

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, 2014**

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, 2014

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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Brian J. Bizzoco
Elementary School Principal
Lisa M. Fallon
Supervisor of Special Education
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August 31, 2014

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, 2014 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 2013-2014 fiscal year, the district had an Average Daily Enrollment (ADE) of 368 students, a 5.74% increase from the 2012-13 ADE. The following table details the changes in the student average daily enrollment of the district over the last twenty years:

AVERAGE DAILY ENROLLMENT

Fiscal Year	Student Enrollment (ADE)	Percent Change: increase (decrease)
2013-14	368.0	5.74%
2012-13	348.0	(10.49)%
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)%

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. 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, 50% 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.

The number of ratables, both commercial and residential, decreased from 1487 to 1472 from the years 2007 to 2014, 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.

Staff worked to update the Social Studies and Physical Education curriculums to ensure they were compliant with the Common Core State Standards. Both the elementary and middle schools implemented a new math series for grades K-8.

Staff members were observed through Techscape and wrote out Student Growth Objectives (SGOs). Our student's field tested the PARCC assessment which will replace the NJASK.

3.2 Staff Development

Professional Development Activities

The district staff actively participated in numerous professional development opportunities during the 2013-2014 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
- SGOs/SGPs
- 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 six 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 2013-2014 school year, the High Bridge School District continued to implement the goals set forth in the 2013 – 2016 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 2012 – 2013 were further enhanced during the 2013-2014 school year through acquisition of additional equipment, wireless access sites and software applications.

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, 2014.

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, 2014 and the amount and percentage of increases in relation to prior year revenues.

Revenue Change 13-14 vs. 12-13

Revenue	2013-14 Amount	Percent of 2012-13 Budget	\$ Change from 2013	Proportion of Increase
<u>(Decrease)</u>				
Local Sources	\$ 5,620,442	69.47%	\$ (11,485)	(.20%)
State Sources	\$ 2,342,436	28.95%	\$ (106,653)	(4.35%)
Federal Sources	<u>\$ 127,810</u>	<u>1.58%</u>	<u>\$ 1,498</u>	<u>1.19</u>
Total	\$ 8,090,688	100.00%	\$ (116,640)	(1.42%)

The following schedule presents a summary of general fund, special revenue fund, and debt service fund expenditures for the fiscal year ended June 30, 2014 and the percentage of increases and decreases in relation to prior year amounts.

Expenditure Change 13-14 vs. 12-13

Expenditures	2013-14 Amount	Percent of Total	Dollar Increase/ (Decrease)	Percent of Increase/ (Decrease)
Current expense:				
Instruction	\$4,044,647	51.60 %	\$ 332,190	8.95 %
Undistributed	<u>\$3,158,565</u>	<u>40.29%</u>	<u>\$ (390,696)</u>	<u>(11.01%)</u>
Total	\$7,203,212	91.89 %	\$ (58,506)	(.81%)
Capital Outlay	\$ 8	0.00 %	\$ (101,816)	(99.99%)
Debt Service	\$ 501,295	6.39 %	\$ (132,248)	(20.87%)
Special Revenue	<u>\$ 134,603</u>	<u>1.72 %</u>	<u>\$ 1,691</u>	<u>1.27%</u>
Total	\$ 7,839,118	100.00 %	\$ (290,879)	(3.58%)

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, 2014 the outstanding debt balance was \$4,695,000.

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 2013, 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,



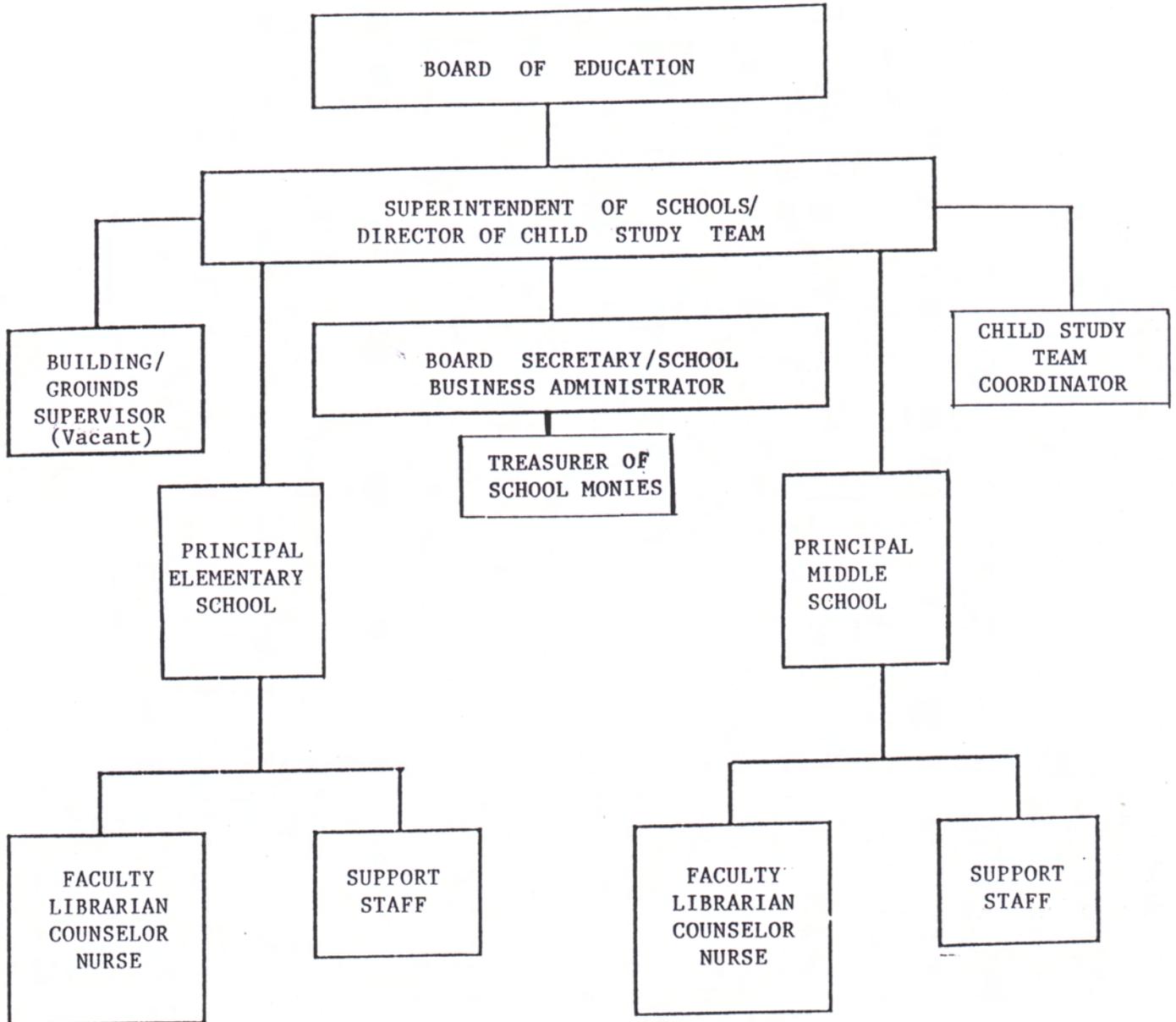
Gregory A. Hobaugh, Ed.D.
Superintendent/Middle School Principal



Michele McCann
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, 2014

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Robert Imhoff, <i>President</i>	2014
Kay Daughters-Musnuff, <i>Vice-President</i>	2015
Thomas Wescoe	2015
Karyn Grove	2016
Todd Honeycutt	2016
Karen Yaskanin-Jones	2014
Alan Schwartz	2015

Other Officials

Gregory Hobaugh, Ed.D, *Superintendent of Schools*

Michele McCann, *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

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Financial Section

Independent Auditor's Report



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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA

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

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the High Bridge Borough School District Board of Education, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the High Bridge Borough School District Board of Education, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 8.8 and 39 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the High Bridge Borough School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's Circular 04-04, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

-Continued-

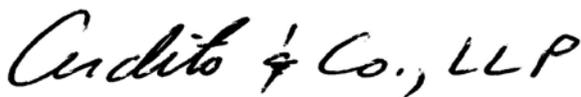
The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2014, 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* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP
August 31, 2014



Licensed Public School Accountant No. 2369

**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, 2014
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, 2014. 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 2014 are as follows:

- ◆ In total, net position increased \$314,445 which represents a 4.4 percent increase from 2013.
- ◆ General revenues accounted for \$5,511,343 in revenue or 67.3 percent of all revenues. Program specific revenues in the form of charges for services, operating grants were \$2,682,907 or 32.7 percent of total revenues of \$8,194,250.
- ◆ Total assets of governmental activities decreased by \$41,809 as cash and cash equivalents increased by \$216,910, receivables increased by \$19,157, and capital assets decreased by \$282,534.
- ◆ The School District had \$7,879,805 in expenses; only \$2,682,907 of these expenses were offset by program specific charges for services, grants or contributions. General Revenues (primarily property taxes) of \$5,511,343 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$7,470,132 in revenues and \$7,203,220 in expenditures. The General Fund's surplus balance increased \$266,912 over 2013, and compared to an original budgeted decrease of \$124,635, due to extraordinary aid, tuition revenue, miscellaneous revenue, and expense savings against budgeted line items.

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 Position 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, 2014
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position 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 2014?" The Statement of Net Position 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 position and changes in those assets. This change in net position 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 Position 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 11. 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, 2014
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 Position 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 Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for 2014 compared to 2013.

	Table 1	
	Net Position	
	<u>2014</u>	<u>2013</u>
Assets		
Current and Other Assets	\$ 1,289,650	\$ 1,048,925
Capital Assets	<u>11,563,358</u>	<u>11,845,892</u>
Total Assets	<u>12,853,008</u>	<u>12,894,817</u>
 Liabilities		
Long-Term Liabilities	4,986,093	5,344,608
Other Liabilities	<u>406,529</u>	<u>404,268</u>
Total Liabilities	<u>5,392,622</u>	<u>5,748,876</u>
 Net Position		
Invested in Capital Assets, Net of Debt	7,150,892	6,716,877
Restricted	1,027,239	852,280
Unrestricted	<u>(717,745)</u>	<u>(423,216)</u>
Total Net Position	<u>\$ 7,460,386</u>	<u>\$ 7,145,941</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Total assets decreased \$41,809. Cash and cash equivalents increased by \$216,910, receivables increased by \$19,157 and capital assets decreased by \$282,534. Cash increased due to operational budget expense savings and receipts of non-budgeted revenues. Capital assets decreased due to depreciation expense.

Table 2 shows the changes in net position from fiscal year 2013.

Table 2
Changes in Net Position

	<u>2014</u>	<u>2013</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 176,059	\$ 195,196
Operating Grants and Contributions	2,506,848	2,591,194
General Revenues:		
Property Taxes	5,467,998	5,391,565
Federal and State Capital Grants	-	11,823
Interest Earnings	1,548	1,351
Other	41,797	101,642
Total Revenues	<u>8,194,250</u>	<u>8,292,771</u>
Program Expenses		
Instruction	4,878,957	4,615,204
Support Services:		
Tuition	62,163	79,600
Pupils and Instructional Staff	1,206,011	1,463,455
General Administration, School Administration, Business	632,252	775,061
Operations and Maintenance of Facilities	638,963	696,800
Pupil Transportation	100,735	78,740
Business-Type Activities	96,055	85,920
Interest and Fiscal Charges	264,669	281,282
Total Expenses	<u>7,879,805</u>	<u>8,076,062</u>
Increase in Net Position	<u>\$ 314,445</u>	<u>\$ 216,709</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
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 66.7 percent of revenues for governmental activities for the High Bridge Borough School District for the fiscal year 2014.

Instruction comprises 61.9 percent of district expenses. Support services expenses make up 32.7 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 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

	Table 3		Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>
	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>		
	Instruction	\$ 4,878,957		
Support Services:				
Tuition	62,163	43,463	79,600	55,464
Pupils and Instructional Staff	1,206,011	747,478	1,463,455	917,523
General Administration, School Administration, Business	632,252	442,056	775,061	540,048
Operation and Maintenance of Facilities	638,963	446,748	696,800	485,518
Pupil Transportation	100,735	70,432	78,740	54,865
Business-Type Activities	96,055	(5,235)	85,920	5,878
Interest and Fiscal Charges	264,669	190,940	281,282	188,083
Total Expenses	<u>\$ 7,879,805</u>	<u>\$ 5,196,898</u>	<u>\$ 8,076,062</u>	<u>\$ 5,289,672</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, 2014
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 66.8 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 66.0 percent. The community, as a whole, is the primary support for the High Bridge Borough School District.

The School District's Funds

accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$8,207,328 and expenditures of \$7,839,118. The net change in fund balance for the year was most significant in the General Fund, an increase of \$266,912 due to extraordinary aid, additional tuition revenue, miscellaneous revenue, and expense savings.

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 2014 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 \$6,816,958, \$144,231 over original budgeted estimates of \$6,672,727. This difference was due primarily to extraordinary aid, additional tuition revenue, and miscellaneous revenue.

The General fund revenues and other financing sources of the School District exceeded expenditures by \$268,562 (budgetary basis), again due to additional revenues as noted in the above paragraph, which compares favorably to a budgeted use of surplus of \$124,635.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Capital Assets

At the end of the fiscal year 2014, the School District had \$11,563,358 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2014 balances compared to 2013.

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

	<u>2014</u>	<u>2013</u>
Land	\$ 4,826,600	\$ 4,826,600
Land Improvements	174,603	210,860
Buildings and Improvements	6,555,305	6,779,412
Machinery and Equipment	6,850	29,020
Totals	<u>\$ 11,563,358</u>	<u>\$ 11,845,892</u>

Overall capital assets decreased \$282,534 from fiscal year 2013 to fiscal year 2014, which is due to depreciation expenses for the year.

No significant capital improvements were purchased during fiscal year 2014.

Debt Administration

At June 30, 2014, the School District had \$5,271,093 as outstanding debt. Of this amount \$576,093 is for compensated absences, and \$4,695,000 is general obligation bond debt for the purpose of school construction.

At June 30, 2014, the School District's overall legal debt margin was \$11,027,429 and the unvoted debt margin was \$6,332,429.

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 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, 2014
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 Michele McCann, 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 position 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 POSITION
JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 1,000,167	\$ 25,354	\$ 1,025,521
Receivables from Other Governments	250,949	1,783	252,732
Interfund Receivables	6,752		6,752
Inventory		4,645	4,645
Capital Assets, Net (Note 6):	11,563,358		11,563,358
Total Assets	12,821,226	31,782	12,853,008
LIABILITIES			
Accounts Payable	7,606	4,289	11,895
Interfund Payables	8,867	6,752	15,619
Unearned Revenue	6,882	1,222	8,104
Accrued Interest	85,911		85,911
Noncurrent Liabilities (Note 7):			
Due Within One Year	285,000		285,000
Due Beyond One Year	4,986,093		4,986,093
Total Liabilities	5,380,359	12,263	5,392,622
NET POSITION			
Invested in Capital Assets, Net of Related Debt	7,150,892		7,150,892
Reserved for:			
Other Purposes	1,027,239		1,027,239
Unrestricted	(737,264)	19,519	(717,745)
Total Net Position	\$ 7,440,867	\$ 19,519	\$ 7,460,386

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, 2014

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Governmental Activities:							
Instruction:							
Regular	\$ 3,618,789	\$ 111,371	\$ 1,127,482		\$ (2,379,936)		\$ (2,379,936)
Special Education	1,011,013		304,136		(706,877)		(706,877)
Other Special Instruction	202,430		60,896		(141,534)		(141,534)
School Sponsored Cocurricular	46,725		14,056		(32,669)		(32,669)
Support Services:							
Tuition	62,163		18,700		(43,463)		(43,463)
Student & Instruction Related Serv.	1,206,011		458,533		(747,478)		(747,478)
School Administrative Services	257,812		77,556		(180,256)		(180,256)
General and Business Admin. Serv.	374,440		112,640		(261,800)		(261,800)
Plant Operations and Maintenance	638,963		192,215		(446,748)		(446,748)
Pupil Transportation	100,735		30,303		(70,432)		(70,432)
Interest on Long-Term Debt	236,416		73,729		(162,687)		(162,687)
Unallocated Depreciation	28,253				(28,253)		(28,253)
Total Governmental Activities	7,783,750	111,371	2,470,246		(5,202,133)		(5,202,133)
Business-Type Activities:							
Food Service	96,055	64,688	36,602			\$ 5,235	5,235
Total Business-Type Activities	96,055	64,688	36,602			5,235	5,235
Total Primary Government	\$ 7,879,805	\$ 176,059	\$ 2,506,848		\$ (5,202,133)	\$ 5,235	\$ (5,196,898)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				\$ 5,055,774			\$ 5,055,774
Taxes Levied for Debt Service				412,224			412,224
Investment Earnings				1,548			1,548
Miscellaneous Income				39,525	\$ 2,272		41,797
Total General Revenues, Special Items, Extraor. Items and Transfers				5,509,071	2,272		5,511,343
Change in Net Position				306,938	7,507		314,445
Net Position—Beginning				7,133,929		12,012	7,145,941
Net Position—Ending				\$ 7,440,867	\$ 19,519	\$ 7,460,386	

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, 2014

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and Cash Equivalents	\$ 998,922			\$ 1,245	\$ 1,000,167
Interfund Receivables	73,757				73,757
Receivables from Other Governments	193,064	57,885			250,949
TOTAL ASSETS	\$ 1,265,743	\$ 57,885	-	\$ 1,245	\$ 1,324,873
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 7,606				\$ 7,606
Interfund Payable	8,867	\$ 51,663	\$ 15,342		75,872
Deferred Revenue		6,882			6,882
Total Liabilities	16,473	58,545	15,342	-	90,360
Fund Balances:					
<u>Restricted for:</u>					
Capital Reserve Account	559,737				559,737
Maintenance Reserve Account	447,502				447,502
<u>Assigned to:</u>					
General Fund - Designated for Subsequent Year's Expenditures	20,000				20,000
Year-End Encumbrances	86,641				86,641
Special Revenue Fund		(660)			(660)
Debt Service Fund			(15,342)		(15,342)
Capital Projects Fund				1,245	1,245
<u>Unassigned:</u>					
General Fund	135,390				135,390
Total Fund Balances	1,249,270	(660)	(15,342)	1,245	1,234,513
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,265,743	\$ 57,885	-	\$ 1,245	\$ 1,324,873

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,651,204 and the accumulated depreciation is \$5,088,026.

11,563,358

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)

(85,911)

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)

(5,271,093)

Net Position of governmental activities

\$7,440,867

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, 2014

	<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	\$ 5,055,774			\$ 412,224	\$ 5,467,998
Tuition	111,371				111,371
Miscellaneous	41,073				41,073
Total - Local Sources	5,208,218	-	-	412,224	5,620,442
State Sources	2,261,914	\$ 6,793	-	73,729	2,342,436
Federal Sources		127,810			127,810
Total Revenues	7,470,132	134,603	-	485,953	8,090,688
EXPENDITURES					
Current:					
Regular Instruction	2,943,242	38,866			2,982,108
Special Education Instruction	883,640				883,640
Other Special Instruction	176,927				176,927
School Sponsored Cocurricular	40,838				40,838
Support services and undistributed costs:					
Tuition	62,163				62,163
Student and Instruction Related Services	958,334	95,737			1,054,071
School Administrative Services	225,331				225,331
Other Administrative Services	326,766			500	327,266
Plant Operations and Maintenance	558,463				558,463
Pupil Transportation	100,735				100,735
Unallocated Benefits	926,773				926,773
Transfer to Charter School					-
Debt Service:					
Principal				260,000	260,000
Interest and Other Charges				240,795	240,795
Capital Outlay	8	-	-		8
Total Expenditures	7,203,220	134,603	-	501,295	7,839,118
Excess (Deficiency) of Revenues Over Expenditures	266,912		-	(15,342)	251,570
Net Change in Fund Balances	266,912	-	-	(15,342)	251,570
Fund Balance—July 1	982,358	(660)	\$ 1,245	-	982,943
Fund Balance—June 30	\$ 1,249,270	\$ (660)	\$ 1,245	(15,342)	\$ 1,234,513

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, 2014**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 251,570

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	\$ (282,534)	
Capital Outlays	<u> -</u>	(282,534)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position and is not reported in the statement of activities. 260,000

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. 73,515

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. 4,387

Change in Net Position of Governmental Activities \$ 306,938

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 POSITION
 PROPRIETARY FUNDS

JUNE 30, 2014

		Business-Type Activities- Enterprise Funds	
		<u>Food Service</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and Cash Equivalents		\$ 25,354	\$ 25,354
Accounts Receivable-Governmental		1,783	1,783
Inventories		4,645	4,645
Total Current Assets		<u>31,782</u>	<u>31,782</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>31,782</u>	<u>31,782</u>
LIABILITIES			
Current liabilities:			
Accounts Payable		4,289	4,289
Interfund Payable		6,752	6,752
Deferred Revenue		1,222	1,222
Total Current Liabilities		<u>12,263</u>	<u>12,263</u>
	Total Liabilities	<u>12,263</u>	<u>12,263</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt		19,519	19,519
Unrestricted		<u> </u>	<u> </u>
	Total Net Position	<u>\$ 19,519</u>	<u>\$ 19,519</u>

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Business-type Activities- Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable	\$ 64,538	\$ 64,538
Daily Sales - Non-Reimb. Programs	150	150
Miscellaneous	2,272	2,272
Total Operating Revenues	<u>66,960</u>	<u>66,960</u>
Operating Expenses:		
Cost of Sales	49,658	49,658
Salaries	26,632	26,632
Employee Benefits	6,828	6,828
Other Purchased Professional Services	7,064	7,064
Miscellaneous	5,873	5,873
Total Operating Expenses	<u>96,055</u>	<u>96,055</u>
Operating Income (Loss)	<u>(29,095)</u>	<u>(29,095)</u>
Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,105	1,105
Federal Sources:		
National School Lunch Program	28,768	28,768
Special Milk Program	51	51
Food Distribution Program	6,671	6,671
Interest Income	7	7
Total Nonoperating Revenues (Expenses)	<u>36,602</u>	<u>36,602</u>
Income (Loss) Before Contributions and Transfers	7,507	7,507
Transfers In (Out)		
Change in Net Position	<u>7,507</u>	<u>7,507</u>
Total Net Position—Beginning	12,012	12,012
Total Net Position—Ending	<u>\$ 19,519</u>	<u>\$ 19,519</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, 2014

	Business-Type Activities- Enterprise Funds	
	Food Service	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 66,811	66,811
Payments to Employees and Benefits	(33,460)	(33,460)
Payments to Suppliers	(57,033)	(57,033)
Net Cash Provided by (used for) Operating Activities	(23,682)	(23,682)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	1,185	1,185
Federal Sources	30,323	30,323
Operating Subsidies and Transfers from Other Funds	16,175	16,175
Net Cash Provided by (used for) Non-Capital Financing Activities	47,683	47,683
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Income	9	9
Net Cash Provided by (used for) Non-Capital Financing Activities	9	9
Net Increase (Decrease) in Cash and Cash Equivalents	24,010	24,010
Balances—Beginning of Year	1,344	1,344
Balances—End of Year	\$ 25,354	\$ 25,354
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (29,095)	\$ (29,095)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Federal Commodities	6,671	6,671
(Increase) Decrease in Accounts Receivable, Net	(5,811)	(5,811)
(Increase) Decrease in Inventories	263	263
Increase (Decrease) in Accounts Payable	4,290	4,290
Total Adjustments	5,413	5,413
Net Cash Provided by (used for) Operating Activities	\$ (23,682)	\$ (23,682)

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 POSITION
FIDUCIARY FUNDS

JUNE 30, 2014

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 26,345	\$ 35,733
Interfund Receivable	<u>-</u>	<u>8,867</u>
Total Assets	<u>\$ 26,345</u>	<u>\$ 44,600</u>
LIABILITIES		
Accounts Payable		\$ 33,667
Payable to Student Groups		<u>10,933</u>
Total Liabilities		<u>44,600</u>
NET POSITION		
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 26,345</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 POSITION
FIDUCIARY FUNDS

For the Year Ended June 30, 2014

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Total Contributions	
Plan Member	\$ 8,181
Employer	<u>-</u>
Total Contributions	<u>8,181</u>
Investment Earnings:	
Interest	<u>21</u>
Net Investment Earnings	<u>21</u>
Total Additions	<u>8,202</u>
DEDUCTIONS	
Unemployment Claims	<u>6,996</u>
Total Deductions	<u>6,996</u>
Change in Net Position	1,206
Net Position—Beginning of the Year	<u>25,139</u>
Net Position—End of the Year	<u>\$ 26,345</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, 2014

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, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2013.

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, 2014, of 375 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, 2014

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 position 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 position 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 position 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, 2014

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, 2014

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, 2014

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, 2014

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, 2014

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, 2014, but which were levied to finance fiscal year 2015 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, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

Net Position represent the difference between assets and liabilities. Net Position 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 Position 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 position 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, 2014

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, 2014

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, 2014, 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, 2014, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents (A-1)	Cash and Cash Equivalents (H-1)	Total
Checking Accounts	<u>\$1,025,521</u>	<u>\$62,078</u>	<u>\$1,087,599</u>
	<u>\$1,025,521</u>	<u>\$62,078</u>	<u>\$1,087,599</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2014, was \$1,087,599 and the bank balance was \$1,374,284. 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 \$1,124,284 was covered by collateral pool.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 3: RECEIVABLES

Receivables at June 30, 2014, 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	182,632	\$182,697
Federal Aid	57,885	59,603
Other Receivables	10,432	10,432
Gross Receivable	250,949	252,732
Less: Allow. for Uncollectibles		
Total Receivables, Net	\$250,949	\$252,732

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2014, consisted of the following:

Food	\$3,585
Supplies	<u>1,060</u>
	<u>\$4,645</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, 2014

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, 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	10,816,538	-		10,816,538
Machinery and Equipment	283,106	-		283,106
Total at Historical Cost	<u>11,824,784</u>	-	-	<u>11,824,784</u>
Less Accumulated Depreciation for:				
Land Improvements	(514,280)	(36,257)		(550,537)
Building and Improvements	(4,037,126)	(224,107)		(4,261,233)
Equipment	(254,086)	(22,170)		(276,256)
Total Accumulated Depreciation	<u>(4,805,492)</u>	<u>(282,534)</u>	-	<u>(5,088,026)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>7,019,292</u>	<u>(282,534)</u>	-	<u>6,736,758</u>
Government Activity Capital Assets, Net	<u>\$ 11,845,892</u>	<u>\$ (282,534)</u>	-	<u>\$ 11,563,358</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	\$ 254,281
Unallocated	<u>28,253</u>
Total	<u>\$ 282,534</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, 2014, are as follows:

	Balance <u>7/1/13</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/14</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 4,955,000		\$ (260,000)	\$ 4,695,000	\$ 285,000
Other Liabilities:					
Compensated Absences Payable	649,608		(73,515)	576,093	
Total	<u>\$ 5,604,608</u>	<u>\$ -</u>	<u>\$ (333,515)</u>	<u>\$ 5,271,093</u>	<u>\$ 285,000</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, 2014

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

For the year ended June 30, 2014, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			Balance
	<u>Issue</u>	<u>Interest</u>	<u>Date of</u>	<u>6/30/2014</u>
	<u>Dates</u>	<u>Rates</u>	<u>Maturity</u>	
1999 Advance Refunding 1996 Bonds	5/1/99	4.0-5.0%	2/15/26	\$ 4,695,000
Total Bonds				<u>\$ 4,695,000</u>

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2014, is as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 285,000	\$ 229,095	\$ 514,095
2016	300,000	216,127	516,127
2017	315,000	202,327	517,327
2018	335,000	187,680	522,680
2019	355,000	171,935	526,935
Thereafter	<u>3,105,000</u>	<u>655,252</u>	<u>3,760,252</u>
	<u>\$4,695,000</u>	<u>\$ 1,662,416</u>	<u>\$ 6,357,416</u>

As of June 30, 2014, 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.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, 2014

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>
6/30/2014	\$62,750	100 %	-0-
6/30/2013	\$54,695	100	-0-
6/30/2012	\$65,975	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>
6/30/2014	-0-	100 %	-0-
6/30/2013	-0-	100	-0-
6/30/2012	-0-	100	-0-

During the fiscal year ended June 30, 2014, the State of New Jersey did contribute \$395,785 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 \$259,039 during the year ended June 30, 2014, 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, 2014

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, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed \$1.07 billion on their behalf. 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 benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

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, 2014

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, 2014, 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>
2013-2014	\$21	\$8,181	\$6,996	\$26,345
2012-2013	\$41	\$7,753	\$34,249	\$25,139
2011-2012	\$110	\$8,256	\$8,469	\$51,594

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 one civil dispute arising from parents seeking special education classification and reimbursement of tuition for their child. The district is opposing the matter. Annual tuition for the special school is estimated at \$50,000 per year, however any potential for loss can not be estimated with any degree of accuracy. 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, 2014

NOTE 14: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)- Of the \$1,249,270 General Fund fund balance at June 30, 2014, \$86,641 is reserved for encumbrances; \$559,737 has been reserved in the Capital Reserve Account; \$447,502 has been reserved in the Maintenance Reserve Account; \$20,000 is appropriated and included as anticipated revenue for the year ending June 30, 2015, and \$135,390 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, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance, July 1, 2013	\$ 429,896
Interest Earnings	257
Budgeted Withdrawal	(20,416)
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/30/14	150,000
Ending Balance, June 30, 2014	<u>\$ 559,737</u>

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, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance, July 1, 2013	\$ 347,302
Interest Earnings	200
Budgeted Withdrawal	(50,000)
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/30/14	150,000
Ending Balance, June 30, 2014	<u>\$ 447,502</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES

A net interfund payable of \$8,867 is due to the payroll agency fund from the current fund for cash advances. A \$6,752 payable is due to the food service fund for state and federal subsidies received but not yet transferred to the food service fund. A net interfund payable of \$51,663 is due from the special revenue fund to the current fund for cash advances in anticipation of collection of federal grants.

NOTE 18: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$660 in the Special Revenue Fund as of June 30, 2014, 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.

The District has a deficit fund balance of \$15,342 in the Debt Service Fund as of June 30, 2014, as reported in the fund statements (modified accrual basis). The deficit occurred due to incorrect budget calculations concerning the debt service tax levy. The deficit was budgeted in fiscal year 2015 and will be fully liquidated by June 30, 2015.

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, 2014 is zero.

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, 2014

	<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	\$ 5,055,774		\$ 5,055,774	\$ 5,055,774	
Tuition	90,750		90,750	111,371	\$ 20,621
Miscellaneous	450		450	41,073	40,623
Total - Local Sources	5,146,974		5,146,974	5,208,218	61,244
State Sources:					
Equalization Aid	1,041,918		1,041,918	1,041,918	
Transportation Aid	14,219		14,219	14,219	
Special Education Aid	207,062		207,062	207,062	
Security Aid	29,645		29,645	29,645	
Adjustment Aid	145,709		145,709	145,709	
Other State Aid	87,200	49,771	136,971	170,187	33,216
TPAF Pension and PRM (On-Behalf - Non-Budgeted)				395,785	395,785
TPAF Social Security (Reimbursed - Non-Budgeted)				259,039	259,039
Total State Sources	1,525,753	49,771	1,575,524	2,263,564	688,040
TOTAL REVENUES	6,672,727	49,771	6,722,498	7,471,782	749,284

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2014

	<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	148,273	51,056	199,329	199,245	84
Grades 1-5 - Salaries of Teachers	941,779	5,299	947,078	946,636	442
Grades 6-8 - Salaries of Teachers	720,935	900	721,835	719,845	1,990
Regular Programs - Home Instruction:					
Salaries of Teachers		5,162	5,162	5,161	1
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	81,922	(910)	81,012	77,202	3,810
Purchased Professional-Educational Services	400	(400)	-	-	
Purchased Technical Services	70,306	2,942	73,248	61,857	11,391
Other Purchased Services (400-500 series)	4,200	(2,985)	1,215	1,215	
General Supplies	92,106	29,239	121,345	102,406	18,939
Textbooks	26,355	(6,256)	20,099	20,070	29
Other Objects	5,000	709	5,709	5,709	
TOTAL REGULAR PROGRAMS - INSTRUCTION	2,091,276	84,756	2,176,032	2,139,346	36,686
SPECIAL EDUCATION - INSTRUCTION					
Multiply Disabled:					
Salaries of Teachers	55,105	(500)	54,605	54,538	67
General Supplies	8,843	500	9,343	6,218	3,125
Total Multiply Disabled	63,948	-	63,948	60,756	3,192
Resource Room/Resource Center:					
Salaries of Teachers	651,532	(10,715)	640,817	627,142	13,675
General Supplies	2,045	18,158	20,203	1,265	18,938
Total Resource Room/Resource Center	653,577	7,443	661,020	628,407	32,613

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Autisim:					
Salaries of Teachers	116,614	(16,959)	99,655	97,752	1,903
Other Salaries for Instruction	30,291	-	30,291	6,653	23,638
Other Purchased Services (400-500 series)	1,500	-	1,500	-	1,500
General Supplies	7,301	-	7,301	3,806	3,495
Total Autisim	155,706	(16,959)	138,747	108,211	30,536
Preschool Disabilities - Part-Time:					
Salaries of Teachers	78,142	(5,304)	72,838	72,838	
Other Salaries for Instruction	12,995	-	12,995	12,994	1
Total Preschool Disabilities - Part-Time	91,137	(5,304)	85,833	85,832	1
Other Special Education:					
General Supplies	8,500	(1,001)	7,499	434	7,065
Total Other Special Education	8,500	(1,001)	7,499	434	7,065
TOTAL SPECIAL EDUCATION - INSTRUCTION	972,868	(15,821)	957,047	883,640	73,407
Basic Skills/Remedial - Instruction					
Salaries of Teachers	170,500	6,800	177,300	176,927	373
Total Basic Skills/Remedial - Instruction	170,500	6,800	177,300	176,927	373
TOTAL INSTRUCTION	3,234,644	75,735	3,310,379	3,199,913	110,466

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2014

	<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	34,537	4,516	39,053	39,053	-
Purchased Services (300-500 series)	4,800	(4,443)	357	357	
Supplies and Materials	500	1,077	1,577	1,428	149
Other Objects	800	(675)	125	-	125
Total School-Spon.Co/Extra Curric. Activities - Instruc. Instruction:	40,637	475	41,112	40,838	274
Tuition to CSSD & Regional Day Schools	79,600	(7,849)	71,751	62,163	9,588
Total Instruction	79,600	(7,849)	71,751	62,163	9,588
Attendance & Social Work:					
Salaries	46,303	-	46,303	45,325	978
Total Attendance & Social Work	46,303		46,303	45,325	978
Health Services:					
Salaries	119,516	3,075	122,591	118,567	4,024
Purchased Professional and Technical Services	4,050	(2,200)	1,850	1,800	50
Other Purchased Services (400-500 series)	1,420	(875)	545	260	285
Supplies and Materials	4,539	-	4,539	3,245	1,294
Total Health Services	129,525	-	129,525	123,872	5,653
Other Supp. Services Students-Related Services:					
Salaries	111,689	(31,757)	79,932	77,983	1,949
Purchased Professional - Educational Services	5,055	3,545	8,600	3,500	5,100
Supplies and Materials	2,466	(800)	1,666	1,666	
Total Other Supp. Services Students-Related Services	119,210	(29,012)	90,198	83,149	7,049

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2014

	<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-Extra Services:					
Salaries	163,030	(22,535)	140,495	137,395	3,100
Purchased Professional - Educational Services	13,680	-	13,680	10,076	3,604
Total Other Supp. Services Students-Extra Services	176,710	(22,535)	154,175	147,471	6,704
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	60,005	38,140	98,145	98,145	
Salaries of Secretarial and Clerical Assistants	8,365	-	8,365	8,365	
Purchased Professional - Educational Services	1,000	(715)	285	-	285
Supplies and Materials	258	45	303	276	27
Total Other Supp. Services Students-Regular	69,628	37,470	107,098	106,786	312
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	240,107	(15,592)	224,515	207,376	17,139
Salaries of Secretarial and Clerical Assistants	23,875	4,188	28,063	28,063	
Purchased Professional - Educational Services	19,980	8,190	28,170	26,402	1,768
Other Purchased Professional and Technical Services	125	(125)	-	-	
Misc. Purchased Services (400-500 series O/than Resid.Costs)	9,610	(1,473)	8,137	8,136	1
Supplies and Materials	6,560	5,949	12,509	2,807	9,702
Other Objects	1,850	(1,030)	820	820	
Total Other Supp. Services Students-Special	302,107	107	302,214	273,604	28,610

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services :					
Salaries of Other Professional Staff	6,713	(3,295)	3,418	831	2,587
Other Salaries	6,500	(66)	6,434	4,239	2,195
Supplies and Materials	-	4,707	4,707	-	4,707
Total Improvement of Instruction Services	13,213	1,346	14,559	5,070	9,489
Educational Media Services/School Library:					
Salaries	167,174	(2,891)	164,283	163,885	398
Purchased Professional and Technical Services	6,125	(3,945)	2,180	2,180	
Supplies and Materials	5,023	6,836	11,859	4,501	7,358
Total Educational Media Services/School Library	178,322	-	178,322	170,566	7,756
Instructional Staff Training Services:					
Purchased Professional - Educational Services	2,782	(2,232)	550	550	
Other Purchased Services (400-500 series)	1,500	-	1,500	1,370	130
Supplies and Materials	823	603	1,426	571	855
Total Instructional Staff Training Services	5,105	(1,629)	3,476	2,491	985

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2014

	<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	127,045	(14,263)	112,782	112,782	
Legal Services	15,250	(11,826)	3,424	3,107	317
Audit Fees	17,000	50	17,050	17,042	8
Other Purchased Professional Services	5,000	(480)	4,520	4,040	480
Purchased Technical Services	3,300	5,867	9,167	6,986	2,181
Communications/Telephone	34,300	(500)	33,800	27,339	6,461
BOE Other Purchased Services	7,500	(1,600)	5,900	5,871	29
Other Purchased Services (400-500 series)	1,000	-	1,000	35	965
General Supplies	1,350	5,388	6,738	777	5,961
Miscellaneous Expenditures	4,500	7,022	11,522	6,101	5,421
BOE Membership Dues & Fees	5,000	240	5,240	5,226	14
Total Supp. Services - General Administration	221,245	(10,102)	211,143	189,306	21,837
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	142,956	3,025	145,981	145,981	
Salaries of Secretarial and Clerical Assistants	75,289	79	75,368	75,368	
Supplies and Materials	2,388	(109)	2,279	2,279	
Other Objects	2,000	(61)	1,939	1,703	236
Total Support Services - School Administration	222,633	2,934	225,567	225,331	236

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Central Services:					
Salaries	108,044	3,000	111,044	111,044	
Purchased Technical Services	20,000	(9,500)	10,500	10,258	242
Misc. Purchased Services (400-500 series)	1,000	10,627	11,627	11,627	
Supplies and Materials	2,300	(1,193)	1,107	1,107	
Other Objects	3,775	(201)	3,574	3,424	150
Total Central Services	135,119	2,733	137,852	137,460	392
Required Maintenance for School Facilities:					
Salaries	102,783	2,897	105,680	104,730	950
Cleaning, Repair and Maintenance Services	40,433	(17,408)	23,025	23,025	-
Total Required Maintenance for School Facilities	143,216	(14,511)	128,705	127,755	950
Other Operations and Maintenance of Plant:					
Salaries	111,851	(4,079)	107,772	107,771	1
Purchased Professional and Technical Services	16,362	5,501	21,863	21,863	
Cleaning, Repair and Maintenance Services	51,527	7,078	58,605	58,605	-
Other Purchased Property Services	13,500	761	14,261	14,261	
Insurance	53,422	(2,658)	50,764	50,764	
General Supplies	29,362	2,098	31,460	31,450	10
Energy (Natural Gas)	50,000	(676)	49,324	49,071	253
Energy (Electricity)	82,000	11,818	93,818	93,808	10
Energy (Gasoline)	2,500	-	2,500	2,408	92
Other Objects	812	-	812	707	105
Total Other Operations and Maintenance of Plant	411,336	19,843	431,179	430,708	471

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services:					
Salaries for Pupil Trans.(Bet.Home & Sch.)-Sp.Ed.	3,740	-	3,740	3,740	
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	9,000	1,830	10,830	10,598	232
Contract Services - (Between Home and School) - Vendors		16,673	16,673	16,055	618
Contract Services (Other than Between Home & School)-Vendors	20,285	(12,031)	8,254	7,770	484
Contr Serv (Spl. Ed. Students) - Vendors	5,412	(74)	5,338	1,965	3,373
Contracted Services (Special Education Students)-Joint Agrmnts.		5,948	5,948	5,761	187
Contracted Services (Special Education Students)-ESCs & CTSA's	45,674	9,172	54,846	54,846	
Miscellaneous Purchased Services-Transportation	75	-	75	-	75
Total Student Transportation Services	84,186	21,518	105,704	100,735	4,969
ALLOCATED BENEFITS					
Regular Programs-Instruction:					
Workmen's Compensation	34,500	(5,537)	28,963	28,963	
Health Benefits	435,935	408,396	844,331	767,550	76,781
Tuition Reimbursement	10,000	(2,617)	7,383	7,383	
Total Regular Programs-Instruction	480,435	400,242	880,677	803,896	76,781
Special Programs - Instruction:					
Workmen's Compensation	3,600	(3,600)	-	-	
Health Benefits	95,803	(95,803)	-	-	
Total Special Programs - Instruction	99,403	(99,403)	-	-	-
TOTAL ALLOCATED BENEFITS	579,838	300,839	880,677	803,896	76,781

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2014

	<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	88,080	(315)	87,765	87,664	101
Other Retirement Contributions - PERS	67,000	(1,709)	65,291	62,750	2,541
Other Retirement Contributions - Regular	15,500	(6,255)	9,245		9,245
Workmen's Compensation	30,300	-	30,300	30,018	282
Health Benefits	402,859	(327,056)	75,803	63,238	12,565
Other Employee Benefits		28,279	28,279	28,279	
TOTAL UNALLOCATED BENEFITS	603,739	(307,056)	296,683	271,949	24,734
On-behalf TPAF pension and PRM Contrib. (non-budgeted)				395,785	(395,785)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				259,039	(259,039)
TOTAL ON-BEHALF CONTRIBUTIONS				654,824	(654,824)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	1,183,577	(6,217)	1,177,360	1,730,669	101,515
TOTAL UNDISTRIBUTED EXPENDITURES	3,561,672	(5,429)	3,556,243	4,003,299	207,768
TOTAL GENERAL CURRENT EXPENSE	6,796,316	70,306	6,866,622	7,203,212	318,234

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	1,046		1,046	8	1,038
Total Facilities Acquisition and Construction Services	<u>1,046</u>	<u>-</u>	<u>1,046</u>	<u>8</u>	<u>1,038</u>
TOTAL CAPITAL OUTLAY	<u>1,046</u>	<u>-</u>	<u>1,046</u>	<u>8</u>	<u>1,038</u>
TOTAL EXPENDITURES	<u>6,797,362</u>	<u>70,306</u>	<u>6,867,668</u>	<u>7,203,220</u>	<u>319,272</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(124,635)</u>	<u>(20,535)</u>	<u>(145,170)</u>	<u>268,562</u>	<u>413,732</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(124,635)</u>	<u>(20,535)</u>	<u>(145,170)</u>	<u>268,562</u>	<u>413,732</u>
Fund Balance, July 1	1,122,815		1,122,815	1,122,815	
Fund Balance, June 30	<u>\$ 998,180</u>	<u>\$ (20,535)</u>	<u>\$ 977,645</u>	<u>\$ 1,391,377</u>	<u>\$ 413,732</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 559,737	
Maintenance Reserve				447,502	
Excess Surplus - Designated for Subseq. Year's Expenditures				-	
Assigned to:					
Designated for Subsequent Year's Expenditures				20,000	
Year-End Encumbrances				86,641	
Unassigned:					
Unrestricted Fund Balance				<u>277,497</u>	
Fund Balance, June 30				<u>\$ 1,391,377</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				\$ 1,391,377	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(142,107)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 1,249,270</u>	

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
State Sources	\$ 6,600	\$ 193	\$ 6,793	\$ 6,793	-
Federal Sources	103,564	31,129	134,693	134,623	\$ (70)
Total Revenues	110,164	31,322	141,486	141,416	(70)
EXPENDITURES:					
Instruction					
Salaries of Teachers	6,600	-	6,600	6,600	
Purchased Services	11,492	11,427	22,919	22,919	
Tuition	38,266	(23,686)	14,580	14,580	
General Supplies	11,638	(10,005)	1,633	1,579	54
Total Instruction	67,996	(22,264)	45,732	45,678	54
Support Services					
Other Purchased Professional Services	42,168	44,798	86,966	86,965	1
Supplies & Materials		8,788	8,788	8,773	15
Total Support Services	42,168	53,586	95,754	95,738	16
Total Expenditures	110,164	31,322	141,486	141,416	70
Total Outflows	\$ 110,164	\$ 31,322	\$ 141,486	\$ 141,416	\$ 70
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				<u>(660)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>(660)</u>	

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

For the Fiscal Year Ended June 30, 2014

**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)	\$ 7,471,782	\$ 141,416
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	
Current Year Encumbrances	N/A	(6,811)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	140,457	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>(142,107)</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>\$ 7,470,132</u>	<u>\$ 134,605</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 7,203,220	\$ 141,416
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	
Current Year Encumbrances	N/A	(6,811)
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>\$ 7,203,220</u>	<u>\$ 134,605</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, 2014

	Title I Part A	Title II Part A	Title II Part D	IDEA Basic	IDEA Pre-School	Character Ed	Pre-Sch. Educ. Aid	Totals
REVENUES								
State Sources						\$ 193	\$ 6,600	\$ 6,793
Federal Sources	\$29,399	\$10,874	\$ 29	\$ 90,079	\$ 4,242			134,623
TOTAL REVENUES	29,399	10,874	29	90,079	4,242	193	6,600	141,416
EXPENDITURES:								
Instruction:								
Salaries of Teachers							6,600	6,600
Purchased Services	22,919							22,919
Tuition				14,580				14,580
General Supplies	176		29		1,374			1,579
Total Instruction	23,095	-	29	14,580	1,374	-	6,600	45,678
Support Services:								
Purchased Professional Serv.		8,700		75,204	2,868	193		86,965
Supplies and Materials	6,304	2,174		295				8,773
Total Support Services	6,304	10,874	-	75,499	2,868	193	-	95,738
TOTAL EXPENDITURES	29,399	10,874	29	90,079	4,242	193	6,600	141,416
Total Outflows	29,399	10,874	29	90,079	4,242	193	6,600	141,416
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, 2014

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

CALCULATION OF BUDGET & CARRYOVER

Total 2013-2014 PreK Aid Allocation	\$ 6,600
Add: Actual ECPA Carryover June 30, 2013	-
Add: Budgeted Transfer From General Fund	-
Total Funds Available for 2013-2014 Budget	<u>6,600</u>
Less: 2013-2014 Budgeted PreK & ECPA (Including prior year budgeted carryover)	<u>(6,600)</u>
Available & Unbudgeted Funds as of June 30, 2014	-
Add: June 30, 2014 Unexpended PreK Aid	-
2013-2014 Actual Carryover - PreK Aid	<u>-</u>
2013-2014 ECPA Carryover Budgeted in 2014-2015	<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, 2014

<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, 2014</u>
					<u>Prior Years</u>	<u>Current Year</u>	
Roof Replacement	Board of Education	10/8/12	\$ 82,000	\$ 82,000	\$ 80,755	-	\$ 1,245
Totals			<u>\$ 82,000</u>	<u>\$ 82,000</u>	<u>\$ 80,755</u>	<u>-</u>	<u>1,245</u>
						Fund Balance	<u>1,245</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, 2014

Fund Balance - beginning	<u>\$ 1,245</u>
Fund Balance - ending	<u>\$ 1,245</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
ROOFING REPLACEMENT

From Inception and for the Fiscal Year Ended June 30, 2014

	<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	\$ 82,000		\$ 82,000	\$ 82,000
Total Revenues	<u>82,000</u>	<u>-</u>	<u>82,000</u>	<u>82,000</u>
Expenditures and Other Financing Sources				
Purchased professional and technical services	\$ 14,695		\$ 14,695	\$ 15,000
Construction services	66,060		66,060	67,000
Total Expenditures	<u>80,755</u>	<u>-</u>	<u>80,755</u>	<u>82,000</u>
Excess(deficiency) of revenues over(under) expenditures	<u>1,245</u>	<u>-</u>	<u>\$ 1,245</u>	

Additional project information:

Project number	N/A
Authorized Date	10/8/12
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$82,000
Additional Authorized Cost	
Revised Authorized Cost	\$82,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	98%
Original Target Completion Date	6/30/13
Revised Target Completion Date	9/30/2014

<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 POSITION
FIDUCIARY FUNDS
JUNE 30, 2014**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	AGENCY FUNDS STUDENT ACTIVITY	PAYROLL AGENCY	TOTALS
ASSETS:				
Cash and Cash Equivalents	\$26,345	\$10,933	\$ 24,800	\$62,078
Interfund Receivable			8,867	8,867
TOTAL ASSETS	\$26,345	\$10,933	\$33,667	\$70,945
LIABILITIES:				
Liabilities:				
Payroll Deductions and Withholdings			\$33,667	\$33,667
Payable to Student Groups		\$10,933		10,933
Total Liabilities		10,933	33,667	44,600
NET POSITION				
Held in Trust for Unemployment Claims and Other Purposes	\$26,345			26,345
TOTAL LIABILITIES AND NET POSITION	\$26,345	\$10,933	\$33,667	\$70,945

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit H-2

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014**

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 8,181	\$ 8,181
Employer	<u>-</u>	<u>-</u>
Total Contributions	<u>8,181</u>	<u>8,181</u>
Investment Earnings:		
Interest	<u>21</u>	<u>21</u>
Net Investment Earnings	<u>21</u>	<u>21</u>
Total Additions	<u>8,202</u>	<u>8,202</u>
DEDUCTIONS		
Unemployment Claims	<u>6,996</u>	<u>6,996</u>
Total Deductions	<u>6,996</u>	<u>6,996</u>
Change in Net Position	1,206	1,206
Net Position—Beginning of the Year	<u>25,139</u>	<u>25,139</u>
Net Position—End of the Year	<u>\$ 26,345</u>	<u>\$ 26,345</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, 2014**

	<u>BALANCE</u> <u>JULY 1, 2013</u>	<u>TRANSFERS</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2014</u>
Student Activity	\$ 20,271		\$ 40,378	\$ 49,716	\$ 10,933

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>BALANCE</u> <u>JULY 1, 2013</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2014</u>
ASSETS:				
Cash and Cash Equivalents	\$ 17,315	\$ 5,316,177	\$ 5,299,825	\$ 24,800
Interfund Receivable	<u>-</u>	<u>8,867</u>	<u>-</u>	<u>8,867</u>
Total Assets	<u>\$ 17,315</u>	<u>\$ 5,325,044</u>	<u>\$ 5,299,825</u>	<u>\$ 33,667</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ (13,751)	\$ 2,389,329	\$ 2,365,215	\$ 10,363
Summer Pay	\$ 31,066	\$ 39,930	\$ 47,692	\$ 23,304
Salaries and Wages	<u>-</u>	<u>2,886,918</u>	<u>2,886,918</u>	<u>-</u>
Total Liabilities	<u>\$ 17,315</u>	<u>\$ 5,316,177</u>	<u>\$ 5,299,825</u>	<u>\$ 33,667</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, 2014**

<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, 2013</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2014</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Advance Refunding - Series of 96 Bonds	5/1/99	\$ 6,405,000	2/15/15	\$ 285,000	4.00%	\$ 4,955,000	\$ 260,000	\$ 4,695,000
			2/15/16	300,000	to 5.00%			
			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>\$ 4,955,000</u>	<u>\$ 260,000</u>	<u>\$ 4,695,000</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Positive/ (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 412,224		\$ 412,224	\$ 412,224	
State Sources:					
Debt Service Aid Type II	73,729		73,729	73,729	
Total - State Sources	73,729		73,729	73,729	
TOTAL REVENUES	485,953		485,953	485,953	
EXPENDITURES:					
Regular Debt Service:					
Interest	250,453		250,453	240,795	\$ (9,658)
Redemption of Principal	235,000		235,000	260,000	25,000
Fiduciary Fees	500		500	500	
Total Regular Debt Service	485,953	-	485,953	501,295	15,342
TOTAL EXPENDITURES	485,953		485,953	501,295	15,342
Excess (Deficiency) of Revenues Over Expenditures	-	-	-	(15,342)	(15,342)
Fund Balance, July 1					
Fund Balance, June 30				(15,342)	
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.	65-70
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.	71-74
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.	75-78
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.	79-80
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.	81-85

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 Position by Component,
Last Ten Fiscal Years**

(accrual basis of accounting)

Exhibit J-1

	2005		2006		2007		2008		Fiscal Year Ending June 30, 2009		2010		2011		2012		2013		2014		
Governmental activities																					
Invested in capital assets, net of related debt	\$	6,497,904	\$	6,604,755	\$	6,684,755	\$	6,666,492	\$	6,687,114	\$	6,757,656	\$	6,804,279	\$	6,716,877	\$	6,716,877	\$	7,150,892	
Restricted		111,213		4,766		4,920		4,920		3,630		117,592		263,935		701,557		852,280		1,027,239	
Unrestricted		(87,600)		48,636		57,549		282,244		307,922		296,335		472,727		(501,691)		(435,228)		(737,264)	
Total governmental activities net position	\$	6,521,517	\$	6,658,157	\$	6,747,224	\$	6,953,656	\$	6,998,666	\$	7,171,583	\$	7,540,941	\$	6,916,743	\$	7,133,929	\$	7,440,867	
Business-type activities																					
Invested in capital assets, net of related debt	\$	41,761	\$	27,824	\$	13,887	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	
Restricted		-		-		-		-		-		-		-		-		-		-	
Unrestricted		7,953		11,757		12,203		7,830		7,182		9,474		11,343		12,489		12,012		19,519	
Total business-type activities net position	\$	49,714	\$	39,581	\$	26,090	\$	7,830	\$	7,182	\$	9,474	\$	11,343	\$	12,489	\$	12,012	\$	19,519	
District-wide																					
Invested in capital assets, net of related debt	\$	6,539,665	\$	6,632,579	\$	6,698,642	\$	6,666,492	\$	6,687,114	\$	6,757,656	\$	6,804,279	\$	6,716,877	\$	6,716,877	\$	7,150,892	
Restricted		111,213		4,766		4,920		4,920		3,630		117,592		263,935		701,557		852,280		1,027,239	
Unrestricted		(79,647)		60,393		69,752		290,074		315,104		305,809		484,070		(489,202)		(423,216)		(717,745)	
Total district net position	\$	6,571,231	\$	6,697,738	\$	6,773,314	\$	6,961,486	\$	7,005,848	\$	7,181,057	\$	7,552,284	\$	6,929,232	\$	7,145,941	\$	7,460,386	

Source: CAFR Schedule A-1

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

Exhibit J-2

	<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>2013</u>	<u>2014</u>
Expenses										
Governmental activities										
Instruction										
Regular	\$ 2,085,234	\$ 2,442,794	\$ 2,781,454	\$ 3,124,828	\$ 3,133,809	\$ 3,267,390	\$ 3,157,305	\$ 3,660,783	\$ 3,137,938	\$ 3,618,789
Special education	847,973	938,614	972,540	703,337	715,699	759,047	863,925	1,141,845	1,138,708	1,011,013
Other special education	172,619	338,005	291,732	324,770	323,061	264,619	275,505	294,072	286,591	202,430
School sponsored cocurricular	34,555	49,649	38,324	39,902	38,845	42,935	47,383	47,808	51,967	46,725
Support Services:										
Tuition	40,990	5,034	-	-	86,190	12,204	3,060	76,900	79,600	62,163
Student & instruction related services	1,224,366	1,328,867	1,535,795	1,555,834	1,467,184	1,613,185	1,519,446	1,347,699	1,463,455	1,206,011
School administrative services	228,770	242,730	220,893	231,517	199,551	197,712	232,046	263,053	318,968	257,812
General and business administrative services	414,234	510,071	478,670	473,288	481,427	452,161	433,154	458,793	456,093	374,440
Plant operations and maintenance	604,276	661,855	734,743	715,273	789,653	675,263	704,512	675,216	696,800	638,963
Pupil transportation	70,356	48,045	44,080	51,163	53,349	50,055	37,784	72,022	78,740	100,735
Interest on long-term debt	353,106	343,887	333,931	322,481	310,346	297,342	283,265	280,618	251,583	236,416
Unallocated depreciation	27,384	27,384	32,798	33,320	30,960	30,960	30,960	27,779	29,699	28,253
Total governmental activities expenses	<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>	<u>7,990,142</u>	<u>7,783,750</u>
Business-type activities:										
Food service	121,032	125,512	128,592	126,344	105,765	103,428	86,913	90,284	85,920	96,055
Child Care										
Total business-type activities expense	<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>	<u>85,920</u>	<u>96,055</u>
Total district expenses	<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>	<u>\$ 8,076,062</u>	<u>\$ 7,879,805</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	\$ 142,770	\$ 111,371
Tuition										
Operating grants and contributions	1,776,532	2,360,625	2,605,776	2,690,895	2,345,104	2,497,936	2,404,297	2,479,005	2,563,578	2,470,246
Capital grants and contributions										-
Total governmental activities program revenues	<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>	<u>2,706,348</u>	<u>2,581,617</u>
Business-type activities:										
Charges for services										
Food service	86,618	89,077	87,616	79,644	73,537	66,259	58,112	63,391	52,426	64,688
Operating grants and contributions	24,266	24,809	24,446	23,932	25,506	31,111	24,336	27,031	27,616	36,602
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<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>	<u>80,042</u>	<u>101,290</u>
Total district program revenues	<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>	<u>\$ 2,786,390</u>	<u>\$ 2,682,907</u>
Net (Expense)/Revenue										
Governmental activities	\$ (4,186,244)	\$(4,454,675)	\$(4,741,220)	\$(4,780,964)	\$(5,166,113)	\$(5,070,808)	\$(5,040,260)	\$(5,728,566)	\$(5,283,794)	\$(5,202,133)
Business-type activities	(10,148)	(11,626)	(16,530)	(22,768)	(6,722)	(6,058)	(4,465)	138	(5,878)	5,235
Total district-wide net expense	<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>	<u>\$(5,289,672)</u>	<u>\$(5,196,898)</u>

Continued

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

Exhibit J-2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 3,904,811	\$ 4,105,877	\$ 4,311,838	\$ 4,483,896	\$ 4,636,252	\$ 4,728,192	\$ 4,822,157	\$ 4,811,071	\$ 4,851,221	\$ 5,055,774
Taxes levied for debt service	443,629	468,006	492,701	493,937	495,135	502,755	523,926	532,656	540,344	412,224
Unrestricted grants and contributions	227,688									
Federal and State Capital Grants								(150,255)	11,823	
Investment earnings	5,174	15,650	25,598	9,413	3,877	4,087	4,187	3,305	1,351	1,548
Miscellaneous income	6,575	1,782	150	150	75,859	8,691	59,348	81,216	96,241	39,525
Transfers	(130)									
Total governmental activities	<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>	<u>5,500,980</u>	<u>5,509,071</u>
Business-type activities:										
Miscellaneous Income	247	1,493	3,039	4,508	6,074	8,350	6,334	1,008	5,401	2,272
Transfers	130									
Total business-type activities	<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>	<u>5,401</u>	<u>2,272</u>
Total district-wide	<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>	<u>\$ 5,506,381</u>	<u>\$ 5,511,343</u>
Change in Net Position										
Governmental activities	\$ 401,503	\$ 136,640	\$ 89,067	\$ 206,432	\$ 45,010	\$ 172,917	\$ 369,358	\$ (450,573)	\$ 217,186	\$ 306,938
Business-type activities	(9,771)	(10,133)	(13,491)	(18,260)	(648)	2,292	1,869	1,146	(477)	7,507
Total district	<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>	<u>\$ 216,709</u>	<u>\$ 314,445</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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 145,858	\$ 96,049	\$ 117,887	\$ 178,247	\$ 109,694	\$ 147,872	\$ 389,179	\$ 707,058	\$ 852,399	\$ 1,113,880
Unreserved	(74,855)	(38,860)	(28,477)	84,729	169,874	266,700	317,418	199,214	129,959	135,390
Total general fund	<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>	<u>\$ 982,358</u>	<u>\$ 1,249,270</u>
All Other Governmental Funds										
Reserved										-
Unreserved, reported in:										
Special revenue fund					\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)
Capital projects fund	\$ 227,688	\$ 202,996	\$ 202,996	\$ 202,996	202,996	202,996	202,996		1,245	1,245
Debt service fund			1,500	1,500						(15,342)
Total all other governmental funds	<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>	<u>\$ 585</u>	<u>\$ (14,757)</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues										
Tax levy	\$ 4,348,440	\$ 4,573,883	\$ 4,804,539	\$ 4,977,833	\$ 5,131,387	\$ 5,230,947	\$ 5,346,083	\$ 5,343,727	\$ 5,391,565	\$ 5,467,998
Tuition charges	141,087	121,635	117,964	103,854	118,857	94,129	143,788	139,017	142,770	111,371
Miscellaneous	11,749	17,432	25,748	9,563	79,736	12,778	63,535	84,521	97,592	41,073
State sources	2,342,599	2,243,715	2,482,948	2,558,942	2,222,875	2,206,067	2,126,918	2,140,107	2,449,089	2,342,436
Federal sources	129,959	116,910	122,828	131,953	122,229	291,869	277,379	188,643	126,312	127,810
Total revenue	6,973,834	7,073,575	7,554,027	7,782,145	7,675,084	7,835,790	7,957,703	7,896,015	8,207,328	8,090,688
Expenditures										
Instruction										
Regular Instruction	1,810,704	1,713,308	2,154,758	2,490,261	2,645,082	2,737,184	2,596,671	2,514,912	2,444,147	2,982,108
Special education instruction	728,621	727,178	860,055	624,808	666,524	700,605	786,763	1,034,608	998,682	883,640
Other special instruction	148,323	261,865	257,990	288,509	300,864	244,245	250,898	266,454	251,349	176,927
Other instruction	29,691	38,465	33,891	35,447	36,176	39,629	43,151	43,318	45,577	40,838
Support Services:										
Tuition	40,990	5,034	-	-	86,190	12,204	3,060	76,900	79,600	62,163
Student & instruction related services	1,052,037	951,094	1,358,163	1,382,122	1,366,375	1,488,979	1,383,736	1,221,129	1,283,495	1,054,071
School administrative services	196,571	188,052	195,344	205,668	185,840	182,489	211,321	238,348	279,745	225,331
Other administrative services	355,931	395,170	423,306	420,444	448,349	417,347	394,467	408,406	390,770	327,266
Plant operations and maintenance	519,224	512,763	649,762	631,806	710,397	623,272	641,588	611,803	611,115	558,463
Pupil transportation	70,356	48,045	44,080	51,163	53,349	50,055	37,784	72,022	78,740	100,735
Unallocated employee benefits	1,258,230	1,458,413	806,938	800,406	491,217	559,925	646,044	740,927	928,482	926,773
Special Revenue										
Charter Schools		8,638	8,954	-	-	-	-	-	-	-
Capital Outlay	311,875	168,289	133,932	81,017	70,219	37,379	56,405	46,481	105,252	8
Debt service:										
Principal	180,000	210,000	255,000	270,000	285,000	305,000	325,000	350,000	375,000	260,000
Interest and other charges	356,565	347,340	338,133	326,928	315,070	302,473	288,790	274,028	258,043	240,795
Total expenditures	7,059,118	7,033,654	7,520,306	7,608,579	7,660,652	7,700,786	7,665,678	7,899,336	8,129,997	7,839,118
Excess (Deficiency) of revenues over (under) expenditures	(85,284)	39,921	33,721	173,566	14,432	135,004	292,025	(3,321)	77,331	251,570
Other Financing Sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds										
Proceeds of refunding debt										
Payment to refunded debt escrow agent										
Transfers in	(130)									
Transfers out										-
Total other financing sources (uses)	(130)	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (85,414)	\$ 39,921	\$ 33,721	\$ 173,566	\$ 14,432	\$ 135,004	\$ 292,025	\$ (3,321)	\$ 77,331	\$ 251,570
Debt service as a percentage of noncapital expenditures	8.0%	8.1%	8.0%	7.9%	7.9%	7.9%	8.1%	7.9%	7.9%	6.4%

Source: CAFR Schedule B-2

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit J-5

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

<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>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2013	1,351	11,505	9,200	142,770	75,536	240,362
2014	1,548	19,683	8,475	111,371	11,367	152,444

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>
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
2013	1,961,400	348,613,800	1,478,600	9,254	11,964,200	7,338,600	509,600	406,916,399	34,119,500	921,445	372,796,899	1.446	387,670,007
2014	1,478,400	339,991,100	1,478,600	9,254	11,767,400	7,906,400	509,600	394,384,574	30,292,700	951,120	364,091,874	1.502	359,381,771

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	
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	\$0.789	\$0.027	\$0.346	\$3.159
2013	\$1.301	\$0.145	\$1.446	\$0.539	\$0.818	\$0.030	\$0.335	\$3.168
2014	\$1.389	\$0.113	\$1.502	\$0.623	\$0.843	\$0.030	\$0.325	\$3.323

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	2013			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	0.85%	\$ 1,871,900	2	1.30%
1742 Square Assoc. Ltd.	2,695,100	2	0.74%	2,761,600	3	0.93%
Country Club Self Storage. LLC	1,706,000	3	0.47%	1,283,174	6	0.64%
Individual Taxpayer #1	1,695,500	4	0.47%			
United Telephone Co.	904,211	5	0.25%	1,074,000	7	0.53%
Individual Taxpayer #2	845,200	6	0.23%	1,392,000	5	0.69%
Individual Taxpayer #3	832,500	7	0.23%	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		3.83%	\$ 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	
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%	-
2013	\$5,391,565	\$5,391,565	100.00%	-
2014	\$5,467,998	\$5,467,998	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		
2005	\$ 7,330,000	-0-	-0-	-0-	-0-	\$ 7,330,000	3.23%	\$1,956.75
2006	\$ 7,120,000	-0-	-0-	-0-	-0-	\$ 7,120,000	2.94%	\$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	2.62%	\$1,800.41
2009	\$ 6,310,000	-0-	\$ 62,934	-0-	-0-	\$ 6,372,934	2.61%	\$1,722.41
2010	\$ 6,005,000	-0-	\$ 37,760	-0-	-0-	\$ 6,042,760	2.50%	\$1,634.50
2011	\$ 5,680,000	-0-	\$ 12,586	-0-	-0-	\$ 5,692,586	2.25%	\$1,560.90
2012	\$ 5,330,000	-0-	-0-	-0-	-0-	\$ 5,330,000	2.03%	\$1,464.69
2013	\$ 4,955,000	-0-	-0-	-0-	-0-	\$ 4,955,000	1.92%	\$1,383.69
2014	\$ 4,695,000	-0-	-0-	-0-	-0-	\$ 4,695,000	1.81%	\$1,302.72

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		
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
2013	\$ 4,955,000	-0-	\$ 4,955,000	1.33%	\$ 1,384
2014	\$ 4,695,000	-0-	\$ 4,695,000	1.29%	\$ 1,303

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, 2014**

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	\$ 13,242,899	100.00%	\$ 13,242,899
Other debt			
North Hunterdon Regional School District	2,815,000	4.456%	125,438
Hunterdon County	69,514,672	1.688%	<u>1,173,128</u>
Subtotal, overlapping debt			14,541,465
High Bridge Borough School District Direct Debt			<u>4,695,000</u>
Total direct and overlapping debt			<u><u>\$ 19,236,465</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 2014

	Equalized valuation basis	
	2011 \$	388,230,904
	2012	364,226,693
	2013	350,285,284
	[A]	<u>\$ 1,102,742,881</u>
Average equalized valuation of taxable property	[A/3]	\$ 367,580,960
Debt limit (3 % of average equalization value)	[B]	11,027,429
Net bonded school debt	[C]	4,695,000
Legal debt margin	[B-C]	<u>\$ 6,332,429</u>

	Fiscal Year									
	<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>2013</u>	<u>2014</u>
Debt limit	\$9,002,568	\$10,101,700	\$11,249,693	\$12,297,014	\$12,833,652	\$12,917,489	\$12,648,955	\$12,188,203	\$11,599,807	11,027,429
Total net debt applicable to limit	7,330,000	7,120,000	6,865,000	6,595,000	6,310,000	6,005,000	5,680,000	5,680,000	4,955,000	4,695,000
Legal debt margin	<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>\$6,508,203</u>	<u>\$6,644,807</u>	<u>\$6,332,429</u>
Total net debt applicable to the limit as a percentage of debt limit	81.42%	70.48%	61.02%	53.63%	49.17%	46.49%	44.90%	46.60%	42.72%	42.58%

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>
2005	3,746	\$ 226,790,332	\$60,542 R	3.1%
2006	3,721	\$ 241,872,442	\$65,002 R	3.5%
2007	3,721	\$ 254,408,491	\$68,371 R	3.1%
2008	3,712	\$ 255,485,824	\$68,827 R	4.0%
2009	3,700	\$ 244,425,700	\$66,061 R	7.2%
2010	3,697	\$ 241,584,162	\$65,346 R	7.4%
2011	3,647	\$ 252,955,920	\$69,360 R	7.3%
2012	3,639	\$ 262,484,709	\$72,131 R	7.5%
2013	3,581	\$ 258,301,111	\$72,131 *	8.4%
2014	3,604	\$ 259,960,124	\$72,131 *	*

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Instruction										
Regular	51.70	54.00	39.90	43.74	43.88	40.48	34.19	34.78	31.60	31.80
Special education	23.00	22.47	33.40	30.93	30.78	28.70	30.96	33.53	33.00	34.70
Support Services:										
General administrative services	2.40	2.45	2.45	2.35	1.85	3.38	2.90	2.90	2.90	2.90
School administrative services	3.40	2.85	2.85	2.85	2.85	3.10	3.10	3.10	3.10	3.10
Business administrative services	1.85	1.60	1.60	1.60	1.60	1.60	1.60	1.80	1.80	1.80
Plant operations and maintenance	5.40	5.74	5.74	5.50	5.68	4.90	0.00	5.30	5.30	5.30
Pupil transportation	0.05	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Total	<u>87.67</u>	<u>89.21</u>	<u>86.04</u>	<u>87.07</u>	<u>86.74</u>	<u>82.26</u>	<u>72.85</u>	<u>81.51</u>	<u>77.80</u>	<u>79.70</u>

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				
2005	457	\$14,762,846	32,304	2.00%	58	1:7.9	443.0	427.0	-4.89%	96.39%
2006	445	\$6,299,387	14,156	-56.18%	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%
2013	367	\$7,391,702	20,141	9.78%	47	1:7.8	348.0	337.0	-10.49%	96.84%
2014	375	\$7,338,315	19,569	-2.84%	45	1:8.3	368.0	352.5	5.75%	95.79%

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>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	313	294	277	260	269	259	226	253	258	270
<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	144	140	134	142	140	147	145	136	109	107

Number of Schools at June 30, 2014

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, 2014

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>2013</u>	<u>2014</u>	<u>Total</u>
High Bridge Middle School	N/A	\$36,662	\$45,032	\$36,620	\$40,244	\$49,662	\$49,662	\$87,836	\$113,845	\$168,698	\$67,710	\$695,971
High Bridge Elementary School	N/A	31,887	39,934	32,474	35,688	44,040	44,040	77,892	100,956	149,600	60,045	616,556
Total School Facilities		68,549	84,966	69,094	75,932	93,702	93,702	165,728	214,801	318,298	127,755	1,312,527
Other Facilities		NONE	NONE	NONE	NONE	NONE						
Grand Total		\$68,549	\$84,966	\$69,094	\$75,932	\$93,702	\$93,702	\$165,728	\$214,801	\$318,298	\$127,755	\$1,312,527

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

INSURANCE SCHEDULE
JUNE 30, 2014
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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Anthony Ardito, CPA, RMA, CMFO, PSA
 Douglas R. Williams, CPA, RMA, PSA

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

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, in accordance with the 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 Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the High Bridge Borough School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the High Bridge Borough School District Board of Education's basic financial statements, and have issued our report thereon dated August 31, 2014.

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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* or audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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

ARDITO & Co., LLP

ARDITO & CO., LLP
August 31, 2014

Cynthia Corder

Licensed Public School Accountant No.2369



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Anthony Ardito, CPA, RMA, CMFO, PSA
 Douglas R. Williams, CPA, RMA, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB Circular 04-04

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

Report on Compliance for Each Major State Program

We have audited the High Bridge Borough School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB Circular 04-04 *State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 noncompliance 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

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

Opinion on Each Major State Program

In our opinion, the High Bridge Borough School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of the High Bridge Borough School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 04-04, 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 District 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB Circular 04-04, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

ARDITO & Co., LLP

ARDITO & CO., LLP
August 31, 2014

Carmen Ardit

Licensed Public School Accountant No.2369

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2014

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2013	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2014			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education															
General Fund:															
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	\$ 1,041,918			\$ 1,041,918	\$ (1,041,918)							* \$	102,926 \$ 1,041,918
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	14,219			14,219	(14,219)							*	1,404 14,219
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	207,062			207,062	(207,062)							*	20,455 207,062
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	29,645			29,645	(29,645)							*	2,928 29,645
Adjustment Aid	14-495-034-5120-085	7/1/13-6/30/14	145,709			145,709	(145,709)							*	14,394 145,709
Non-Public Transportation Aid	14-100-034-5120-068	7/1/13-6/30/14	4,514				(4,514)			\$ (4,514)				*	4,514
Non-Public Transportation Aid	13-100-034-5120-068	7/1/12-6/30/13	5,842	\$ (5,842)		5,842								*	
Extraordinary Aid	13-495-034-5120-057	7/1/12-6/30/13	136,394	(136,394)		136,394								*	
Extraordinary Aid	14-495-034-5120-057	7/1/13-6/30/14	165,096				(165,096)			(165,096)				*	165,096
Anti-Bully Aid	N/A	7/1/13-6/30/14	577			577	(577)							*	577
On-behalf TPAF Pension Contrib.	14-495-034-5095-001	7/1/13-6/30/14	395,785			395,785	(395,785)							*	395,785
Reimbursed TPAF Soc.Secur.Contrib.	14-495-034-5095-002	7/1/13-6/30/14	259,039	(12,352)		258,369	(259,039)			(13,022)				*	259,039
Total General Fund				(154,588)		2,235,520	(2,263,564)	-		(182,632)				*	142,107 2,263,564
Special Revenue Fund:															
Pre-School Education Aid	14-495-034-5120-086	7/1/13-6/30/14	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)							*	192
Total Special Revenue Fund				192		6,600	(6,792)			-	-			*	660 6,792
Debt Service Fund:															
Debt Service Aid	14-495-034-5120-017	7/1/13-6/30/14	73,729			73,729	(73,729)							*	73,729
State Department of Agriculture:															
Enterprise Fund:															
Nat.School Lunch Prog.(State Share)	13-100-010-3350-023	7/1/12-6/30/13		(145)		145								*	
Nat.School Lunch Prog.(State Share)	14-100-010-3350-023	7/1/13-6/30/14	1,105			1,040	(1,105)			(65)				*	1,105
Total Enterprise Fund				(145)		1,185	(1,105)			(65)				*	1,105
Total State Financial Assistance				\$ (154,541)		\$ 2,317,034	\$ (2,345,190)	-		\$ (182,697)	-			* \$	142,767 \$ 2,345,190

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, 2014

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 (\$1,650) for the general fund and (\$6,811) 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, 2014

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,261,914	\$ 2,261,914
Special Revenue Fund	\$ 127,810	6,793	134,603
Debt Service Fund		73,729	73,729
Food Service Fund	<u>35,490</u>	<u>1,105</u>	<u>36,595</u>
Total Financial Assistance	<u>\$ 163,300</u>	<u>\$ 2,343,541</u>	<u>\$ 2,506,841</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, 2014. 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, 2014.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Part I - Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unmodified

- 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: N/A

- E) Auditee qualified as low-risk auditee? ___ Yes ___ No

- F) Type of auditor's report on compliance for major programs: N/A

- 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, 2014

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) x yes no
- L) Type of auditor's report on compliance for major programs: Unmodified
- M) Internal Control over compliance:
- 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
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? ___yes x no
- O) Identification of major programs:

GMIS Number(s)

Name of State Program

14-495-034-5120-078

Equalization Aid

14-495-034-5120-089

Special Education Aid

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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, 2014

STATUS OF PRIOR YEAR FINDINGS

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no prior year findings.