
Expenditures and Other Financing Sources				
Purchased professional and technical services	\$ 10,616		\$ 10,616	\$ 10,616
Construction services	324,952		324,952	324,952
Total Expenditures	<u>335,568</u>	<u>-</u>	<u>335,568</u>	<u>335,568</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 150,152</u>	<u>\$ (150,152)</u>	<u>-</u>	

Additional project information:

Project number	SP# 2140-055-04-00HB
Grant Date	6/18/2004
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$485,720
Additional Authorized Cost	-\$150,152
Revised Authorized Cost	\$335,568
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	69%
Original Target Completion Date	9/30/05
Revised Target Completion Date	6/30/2012

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit F-2b

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
ELEMENTARY SCHOOL IMPROVEMENTS

From Inception and for the Fiscal Year Ended June 30, 2012

	<u>Prior</u>	<u>Current</u>	<u>Totals</u>	<u>Revised</u>
	<u>Periods</u>	<u>Year</u>		<u>Authorized</u>
				<u>Costs</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 27,760	\$ (22,120)	\$ 5,640	\$ 5,640
Transfer from capital outlay	41,640	(30,724)	10,916	10,916
Total Revenues	<u>69,400</u>	<u>(52,844)</u>	<u>16,556</u>	<u>16,556</u>
Expenditures and Other Financing Sources				
Purchased professional and technical services	\$ 4,594		\$ 4,594	\$ 4,594
Construction services	11,962		11,962	11,962
Total Expenditures	<u>16,556</u>	<u>-</u>	<u>16,556</u>	<u>16,556</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 52,844</u>	<u>\$ (52,844)</u>	<u>-</u>	

Additional project information:

Project number	SP# 2140-060-04-00HC
Grant Date	6/18/2004
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$69,400
Additional Authorized Cost	-\$52,844
Revised Authorized Cost	\$16,556
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	24%
Original Target Completion Date	9/30/05
Revised Target Completion Date	6/30/2012

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit F-2c

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
VARIOUS ELEMENTARY SCHOOL SUMMER IMPROVEMENTS

From Inception and for the Fiscal Year Ended June 30, 2012

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Transfer from capital outlay		\$ 7,299	\$ 7,299	\$ 7,299
Total Revenues	-	7,299	7,299	7,299
Expenditures and Other Financing Sources				
Purchased professional and technical services		\$ 7,299	\$ 7,299	\$ 7,299
Total Expenditures	-	7,299	7,299	7,299
Excess(deficiency) of revenues over(under) expenditures	-	-	-	

Additional project information:

Project number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$7,299
Additional Authorized Cost	
Revised Authorized Cost	\$7,299
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	10%
Original Target Completion Date	6/30/2013
Revised Target Completion Date	6/30/2013

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	AGENCY FUNDS STUDENT ACTIVITY	PAYROLL AGENCY	TOTALS
ASSETS:				
Cash and Cash Equivalents	\$51,594	\$9,763	\$ 19,007	\$80,364
Interfund Receivable				
TOTAL ASSETS	<u>\$51,594</u>	<u>\$9,763</u>	<u>\$19,007</u>	<u>\$80,364</u>
LIABILITIES:				
Liabilities:				
Payroll Deductions and Withholdings			\$19,007	\$19,007
Payable to Student Groups		\$9,763		9,763
Total Liabilities		<u>9,763</u>	<u>19,007</u>	<u>28,770</u>
NET ASSETS				
Held in Trust for Unemployment Claims and Other Purposes	\$51,594			51,594
TOTAL LIABILITIES AND NET ASSETS	<u>\$51,594</u>	<u>\$9,763</u>	<u>\$19,007</u>	<u>\$80,364</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit H-2

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2012**

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 8,256	\$ 8,256
Employer	<u>-</u>	<u>-</u>
Total Contributions	<u>8,256</u>	<u>8,256</u>
Investment Earnings:		
Interest	<u>110</u>	<u>110</u>
Net Investment Earnings	<u>110</u>	<u>110</u>
Total Additions	<u>8,366</u>	<u>8,366</u>
DEDUCTIONS		
Unemployment Claims	<u>8,469</u>	<u>8,469</u>
Total Deductions	<u>8,469</u>	<u>8,469</u>
Change in Net Assets	(103)	(103)
Net Assets—Beginning of the Year	<u>51,697</u>	<u>51,697</u>
Net Assets—End of the Year	<u>\$ 51,594</u>	<u>\$ 51,594</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>BALANCE</u> <u>JULY 1, 2011</u>	<u>TRANSFERS</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2012</u>
Student Activity	\$ 15,807		\$ 59,326	\$ 65,370	\$ 9,763

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>BALANCE JULY 1, 2011</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2012</u>
ASSETS:				
Cash and Cash Equivalents	\$ 67,083	\$ 4,811,527	\$ 4,859,603	\$ 19,007
Total Assets	<u>\$ 67,083</u>	<u>\$ 4,811,527</u>	<u>\$ 4,859,603</u>	<u>\$ 19,007</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 55,991	\$ 1,888,974	\$ 1,925,958	\$ 19,007
Interfund Payable	\$ 11,092		11,092	-
Salaries and Wages	<u>-</u>	<u>2,922,553</u>	<u>2,922,553</u>	<u>-</u>
Total Liabilities	<u>\$ 67,083</u>	<u>\$ 4,811,527</u>	<u>\$ 4,859,603</u>	<u>\$ 19,007</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS
AS OF ENDED JUNE 30, 2012**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2011</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2012</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Asbestos Removal Program	12/1/97	1,500,000	2/15/13	\$ 140,000	4.85%	\$ 270,000	\$ 130,000	\$ 140,000
Advance Refunding - Series of 96 Bonds	5/1/99	6,405,000	2/15/13	235,000	4.00%	5,410,000	220,000	5,190,000
			2/15/14	260,000	to 5.00%			
			2/15/15	285,000				
			2/15/16	300,000				
			2/15/17	315,000				
			2/15/18	335,000				
			2/15/19	355,000				
			2/15/20	375,000				
			2/15/21	395,000				
			2/15/22	415,000				
			2/15/23	440,000				
			2/15/24	465,000				
			2/15/25	495,000				
			2/15/26	520,000				
Total						<u>\$ 5,680,000</u>	<u>\$ 350,000</u>	<u>\$ 5,330,000</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit I-2

**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>LEASE TERM</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>AMOUNT OUTSTANDING 7/1/2011</u>	<u>ADDITIONS</u>	<u>RETIRED CURRENT YEAR PRINCIPAL PAYMENTS</u>	<u>AMOUNT OUTSTANDING 6/30/2012</u>
Technology Equipment/Cisco Systems/Server	0.00%	5 Years	\$ 125,867	\$ 12,586		\$ 12,586	-
Total				\$ 12,586	-	\$ 12,586	-

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 532,656		\$ 532,656	\$ 532,656	
State Sources:					
Debt Service Aid Type II	91,872		91,872	91,872	
Total - State Sources	91,872		91,872	91,872	
TOTAL REVENUES	624,528		624,528	624,528	
EXPENDITURES:					
Regular Debt Service:					
Interest	274,028		274,028	274,028	
Redemption of Principal	350,000		350,000	350,000	
Fiduciary Fees	500		500	500	
Total Regular Debt Service	624,528	-	624,528	624,528	-
TOTAL EXPENDITURES	624,528		624,528	624,528	
Fund Balance, July 1					
Fund Balance, June 30					
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance					

High Bridge Borough School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	67-72
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	73-76
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	77-80
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	81-82
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	83-87

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2004; schedules presenting district-wide information include information beginning in that year.

**High Bridge Borough School District
Net Assets by Component,
Last Ten Fiscal Years**

(accrual basis of accounting)

Exhibit J-1

	2003	2004	2005	2006	Fiscal Year Ending June 30,		2009	2010	2011	2012
					2007	2008				
Governmental activities	N/A									
Invested in capital assets, net of related debt		\$ 6,039,507	\$ 6,497,904	\$ 6,604,755	\$ 6,684,755	\$ 6,666,492	\$ 6,687,114	\$ 6,757,656	\$ 6,804,279	\$ 6,716,877
Restricted		382,257	111,213	4,766	4,920	4,920	3,630	117,592	263,935	701,557
Unrestricted		(301,750)	(87,600)	48,636	57,549	282,244	307,922	296,335	472,727	(501,691)
Total governmental activities net assets	-	\$ 6,120,014	\$ 6,521,517	\$ 6,658,157	\$ 6,747,224	\$ 6,953,656	\$ 6,998,666	\$ 7,171,583	\$ 7,540,941	\$ 6,916,743
Business-type activities										
Invested in capital assets, net of related debt	-	\$ 55,747	\$ 41,761	\$ 27,824	\$ 13,887	\$ -	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	3,738	7,953	11,757	12,203	7,830	7,182	9,474	11,343	12,489
Total business-type activities net assets	-	\$ 59,485	\$ 49,714	\$ 39,581	\$ 26,090	\$ 7,830	\$ 7,182	\$ 9,474	\$ 11,343	\$ 12,489
District-wide										
Invested in capital assets, net of related debt	-	\$ 6,095,254	\$ 6,539,665	\$ 6,632,579	\$ 6,698,642	\$ 6,666,492	\$ 6,687,114	\$ 6,757,656	\$ 6,804,279	\$ 6,716,877
Restricted	-	382,257	111,213	4,766	4,920	4,920	3,630	117,592	263,935	701,557
Unrestricted	-	(298,012)	(79,647)	60,393	69,752	290,074	315,104	305,809	484,070	(489,202)
Total district net assets	-	\$ 6,179,499	\$ 6,571,231	\$ 6,697,738	\$ 6,773,314	\$ 6,961,486	\$ 7,005,848	\$ 7,181,057	\$ 7,552,284	\$ 6,929,232

Source: CAFR Schedule A-1

High Bridge Borough School District
Changes in Net Assets, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses									
Governmental activities									
Instruction									
Regular	\$ 2,400,239	\$ 2,085,234	\$ 2,442,794	\$ 2,781,454	\$ 3,124,828	\$ 3,133,809	\$ 3,267,390	\$ 3,157,305	\$ 3,660,783
Special education	844,694	847,973	938,614	972,540	703,337	715,699	759,047	863,925	1,141,845
Other special education	196,412	172,619	338,005	291,732	324,770	323,061	264,619	275,505	294,072
School sponsored cocurricular		34,555	49,649	38,324	39,902	38,845	42,935	47,383	47,808
Support Services:									
Tuition	23,186	40,990	5,034	-	-	86,190	12,204	3,060	76,900
Student & instruction related services	1,194,980	1,224,366	1,328,867	1,535,795	1,555,834	1,467,184	1,613,185	1,519,446	1,347,699
School administrative services	349,002	228,770	242,730	220,893	231,517	199,551	197,712	232,046	263,053
General and business administrative services	438,373	414,234	510,071	478,670	473,288	481,427	452,161	433,154	458,793
Plant operations and maintenance	611,898	604,276	661,855	734,743	715,273	789,653	675,263	704,512	675,216
Pupil transportation	62,974	70,356	48,045	44,080	51,163	53,349	50,055	37,784	72,022
Interest on long-term debt	351,698	353,106	343,887	333,931	322,481	310,346	297,342	283,265	280,618
Unallocated depreciation	28,603	27,384	27,384	32,798	33,320	30,960	30,960	30,960	27,779
Total governmental activities expenses	<u>6,502,059</u>	<u>6,103,863</u>	<u>6,936,935</u>	<u>7,464,960</u>	<u>7,575,713</u>	<u>7,630,074</u>	<u>7,662,873</u>	<u>7,588,345</u>	<u>8,346,588</u>
Business-type activities:									
Food service	117,179	121,032	125,512	128,592	126,344	105,765	103,428	86,913	90,284
Child Care									
Total business-type activities expense	<u>117,179</u>	<u>121,032</u>	<u>125,512</u>	<u>128,592</u>	<u>126,344</u>	<u>105,765</u>	<u>103,428</u>	<u>86,913</u>	<u>90,284</u>
Total district expenses	<u>\$ 6,619,238</u>	<u>\$ 6,224,895</u>	<u>\$ 7,062,447</u>	<u>\$ 7,593,552</u>	<u>\$ 7,702,057</u>	<u>\$ 7,735,839</u>	<u>\$ 7,766,301</u>	<u>\$ 7,675,258</u>	<u>\$ 8,436,872</u>
Program Revenues									
Governmental activities:									
Charges for services:									
Instruction-regular		\$ 141,087	\$ 121,635	\$ 117,964	\$ 103,854	\$ 118,857	\$ 94,129	\$ 143,788	\$ 139,017
Tuition	\$ 90,522								
Operating grants and contributions	2,168,861	1,776,532	2,360,625	2,605,776	2,690,895	2,345,104	2,497,936	2,404,297	2,479,005
Capital grants and contributions									-
Total governmental activities program revenues	<u>2,259,383</u>	<u>1,917,619</u>	<u>2,482,260</u>	<u>2,723,740</u>	<u>2,794,749</u>	<u>2,463,961</u>	<u>2,592,065</u>	<u>2,548,085</u>	<u>2,618,022</u>
Business-type activities:									
Charges for services									
Food service	80,035	86,618	89,077	87,616	79,644	73,537	66,259	58,112	63,391
Operating grants and contributions	22,114	24,266	24,809	24,446	23,932	25,506	31,111	24,336	27,031
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>102,149</u>	<u>110,884</u>	<u>113,886</u>	<u>112,062</u>	<u>103,576</u>	<u>99,043</u>	<u>97,370</u>	<u>82,448</u>	<u>90,422</u>
Total district program revenues	<u>\$ 2,361,532</u>	<u>\$ 2,028,503</u>	<u>\$ 2,596,146</u>	<u>\$ 2,835,802</u>	<u>\$ 2,898,325</u>	<u>\$ 2,563,004</u>	<u>\$ 2,689,435</u>	<u>\$ 2,630,533</u>	<u>\$ 2,708,444</u>

High Bridge Borough School District
Changes in Net Assets, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net (Expense)/Revenue									
Governmental activities	\$ (4,242,676)	\$ (4,186,244)	\$ (4,454,675)	\$ (4,741,220)	\$ (4,780,964)	\$ (5,166,113)	\$ (5,070,808)	\$ (5,040,260)	\$ (5,728,566)
Business-type activities	(15,030)	(10,148)	(11,626)	(16,530)	(22,768)	(6,722)	(6,058)	(4,465)	138
Total district-wide net expense	<u>\$ (4,257,706)</u>	<u>\$ (4,196,392)</u>	<u>\$ (4,466,301)</u>	<u>\$ (4,757,750)</u>	<u>\$ (4,803,732)</u>	<u>\$ (5,172,835)</u>	<u>\$ (5,076,866)</u>	<u>\$ (5,044,725)</u>	<u>\$ (5,728,428)</u>
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Property taxes levied for general purposes, net	\$ 3,805,940	\$ 3,904,811	\$ 4,105,877	\$ 4,311,838	\$ 4,483,896	\$ 4,636,252	\$ 4,728,192	\$ 4,822,157	\$ 4,811,071
Taxes levied for debt service	438,185	443,629	468,006	492,701	493,937	495,135	502,755	523,926	532,656
Unrestricted grants and contributions		227,688							
Federal and State Capital Grants									(150,255)
Investment earnings		5,174	15,650	25,598	9,413	3,877	4,087	4,187	3,305
Miscellaneous income	6,878	6,575	1,782	150	150	75,859	8,691	59,348	81,216
Transfers	(144)	(130)							
Total governmental activities	<u>4,250,859</u>	<u>4,587,747</u>	<u>4,591,315</u>	<u>4,830,287</u>	<u>4,987,396</u>	<u>5,211,123</u>	<u>5,243,725</u>	<u>5,409,618</u>	<u>5,277,993</u>
Business-type activities:									
Miscellaneous Income	477	247	1,493	3,039	4,508	6,074	8,350	6,334	1,008
Transfers	144	130							
Total business-type activities	<u>621</u>	<u>377</u>	<u>1,493</u>	<u>3,039</u>	<u>4,508</u>	<u>6,074</u>	<u>8,350</u>	<u>6,334</u>	<u>1,008</u>
Total district-wide	<u>\$ 4,251,480</u>	<u>\$ 4,588,124</u>	<u>\$ 4,592,808</u>	<u>\$ 4,833,326</u>	<u>\$ 4,991,904</u>	<u>\$ 5,217,197</u>	<u>\$ 5,252,075</u>	<u>\$ 5,415,952</u>	<u>\$ 5,279,001</u>
Change in Net Assets									
Governmental activities	\$ 8,183	\$ 401,503	\$ 136,640	\$ 89,067	\$ 206,432	\$ 45,010	\$ 172,917	\$ 369,358	\$ (450,573)
Business-type activities	(14,409)	(9,771)	(10,133)	(13,491)	(18,260)	(648)	2,292	1,869	1,146
Total district	<u>\$ (6,226)</u>	<u>\$ 391,732</u>	<u>\$ 126,507</u>	<u>\$ 75,576</u>	<u>\$ 188,172</u>	<u>\$ 44,362</u>	<u>\$ 175,209</u>	<u>\$ 371,227</u>	<u>\$ (449,427)</u>

Source: CAFR Schedule A-2

**High Bridge Borough School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 300,739	\$ 460,445	\$ 145,858	\$ 96,049	\$ 117,887	\$ 178,247	\$ 109,694	\$ 147,872	\$ 389,179	\$ 707,058
Unreserved	142,851	(76,340)	(74,855)	(38,860)	(28,477)	84,729	169,874	266,700	317,418	199,214
Total general fund	<u>\$ 443,590</u>	<u>\$ 384,105</u>	<u>\$ 71,003</u>	<u>\$ 57,189</u>	<u>\$ 89,410</u>	<u>\$ 262,976</u>	<u>\$ 279,568</u>	<u>\$ 414,572</u>	<u>\$ 706,597</u>	<u>\$ 906,272</u>
All Other Governmental Funds										
Reserved	\$ 56,284									-
Unreserved, reported in:										
Special revenue fund	(1,090)						\$ (660)	\$ (660)	\$ (660)	\$ (660)
Capital projects fund			\$ 227,688	\$ 202,996	\$ 202,996	\$ 202,996	202,996	202,996	202,996	
Debt service fund					1,500	1,500				
Total all other governmental funds	<u>\$ 55,194</u>	<u>\$ -</u>	<u>\$ 227,688</u>	<u>\$ 202,996</u>	<u>\$ 204,496</u>	<u>\$ 204,496</u>	<u>\$ 202,336</u>	<u>\$ 202,336</u>	<u>\$ 202,336</u>	<u>\$ (660)</u>

Source: CAFR Schedule B-1

**High Bridge Borough School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues										
Tax levy	\$ 3,926,372	\$ 4,244,125	\$ 4,348,440	\$ 4,573,883	\$ 4,804,539	\$ 4,977,833	\$ 5,131,387	\$ 5,230,947	\$ 5,346,083	\$ 5,343,727
Tuition charges	276,328	90,522	141,087	121,635	117,964	103,854	118,857	94,129	143,788	139,017
Miscellaneous	341,307	6,878	11,749	17,432	25,748	9,563	79,736	12,778	63,535	84,521
State sources	1,870,684	2,040,147	2,342,599	2,243,715	2,482,948	2,558,942	2,222,875	2,206,067	2,126,918	2,140,107
Federal sources	115,216	128,714	129,959	116,910	122,828	131,953	122,229	291,869	277,379	188,643
Total revenue	6,529,907	6,510,386	6,973,834	7,073,575	7,554,027	7,782,145	7,675,084	7,835,790	7,957,703	7,896,015
Expenditures										
Instruction										
Regular Instruction	1,657,241	1,703,842	1,810,704	1,713,308	2,154,758	2,490,261	2,645,082	2,737,184	2,596,671	2,514,912
Special education instruction	678,125	681,364	728,621	727,178	860,055	624,808	666,524	700,605	786,763	1,034,608
Other special instruction	146,226	124,427	148,323	261,865	257,990	288,509	300,864	244,245	250,898	266,454
Other instruction	25,316	34,006	29,691	38,465	33,891	35,447	36,176	39,629	43,151	43,318
Support Services:										
Tuition	36,801	23,186	40,990	5,034	-	-	86,190	12,204	3,060	76,900
Student & instruction related services	829,155	963,918	1,052,037	951,094	1,358,163	1,382,122	1,366,375	1,488,979	1,383,736	1,221,129
School administrative services	255,146	281,519	196,571	188,052	195,344	205,668	185,840	182,489	211,321	238,348
Other administrative services	231,990	353,609	355,931	395,170	423,306	420,444	448,349	417,347	394,467	408,406
Plant operations and maintenance	456,892	493,581	519,224	512,763	649,762	631,806	710,397	623,272	641,588	611,803
Pupil transportation	53,240	62,974	70,356	48,045	44,080	51,163	53,349	50,055	37,784	72,022
Unallocated employee benefits	1,173,509	1,167,045	1,258,230	1,458,413	806,938	800,406	491,217	559,925	646,044	740,927
Special Revenue	129,970									
Charter Schools				8,638	8,954	-	-	-	-	-
Capital Outlay	142,906	149,186	311,875	168,289	133,932	81,017	70,219	37,379	56,405	46,481
Debt service:										
Principal	145,000	165,000	180,000	210,000	255,000	270,000	285,000	305,000	325,000	350,000
Interest and other charges	372,343	364,980	356,565	347,340	338,133	326,928	315,070	302,473	288,790	274,028
Total expenditures	6,333,860	6,568,637	7,059,118	7,033,654	7,520,306	7,608,579	7,660,652	7,700,786	7,665,678	7,899,336
Excess (Deficiency) of revenues over (under) expenditures	196,047	(58,251)	(85,284)	39,921	33,721	173,566	14,432	135,004	292,025	(3,321)
Other Financing Sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds										
Proceeds of refunding debt										
Payment to refunded debt escrow agent										
Transfers in		(144)	(130)							
Transfers out										-
Total other financing sources (uses)	-	(144)	(130)	-	-	-	-	-	-	-
Net change in fund balances	\$ 196,047	\$ (58,395)	\$ (85,414)	\$ 39,921	\$ 33,721	\$ 173,566	\$ 14,432	\$ 135,004	\$ 292,025	\$ (3,321)
Debt service as a percentage of noncapital expenditures	8.4%	8.3%	8.0%	8.1%	8.0%	7.9%	7.9%	7.9%	8.1%	7.9%

Source: CAFR Schedule B-2

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Rentals</u>	<u>Litigation</u> <u>Settlement</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2003	\$ 10,141			\$ 326,500	\$ 276,328		\$ 612,969
2004	6,878				90,522		97,400
2005	5,174		\$ 1,125		141,087	\$ 3,797	151,183
2006	15,650				121,635	960	138,245
2007	25,598				117,964		143,562
2008	9,413				103,854		113,267
2009	3,877	\$ 57,861			118,857	16,763	197,358
2010	4,087				94,129	8,691	106,907
2011	4,187	27,685			143,788	31,663	207,323
2012	3,305	63,429	8,100		139,017	9,687	223,538

SOURCE: District Records

**High Bridge Borough School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2003	\$2,378,700	\$206,248,700	\$422,700	\$18,700	\$6,534,700	\$8,703,100	\$1,725,100	\$241,803,500	\$14,256,400	\$1,247,300	\$226,031,700	\$1.728	\$270,230,918
2004	2,213,900	207,158,200	603,600	16,900	6,534,700	8,632,300	1,612,200	242,399,000	14,761,400	1,010,400	226,771,800	1.864	304,811,057
2005	2,316,600	207,672,400	603,600	16,900	6,534,700	8,632,300	1,612,200	256,020,300	14,777,200	850,000	227,388,700	1.906	321,418,609
2006	5,474,600	347,569,200	1,084,200	19,100	10,888,200	11,236,700	3,786,200	408,689,800	27,505,600	1,126,000	380,058,200	1.201	365,321,396
2007	4,372,900	348,097,300	1,084,200	19,100	10,813,500	10,554,700	3,870,900	408,363,505	28,233,900	1,317,005	378,812,600	1.265	399,979,755
2008	4,188,800	350,188,600	1,084,200	14,200	10,530,400	10,728,706	3,782,200	410,454,112	28,891,200	1,045,806	380,517,106	1.309	447,196,154
2009	7,594,000	355,408,106	1,084,200	14,200	11,947,400	8,024,000	509,600	414,518,512	28,891,200	1,045,806	384,581,506	1.334	446,007,901
2010	2,203,100	354,311,900	1,084,200	14,200	11,947,400	8,024,000	509,600	413,076,511	34,077,900	904,211	378,998,611	1.380	429,523,246
2011	2,183,000	354,003,700	1,084,200	14,200	11,947,800	7,338,600	509,600	412,093,634	34,077,900	934,634	378,015,734	1.414	425,978,607
2012	2,000,900	353,222,800	1,084,200	14,200	11,947,800	7,338,600	509,600	411,034,117	33,990,900	925,117	377,043,217	1.417	410,415,386

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**High Bridge Borough School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	High Bridge Borough Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional School District	High Bridge Borough	Library	Hunterdon County	
2003	\$1.545	\$0.183	\$1.728	\$0.686	\$0.372	\$0.036	\$0.498	\$3.320
2004	\$1.675	\$0.189	\$1.864	\$0.737	\$0.374	\$0.037	\$0.538	\$3.550
2005	\$1.713	\$0.193	\$1.906	\$0.844	\$0.463	\$0.040	\$0.537	\$3.790
2006	\$1.006	\$0.195	\$1.201	\$0.545	\$0.278	\$0.027	\$0.339	\$2.390
2007	\$1.135	\$0.130	\$1.265	\$0.558	\$0.391	\$0.028	\$0.348	\$2.590
2008	\$1.179	\$0.130	\$1.309	\$0.538	\$0.750	\$0.030	\$0.363	\$2.990
2009	\$1.204	\$0.130	\$1.334	\$0.524	\$0.785	\$0.028	\$0.357	\$3.028
2010	\$1.247	\$0.133	\$1.380	\$0.509	\$0.784	\$0.028	\$0.361	\$3.062
2011	\$1.275	\$0.139	\$1.414	\$0.566	\$0.784	\$0.027	\$0.359	\$3.150
2012	\$1.276	\$0.141	\$1.417	\$0.580	\$0.079	\$0.027	\$1.056	\$3.159

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

**High Bridge Borough School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2011			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Glassman Family Realty, LLC	\$3,085,400	1	0.82%	\$ 1,871,900	2	1.30%
1742 Square Assoc. Ltd.	2,695,100	2	0.71%	2,761,600	3	0.93%
Country Club Self Storage. LLC	1,706,000	3	0.45%	1,283,174	6	0.64%
Individual Taxpayer #1	1,695,500	4	0.45%			
United Telephone Co.	904,211	5	0.24%	1,074,000	7	0.53%
Individual Taxpayer #2	845,200	6	0.22%	1,392,000	5	0.69%
Individual Taxpayer #3	832,500	7	0.22%	803,296	10	0.40%
Individual Taxpayer #4	816,900	8	0.22%	1,048,000	8	0.52%
K&J Brokerage	781,700	9	0.21%			
Individual Taxpayer #5	600,000	10	0.16%			
37 Main Street, LLC				844,800	9	0.42%
Heilands, LLC				2,761,600	1	1.37%
Komline Sanderson Eng.Corp.				1,501,400	4	0.74%
Total	\$ 13,962,511		3.70%	\$ 15,341,770		7.54%

Source: District CAFR & Municipal Tax Assessor

**High Bridge Borough School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

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	
2003	\$3,498,635	\$3,498,635	100.00%	-
2004	\$3,805,940	\$3,805,940	100.00%	-
2005	\$3,904,811	\$3,904,811	100.00%	-
2006	\$4,573,883	\$4,573,883	100.00%	-
2007	\$4,804,539	\$4,804,539	100.00%	-
2008	\$4,977,833	\$4,977,833	100.00%	-
2009	\$5,131,387	\$5,131,387	100.00%	-
2010	\$5,230,947	\$5,230,947	100.00%	-
2011	\$5,346,083	\$5,346,083	100.00%	-
2012	\$5,343,727	\$5,343,727	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note:

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

**High Bridge Borough School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2003	\$ 7,675,000	-0-	\$ 200,036	-0-	-0-	\$ 7,875,036	3.52%	\$2,073.47
2004	\$ 7,510,000	-0-	\$ 68,130	-0-	-0-	\$ 7,578,130	3.33%	\$2,002.15
2005	\$ 7,330,000	-0-	-0-	-0-	-0-	\$ 7,330,000	3.27%	\$1,956.75
2006	\$ 7,120,000	-0-	-0-	-0-	-0-	\$ 7,120,000	2.96%	\$1,913.46
2007	\$ 6,865,000	-0-	\$ 113,282	-0-	-0-	\$ 6,978,282	2.74%	\$1,875.38
2008	\$ 6,595,000	-0-	\$ 88,108	-0-	-0-	\$ 6,683,108	2.58%	\$1,800.41
2009	\$ 6,310,000	-0-	\$ 62,934	-0-	-0-	\$ 6,372,934	2.62%	\$1,722.41
2010	\$ 6,005,000	-0-	\$ 37,760	-0-	-0-	\$ 6,042,760	2.44%	\$1,634.50
2011	\$ 5,680,000	-0-	\$ 12,586	-0-	-0-	\$ 5,692,586	2.33%	\$1,560.90
2012	\$ 5,330,000	-0-	-0-	-0-	-0-	\$ 5,330,000	2.18%	\$1,464.69

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

**High Bridge Borough School District
 Ratios of Net General Bonded Debt Outstanding
 Last Ten Fiscal Years**

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	\$ 7,675,000	-0-	\$ 7,675,000	3.40%	\$ 2,021
2004	\$ 7,510,000	-0-	\$ 7,510,000	3.31%	\$ 1,984
2005	\$ 7,330,000	-0-	\$ 7,330,000	3.22%	\$ 1,957
2006	\$ 7,120,000	-0-	\$ 7,120,000	1.87%	\$ 1,913
2007	\$ 6,865,000	-0-	\$ 6,865,000	1.81%	\$ 1,845
2008	\$ 6,595,000	-0-	\$ 6,595,000	1.73%	\$ 1,777
2009	\$ 6,310,000	-0-	\$ 6,310,000	1.64%	\$ 1,705
2010	\$ 6,005,000	-0-	\$ 6,005,000	1.58%	\$ 1,624
2011	\$ 5,680,000	-0-	\$ 5,680,000	1.50%	\$ 1,557
2012	\$ 5,330,000	-0-	\$ 5,330,000	1.41%	\$ 1,465

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

R Revised

* Current data unavailable

**High Bridge Borough School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2012**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of High Bridge	\$ 14,953,020	100.00%	\$ 14,953,020
Other debt			
North Hunterdon Regional School District	\$ 4,040,000	4.567%	184,498
Hunterdon County	83,175,410	1.786%	<u>1,485,320</u>
Subtotal, overlapping debt			16,622,838
High Bridge Borough School District Direct Debt			<u>5,330,000</u>
Total direct and overlapping debt			<u><u>\$ 21,952,838</u></u>

Sources: Borough Finance Officer, Hunterdon County Finance Office and Utility Authorities

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

High Bridge Borough School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2012

Equalized valuation basis	
2009	\$ 423,066,353
2010	407,523,074
2011	388,230,904
[A]	\$ 1,218,820,331

Average equalized valuation of taxable property	[A/3]	\$ 406,273,444
Debt limit (3 % of average equalization value)	[B]	12,188,203
Net bonded school debt	[C]	5,330,000
Legal debt margin	[B-C]	\$ 6,858,203

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$7,487,034	\$9,144,332	\$9,002,568	\$10,101,700	\$11,249,693	\$12,297,014	\$12,833,652	\$12,917,489	\$12,648,955	12,188,203
Total net debt applicable to limit	7,675,000	7,510,000	7,330,000	7,120,000	6,865,000	6,595,000	6,310,000	6,005,000	5,680,000	5,330,000
Legal debt margin	<u>(\$187,966)</u>	<u>\$1,634,332</u>	<u>\$1,672,568</u>	<u>\$2,981,700</u>	<u>\$4,384,693</u>	<u>\$5,702,014</u>	<u>\$6,523,652</u>	<u>\$6,912,489</u>	<u>\$6,968,955</u>	<u>\$6,858,203</u>
Total net debt applicable to the limit as a percentage of debt limit	102.51%	82.13%	81.42%	70.48%	61.02%	53.63%	49.17%	46.49%	44.90%	43.73%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other district

**High Bridge Borough School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2003	3,798	\$ 223,459,128	\$58,836 R	3.3%
2004	3,785	\$ 227,701,815	\$60,159 R	3.3%
2005	3,746	\$ 224,310,480	\$59,880 R	3.1%
2006	3,721	\$ 240,696,606	\$64,686 R	3.5%
2007	3,721	\$ 254,471,748	\$68,388 R	3.1%
2008	3,712	\$ 258,975,104	\$69,767 R	4.0%
2009	3,700	\$ 243,330,500	\$65,765 R	7.2%
2010	3,697	\$ 247,894,941	\$67,053 P	7.4%
2011	3,647	\$ 244,542,291	\$67,053 *	7.3%
2012	3,639	\$ 244,005,867	\$67,053 *	*

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

P =Projected

R =Revised

* Current data unavailable

**High Bridge Borough School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular		41.90	51.70	54.00	39.90	43.74	43.88	40.48	34.19	34.78
Special education		33.83	23.00	22.47	33.40	30.93	30.78	28.70	30.96	33.53
Support Services:										
General administrative services		4.00	2.40	2.45	2.45	2.35	1.85	3.38	2.90	2.90
School administrative services		3.50	3.40	2.85	2.85	2.85	2.85	3.10	3.10	3.10
Business administrative services		2.00	1.85	1.60	1.60	1.60	1.60	1.60	1.60	1.80
Plant operations and maintenance		5.30	5.40	5.74	5.74	5.50	5.68	4.90	0.00	5.30
Pupil transportation		0.00	0.05	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Total	-	90.53	87.67	89.21	86.04	87.07	86.74	82.26	72.85	81.51

Source: District Personnel Records

High Bridge Borough School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
2003	464	\$13,755,024	29,644	10.31%	60	1:7.7	460.6	439.9	-7.08%	95.51%
2004	464	\$14,067,593	30,318	2.27%	58	1:8.0	465.8	446.4	1.13%	95.84%
2005	457	\$14,042,543	30,728	1.35%	58	1:7.9	443.0	427.0	-4.89%	96.39%
2006	445	\$6,299,387	14,156	-53.93%	58	1:7.7	443.5	426.6	0.11%	96.19%
2007	436	\$6,784,287	15,560	9.92%	57	1:7.6	420.0	411.0	-5.30%	97.86%
2008	402	\$6,930,634	17,240	10.80%	51	1:7.9	394.2	380.9	-6.14%	96.63%
2009	409	\$6,990,363	17,091	-0.86%	50	1:8.2	401.9	387.4	1.95%	96.39%
2010	406	\$7,055,934	17,379	1.68%	49	1:8.4	399.1	382.3	-0.70%	95.79%
2011	392	\$6,995,483	17,846	2.68%	49	1:8.0	390.4	372.2	-2.18%	95.34%
2012	394	\$7,228,827	18,347	2.81%	51	1:7.7	388.8	374.9	-0.41%	96.42%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

**High Bridge Borough School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>District Building</u>										
<u>Elementary</u>										
(1966, 1998 Addition)										
Square Feet	46,459	46,459	46,459	46,459	46,459	46,459	46,459	46,459	46,459	46,459
Capacity (students)	349	349	349	349	349	349	349	349	349	349
Enrollment	298	311	313	294	277	260	269	259	226	253
<u>High Bridge Middle School (1903)</u>										
Additions - 1918, 1948, 1998										
Square Feet	54,584	54,584	54,584	54,584	54,584	54,584	54,584	54,584	54,584	54,584
Capacity (students)	126	126	126	126	126	126	126	126	126	126
Enrollment	165	156	144	140	134	142	140	147	145	136

Number of Schools at June 30, 2012

Source: District records, ASSA

Elementary = 1
Middle School = 1

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October district count.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2012

Exhibit J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

<u>School Facilities</u>	<u>Project #</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
High Bridge Middle School	N/A	\$50,845	\$30,908	\$36,662	\$45,032	\$36,620	\$40,244	\$49,662	\$49,662	\$87,836	\$113,845	\$541,316
High Bridge Elementary School	N/A	43,317	26,883	31,887	39,934	32,474	35,688	44,040	44,040	77,892	100,956	477,111
Total School Facilities		94,162	57,791	68,549	84,966	69,094	75,932	93,702	93,702	165,728	214,801	1,018,427
Other Facilities		NONE	NONE	NONE								
Grand Total		\$94,162	\$57,791	\$68,549	\$84,966	\$69,094	\$75,932	\$93,702	\$93,702	\$165,728	\$214,801	\$1,018,427

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

INSURANCE SCHEDULE
JUNE 30, 2012
UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY - School Alliance Insurance Fund:		
Property-Blanket Building and Contents	\$ 150,000,000	\$ 1,000
Comprehensive General Liability	5,000,000	1,000
BOILER AND MACHINERY - School Alliance Insurance Fund	Included in Property	1,000
UMBRELLA LIABILITY - School Alliance Insurance Fund	10,000,000	N/A
SCHOOL BOARD LEGAL LIABILITY - School Alliance Insurance Fund: (\$10,000,000 aggregate)	5,000,000	35,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND - Selective Insurance Company		
Treasurer Position Bond	-	
Board Secretary/School Business Administrator Position	175,000	
BLANKET DISHONESTY BOND		
Per Loss	500,000	1,000
WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY - School Alliance Insurance Fund	100,000 Statutory	

SOURCE: District Records

Single Audit Section



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**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**

Honorable President and
 Members of the Board of Education
 High Bridge Borough School District
 County of Hunterdon
 High Bridge, New Jersey 08829

We have audited the financial statements of the Board of Education of the High Bridge Borough School District in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated October 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey.

Internal Control Over Financial Reporting

Management of the High Bridge Borough School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the High Bridge Borough School Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the High Bridge Borough School Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the High Bridge Borough School Board of Education's internal control over financial reporting.

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 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.

-Continued-

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the High Bridge Borough School District Board of Education's financial statements are free of 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 Division of Finance, Department of Education, State of New Jersey.

This report is intended solely for the information and use of the audit committee, management, the High Bridge Borough School District Board of Education, the New Jersey State Department of Education, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Licensed Public School Accountant No.2369
ARDITO & CO., LLP

Date: October 19, 2012



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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH NEW JERSEY OMB CIRCULAR 04-04

Honorable President and
 Members of the Board of Education
 High Bridge Borough School District
 County of Hunterdon
 High Bridge, New Jersey 08829

Compliance

We have audited the compliance of the High Bridge Borough School District in the County of Warren, State of New Jersey, with the types of compliance requirements described in the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012. The High Bridge Borough School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the High Bridge Borough School District Board of Education's management. Our responsibility is to express an opinion on the High Bridge Borough School District Board of Education's compliance based on our audit.

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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the High Bridge Borough School District 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. Our audit does not provide a legal determination on the High Bridge Borough School District Board of Education's compliance with those requirements.

In our opinion the Board of Education of the High Bridge Borough School District, in the County of Warren, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

The management of the Board of Education of the High Bridge Borough School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the High Bridge Borough School Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 High Bridge Borough School Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, the High Bridge Borough School District Board of Education, the New Jersey State Department of Education, and other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Licensed Public School Accountant No.2369
ARDITO & CO., LLP

Date: October 19, 2012

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2012

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2011	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2012			MEMO			
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.		
State Department of Education																
General Fund:																
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 1,037,546			\$ 1,037,546	\$ (1,037,546)							\$	99,692	\$ 1,037,546
Transportation Aid	12-495-034-5120-014	7/1/11-6/30/12	12,586			12,586	(12,586)							*	1,209	12,586
Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	198,253			198,253	(198,253)							*	19,049	198,253
Security Aid	12-495-034-5120-084	7/1/11-6/30/12	29,439			29,439	(29,439)							*	2,829	29,439
Adjustment Aid	12-495-034-5120-085	7/1/11-6/30/12	152,779			152,779	(152,779)							*	14,679	152,779
Non-Public Transportation Aid	12-100-034-5120-068	7/1/11-6/30/12	4,788				(4,788)			\$ (4,788)				*		4,788
Non-Public Transportation Aid	11-100-034-5120-068	7/1/10-6/30/11	6,098			6,098	(6,098)							*		6,098
Extraordinary Aid	11-495-034-5120-057	7/1/10-6/30/11		\$ (197,580)		197,580	-							*		
Extraordinary Aid	12-495-034-5120-057	7/1/11-6/30/12	190,267				(190,267)			(190,267)				*		190,267
On-behalf TPAF Pension Contrib.	12-495-034-5095-001	7/1/11-6/30/12	326,414			326,414	(326,414)							*		326,414
Reimbursed TPAF Soc.Secur.Contrib.	12-495-034-5095-002	7/1/11-6/30/12	242,703	(13,031)		254,770	(242,703)			(964)				*		242,703
Total General Fund				(210,611)		2,215,465	(2,200,873)	-		(196,019)				*	137,458	2,200,873
Special Revenue Fund:																
Pre-School Education Aid	11-495-034-5120-086	7/1/10-6/30/11	6,600			6,600	(6,600)							*	660	6,600
Character Education Program	06-495-034-5120-053	7/1/05-6/30/06		192						\$ 192				*		-
Total Special Revenue Fund				192		6,600	(6,600)			-	192			*	660	6,600
Capital Projects Fund:																
EDA Grant	SP#2140060040ABS	7/1/05-6/30/06		(5,640)		5,640	-			-				*		-
EDA Grant	SP#21400550400HB	7/1/05-6/30/06		(194,288)		71,793	-	\$ 122,495		-				*		-
EDA Grant	SP#21400600400HC	7/1/05-6/30/06		(27,760)			-	27,760		-				*		-
Total Special Revenue Fund				(227,688)		77,433	-	150,255		-				*		-
Debt Service Fund:																
Debt Service Aid	12-495-034-5120-017	7/1/11-6/30/12	91,872			91,872	(91,872)							*		91,872
State Department of Agriculture:																
Enterprise Fund:																
Nat.School Lunch Prog.(State Share)	11-100-010-3350-023	7/1/10-6/30/11		(73)		73								*		
Nat.School Lunch Prog.(State Share)	12-100-010-3350-023	7/1/11-6/30/12	1,008			965	(1,008)			(43)				*		1,008
Total Enterprise Fund				(73)		1,038	(1,008)			(43)				*		1,008
Total State Financial Assistance				\$ (438,180)		\$ 2,392,408	\$ (2,300,353)	\$ 150,255		\$ (196,062)	\$ 192			*	\$ 138,118	\$ 2,300,353

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, High Bridge Borough School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on 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 Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

The basic 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 the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$9,081) for the general fund and \$7,542 for the special revenue fund. See Exhibit C-3 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 basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2012

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 55,540	\$ 2,191,890	\$ 2,247,430
Special Revenue Fund	133,103	6,600	139,703
Capital Projects Fund		(150,255)	(150,255)
Debt Service Fund		91,872	91,872
Food Service Fund	<u>25,976</u>	<u>1,008</u>	<u>26,984</u>
Total Financial Assistance	<u>\$ 214,619</u>	<u>\$ 2,141,115</u>	<u>\$ 2,355,734</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Part I - Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unqualified
- B) Internal control over financial reporting:
 - 1) Material weakness(es) identified? ___ Yes x No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes x None Reported
- C) Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards Section

N/A

- D) Dollar threshold used to determine Type A programs: \$300,000
- E) Auditee qualified as low-risk auditee? ___ Yes ___ No
- F) Type of auditor's report on compliance for major programs: Unqualified
- G) Internal Control over compliance:
 - 1) Material weakness(es) identified? ___ Yes ___ No
 - 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ No
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? ___ Yes ___ No
- I) Identification of major programs:

CFDA NUMBER(S)

NAME OF FEDERAL PROGRAM OR CLUSTER

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Part I - Summary of Auditor's Results

State Financial Assistance Section

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) ___yes xno
- L) Type of auditor's report on compliance for major programs: Unqualified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? ___yes xno
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___yes xnone reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? ___yes xno
- O) Identification of major programs:

GMIS Number(s)

Name of State Program

12-495-034-5120-078
12-495-034-5120-089

Equalization Aid
Special Education Aid

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Section II-Financial Statement Findings

There were no significant deficiencies, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of Government Auditing Standards.

Section III - State Financial Assistance Findings and Questioned Costs

STATE FINANCIAL ASSISTANCE-There are no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 04-04.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

STATUS OF PRIOR YEAR FINDINGS

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. All prior year findings have been corrected.