

SOUTH AMBOY SCHOOL DISTRICT

South Amboy, New Jersey
County of Middlesex

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE

SOUTH AMBOY SCHOOL DISTRICT

SOUTH AMBOY, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Prepared by

**South Amboy School District
Business Administrator's Office**

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INTRODUCTORY SECTION

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South Amboy Board of Education

Board President
Janet Kern

Vice President
Kevin Riley

Superintendent
Robert N. Sheedy

Business Administrator
Peter Frascella

240 John Street
South Amboy, NJ 08879
Phone: (732) 525-2100
Fax: (732) 727-0730

Board Members

John Dragotta
Stanley Jankowski
Lynn Kasics
Janet Kern
Tyler Simko
Philip Smith
Paula Taggart

Honorable President and Members
of the Board of Education
South Amboy School District
County of Middlesex
South Amboy, New Jersey

Dear Board Members/Citizens:

We are pleased to present to you the Comprehensive Annual Financial Report (“CAFR”) of the South Amboy School District (“District”) for the fiscal year ended June 30, 2014. This CAFR includes the District’s Basic Financial Statement prepared in accordance with Governmental Accounting Standards Board Statement 34. The District believes that this financial reporting model provides all users of this document with much more useful financial and statistical information than ever before. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, 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 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 as follows:

- ◆ The Introductory Section contains a Table of Contents, Letter of Transmittal, List of Principal Officials, and an Organizational Chart of the School District;
- ◆ The Financial Section begins with the Independent Auditors’ Report and includes the Management’s Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the District’s financial position and operating results, and other schedules providing detailed budgetary information;
- ◆ The Statistical Section includes selected economic and demographic information, financial trends, and the fiscal capacity of the District, generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act of 1996, as amended, the U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Treasury Circular Letter 04-04 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Information related to this single audit, including the independent auditor’s report on the internal control and compliance with applicable laws, regulations, contracts and grants, along with findings and questioned costs, if any, is included in the single audit section of this report.

School District Organization

An elected nine-member Board of Education (the "Board") serves as the policy maker for the School District. The Board adopts an annual budget and directly approves all expenditures which serve as the basis for control over, and authorization for, all expenditures of School District tax money.

The Superintendent is the chief executive officer of the School District, responsible to the Board for total educational and support operations. The Board Secretary is the chief financial officer of the School District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds, and investing idle funds as permitted by New Jersey law.

1. REPORTING ENTITY AND ITS SERVICES

The South Amboy School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds and account groups of the District are included in this report. The South Amboy Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These services include regular and vocational, as well as special education for handicapped children. The District completed the 2013-2014 fiscal year with an enrollment of 1,150 students, which is 25 less than the previous year's enrollment. The student enrollment for the District over the last 5 years:

<u>AVERAGE DAILY ENROLLMENT</u>		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2013-2014	1,150	(4.43%)
2012-2013	1,175	(0.68%)
2011-2012	1,183	2.51%
2010-2011	1,154	(3.38%)
2009-2010	1,193	7.88%

2. ECONOMIC CONDITION AND OUTLOOK

The South Amboy area is experiencing a period of development and expansion, which is expected to continue. The increasing number of businesses relocating to the area resulted in an increase in employment level, which resulted in an increased tax base, both residential and industrial. This expansion is expected to continue; suggesting that the South Amboy area will continue to prosper.

3. INTERNAL ACCOUNTING CONTROLS

Management of the District is responsible for establishing and maintaining an internal control system 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 statements in conformity with generally-accepted accounting principles ("GAAP"). The internal control system 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 system is in place to ensure compliance with applicable laws, regulations, contracts and grants related to those programs. This internal control system 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 adequacy of the internal control system, 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.

4. BUDGETARY CONTROLS

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these 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 Funds, and the Debt Service Fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2014.

5. CASH MANAGEMENT

The investment policy of the District is guided in large part by State statute as detailed in the "Notes to the Basic 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 of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

6. 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. A Schedule of Insurance Coverage is found in Schedule J-20.

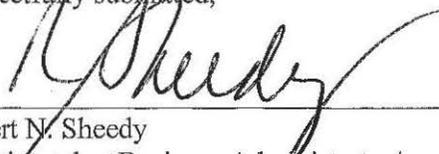
7. OTHER INFORMATION

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Holman Frenia Allison P.C., was selected by the Board to perform the audit. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet requirements of the Single Audit Act of 1984 and the Single Audit Act of 1996, as amended and the related OMB Circular A-133 and the New Jersey OMB Circular 04-04. The auditors' report on the basic financial statements and as well as both the required and other supplementary information 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.

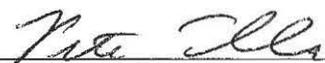
8. ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the South Amboy Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the 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,



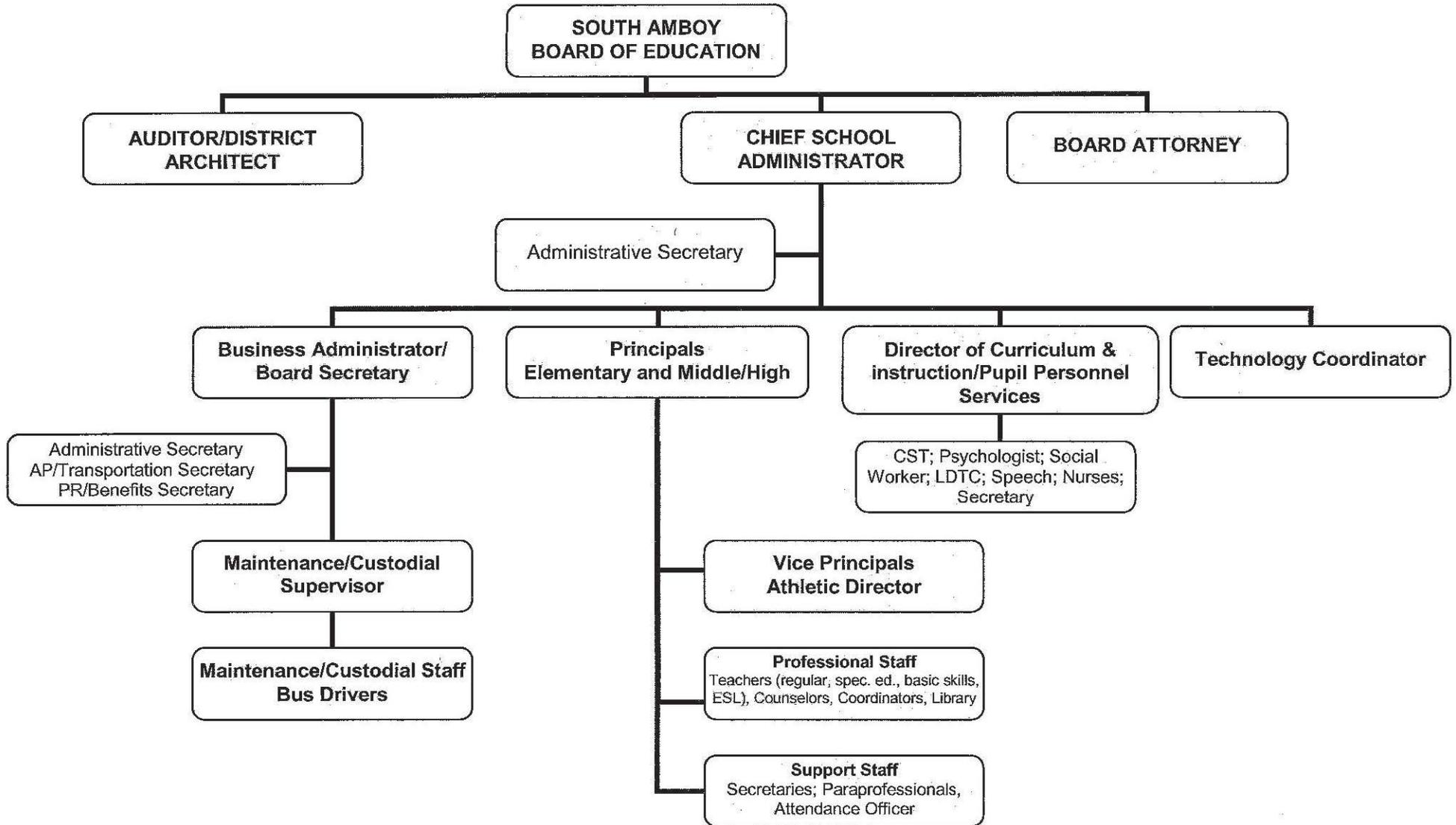
Robert N. Sheedy
Superintendent Business Administrator/



Peter Frascella
Board Secretary

Exhibit

ORGANIZATIONAL CHART



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SOUTH AMBOY SCHOOL DISTRICT

SOUTH AMBOY, NEW JERSEY 08879

ROSTER OF OFFICIALS

JUNE 30, 2014

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Janet Kern, President	2014
Kevin Riley, Vice President	2016
John Dragotta	2015
Stanley Jankowski	2014
Lynn Kasics	2015
Michael J. Gross, Jr	2015
Tyler Simko	2016
Philip Smith	2014
Paula Taggert	2015

OTHER OFFICIALS

Robert N. Sheedy, Superintendent

Peter Frascella, Business Administrator/Board Secretary

SOUTH AMBOY SCHOOL DISTRICT

SOUTH AMBOY, NEW JERSEY

CONSULTANTS AND ADVISORS

ATTORNEY

Schwartz, Simon, Edelstein & Ceslo, LLC
100 South Jefferson Road, Suite 200
Whippany, New Jersey 07891

AUDIT FIRM

Robert W. Allison, CPA, RMA, PSA
Holman Frenia Allison, P.C.
912 Highway 33
Freehold, New Jersey 07728

OFFICIAL DEPOSITORY

Amboy National Bank
120 Broadway
South Amboy, New Jersey 08879

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
South Amboy School District
County of Middlesex
South Amboy, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the South Amboy School District, County of Middlesex, 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 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; the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as presented in the table of contents 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 South Amboy School District's basic financial statements. The accompanying introductory section, comparative totals for June 30, 2013, and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules and statistical information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and is also not a required part of the financial statements.

The combining and individual fund financial statements, long-term debt schedules and the accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 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 statements, long-term debt schedules and the accompanying Schedule of Expenditures of Federal Awards and State Financial

Assistance are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section, comparative totals for June 30, 2013, and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion 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 November 21, 2014 on our consideration of the South Amboy School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Amboy School District's internal control over financial reporting and compliance.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Allison', with a long horizontal stroke extending to the left.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 21, 2014

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REQUIRED SUPPLEMENTARY INFORMATION - PART I

Management's Discussion and Analysis

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**SOUTH AMBOY SCHOOL DISTRICT
SOUTH AMBOY, NEW JERSEY**

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

The discussion and analysis of South Amboy Board of Education'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.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the GASB Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2013-2014) and the prior year (2012-2013) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2014 are as follows:

- ◆ General revenues accounted for \$17,025,779.01 in revenue or 90.45 percent of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for \$1,796,816.95 or 9.55 percent of total revenues of \$18,822,595.96.
- ◆ Total net position of governmental activities increased by \$185,268.22.
- ◆ The School District had \$18,637,327.74 in expenses; only \$1,796,816.95 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$17,025,779.01 were adequate to provide for these programs.
- ◆ The General Fund had \$16,616,071.49 in revenues and transfers and \$16,460,622.07 in expenditures and transfers. The General Fund's balance increased \$155,449.42 from 2013.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand South Amboy 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. In the case of South Amboy School District, the General Fund is by far the most significant fund.

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 helps 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, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense 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

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. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

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.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's net position as of June 30, 2014 and 2013.

Table 1

Net Position

	<u>2014</u>	<u>2013</u>
Assets:		
Cash and Cash Equivalents	\$ 6,828,988.34	\$ 1,469,273
Receivables, Net	321,659.92	4,776,553
Inventory	16,159.96	12,975
Restricted Assets:		
Cash and Cash Equivalents	592,750.00	50,100
Capital Assets, Net	<u>11,361,118.76</u>	<u>10,092,540</u>
Total Assets	<u>19,120,676.98</u>	<u>16,401,441</u>
Liabilities:		
Accounts Payable	46,324.67	15,085
Interfund Payable		12,170
Governmental Payables	55,507.00	78,534
Deferred Revenue		4,437,007
Noncurrent Liabilities:		
Due Within One Year	63,245.35	1,925,527
Due Beyond One Year	<u>9,119,760.19</u>	<u>543,061</u>
Total Liabilities	<u>9,545,351.36</u>	<u>7,011,384</u>
Net Position:		
Net Investment in Capital Assets	2,619,139.22	8,202,014
Restricted for:		
Capital Projects	6,691,967.17	995,586
Debt Service	(234,791.49)	
Special Revenue		(18,253)
Other Purposes	915,591.00	832,370
Unrestricted	<u>(500,571.71)</u>	<u>(703,164)</u>
Total Net Position	<u>\$ 9,575,325.62</u>	<u>\$ 9,390,057</u>

Table 2 provides a comparison analysis of District-wide changes in net position from fiscal years 2013 and 2014.

Table 2

Changes in Net Position

	<u>2014</u>	<u>2013</u>
<u>Revenues</u>		
Program Revenues:		
Charges for Services	\$ 189,909.51	\$ 190,913
Operating Grants and Contributions	1,606,907.44	1,388,584
General Revenues:		
Property Taxes	8,874,015.00	8,711,311
Grants and Entitlements	8,060,389.36	8,453,621
Other	<u>91,374.65</u>	<u>64,610</u>
Total Revenues	<u>\$ 18,822,595.96</u>	<u>\$ 18,809,039</u>
<u>Program Expenses</u>		
Instruction	\$ 7,041,115.42	\$ 7,052,265
Support Services:		
Pupils and Instructional Staff	3,318,696.83	3,282,279
General Administration, School Administration, Administration, Business	1,406,757.10	1,420,652
Operations and Maintenance of Facilities	1,091,171.17	1,021,540
Pupil Transportation	461,275.08	440,783
Interest on Debt	267,698.55	34,925
Unallocated Benefits	4,004,231.57	4,147,624
Amortization and Other	593,605.00	568,014
Food Service	<u>453,777.02</u>	<u>401,774</u>
Total Expenses	<u>18,637,327.74</u>	<u>18,369,856</u>
Increase in Net Position	<u>\$ 185,268.22</u>	<u>\$ 439,183</u>

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 48.17 percent of revenues for governmental activities for the South Amboy School District for fiscal year 2014. The School District's total governmental revenues were \$18,368,043.53 for the fiscal year ended June 30, 2014. Federal, state and local grants accounted for another 51.19 percent.

The total cost of all governmental program and services was \$18,183,550.72 Instruction comprises 38.72 percent of School District expenses.

Business-Type Activities

Revenues for the School District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- ◆ Food service revenues exceeded expenses by \$775.41.
- ◆ Charges for services represent \$189,909.51 of revenue. This represents the amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$264,642.92.

Governmental Activities

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, identifying the cost of these services supported by tax revenue and unrestricted State entitlements. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 7,041,115.42	\$ 6,371,262.79	\$ 7,052,265	\$ 6,387,618
Support Services:				
Pupils and Instructional Staff	3,318,696.83	2,923,968.94	3,282,279	2,786,286
General Administration, School Administration, Business	1,406,757.10	1,406,757.10	1,420,652	1,420,652
Operation and Maintenance of Facilities	1,090,171.17	1,090,171.17	1,021,540	1,021,540
Pupil Transportation	461,275.08	417,812.08	440,783	440,783
Unallocated Benefits	4,004,231.57	4,004,231.57	4,147,624	4,147,624
Unallocated Depreciation Expenses & Prior Year Fixed Asset Adjustments	593,641.00	593,641.00	540,641	540,641
Interest and Fiscal Charges	<u>267,698.55</u>	<u>33,476.55</u>	<u>34,925</u>	<u>34,925</u>
Total Expenses	<u>\$ 18,183,550.72</u>	<u>\$ 16,841,286.20</u>	<u>\$ 17,968,082</u>	<u>16,807,442</u>

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

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

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

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

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.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

“Other” includes special schools and unallocated depreciation and expenses.

The School District’s Funds

Information about the School District’s major funds is included in the 2013-2014 Comprehensive Annual Financial Report as presented by the School District. These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund presented in the fund-based statements) had total revenues of \$18,368,043.15 and expenditures of \$19,943,060.13. The net positive/(negative) change in fund balance for the year was most significant in the Capital Projects Fund, an increase of \$5,696,380.86.

As demonstrated by the various statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management. The following schedule presents a summary of the revenues of the governmental funds for the fiscal year ended June 30, 2014, and the amount and percentage of increases and decreases in relation to prior-year revenues.

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) From 2012/2013</u>	<u>Percent of Increase/ (Decrease)</u>
Local Sources	\$ 8,965,389.65	48.81%	\$ 200,600.65	2.29%
State Sources	8,685,703.81	47.29	(83,940.19)	(0.96)
Federal Sources	<u>716,950.07</u>	<u>3.90</u>	<u>(127,666.93)</u>	(15.12)
Total	<u>\$ 18,368,043.53</u>	<u>100.00%</u>	<u>\$ (11,006.47)</u>	<u>(0.06)%</u>

The increase in Local Sources is attributed to taxes.

The decrease in State Sources is due to On-Behalf TPAF Benefits.

The decrease in Federal Sources is attributed to reduced IDEA revenue.

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.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2012/2013</u>	<u>Percent Increase/ (Decrease)</u>
Current:				
Instruction	\$ 7,041,115.42	35.06%	\$ (11,149.58)	(0.16)%
Undistributed Expenditures	10,296,131.75	51.63	(17,767.25)	(0.17)
Capital Outlay	1,812,161.76	9.09	1,373,784.76	313.38
Debt Service:				
Principal	775,526.00	3.89	(5,000.00)	(0.64)
Interest	<u>18,125.20</u>	<u>0.33</u>	<u>(20,802.80)</u>	<u>(53.44)</u>
Total	<u>\$ 19,943,060.13</u>	<u>100.00%</u>	<u>\$ 1,319,065.13</u>	<u>7.08%</u>

The increase in Capital Outlay relates to new capital project expenditures.

The decrease in Debt Service relates to reduction in debt service payments.

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 year 2014, the School District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- ◆ Staffing changes based on student needs.
- ◆ Additional and increased costs for tuition for out-of-district special needs students.
- ◆ Additional costs for student transportation both in regular education and special education.
- ◆ Accounting changes in maintenance and operations.

While the School District’s final budget for the General Fund anticipated that revenues and expenditures would roughly equal, the actual results for the year show a \$155,449.42 increase in surplus funds for a total unassigned free balance (“GAAP”) of \$(346,106.45) at June 30, 2014.

Capital Assets

At the end of the fiscal year 2014, the School District had \$11,344,922.76 invested in land, building and building improvements, and machinery and equipment.

Capital Assets (Net of Depreciation) at June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Land	\$ 1,816,660.00	\$ 1,816,660
Construction in Progress	1,794,713.14	154,414
Site Improvements		18,266
Building and Building Improvements	7,371,562.00	7,699,426
Machinery and Equipment	<u>361,987.62</u>	<u>385,865</u>
Total	<u>\$ 11,344,922.76</u>	<u>\$ 10,074,631</u>

Debt Administration

At June 30, 2014, the School District had \$9,183,004.54 as outstanding debt. Of this amount, \$441,025.00 is for compensated absences, \$8,470,000.00 for bonds for school construction, \$155,000.00 is for early retirement bonds and \$116,979.54 for capital leases.

For the Future

The South Amboy Public School District is in stable financial condition presently. The School District is proud of its community support of the public schools. Presently, the city's projects have not increased our student population to cause an enrollment growth problem. As in every district, we are increasing each year with reliance on local property taxes. However, future finances are not without challenges as the community continues to grow and State funding is lessened.

In conclusion, the South Amboy School District has committed itself to financial stability 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, please contact Mr. Peter Frascella, Business Administration/Board Secretary at South Amboy Board of Education, Administration Building, 240 John Street, South Amboy, New Jersey 08879. Please visit our website at <http://www.saboe.k12.nj.us>.

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BASIC FINANCIAL STATEMENTS

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A. District-Wide Financial Statements

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SOUTH AMBOY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014
(With Comparative Totals for June 30, 2013)

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	
			JUNE 30, 2014	JUNE 30, 2013
				(MEMORANDUM ONLY)
Cash & Cash Equivalents	\$ 6,778,047.24	\$ 50,941.10	\$ 6,828,988.34	\$ 1,469,273.00
Receivables, Net	304,769.55	16,890.37	321,659.92	4,776,553.00
Inventory	-	16,159.96	16,159.96	12,975.00
Restricted Cash & Cash Equivalents	592,750.00	-	592,750.00	50,100.00
Capital Assets, Net (Note 5)	11,344,922.76	16,196.00	11,361,118.76	10,092,540.00
Total Assets	19,020,489.55	100,187.43	19,120,676.98	16,401,441.00
LIABILITIES				
Accounts Payable	46,324.67	-	46,324.67	15,085.00
Accrued Interest Payable	260,513.35	-	260,513.35	12,170.00
Due To State Government	55,507.80	-	55,507.80	78,534.00
Unearned Revenue	-	-	-	4,437,007.00
Noncurrent Liabilities (Note 6):				
Due Within One Year	63,245.35	-	63,245.35	1,925,527.00
Due Beyond One Year	9,119,760.19	-	9,119,760.19	543,061.00
Total Liabilities	9,545,351.36	-	9,545,351.36	7,011,384.00
NET POSITION				
Net Investment in Capital Assets	2,602,943.22	16,196.00	2,619,139.22	8,202,014.00
Restricted For:				
Debt Service	(234,791.49)	-	(234,791.49)	-
Capital Projects	6,975,387.17	-	6,975,387.17	995,586.00
Other Purposes	632,171.00	-	632,171.00	832,370.00
Unrestricted	(500,571.71)	83,991.43	(416,580.28)	(639,913.00)
Total Net Position	\$ 9,475,138.19	\$ 100,187.43	\$ 9,575,325.62	\$ 9,390,057.00

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

**SOUTH AMBOY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTALS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2014	JUNE 30, 2013 <small>(MEMORANDUM ONLY)</small>
Governmental Activities:							
Instruction:							
Regular Instruction	\$ 4,690,540.71	\$ -	\$ -	\$ (4,690,540.71)	\$ -	\$ (4,690,540.71)	\$ (4,608,357.00)
Special School Instruction	2,067,469.99	-	669,852.63	(1,397,617.36)	-	(1,397,617.36)	(1,455,512.00)
Other Special Instruction	52,448.71	-	-	(52,448.71)	-	(52,448.71)	(55,658.00)
Other Instruction	230,656.01	-	-	(230,656.01)	-	(230,656.01)	(268,091.00)
Support Services & Undistributed Costs:							
Tuition	1,688,058.77	-	-	(1,688,058.77)	-	(1,688,058.77)	(1,580,405.00)
Student & Instruction Related Services	1,630,638.06	-	394,726.89	(1,235,911.17)	-	(1,235,911.17)	(1,205,881.00)
General Administrative Services	415,633.78	-	-	(415,633.78)	-	(415,633.78)	(478,596.00)
School Administrative Services	670,794.28	-	-	(670,794.28)	-	(670,794.28)	(645,410.00)
Central Services	272,994.83	-	-	(272,994.83)	-	(272,994.83)	(264,065.00)
Administrative Information Technology	47,334.21	-	-	(47,334.21)	-	(47,334.21)	(32,581.00)
Plant Operations & Maintenance	1,090,171.17	-	-	(1,090,171.17)	-	(1,090,171.17)	(1,021,540.00)
Pupil Transportation	461,275.08	-	43,463.00	(417,812.08)	-	(417,812.08)	(440,783.00)
Unallocated Benefits	4,004,231.57	-	-	(4,004,231.57)	-	(4,004,231.57)	(4,147,624.00)
Unallocated Amortization of Bond Costs	-	-	-	-	-	-	(2,500.00)
Unallocated Change in Compensated Absence	52,964.00	-	-	(52,964.00)	-	(52,964.00)	(24,873.00)
Unallocated Depreciation	540,641.00	-	-	(540,641.00)	-	(540,641.00)	(540,641.00)
Interest & Other Charges on Long-Term Debt	267,698.55	-	234,222.00	(33,476.55)	-	(33,476.55)	(34,925.00)
Total Governmental Activities	18,183,550.72	-	1,342,264.52	(16,841,286.20)	-	(16,841,286.20)	(16,807,442.00)
Business-Type Activities:							
Food Service	453,777.02	189,909.51	264,642.92	-	775.41	775.41	17,083.00
Total Business-Type Activities	453,777.02	189,909.51	264,642.92	-	775.41	775.41	17,083.00

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

**SOUTH AMBOY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTALS		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS & CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	JUNE 30, 2014	JUNE 30, 2013 <small>(MEMORANDUM ONLY)</small>
Total Primary Government	\$ 18,637,327.74	\$ 189,909.51	\$ 1,606,907.44	(16,841,286.20)	775.41	(16,840,510.79)	(16,790,359.00)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				8,297,895.00	-	8,297,895.00	8,135,191.00
Taxes Levied for Debt Service				576,120.00	-	576,120.00	576,120.00
Federal & State Aid Not Restricted				8,060,389.36	-	8,060,389.36	8,453,621.00
Insurance Damage Reimbursement				-	-	-	12,950.00
Miscellaneous Income				91,374.65	-	91,374.65	50,918.00
Investment Earnings				-	-	-	742.00
Total General Revenues				17,025,779.01	-	17,025,779.01	17,229,542.00
Change In Net Position				184,492.81	775.41	185,268.22	439,183.00
Beginning Net Position				9,290,645.38	99,412.02	9,390,057.40	8,950,874.40
Ending Net Position				\$ 9,475,138.19	\$ 100,187.43	\$ 9,575,325.62	\$ 9,390,057.40

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B. Fund Financial Statements

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Governmental Funds

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**SOUTH AMBOY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

ASSETS	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS	
					JUNE 30, 2014	(MEMORANDUM ONLY) JUNE 30, 2013
Cash & Cash Equivalents	\$ -	\$ 73,476.08	\$ 6,701,097.80	\$ 16,691.23	\$ 6,791,265.11	\$ 1,422,666.00
Tax Levy Receivable	-	-	-	-	-	4,437,007.00
Interfund Receivable	137,723.11	-	-	9,030.63	146,753.74	58,883.00
Intergovernmental Receivables:						
State	201,293.03	2,771.60	-	-	204,064.63	197,996.00
Federal	-	100,704.92	-	-	100,704.92	129,594.00
Other	-	-	-	-	-	282.00
Other Receivables	-	-	-	-	-	-
Restricted Cash & Cash Equivalents	592,750.00	-	-	-	592,750.00	50,100.00
Total Assets	\$ 931,766.14	\$ 176,952.60	\$ 6,701,097.80	\$ 25,721.86	\$ 7,835,538.40	\$ 6,296,528.00
LIABILITIES & FUND BALANCES						
Liabilities:						
Cash Deficit	13,217.87	-	-	-	13,217.87	10,248.00
Accounts Payable	43,661.78	2,662.89	-	-	46,324.67	15,085.00
Interfund Payable	-	137,623.11	9,130.63	-	146,753.74	58,883.00
Payable - Due to State	-	55,507.80	-	-	55,507.80	78,534.00
Unearned Revenue	-	-	-	-	-	4,437,007.00
Total Liabilities	56,879.65	195,793.80	9,130.63	-	261,804.08	4,599,757.00
Fund Balances:						
Restricted for:						
Capital Reserve Account	283,420.00	-	-	-	283,420.00	150,100.00
Maintenance Reserve Account	284,330.00	-	-	-	284,330.00	284,330.00
Emergency Reserve Account	25,000.00	-	-	-	25,000.00	100,000.00
Excess Surplus	166,053.00	-	-	-	166,053.00	156,788.00
Excess Surplus Designated for Subsequent Year's Expenditures	156,788.00	-	-	-	156,788.00	141,152.00
Capital Projects	-	-	6,691,967.17	-	6,691,967.17	995,586.00
Debt Service	-	-	-	25,721.86	25,721.86	-
Assigned for:						
Designated for Subsequent Year's Expenditures	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	69,655.00
Unassigned	(40,704.51)	(18,841.20)	-	-	(59,545.71)	(200,840.00)
Total Fund Balances	874,886.49	(18,841.20)	6,691,967.17	25,721.86	7,573,734.32	1,696,771.00
Total Liabilities & Fund Balances	\$ 931,766.14	\$ 176,952.60	\$ 6,701,097.80	\$ 25,721.86		

Amounts reported for *governmental activities* in the statement of net position 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 \$21,648,051.76 and the accumulated depreciation is \$10,303,129.00.

11,344,922.76 10,074,632.00

Accrual of bond and lease interest are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(260,513.35) (12,170.00)

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 Illustrative Note 6)

(9,183,005.54) (2,468,588.00)

Net Position of Governmental Activities

\$ 9,475,138.19 \$ 9,290,645.00

**SOUTH AMBOY BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTALS	
					JUNE 30, 2014	(MEMORANDUM ONLY) JUNE 30, 2013
Revenues:						
Local Tax Levy	\$ 8,297,895.00	\$ -	\$ -	\$ 576,120.00	\$ 8,874,015.00	\$ 8,711,311.00
Tuition	-	-	-	-	-	1,818.00
Interest on Investments	-	-	-	-	-	742.00
Services Provided Other LEA's	-	-	-	-	-	-
Miscellaneous	82,344.59	-	-	9,030.06	91,374.65	50,918.00
Total Local Sources	8,380,239.59	-	-	585,150.06	8,965,389.65	8,764,789.00
State Sources	8,065,467.21	386,014.60	-	234,222.00	8,685,703.81	8,769,644.00
Federal Sources	38,385.15	678,564.92	-	-	716,950.07	844,617.00
Total Revenues	16,484,091.95	1,064,579.52	-	819,372.06	18,368,043.53	18,379,050.00
Expenditures:						
Current:						
Regular Instruction	4,690,540.71	-	-	-	4,690,540.71	4,608,357.00
Special Education Instruction	1,410,019.16	657,450.83	-	-	2,067,469.99	2,120,159.00
Other Special Instruction	52,448.71	-	-	-	52,448.71	55,658.00
Other Instructional Programs	230,656.01	-	-	-	230,656.01	268,091.00
Support Services & Undistributed Costs - Current:						
Tuition	1,688,058.77	-	-	-	1,688,058.77	1,580,405.00
Student & Instruction Related Services	1,250,911.17	394,726.89	-	-	1,645,638.06	1,701,874.00
General Administrative Services	415,633.78	-	-	-	415,633.78	478,596.00
School Administrative Services	670,794.28	-	-	-	670,794.28	645,410.00
Central Services	272,994.83	-	-	-	272,994.83	264,065.00
Administrative Information Technology	47,334.21	-	-	-	47,334.21	32,581.00
Plant Operations & Maintenance	1,090,171.17	-	-	-	1,090,171.17	1,022,561.00
Pupil Transportation	461,275.08	-	-	-	461,275.08	440,783.00
Unallocated Benefits	4,004,231.57	-	-	-	4,004,231.57	4,147,624.00
Debt Service:						
Principal	-	-	-	775,526.00	775,526.00	780,526.00
Interest	-	-	-	18,125.20	18,125.20	38,928.00
Capital Outlay	158,872.62	12,990.00	1,640,299.14	-	1,812,161.76	438,377.00
Total Expenditures	16,443,942.07	1,065,167.72	1,640,299.14	793,651.20	19,943,060.13	18,623,995.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	40,149.88	(588.20)	(1,640,299.14)	25,720.86	(1,575,016.60)	(244,945.00)
Other Financing Sources/(Uses):						
Proceeds from Bonds and Notes	-	-	7,320,000.00	-	7,320,000.00	1,150,000.00
Transfers In	-	-	16,680.00	-	16,680.00	-
Transfers Out	(16,680.00)	-	-	-	(16,680.00)	-
Capital Leases (Nonbudgeted)	131,979.54	-	-	-	131,979.54	-
Total Other Financing Sources/(Uses)	115,299.54	-	7,336,680.00	-	7,451,979.54	1,150,000.00
Net Change in Fund Balance	155,449.42	(588.20)	5,696,380.86	25,720.86	5,876,962.94	905,055.00
Fund Balance - July 1	719,437.07	(18,253.00)	995,586.31	1.00	1,696,771.38	791,716.38
Fund Balance - June 30	\$ 874,886.49	\$ (18,841.20)	\$ 6,691,967.17	\$ 25,721.86	\$ 7,573,734.32	\$ 1,696,771.38

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

**SOUTH AMBOY BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014**

Total Net Change in Fund Balances - Governmental Funds (From B-2) \$ 5,876,962.94

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:

Capital Outlays & Capital Lease Additions	\$ 1,810,931.76	
Depreciation Expense	(540,641.00)	1,270,290.76

Repayment of bond, loans, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 1,940,526.00

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position.

Issuance of Bonds	(8,470,000.00)
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Proceeds of capital leases are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position. (131,979.54)

Accrual of interest of capital leases and bonds is not an expenditure in the governmental funds, but the adjustment is charged to expense and is reported in the statement of activities.

Prior Year	12,170.00	
Current Year	(260,513.35)	(248,343.35)

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

Prior Year	388,061.00	
Current Year	(441,025.00)	(52,964.00)

Change in Net Position of Governmental Activities \$ 184,492.81

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Proprietary Funds

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**SOUTH AMBOY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2014
 (With Comparative Totals for June 30, 2013)**

ASSETS	BUSINESS TYPE ACTIVITIES	TOTALS	
	ENTERPRISE FUND	(MEMORANDUM ONLY)	
	FOOD SERVICE	JUNE 30, 2014	JUNE 30, 2013
Current Assets:			
Cash & Cash Equivalents	\$ 50,941.10	\$ 50,941.10	\$ 56,854.71
Account Receivable:			
State	651.78	651.78	593.16
Federal	16,118.59	16,118.59	11,080.91
Other	120.00	120.00	-
Inventories	16,159.96	16,159.96	12,975.24
Total Current Assets	<u>83,991.43</u>	<u>83,991.43</u>	<u>81,504.02</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	295,890.00	295,890.00	295,890.00
Less: Accumulated Depreciation	<u>(279,694.00)</u>	<u>(279,694.00)</u>	<u>(277,982.00)</u>
Total Noncurrent Assets	<u>16,196.00</u>	<u>16,196.00</u>	<u>17,908.00</u>
Total Assets	<u>100,187.43</u>	<u>100,187.43</u>	<u>99,412.02</u>
NET POSITION			
Net Investment in Capital Assets	16,196.00	16,196.00	17,908.00
Unrestricted	<u>83,991.43</u>	<u>83,991.43</u>	<u>81,504.02</u>
Total Net Position	<u>\$ 100,187.43</u>	<u>\$ 100,187.43</u>	<u>\$ 99,412.02</u>

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

**SOUTH AMBOY SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2014
 (With Comparative Totals for June 30, 2013)**

	BUSINESS-TYPE	TOTALS	
	ACTIVITIES -	(MEMORANDUM ONLY)	
	<u>ENTERPRISE FUND</u> FOOD SERVICE	JUNE 30, 2014	JUNE 30, 2013
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 110,940.18	\$ 110,940.18	\$ -
Daily Sales - Nonreimbursable Programs	75,858.93	75,858.93	188,454.00
Miscellaneous Expense	3,110.40	3,110.40	2,459.00
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	189,909.51	189,909.51	190,913.00
	<hr/>	<hr/>	<hr/>
Operating Expenses:			
Salaries	152,275.56	152,275.56	143,794.00
Employee Benefits	39,178.87	39,178.87	39,796.00
Purchase Professional Services	40,489.90	40,489.90	21,235.00
General Supplies	29,187.75	29,187.75	28,481.00
Depreciation	1,712.00	1,712.00	1,712.00
Repairs and Maintenance	8,123.04	8,123.04	4,341.00
Miscellaneous	8,346.18	8,346.18	24,404.00
Cost of Sales	174,463.72	174,463.72	138,011.00
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	453,777.02	453,777.02	401,774.00
	<hr/>	<hr/>	<hr/>
Operating Loss	(263,867.51)	(263,867.51)	(210,861.00)
	<hr/>	<hr/>	<hr/>
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	5,396.89	5,396.89	5,493.00
Federal Sources:			
National School Lunch Program	192,966.33	192,966.33	192,907.00
National School Lunch Program - PB Lunch	6,207.66	6,207.66	5,682.00
National School Breakfast Program	23,932.08	23,932.08	23,185.00
Special Milk Program	666.99	666.99	677.00
U.S.D.A. Commodities	35,472.97	35,472.97	-
	<hr/>	<hr/>	<hr/>
Total Nonoperating Revenues/(Expenses)	264,642.92	264,642.92	227,944.00
	<hr/>	<hr/>	<hr/>
Other Financing Sources:			
Insurance Damage Reimbursement	-	-	12,950.00
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources	-	-	12,950.00
	<hr/>	<hr/>	<hr/>
Change in Net Position	775.41	775.41	30,033.00
Total Net Position - Beginning - as Restated	99,412.02	99,412.02	69,379.02
	<hr/>	<hr/>	<hr/>
Total Net Position - Ending	\$ 100,187.43	\$ 100,187.43	\$ 99,412.02
	<hr/>	<hr/>	<hr/>

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

**SOUTH AMBOY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

	BUSINESS-TYPE		TOTALS	
	ACTIVITIES		(MEMORANDUM ONLY)	
	ENTERPRISE FUND	FOOD SERVICE	JUNE 30, 2014	JUNE 30, 2013
Cash Flows From Operating Activities:				
Receipts from Customers	\$ 189,789.51		\$ 189,789.51	\$ 190,913.00
Payments to Employees & Benefits	(191,454.43)		(191,454.43)	(183,590.00)
Payments to Suppliers	(228,322.34)		(228,322.34)	(206,078.00)
Net Cash Flows from Operating Activities	(229,987.26)		(229,987.26)	(198,755.00)
Cash Flows From Noncapital Financing Activities:				
State Sources	5,338.27		5,338.27	5,125.00
Federal Sources	218,735.38		218,735.38	220,801.00
Net Cash Flows from Noncapital Financing Activities	224,073.65		224,073.65	225,926.00
Cash Flows From Extraordinary Activities:				
Insurance Damage Reimbursement	-		-	12,950.00
Net Cash Flows from Investing Activities	-		-	12,950.00
Change in Cash & Cash Equivalents	(5,913.61)		(5,913.61)	40,121.00
Balances - Beginning of Year	56,854.71		56,854.71	16,733.71
Balances - End of Year	\$ 50,941.10		\$ 50,941.10	\$ 56,854.71

Reconciliation of Operating Loss to Net Cash Provided/(Used) by Operating Activities:

Operating Loss	\$ (263,867.51)	\$ (263,867.51)	\$ (210,861.00)
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities:			
U.S.D.A. Commodities	35,472.97	35,472.97	-
Depreciation & Net Amortization	1,712.00	1,712.00	1,712.00
(Increase) Decrease in Inventories	(3,184.72)	(3,184.72)	(8,363.00)
(Increase)/Decrease in Accounts Receivable	(120.00)	(120.00)	18,857.00
Increase (Decrease) in Accounts Payable	-	-	(100.00)
Increase (Decrease) Deferred Revenue	-	-	-
Total Adjustments	33,880.25	33,880.25	12,106.00
Net Cash Provided/(Used) by Operating Activities	\$ (229,987.26)	\$ (229,987.26)	\$ (198,755.00)

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

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Fiduciary Fund

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**SOUTH AMBOY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

ASSETS	PRIVATE PURPOSE			TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIPS AND DONATIONS	AGENCY FUNDS	JUNE 30, 2014	(MEMORANDUM ONLY) JUNE 30, 2013
Cash & Cash Equivalents	\$ 112,286.35	\$ 36,523.07	\$ 516,753.64	\$ 665,563.06	\$ 571,194.83
Intrafund Receivable	-	-	7,101.00	7,101.00	7,101.00
Total Assets	112,286.35	36,523.07	523,854.64	672,664.06	578,295.83
LIABILITIES					
Intrafund Payable	7,101.00	-	-	7,101.00	7,101.00
Payable to State Government	6,362.63	-	-	6,362.63	31.00
Payroll Deductions & Withholdings	-	-	400,337.44	400,337.44	355,033.00
Due to Student Groups	-	-	123,517.20	123,517.20	142,644.00
Total Liabilities	13,463.63	-	523,854.64	537,318.27	504,809.00
NET POSITION					
Reserve for Scholarships	-	36,523.07	-	36,523.07	36,776.50
Held in Trust for Unemployment Claims & Other Purposes	98,822.72	-	-	98,822.72	36,710.33
Total Net Position	\$ 98,822.72	\$ 36,523.07	\$ -	\$ 135,345.79	\$ 73,486.83

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

**SOUTH AMBOY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

ADDITIONS	PRIVATE PURPOSE		TOTALS	
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIPS AND DONATIONS	JUNE 30, 2014	(MEMORANDUM ONLY) JUNE 30, 2013
Contributions:				
District	60,000.00	\$ -	\$ 60,000.00	\$ 75,000.00
Plan Members	14,744.04	-	14,744.04	14,638.00
Other	-	4,284.46	4,284.46	6,543.00
Total Contributions	74,744.04	4,284.46	79,028.50	96,181.00
Investment Earnings:				
Interest	-	0.11	0.11	78.00
Net Investment Earnings	-	0.11	0.11	78.00
Total Additions	74,744.04	4,284.57	79,028.61	96,259.00
DEDUCTIONS				
Scholarships Awards	-	4,538.00	4,538.00	8,847.00
Unemployment Claims	12,631.65	-	12,631.65	71,914.00
Total Deductions	12,631.65	4,538.00	17,169.65	80,761.00
Change in Net Position	62,112.39	(253.43)	61,858.96	15,498.00
Net Position - Beginning of the Year	36,710.33	36,776.50	73,486.83	57,988.83
Net Position - End of the Year	\$ 98,822.72	\$ 36,523.07	\$ 135,345.79	\$ 73,486.83

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

SOUTH AMBOY SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

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SOUTH AMBOY SCHOOL DISTRICT

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

Note 1. Summary of Significant Accounting Policies

The financial statements of the South Amboy School District (the ‘District’) have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The following is a summary of more significant accounting policies.

A. Reporting Entity

The South Amboy School District is a Type II district located in the County of Middlesex, 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 staggered terms. These terms are staggered so that three members’ terms expire each year. The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, vocational, as well as special education for handicapped youngsters. The South Amboy School District has an approximate enrollment at June 30, 2014 of 1,150 students.

B. Component Units

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 significant component units.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Financial Statements – The governmental fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year-end. Principal revenue sources considered susceptible to accrual include federal and state grants, interest on investments, tuition and

SOUTH AMBOY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued):

transportation. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

D. District-Wide and Fund Financial Statements

The district-wide financial statements (the statement of Net Position and the statement of activities) report information of all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these district-wide statements. District activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. The District does not allocate general government (indirect) expenses to other functions.

Net Position are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted Net Position. When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the district-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

E. Fund Accounting

The accounts of the South Amboy School District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. An account group, on the other hand, is a financial reporting device designed to provide accountability for

SOUTH AMBOY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

E. Fund Accounting (continued):

certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The various funds and accounts are grouped, in the financial statements in this report, into seven fund types within three broad fund categories and two account groups as follows:

Governmental Funds

General Fund - The general fund is the general operating fund of the South Amboy School District and is used to account for all 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 sub-fund.

As required by the New Jersey Department of Education, South Amboy School District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles (GAAP) 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, interest earnings 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).

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 Fund

The focus of Proprietary Fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the District:

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 1. Summary of Significant Accounting Policies (continued):

E. Fund Accounting (continued):

Enterprise - The enterprise fund is used to account for the operations that are financed and operated in a manner similar to a private business enterprise. The costs of providing goods or services are financed primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

All Proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total position) is segregated into contributed capital and unreserved net position, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive capital assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line-method. The estimated useful lives are as follows:

Buildings & Improvements	10-50 years
Equipment	12 years
Light Trucks & Vehicles	4 years
Heavy Trucks & Vehicles	6 years

The District’s Enterprise Fund is comprised of the following:

- Food Service Fund – This fund accounts for the financial activity related to the food service operations of the School District.

Fiduciary Fund

Fiduciary funds are used to account for assets held by a governmental entity for other parties (either as trustee or as an agent) and that cannot be used to finance the governmental entity’s own operating programs which includes private purpose trust funds and agency funds.

Private Purpose Trust Funds - used to account for the principal and income for trust arrangements that benefit individuals, private organizations, or other governments. The District currently maintains Unemployment and Scholarship Funds as private purpose trusts.

Agency Funds - assets held by a governmental entity (either as trustee or as an agent) for other parties that cannot be used to finance the governmental entity’s own operating programs. The District currently maintains Payroll and Student Activity Funds as Agency Funds.

SOUTH AMBOY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

F. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used for measuring financial position and operating results of all governmental fund types, trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both 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. State equalization monies are recognized as revenue during the period in which they are appropriated. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recognized in the accounting period in which the fund liability is incurred, except for principal and interest on general long-term debt which are recorded when due.

In its accounting and financial reporting, the South Amboy School District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The South Amboy School District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

G. 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 and are voted upon at the annual school election on the third Tuesday in April. Effective January 17, 2012, P.L.2011 c.202 eliminated the annual voter referendum on budgets which met the statutory tax levy cap limitations and the board of education members are elected at the November general election. Budgets are prepared using the modified accrual basis of accounting. 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(m)1*. All budget amendments must be approved by School Board resolution.

SOUTH AMBOY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

G. Budgets/Budgetary Control (continued):

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and 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.

The budget, as detailed on Exhibit C-1, includes all amendments to the adopted budget, if any.

H. Encumbrances

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 South Amboy School District has received advances are reflected in the balance sheet as unearned 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.

I. Cash and Cash Equivalents

Cash and Cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost.

New Jersey School Districts are limited as to the types of investments and types of financial institutions they may invest in. *N.J.S.18A:20-37* provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection

SOUTH AMBOY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

I. Cash and Cash Equivalents (continued):

Act (“GUDPA”). GUDPA was enacted in 1970 to protect Governmental Units from loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A.17:9-41 et. Seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

J. Tuition Receivable/Payable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

These adjustments are recorded upon certification by the State Board of Education, which is normally three years following the contract year. The cumulative adjustments through June 30, 2013, which have not been recorded, are not determinable.

The tuition rate adjustments for the years 2011-2012 have been established and the District has billed/paid the school boards that have adjustments.

K. Inventories

Inventories are valued at cost, which approximates market. The costs are determined on a first-in, first-out method.

The cost of inventories in governmental fund types is recorded as expenditures when purchased rather than when consumed.

L. Prepaid Expenses

Prepaid expenses, which benefit future periods, are only recorded in the government-wide financial statements and in the proprietary fund statements. Prepaid expenses in the proprietary fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014. They are recorded as expenditure during the year of purchase.

M. Short-Term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the South Amboy School District and that are due within one year.

SOUTH AMBOY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

N. Capital Assets

General capital assets acquired or constructed during the year are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the District as assets, which have a cost in excess of \$2,000 at the date of acquisition and a useful life of one year or more. Donated capital assets are valued at their estimated fair market value on the date received. The general capital assets acquired or constructed were valued by an independent appraisal company. General capital assets, such as land and buildings, are valued at the historical cost basis and through estimated procedures performed by an independent appraisal company, respectively.

General capital assets are reflected as expenditures in the applicable governmental funds. Depreciation expense is recorded in the district-wide financial statements as well as the proprietary fund. Capital assets are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally estimated useful lives are as follows:

Buildings	20-50 Years
Machinery and Equipment	5-10 Years
Improvements	10-20 Years

O. Accrued Salaries and Wages

District employees, who provide services to the District over the ten-month academic year and extended eleven-month calendar, do not have the option to have their salaries disbursed during the entire twelve-month year. Therefore, there is no accrual as of June 30, 2014 for such salaries.

P. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

In the District-Wide financial statements, under governmental activities, compensated absences are reported as an expenditure and noncurrent liabilities.

Q. Unearned Revenue

Unearned revenue in the general and special revenue fund represents cash, which has been received but not yet earned.

SOUTH AMBOY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

R. Long-Term Obligations

In district-wide financial statements, under governmental activities, long-term debt is recognized as a liability in the general fund as debt is incurred.

S. Fund Balance

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the South Amboy School District classifies governmental fund balances as follows:

- Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by external parties, constitutional provision or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Business Administrator.
- Unassigned – includes balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The South Amboy School District uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available, unless prohibited by law or regulation. Additionally, the South Amboy School District would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

T. Net Position

Net position, represents the difference between summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified in the following three components:

- Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for acquisition, construction, or improvement of those assets.
- Restricted – Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

SOUTH AMBOY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies (continued):

U. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted Accounting Pronouncements

In March 2012, the GASB issued Statement 66, *Technical Corrections—2012*—an amendment of GASB Statements No. 10 and No. 62. GASB 66 improves accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is effective for periods beginning after December 15, 2012 although the District elected to early implement Statement 62 in fiscal year 2012. The adoption of GASB 66 does not have any impact on the District's financial statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012.

Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27*. GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District's financial statements.

V. Subsequent Events:

The South Amboy School District has evaluated subsequent events occurring after June 30, 2014 through the date of November 21, 2014, which is the date the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

The District is governed by the deposit limitations of New Jersey state law. The Deposits held at June 30, 2014, and reported at fair value are as follows:

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 2. Cash and Cash Equivalents (continued):

Type	Carrying Value
Deposits	
Demand Deposits	<u>\$ 8,087,301.40</u>
Total Deposits	<u><u>\$ 8,087,301.40</u></u>
The District's Cash and Cash Equivalents are Reported as Follows:	
Government Activities	\$ 7,370,797.24
Business-Type Activities	50,941.10
Fiduciary Funds	<u>665,563.06</u>
Total Cash and Cash Equivalents	<u><u>\$ 8,087,301.40</u></u>

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Board’s deposits may not be recovered. Although the Board does not have a formal policy regarding custodial credit risk, NJSA 17:9-41 et seq. requires that the governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA is a supplemental insurance program set forth by the New Jersey Legislature to protect the deposits of local governmental agencies. The program is administered by the Commissioner of the New Jersey Department of Banking and Insurance. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by FDIC. Public fund owned by the Board in excess of FDIC insured amounts are protected by GUDPA.

However, GUDPA does not protect intermingled trust funds such as salary withholdings, student activity funds or funds that may pass to the Board relative to the happening of a future condition. Such funds are shown as Uninsured and Uncollateralized in the schedule below. As of June 30, 2014, the District’s bank balance of \$9,164,710.68 was exposed to custodial credit risk as follows:

Insured Under FDIC	\$ 250,000.00
Uninsured and uncollateralized	634,440.64
Collateralized in the District’s Name Under GUDPA	<u>8,280,270.04</u>
Total	<u><u>\$9,164,710.68</u></u>

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 3. Reserve Accounts

A. Capital Reserve Account

A capital reserve account was established by the South Amboy School District by inclusion of \$100.00 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 *N.J.S.A.19:60-2*. Pursuant to *N.J.A.C.6:23A-14.1(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 01, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance, July 1, 2013	\$ 150,100.00
Transfer per June Resolution	150,000.00
Withdrawals - Transfer to Capital Projects	<u>(16,680.00)</u>
Ending Balance, June 30, 2014	<u>\$ 283,420.00</u>

The June 30, 2014 capital reserve balance does not exceed the LRFP balances of local support costs of uncompleted projects. The withdrawals from the capital reserve were for use in Department of Education approved facilities projects, consistent with District's LRFP.

B. Maintenance Reserve Account

The South Amboy School District established a Maintenance Reserve Account by inclusion of \$109,330.00 for the accumulation of funds for use as maintenance 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.

Funds placed in the maintenance reserve account are restricted to maintenance projects in the District's approved Maintenance Plan (M-1). A district may increase the balance in the maintenance 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.

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 3. Reserve Accounts (continued):

B. Maintenance Reserve Account (continued):

The activity of the maintenance reserve for the June 30, 2013 to June 30, 2014 fiscal year is as follows:

Ending Balance, June 30, 2014	\$ <u>284,330.00</u>
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C. Emergency Reserve Account

An Emergency Reserve Account was established by the South Amboy School District by inclusion of \$75,000.00 for the accumulation of funds in accordance with N.J.S.A. 18A:7F-41c(1). The Emergency Reserve Account is maintained in the General Fund and its activity is included in the General Fund annual budget. Funds placed in the Emergency Reserve Account are to finance unanticipated general fund expenditures required for a thorough and efficient education.

The activity of the emergency reserve for the June 30, 2013 to June 30, 2014 fiscal year is as follows:

Beginning Balance, July 1, 2013	\$ 100,000.00
Budgeted Withdrawal	<u>(75,000.00)</u>
Ending Balance, June 30, 2014	<u>\$ 25,000.00</u>

Note 4. Accounts Receivable

Accounts receivable at June 30, 2014 consisted of accounts and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. Accounts receivable as of fiscal year end for the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Proprietary Funds	Total
State Aid	\$ 201,293.03	\$ 2,771.60	\$ 651.78	\$ 204,716.41
Federal Aid	-	100,704.92	16,118.59	116,823.51
Other	-	-	120.00	120.00
Total	<u>\$ 201,293.03</u>	<u>\$ 103,476.52</u>	<u>\$ 16,890.37</u>	<u>\$ 321,659.92</u>

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 5. Capital Assets

	June 30, 2013	Additions	Deletions	June 30, 2014
Governmental Activities:				
Capital assets that are not being depreciated:				
Land	\$ 1,816,660.00	\$ -	\$ -	\$ 1,816,660.00
Construction in progress	154,414.00	1,640,299.14	-	1,794,713.14
	<hr/>			
Total capital assets not being depreciated	1,971,074.00	1,640,299.14	-	3,611,373.14
	<hr/>			
Buildings and improvements	15,303,510.00	13,200.00		15,316,710.00
Machinery and equipment	2,621,136.00	157,432.62	(58,600.00)	2,719,968.62
	<hr/>			
Subtotal	17,924,646.00	170,632.62	(58,600.00)	18,036,678.62
	<hr/>			
Less: accumulated depreciation:				
Buildings and improvements	(7,585,817.00)	(359,331.00)	-	(7,945,148.00)
Machinery and equipment	(2,235,271.00)	(181,310.00)	58,600.00	(2,357,981.00)
	<hr/>			
Total accumulated depreciation	(9,821,088.00)	(540,641.00)	58,600.00	(10,303,129.00)
	<hr/>			
Total capital assets being depreciated, net	8,103,558.00	(370,008.38)	-	7,733,549.62
	<hr/>			
Governmental activities capital assets, net	\$ 10,074,632.00	\$ 1,270,290.76	\$ -	\$ 11,344,922.76
	<hr/> <hr/>			
Business-Type Activities:				
Capital assets being depreciated:				
Equipment	\$ 295,890.00	\$ -	\$ -	\$ 295,890.00
	<hr/>			
Subtotal	295,890.00	-	-	295,890.00
	<hr/>			
Less: accumulated depreciation:				
Equipment	(277,982.00)	(1,712.00)		(279,694.00)
	<hr/>			
Total accumulated depreciation	(277,982.00)	(1,712.00)	-	(279,694.00)
	<hr/>			
Total capital assets being depreciated, net	17,908.00	(1,712.00)	-	16,196.00
	<hr/>			
Business-type activities capital assets, net	\$ 17,908.00	\$ (1,712.00)	\$ -	\$ 16,196.00
	<hr/> <hr/>			

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 6. Long-Term Obligations

A. Long-Term Obligation Activity

During the fiscal year ended June 30, 2014 the following changes occurred in liabilities reported in the long-term debt:

	June 30, 2013	Accrued/ Increases	Retired/ Decreases	June 30, 2014	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 575,000.00	\$ 8,470,000.00	\$ (420,000.00)	\$ 8,625,000.00	\$ 35,000.00
Loans Payable	1,505,526.00	-	(1,505,526.00)	-	-
Compensated Absences	388,060.50	52,964.50	-	441,025.00	-
Capital Lease Payable	-	131,979.54	(15,000.00)	116,979.54	28,245.35
Total	\$ 2,468,586.50	\$ 8,654,944.04	\$ (1,940,526.00)	\$ 9,183,004.54	\$ 63,245.35

B. Bonds Payable

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

On June 23, 2005, the District issued School Refunding Early Retirement Incentive Program Bonds totaling \$415,000.00 for the purpose of repaying the Early Retirement Incentive Program liability.

The Bonds bear interest rating of 5.00% per annum payable semi-annually on the fifteenth day of March and September of each year, until maturity. The principal is due annually on the fifteenth day of September through 2017, installments range from \$25,000.00 to \$40,000.00.

On August 20, 2013, the District issued General Obligation Bonds totaling \$8,470,000.00 for the purpose of renovations to the elementary school.

The Bonds bear interest rating 3.00% to 4.40% per annum payable semi-annually on the first day of March and September of each year, until maturity. The principal is due annually on the first day of September through 2034, installments range from \$315,000.00 to \$565,000.00.

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 6. Long-Term Obligations (continued):

Principal and Interest due on the outstanding bonds is as follows:

Year-ending June 30,	Principal	Interest	Total
2015	\$ 35,000.00	\$ 467,136.01	\$ 502,136.01
2016	390,000.00	300,465.00	690,465.00
2017	355,000.00	288,490.00	643,490.00
2018	365,000.00	279,890.00	644,890.00
2019	335,000.00	265,990.00	600,990.00
2020-2024	1,850,000.00	1,169,675.00	3,019,675.00
2025-2029	2,160,000.00	854,225.00	3,014,225.00
2030-2035	3,135,000.00	413,152.50	3,548,152.50
Total	<u>\$ 8,625,000.00</u>	<u>\$ 4,039,023.51</u>	<u>\$ 12,664,023.51</u>

C. Bonds Authorized But Not Issued

As of June 30, 2014, the District had no authorized but not issued bonds.

D. Capital Leases

The District approved a lease purchase agreement in the amount of \$131,979.54 at a 2.323% interest rate annual maturing on 8/28/2017 for the purchase of security cameras at the MHS and wireless network. The following is a schedule of the remaining future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2014:

Year-ending June 30,	Amount
2015	\$ 30,962.78
2016	30,962.78
2017	30,962.78
2018	<u>30,962.78</u>
Total Minimum Lease Payments	123,851.12
Less: Amount Representing Interest	<u>(6,871.58)</u>
Present Value of Lease Payments	<u>\$ 116,979.54</u>

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 6. Long-Term Obligations (continued):

E. Compensated Absences

Compensated Absences will be paid from the fund from which the employees' salaries are paid.

Note 7. Interfund Receivables and Payables

The following interfund balances remained on the balance sheet at June 30, 2014:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 137,723.11	\$ -
Special Revenue Fund	-	137,623.11
Capital Projects Fund	-	9,130.63
Debt Service Fund	9,030.63	-
	<hr/>	<hr/>
Total	<u>\$ 146,753.74</u>	<u>\$ 146,753.74</u>

The purpose of interfunds are for short-term borrowings.

Note 8. Inventory

Inventory recorded at June 30, 2014 in business-type activities on the government-wide statement of net position, and on the food service enterprise fund statement of net position, consisted of the following:

Food & Supplies	<u>\$ 16,159.96</u>
Total	<u>\$ 16,159.96</u>

Note 9. Pension Plans

Plan Descriptions - 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, P.O. Box 295, Trenton, New Jersey, 08625.

SOUTH AMBOY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 9. Pension Plans (continued):

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established in January 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 noncontributing 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 in January 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 of PERS are set by *N.J.S.A.43:15A* and *43.3B* and *N.J.S.A.18A:6C* 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.

Chapter 78, P.L. 2011 changed this for employees enrolled after June 28, 2011. See Significant Legislation below.

Significant Legislation – During the year ended June 30, 1997, legislation was enacted (Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional 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 ½ 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, providing excess valuation assets are available. The legislation also provided that the District's normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 9. Pension Plans (continued):

were eliminated, except for the unfunded liability for local early retirement incentive benefits; accordingly, the pension costs for TPAF and PERS were reduced.

New Legislation signed by the Acting Governor (Chapter 133, Public Laws 2001) changed the formula for calculating retirement benefits for all current and future non-veteran retirees from N/60 to N/55 (a 9.09% increase). This legislation, signed June 29, 2001, provides that all members of the TPAF and the PERS will have their pensions calculated on the basis of years of credit divided by 55. It also provides that all current retirees will have their original pension recalculated under the N/55 formula. Starting February 1, 2002, pension cost of living adjustments will be based on the new original pension.

Effective June 28, 2011, Chapter 78, P.L. 2011 reformed various pension and health benefits provisions. Employees hired after June 28, 2011 and enrolled in PERS will be enrolled in a new tier, Tier 5. Full retirement for Tier 5 PERS members will be age 65 and 30 years of service.

All cost of living adjustments are frozen until the pension fund reaches a “target funded ratio”.

Chapter 78 also requires all covered employees to contribute a prescribed percentage towards their health costs.

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 6.5%, effective October 1, 2011, 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 noncontributing employer of the TPAF.

Three-Year Trend Information for PERS

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2014	\$ 144,918.00	100%	-
6/30/2013	150,049.00	100%	-
6/30/2012	159,584.00	100%	-

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 9. Pension Plans (continued):

**Three-Year Trend Information for TPAF & Post Retirement Medical Contributions
(Paid on behalf of the District)**

Year Funded	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2014	\$ 800,494.00	100%	-
6/30/2013	971,678.00	100%	-
6/30/2012	707,001.00	100%	-

During the year ended June 30, 2014 the State of New Jersey contributed \$800,494.00 to the TPAF for normal 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 \$511,790.01 for 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 basic financial statements, and the combining and individual fund and account group statements and schedules as a revenue and expenditure in accordance with GASB 27.

Note 10. 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, 2014, 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 2014.

Note 11. 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.

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 11. Risk Management (continued):

New Jersey Unemployment Compensation Insurance – The District has elected to fund their 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 private purpose trust fund for the current and previous two years:

Fiscal Year	Employee Contributions	Board Contributions	Amount Reimbursed	Ending Balance
2013-2014	\$ 14,744.04	\$ 60,000.00	\$ 12,631.65	\$ 99,822.72
2012-2013	15,638.00	75,000.00	71,914.00	37,710.33
2011-2012	20,852.00	76,174.00	67,573.00	18,986.33

Joint Insurance Pool – The South Amboy School District is a member of New Jersey School Alliance Insurance Fund. The Fund provides its members with the following coverage’s:

Property – Blanket Building & Grounds	Excess Liability
General and Automobile Liability	Workers’ Compensation
School Board Legal Liability	Comprehensive Crime Coverage
Employers Liability	Environmental Impairment Liability

Note 12. Contingent Liabilities

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2014 may be impaired. In the opinion of the

District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been recorded in the accompanying combined financial statements for such contingencies.

Note 13. Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District’s programs and activities.

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 14. Deferred Compensation

The South Amboy School District 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:

Syracusa Benefits Program	Lincoln Investment Planning
Variable Annuity Life Insurance Company	Compass Capital Management
AXA/Equitable	MG Trust

Note 15. 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 vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for specified dollar amount per sick day accumulated and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the governmental fund types is recorded in the statement of Net Position under governmental activities. The current portion of the compensated absence balance is not considered material to the applicable funds total liabilities, and is therefore not shown separately from the long-term liability balance of compensated absences. The amount at June 30, 2014 is \$441,025.00.

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 there was no liability for compensated absences in the proprietary fund types.

Note 16. Fund Balance Disclosure

General Fund – of the \$874,886.49 General Fund fund balance at June 30, 2014, \$283,420.00 has been restricted for the Capital Reserve Account; \$284,330.00 has been restricted for Maintenance Reserve Account; \$25,000.00 has been restricted for Emergency Reserve Account; \$156,788.00 is restricted for excess surplus designated for subsequent years expenditures; \$166,053.00 is restricted current year excess surplus; \$174,996.94 is assigned to Year-end Encumbrances; \$130,405.00 is assigned to designated by the Board of Education for subsequent year's expenditures and \$(346,106.45) is unassigned.

Special Revenue Fund – The fund balance of \$(18,841.20) is unassigned.

SOUTH AMBOY SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Note 16. Fund Balance Disclosure (continued):

Capital Projects Fund – The fund balance of \$6,691,967.17 has been restricted for future Capital Projects.

Debt Service Fund – of the Debt Service Fund fund balance at June 30, 2014, \$25,721.86 is reserved in accordance with N.J.S.A 7F-41c(2).

Note 17. Calculation of Excess Surplus

In accordance with *N.J.S.A.18A:7F-7*, as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey School Funding Reform Act of 2008 (SFRA). New Jersey school districts are required to restrict 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 \$166,053.00.

Note 18. Deficit Fund Balance

The District has a deficit fund balance of \$(40,704.51) in the General Fund and \$(18,841.20) in the Special Revenue Fund as of June 30, 2014 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, Districts must record the delayed one or more June state aid payments 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 June state aid payment(s) in the subsequent fiscal year, the school district cannot recognize the June state aid payment(s) on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payment, the Special Revenue Fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, unassigned general fund balance that is reported as a direct result from a delay in the payment of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP funds statements of \$(40,704.51) in the General Fund relates to the \$646,433.80 General Fund portion of the last state aid payment and \$(18,841.20) is equal to the Special Revenue Fund portion of the last state aid payment.

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Note 19. Deficit in Net Position

Restricted Net Position – The School District had a deficit in restricted net position for Debt Service in the amount of \$234,791.49 at June 30, 2014. The deficit is caused by the accrual of bond interest in the government-wide financial statements.

Unrestricted Net Position – The School District had a deficit in unrestricted net position in the amount of \$500,571.71 at June 30, 2014. The deficit is due to the final state aid payment of \$665,275.00 not be recognized for GAAP purposes (See Note 18).

REQUIRED SUPPLEMENTARY INFORMATION - PART II

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C. Budgetary Comparison Schedules

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**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Revenues:							
Local Sources:							
Local Tax Levy	\$ 8,297,895.00	\$ -	\$ 8,297,895.00	\$ 8,135,191.00	\$ -	\$ 8,135,191.00	\$ 8,135,191.00
Tuition from Individuals	-	-	-	-	-	-	1,818.00
Tuition from Other LEA's	-	-	-	-	-	-	-
Tuition - Other	-	-	-	-	-	-	-
Interest	-	-	-	500.00	-	500.00	742.00
Interest Earned on Emergency Reserve	6.00	(6.00)	-	-	-	-	-
Interest Earned on Maintenance Reserve	37.00	(37.00)	-	40.00	(40.00)	-	-
Interest Earned on Capital Reserve	5.00	(5.00)	-	1.00	(1.00)	-	-
Services Provided Other LEA's	-	-	-	-	-	-	-
Miscellaneous	20,500.00	-	20,500.00	5,000.00	-	5,000.00	50,918.00
Total Local Sources	8,318,443.00	(48.00)	8,318,395.00	8,140,732.00	(41.00)	8,140,691.00	8,188,669.00
State Sources:							
Categorical Transportation Aid	43,463.00	-	43,463.00	41,599.00	-	41,599.00	41,599.00
Categorical Special Education Aid	678,015.00	-	678,015.00	675,693.00	-	675,693.00	675,693.00
Equalization Aid	5,720,187.00	-	5,720,187.00	5,765,832.00	-	5,765,832.00	5,765,832.00
Categorical Security Aid	56,004.00	-	56,004.00	54,068.00	-	54,068.00	54,068.00
Under Adequacy Aid	75,497.00	-	75,497.00	-	-	-	-
Extraordinary Aid	200,000.00	-	200,000.00	176,109.00	-	176,109.00	167,842.00
Nonbudgeted:							
On-Behalf TPAF Pension Contribution	-	-	303,261.00	-	-	-	456,027.00
On-Behalf TPAF Medical Contribution	-	-	497,233.00	-	-	-	515,651.00
Reimbursed TPAF Social Security	-	-	511,790.01	-	-	-	521,954.00
Total State Sources	6,773,166.00	-	6,773,166.00	6,537,192.00	-	6,537,192.00	8,198,666.00
Federal Sources:							
Medicaid Reimbursement	20,213.00	-	20,213.00	20,213.00	-	20,213.00	49,789.00
Education Jobs Fund Program	-	-	-	-	564.00	564.00	564.00
Medicaid Administrative Claiming	-	-	-	-	-	-	-
Total Federal Sources:	20,213.00	-	20,213.00	20,213.00	564.00	20,777.00	50,353.00
Total Revenues	15,111,822.00	(48.00)	15,111,774.00	14,698,137.00	523.00	14,698,660.00	16,437,688.00
							1,739,028.00

**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

	ACCOUNT NUMBERS	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL			
		ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET				
Expenditures:											
Current Expense:											
Instruction - Regular Programs:											
Salaries of Teachers:											
Kindergarten	11-110-100-101	279,300.00	(11,692.59)	267,607.41	266,587.18	1,020.23	292,969.00	22,065.00	315,034.00	-	
Grades 1 - 5	11-120-100-101	1,456,898.00	7,241.91	1,464,139.91	1,460,681.60	3,458.31	1,522,058.00	(43,307.00)	1,478,751.00	-	
Grades 6 - 8	11-130-100-101	843,055.00	(2,923.22)	840,131.78	838,620.28	1,511.50	739,980.00	39,603.00	779,583.00	-	
Grades 9-12	11-140-100-101	1,356,033.00	95,098.80	1,451,131.80	1,447,802.50	3,329.30	1,411,280.00	(32,904.00)	1,378,376.00	-	
Regular Programs - Home Instruction:											
Salaries of Teachers	11-150-100-101	5,000.00	15,087.50	20,087.50	20,087.50	-	7,500.00	28,660.00	36,160.00	-	
Purchased Professional -											
Educational Services	11-150-100-320	30,000.00	(11,021.00)	18,979.00	18,979.00	-	18,979.00	30,127.00	26,698.00	3,429.00	
Regular Programs - Undistributed Instruction:											
Other Salaries for Instruction	11-190-100-106	257,522.00	49,276.17	306,798.17	301,021.42	5,776.75	278,091.00	(40,850.00)	237,241.00	-	
Purchased Professional -											
Technical Services	11-190-100-340	82,500.00	(4,486.85)	78,013.15	77,993.91	19.24	86,000.00	(13,419.00)	72,581.00	2.00	
Other Purchased Services	11-190-100-500	22,841.00	(300.00)	22,541.00	21,822.49	718.51	13,800.00	(160.00)	13,640.00	-	
General Supplies	11-190-100-610	195,500.00	78,824.01	274,324.01	202,664.25	71,659.76	219,000.00	32,970.00	230,880.00	21,090.00	
Textbooks	11-190-100-640	37,000.00	(2,362.55)	34,637.45	34,015.58	621.87	40,000.00	(3,718.00)	36,282.00	802.00	
Other Objects	11-190-100-800	3,500.00	(3,135.41)	364.59	265.00	99.59	4,300.00	(365.00)	3,935.00	-	
Total Regular Programs - Instruction		4,569,149.00	209,606.77	4,778,755.77	4,690,540.71	88,215.06	4,614,978.00	18,702.00	4,633,680.00	4,608,357.00	25,323.00
Special Education:											
Learning and/or Language Disabilities:											
Salaries of Teachers	11-204-100-101	514,933.00	(97,102.20)	417,830.80	417,830.80	-	187,306.00	286,673.00	473,979.00	-	
Other Salaries for Instruction	11-204-100-106	22,960.00	27,810.04	50,770.04	50,770.04	-	81,805.00	(66,289.00)	15,516.00	-	
General Supplies	11-204-100-610	1,000.00	(173.31)	826.69	826.69	-	500.00	465.00	965.00	-	
Total Learning and/or Language Disabilities		538,893.00	(69,465.47)	469,427.53	469,427.53	-	269,611.00	220,849.00	490,460.00	490,460.00	-
Multiple Disabilities:											
Salaries of Teachers	11-212-100-101	249,549.00	23,695.10	273,244.10	273,244.10	-	225,961.00	16,363.00	242,324.00	-	
Other Salaries for Instruction	11-212-100-106	116,302.00	(28,507.81)	87,794.19	87,794.19	-	27,802.00	83,800.00	111,602.00	-	
General Supplies	11-212-100-610	2,500.00	731.42	3,231.42	3,224.61	6.81	2,000.00	2,545.00	4,545.00	-	
Total Multiple Disabilities		368,351.00	(4,081.29)	364,269.71	364,262.90	6.81	255,763.00	102,708.00	358,471.00	358,471.00	-
Resource Room/Resource Center:											
Salaries of Teachers	11-213-100-101	533,954.00	(25,759.96)	508,194.04	508,194.04	-	776,048.00	(301,244.00)	474,804.00	-	
Other Salaries for Instruction	11-213-100-106	52,524.00	(52,524.00)	-	-	-	121,574.00	(70,388.00)	51,186.00	-	
General Supplies	11-213-100-610	250.00	-	250.00	250.00	250.00	250.00	-	250.00	-	
Total Resource Room		586,728.00	(78,283.96)	508,444.04	508,194.04	250.00	897,872.00	(371,632.00)	526,240.00	526,240.00	-
Preschool Disabilities - Part Time:											
Salaries of Teachers	11-215-100-101	67,972.00	-	67,972.00	67,722.00	250.00	51,219.00	15,428.00	66,647.00	-	
Other Salaries for Instruction	11-215-100-106	26,480.00	(26,480.00)	-	-	-	26,084.00	(130.00)	25,954.00	-	

**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Schools	932,065.00	(223,427.73)	708,637.27	830,200.00	154,848.00	985,048.00	916,773.00
Tuition to Private Schools for the Handicapped - State	653,485.00	180,496.48	833,981.48	621,007.00	(44,892.37)	576,114.63	562,601.00
Tuition - State Facilities	31,365.00	-	31,365.00	17,699.00	(17,699.00)	-	-
Total Undistributed Expenditures - Instruction	1,858,282.00	(137,112.95)	1,721,169.05	1,585,906.00	76,539.20	1,662,445.20	1,580,405.00
Attendance & Social Work Services:							
Salaries	7,720.00	-	7,720.00	8,262.00	(885.00)	7,377.00	7,377.00
Total Attendance & Social Work Services	7,720.00	-	7,720.00	8,262.00	(885.00)	7,377.00	7,377.00
Health Services:							
Salaries	133,134.00	400.00	133,534.00	129,597.00	1,730.00	131,327.00	131,327.00
Purchased Professional & Technical Services	5,350.00	-	5,350.00	200.00	10,250.00	10,450.00	10,450.00
Supplies and Materials	3,700.00	22.17	3,722.17	3,700.00	(209.00)	3,491.00	3,491.00
Other Objects	550.00	(22.17)	527.83	550.00	(65.00)	485.00	485.00
Total Health Services	142,734.00	400.00	143,134.00	134,047.00	11,706.00	145,753.00	145,753.00
Other Support Services - Speech, OT, PT & Related							
Salaries	137,482.00	-	137,482.00	133,002.00	1,673.00	134,675.00	134,675.00
General Supplies	3,000.00	-	3,000.00	3,500.00	(377.00)	3,123.00	3,123.00
Total Other Support Services - Students - Related Services	140,482.00	-	140,482.00	136,502.00	1,296.00	137,798.00	137,798.00
Other Support Services - Students - Regular:							
Salaries of Other Professional Staff	288,190.00	6,035.26	294,225.26	280,517.00	3,515.00	284,032.00	284,032.00
Salaries of Secretarial & Clerical Assistants	43,764.00	-	43,764.00	43,129.00	-	43,129.00	43,129.00
Other Purchased Professional & Technical Services	3,862.00	-	3,862.00	6,700.00	(1,442.00)	5,258.00	5,258.00
Other Purchased Services	7,400.00	(390.00)	7,010.00	7,400.00	(3,458.00)	3,942.00	3,942.00
Other Objects	100.00	-	100.00	100.00	(60.00)	40.00	40.00
Total Other Support Services - Students - Regular	343,316.00	5,645.26	348,961.26	337,846.00	(1,445.00)	336,401.00	336,401.00
Other Support Services - Students - Special Services:							
Salaries of Other Professional Staff	280,945.00	1,740.73	282,685.73	267,946.00	4,203.00	272,149.00	272,149.00
Salaries of Secretarial & Clerical Assistants	43,514.00	1,798.76	45,312.76	42,379.00	541.00	42,920.00	42,920.00
Purchased Prof. Ed. Services	65,000.00	(7,386.98)	57,613.02	57,500.00	5,998.00	63,498.00	53,529.00
Other Purchased Professional & Technical Services	2,040.00	-	2,040.00	6,700.00	(1,695.00)	5,005.00	5,005.00
Total Other Support Services - Students - Special Services	391,509.00	5,151.51	396,660.51	374,525.00	9,147.00	383,582.00	373,603.00
Total Support Services - Students	1,424,800.00	(10,000.00)	1,414,800.00	1,350,000.00	100,000.00	1,450,000.00	1,450,000.00
Total Support Services - Students - Regular	1,400,482.00	5,645.26	1,406,127.26	1,334,348.00	(1,445.00)	1,332,903.00	1,332,903.00
Total Support Services - Students - Special Services	24,318.00	(10,000.00)	14,318.00	16,652.00	104,000.00	117,097.00	117,097.00
Total Support Services - Students	1,424,800.00	(10,000.00)	1,414,800.00	1,350,000.00	100,000.00	1,450,000.00	1,450,000.00
Total Support Services - Regular	1,400,482.00	5,645.26	1,406,127.26	1,334,348.00	(1,445.00)	1,332,903.00	1,332,903.00
Total Support Services - Special Services	24,318.00	(10,000.00)	14,318.00	16,652.00	104,000.00	117,097.00	117,097.00
Total Support Services	1,424,800.00	(10,000.00)	1,414,800.00	1,350,000.00	100,000.00	1,450,000.00	1,450,000.00

**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Other Purchased Services	500.00	-	500.00	750.00	83.00	833.00	833.00
Miscellaneous Purchased Services	8,500.00	3,760.83	12,260.83	7,000.00	747.00	7,747.00	7,700.00
Supplies & Materials	1,500.00	275.99	1,775.99	2,500.00	(996.00)	1,504.00	1,504.00
Other Objects							
Total Other Support Services - Students - Special Services	401,999.00	189.33	402,188.33	384,775.00	8,881.00	393,656.00	383,640.00
Improvement of Instruction Services/Other Support Services - Instruction Staff:							
Salaries of Supervisors of Instruction	64,610.00	2,900.39	67,510.39	62,000.00	69.00	62,069.00	62,069.00
Supplies and Materials	-	646.28	646.28	-	-	-	-
Total Improvement of Instruction Services/Other Support Services - Instructional Staff	64,610.00	3,546.67	68,156.67	62,000.00	69.00	62,069.00	62,069.00
Educational Media Services/School Library:							
Salaries	61,412.00	71,921.23	133,333.23	60,422.00	67,124.00	127,546.00	127,546.00
Salaries of Technology Coordinators	81,199.00	(81,199.00)	-	72,610.00	(72,610.00)	-	-
Purchased Professional & Technical Services	22,500.00	(7,730.87)	14,769.13	20,000.00	(8,556.00)	11,444.00	3,217.00
Supplies and Materials	1,000.00	-	1,000.00	1,000.00	(929.00)	71.00	71.00
Total Educational Media Services/School Library	166,111.00	(17,008.64)	149,102.36	154,032.00	(14,971.00)	139,061.00	130,834.00
Instructional Staff Training Services:							
Purchased Professional - Educational Staff	6,325.00	5,157.99	11,482.99	10,000.00	13,906.00	23,906.00	2,009.00
Other Objects	500.00	(51.54)	448.46	500.00	(500.00)	-	-
Total Instructional Staff Training Services	6,825.00	5,106.45	11,931.45	10,500.00	13,406.00	23,906.00	2,009.00
Support Services General Administration:							
Salaries	236,393.00	-	236,393.00	257,297.00	(221.00)	257,076.00	257,076.00
Legal Services	35,000.00	3,013.34	38,013.34	35,000.00	6,818.00	41,818.00	39,505.00
Audit Fees	18,900.00	18,900.00	37,800.00	20,000.00	17,800.00	37,800.00	18,900.00
Architectural/Engineering Services	7,500.00	(3,800.00)	3,700.00	7,500.00	19,098.00	26,598.00	19,098.00
Other Purchased Professional Services	7,760.00	(2,433.70)	5,326.30	11,200.00	28,482.00	39,682.00	39,682.00
Communications/Telephone (400-500 Series)	24,000.00	(1,779.64)	22,220.36	24,500.00	(19,767.00)	4,733.00	4,503.00
Other Purchased Services	500.00	-	500.00	500.00	235.00	735.00	735.00
Other Purchasing Services	99,050.00	5,000.00	104,050.00	102,500.00	(22,286.00)	80,214.00	80,214.00
General Supplies	2,000.00	-	2,000.00	2,000.00	2,954.00	4,954.00	4,176.00
Miscellaneous Expenditures	3,000.00	12,250.00	15,250.00	3,000.00	11,707.00	14,707.00	14,707.00
BOE Membership Dues & Fees	12,250.00	(12,250.00)	-	12,000.00	(12,000.00)	-	-
Total Support Services General Administration:	383,640.00	189.33	383,829.33	384,775.00	8,881.00	393,656.00	383,640.00

**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET		
Total Support Services General Administration	446,353.00	18,900.00	465,253.00	415,633.78	49,619.22	500,817.00	478,596.00	22,221.00
Support Services School Administration:								
Salaries of Principals & Assistant Principals	455,467.00	23,929.26	479,396.26	478,174.14	1,222.12	447,165.00	447,165.00	-
Salaries of Secretarial & Clerical Assistants	177,556.00	-	177,556.00	176,451.60	1,104.40	175,442.00	175,442.00	-
Purchased Professional & Technical Services	7,724.00	-	7,724.00	7,724.00	-	10,811.00	10,811.00	-
Other Purchased Services	2,000.00	-	2,000.00	170.52	1,829.48	2,000.00	2,000.00	-
Supplies & Materials	4,500.00	(100.00)	4,400.00	3,795.02	604.98	5,728.00	5,728.00	-
Other Objects	5,100.00	100.00	5,200.00	4,479.00	721.00	4,264.00	4,264.00	-
Total Support Services School Administration	652,347.00	23,929.26	676,276.26	670,794.28	5,481.98	645,410.00	645,410.00	-
Central Services:								
Salaries	246,063.00	(607.75)	245,455.25	245,454.69	0.56	238,622.00	238,622.00	-
Purchased Professional Services	11,000.00	(270.81)	10,729.19	9,999.00	730.19	11,271.00	9,641.00	1,630.00
Purchased Technical Services	2,050.00	-	2,050.00	2,050.00	-	2,000.00	2,000.00	-
Miscellaneous Purchased Services	2,000.00	-	2,000.00	1,544.59	455.41	1,434.00	1,316.00	118.00
Supplies & Materials	5,500.00	878.56	6,378.56	6,194.48	184.08	11,187.00	10,310.00	877.00
Interest on BANS	13,482.00	(188.00)	13,294.00	5,089.07	8,204.93	-	-	-
Miscellaneous Expenditures	2,475.00	188.00	2,663.00	2,663.00	-	2,176.00	2,176.00	-
Total Central Services	282,570.00	0.00	282,570.00	272,994.83	9,575.17	266,690.00	264,065.00	2,625.00
Administrative Information Technology:								
Salaries	8,068.00	-	8,068.00	8,068.00	-	8,068.00	8,068.00	-
Purchased of Professional Services	-	9,980.00	9,980.00	9,980.00	-	-	-	-
Purchased Technical Services	17,500.00	(8,801.00)	8,699.00	5,384.00	3,315.00	13,659.00	13,659.00	-
Supplies and Materials	10,000.00	3,024.54	13,024.54	13,024.54	-	10,303.00	7,152.00	3,151.00
Other Objects	10,000.00	1,811.00	11,811.00	10,877.67	933.33	10,000.00	3,702.00	6,298.00
Total Administrative Information Technology	45,568.00	6,014.54	51,582.54	47,334.21	4,248.33	42,030.00	32,581.00	9,449.00
Required Maintenance for School Facilities:								
Salaries	166,099.00	-	166,099.00	162,576.94	3,522.06	156,983.00	156,983.00	-
Cleaning, Repair & Maintenance Services	96,900.00	6,518.91	103,418.91	91,014.92	12,403.99	86,340.00	72,982.00	13,358.00
General Supplies	32,500.00	7,807.01	40,307.01	38,147.25	2,159.76	36,115.00	29,593.00	6,522.00
Other Objects	47,800.00	-	47,800.00	38,339.20	9,460.80	45,708.00	37,268.00	8,440.00
Total Allowable Maintenance For School Facilities	343,299.00	14,325.92	357,624.92	330,078.31	27,546.61	325,146.00	296,826.00	28,320.00
Other Operation & Maintenance of Plant Services:								
Salaries	441,149.00	7,500.00	448,649.00	417,290.37	31,358.63	434,682.00	416,479.00	18,203.00
Cleaning, Repair & Maintenance								

**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Services	3,000.00	21,145.00	24,145.00	5,000.00	-	5,000.00	400.00
Insurance	35,000.00	(15,672.50)	19,327.50	36,000.00	-	36,000.00	36,000.00
General Supplies	41,000.00	(2,945.00)	38,055.00	48,500.00	3,311.00	51,811.00	39,244.00
Energy (Natural Gas)	120,000.00	(20,926.38)	99,073.62	140,000.00	(81,206.00)	58,794.00	21,616.00
Energy (Electricity)	225,000.00	(18,152.58)	206,847.42	260,000.00	(31,946.00)	228,054.00	211,816.00
Other Objects	225.00	673.00	898.00	150.00	30.00	180.00	180.00
Total Operation & Maintenance of Plant Services	865,374.00	(28,378.46)	836,995.54	924,332.00	(109,811.00)	814,521.00	725,735.00
Student Transportation Services:							
Salaries of Non-Instructional Aides	7,800.00	(7,800.00)	-	7,500.00	(7,500.00)	-	-
Salaries for Pupil Transportation (Between Home & School) - Special	83,007.00	(1,425.95)	81,581.05	69,027.00	16,241.00	85,268.00	85,268.00
Salaries for Pupil Transportation (Other than Between Home & School)	8,500.00	22,365.82	30,865.82	12,000.00	8,825.00	20,825.00	19,613.00
Management Fee - ESC & CTSA	10,452.00	4,548.00	15,000.00	9,400.00	(9,400.00)	-	-
Trans Program	10,000.00	(1,882.38)	8,117.62	7,050.55	1,067.07	11,694.00	11,477.00
Contracted Services - (Other than Between Home & School)	-	-	-	-	-	-	-
Contracted Services - (Between Home & School) Joint Agreement	4,300.00	1,061.84	5,361.84	15,000.00	(6,494.00)	8,506.00	8,506.00
Contracted Services - Jointure Agreements - (Special Education	48,000.00	38,592.58	86,592.58	140,000.00	(53,881.00)	86,119.00	86,119.00
Contracted Services - ESC's & CTSA's - (Regular Students	170,000.00	47,096.35	217,096.35	265,600.00	(63,861.00)	201,739.00	201,739.00
Contracted Services - ESC's & CTSA's - (Special Education Students)	4,000.00	-	4,000.00	4,000.00	-	4,000.00	4,000.00
Miscellaneous Purchased Services - Transportation	500.00	-	500.00	230.00	270.00	20,164.00	19,689.00
General Supplies	30,500.00	(10,500.01)	19,999.99	21,000.00	(21,000.00)	-	-
Transportation Supplies	1,000.00	(512.50)	487.50	363.42	337.50	-	-
Miscellaneous Expenditures	378,059.00	91,543.75	469,602.75	543,527.00	(100,840.00)	442,687.00	440,783.00
Total Student Transportation Services	160,000.00	4,096.45	164,096.45	156,963.00	34,133.00	191,096.00	191,096.00
Unallocated Benefits Employee Benefits:							
Social Security Contributions	150,000.00	7,625.09	157,625.09	167,000.00	(8,612.00)	158,388.00	155,125.00
Other Retirement Contributions - PERS	5,000.00	1,300.00	6,300.00	-	-	-	-
Other Retirement Contributions - Regular	75,000.00	(12,929.86)	62,070.14	60,000.00	2,070.14	75,000.00	75,000.00
Unemployment Compensation	108,000.00	5,259.50	113,259.50	115,000.00	(11,305.00)	103,695.00	103,695.00
Workman's Compensation	2,200,214.00	1,224.17	2,201,438.17	1,995,340.00	130,002.00	2,125,342.00	2,111,567.00
Health Benefits	-	16,755.19	16,755.19	-	-	-	-
Tuition Reimbursement	-	16,755.19	16,755.19	-	-	-	-
Total Unallocated Benefits	1,995,340.00	16,755.19	2,012,095.19	1,995,340.00	16,755.19	2,012,095.19	1,995,340.00

**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014			JUNE 30, 2013			POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Other Employee Benefits	16,000.00	(13,563.76)	2,436.24	500.00	920.00	1,420.00	1,420.00
Total Unallocated Benefits - Employee Benefits	2,714,214.00	9,766.78	2,723,980.78	2,691,947.56	161,680.00	2,671,483.00	2,653,992.00
Nonbudgeted:				32,033.22			17,491.00
On-Behalf TPAF Pension Contributions	-	-	303,261.00	(303,261.00)	-	-	456,027.00
On-Behalf TPAF Medical Contributions	-	-	497,233.00	(497,233.00)	-	-	515,651.00
Reimbursed TPAF Social Security	-	-	511,790.01	(511,790.01)	-	-	521,954.00
Total Undistributed Expenditures	8,859,863.00	(3,132.09)	8,856,730.91	9,901,404.86	53,281.20	8,617,250.20	9,817,906.00
Total Expenditures - Current Expense	15,318,539.00	37,824.28	15,356,363.28	16,285,069.45	31,175.20	15,050,673.20	16,218,284.00
Capital Outlay:							
Equipment:							
Undistributed Expenditures:							
12-000-100-730 Instruction	-	-	-	-	11,990.00	11,990.00	11,990.00
12-000-213-730 Health Equipment	-	-	-	-	-	-	-
12-000-230-730 General Administration	-	4,000.00	4,000.00	-	37,730.00	37,730.00	37,730.00
12-000-252-730 Administrative Information Technology	-	8,463.08	8,463.08	-	-	-	-
Required Maintenance for School Facilities	-	14,324.38	14,324.38	-	8,500.00	8,500.00	8,500.00
School Buses - Special	-	-	-	-	103,150.00	103,150.00	103,150.00
Total Equipment	-	26,787.46	26,787.46	12,463.08	161,370.00	161,370.00	161,370.00
Facilities Acquisition & Construction Services:							
12-000-400-334 Architectural/Engineering Services	-	-	-	-	122,000.00	122,000.00	108,800.00
12-000-400-450 Construction Services	-	13,200.00	13,200.00	-	-	-	-
Assessment for Debt Service on SDA Funding	1,230.00	-	1,230.00	798.00	-	798.00	798.00
Total Facilities Acquisition & Construction Services	1,230.00	13,200.00	14,430.00	798.00	122,000.00	122,798.00	109,598.00
Total Capital Outlay	1,230.00	39,987.46	41,217.46	26,893.08	283,370.00	284,168.00	270,968.00
Assets Acquired Under Capital Leases (Nonbudgeted):							
Undistributed Expenditures:							
Wireless Network and Security Cameras	-	-	-	131,979.54	-	-	-
Total Assets Acquired Under Capital Leases/ (Nonbudgeted)	-	-	-	131,979.54	-	-	-
Total Expenditures	15,319,769.00	77,811.74	15,397,580.74	16,443,942.07	314,545.20	15,334,841.20	16,489,252.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(207,947.00)	(77,859.74)	(285,806.74)	36,241.68	(314,022.20)	(636,181.20)	(51,564.00)
							584,617.20

**SOUTH AMBOY SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

ACCOUNT NUMBERS	JUNE 30, 2014		ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL	JUNE 30, 2013		ACTUAL	POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS			FINAL BUDGET	BUDGET TRANSFERS		
Other Financing Sources/(Uses):								
Transfer of Interest Earned on Capital Reserve	(5.00)	5.00	-	-	-	-	-	-
Transfer of Interest Earned on Maintenance Reserve	(37.00)	37.00	-	-	-	40.00	-	-
Transfer of Interest Earned on Emergency Reserve	(6.00)	6.00	-	-	(40.00)	-	-	-
Transfer of Funds to Charter Schools	(8,157.00)	8,157.00	-	-	(1.00)	1.00	-	-
Transfer to Capital Projects	-	(16,680.00)	(16,680.00)	-	-	-	-	-
Capital Leases (Nonbudgeted)	-	-	131,979.54	131,979.54	-	-	-	-
Total Other Financing Sources/(Uses)	(8,205.00)	(8,475.00)	115,299.54	131,979.54	(41.00)	41.00	-	-
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing Uses	(216,152.00)	(86,334.74)	(302,486.74)	151,541.22	454,027.96	(313,981.20)	(636,181.20)	584,617.20
Fund Balances, July 1	1,369,779.00	-	1,369,779.00	1,369,779.00	-	1,421,343.00	1,421,343.00	-
Fund Balances, June 30	\$ 1,153,627.00	\$ (86,334.74)	\$ 1,067,292.26	\$ 1,521,320.22	\$ 454,027.96	\$ (313,981.20)	\$ 785,161.80	\$ 584,617.20

RECAPITULATION OF BUDGET TRANSFERS

Rollover of Prior Year Encumbrances	\$ 69,654.74
Withdrawal from Capital Reserve	<u>16,680.00</u>
	<u>\$ 86,334.74</u>

RECAPITULATION OF FUND BALANCE

Restricted Fund Balance:	
Capital Reserve	\$ 283,420.00
Maintenance Reserve	284,330.00
Emergency Reserve	25,000.00
Excess Surplus	166,053.00
Excess Surplus Designated for Subsequent Year's Expenditures	156,788.00
Assigned Fund Balance:	
Unreserved Designated for Subsequent Year's Expenditures	130,405.00
Year-end Encumbrances	174,996.94
Unassigned Fund Balance	<u>300,327.28</u>
Subtotal	<u>1,521,320.22</u>
Reconciliation to Governmental Fund Statements (GAAP):	
Last State Aid Payments Not Recognized on GAAP Basis	<u>(646,433.80)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 874,886.42</u>

**SOUTH AMBOY SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

REVENUES	JUNE 30, 2014			JUNE 30, 2013			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	ORIGINAL BUDGET	BUDGET TRANSFERS	FINAL BUDGET	
Federal Sources	637,741.00	101,715.00	739,456.00	755,862.00	(1.00)	755,861.00	746,245.00
State Sources	406,395.00	36,444.00	442,839.00	439,407.00	6,021.00	445,428.00	366,611.00
Total Revenues	1,044,136.00	138,159.00	1,182,295.00	1,195,269.00	6,020.00	1,201,289.00	1,112,856.00
EXPENDITURES:							
Instruction:							
Salaries of Teachers	255,009.00	22,774.70	277,783.70	259,228.00	-	259,228.00	243,029.00
Other Salaries for Instruction	28,743.00	(11,468.70)	17,274.30	28,743.00	-	28,743.00	28,743.00
Purchased Professional Services (300 Series)	260,867.00	39,824.00	300,691.00	272,595.00	(8,274.00)	264,321.00	264,321.00
General Supplies	61,320.00	11,985.00	73,305.00	52,097.00	(8,364.00)	43,733.00	43,733.00
Textbooks	-	-	-	24,042.00	283.00	24,325.00	24,042.00
Total Instruction	605,939.00	63,115.00	669,054.00	636,705.00	(16,355.00)	620,350.00	603,868.00
Support Services:							
Salaries	29,000.00	28,574.00	57,574.00	31,782.00	-	31,782.00	31,781.00
Personal Services - Employee Benefits	65,563.00	5,722.00	71,285.00	67,556.00	3,164.00	70,720.00	70,720.00
Purchased Professional Services (300 Series)	334,134.00	36,508.00	370,642.00	441,426.00	19,211.00	460,637.00	388,687.00
Travel	-	750.00	750.00	-	-	-	-
Supplies	1,500.00	(1,500.00)	-	2,800.00	5.00	2,805.00	2,805.00
Miscellaneous Expenditures	1,500.00	(1,500.00)	-	2,000.00	-	2,000.00	2,000.00
Total Support Services	431,697.00	68,554.00	500,251.00	545,564.00	22,380.00	567,944.00	495,993.00
Capital Outlay							
Instructional Equipment	6,500.00	6,490.00	12,990.00	13,000.00	(5.00)	12,995.00	12,995.00
Total Capital Outlay	6,500.00	6,490.00	12,990.00	13,000.00	(5.00)	12,995.00	12,995.00
Total Expenditures	1,044,136.00	138,159.00	1,182,295.00	1,195,269.00	6,020.00	1,201,289.00	1,112,856.00
Total Outflows	1,044,136.00	138,159.00	1,182,295.00	1,195,269.00	6,020.00	1,201,289.00	1,112,856.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures & Other Financing Sources/(Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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**SOUTH AMBOY SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 NOTE TO RSI
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Note A - 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 (C-Series)	\$ 16,480,183.75	\$ 1,111,238.86
Difference - Budget to GAAP:		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	650,342.00	18,253.00
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	(646,433.80)	(18,841.20)
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year		-
Current Year		(46,071.14)
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	\$ 16,484,091.95	\$ 1,064,579.52
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 16,443,942.07	\$ 1,111,238.86
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received is 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		-
Current Year		(46,071.14)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	\$ 16,443,942.07	\$ 1,065,167.72

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OTHER SUPPLEMENTARY INFORMATION

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D. School Based Budget Schedules

Not Applicable

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E. Special Revenue Fund

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**SOUTH AMBOY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

	NO CHILD LEFT BEHIND				NJ NON-PUBLIC				
	TITLE I	TITLE II-A	TITLE III IMMIGRANT	IDEA Part B BASIC	IDEA Part B PRESCHOOL	TEXTBOOKS AID	NURSING AID	TECHNOLOGY AID	HOME INSTRUCTION
Revenues:									
Federal Sources	278,308.63	62,700.37	16,385.00	359,794.83	7,161.00	22,572.87	32,115.00	8,314.33	-
State Sources	-	-	-	-	-	-	-	-	-
Total Revenues	\$ 278,308.63	\$ 62,700.37	\$ 16,385.00	\$ 359,794.83	\$ 7,161.00	\$ 22,572.87	\$ 32,115.00	\$ 8,314.33	\$ 3,077.97
Expenditures:									
Instruction:									
Salaries of Teachers	\$ 141,072.00	\$ 20,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Salaries of Other Instruction	-	-	-	-	-	-	-	-	-
Purchased Professional Services (300 Series)	25,000.00	-	-	267,371.00	-	-	-	8,314.33	-
General Supplies	18,755.00	-	13,687.00	-	-	22,572.87	-	-	-
Textbooks	-	-	-	-	-	-	-	-	-
Total Instruction	184,827.00	20,000.00	13,687.00	267,371.00	-	22,572.87	-	8,314.33	-
Support Services:									
Salaries	20,130.79	-	-	-	-	-	-	-	-
Employee Benefits	32,447.00	4,600.00	-	-	-	-	-	-	-
Purchased Professional Services (300 Series)	33,658.84	38,100.37	2,698.00	92,423.83	7,161.00	-	32,115.00	-	3,077.97
Travel	750.00	-	-	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-	-	-	-
Miscellaneous Expenditure	-	-	-	-	-	-	-	-	-
Total Support Services	86,986.63	42,700.37	2,698.00	92,423.83	7,161.00	-	32,115.00	-	3,077.97
Capital Outlay									
Instructional Equipment	6,495.00	-	-	-	-	-	-	-	-
Total Capital Outlay	6,495.00	-	-	-	-	-	-	-	-
Total Expenditures	\$ 278,308.63	\$ 62,700.37	\$ 16,385.00	\$ 359,794.83	\$ 7,161.00	\$ 22,572.87	\$ 32,115.00	\$ 8,314.33	\$ 3,077.97

SOUTH AMBOY SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)

	NJ NON-PUBLIC AUXILIARY SERVICES CH. 192		NJ NON-PUBLIC HANDICAPPED SERVICES CH. 193				2014	2013
	E.S.L.	TRANSPORTATION	COMPENSTORY EDUCATION	EXAM & CLASSIFICATION	CORRECTIVE SPEECH INSTRUCTION	PRE SCHOOL EDUCATION		
Revenues:								
Federal Sources	-	-	-	-	-	-	724,349.83	\$ 746,245.00
State Sources	20,160.00	10,129.00	57,519.00	20,859.00	6,271.00	17,479.00	386,889.03	366,611.00
Total Revenues	\$ 20,160.00	\$ 10,129.00	\$ 57,519.00	\$ 20,859.00	\$ 6,271.00	\$ 17,479.00	\$ 1,111,238.86	\$ 1,112,856.00
Expenditures:								
Instruction:								
Salaries of Teachers	\$ 20,160.00	\$ -	\$ -	\$ -	\$ -	\$ 87,905.70	269,137.70	\$ 243,029.00
Salaries of Other Instruction	-	-	-	-	-	17,274.30	17,274.30	28,743.00
Purchased Professional Services (300 Series)	-	-	-	-	-	-	300,685.33	264,321.00
General Supplies	-	-	-	-	-	18,024.86	73,039.73	43,733.00
Textbooks	-	-	-	-	-	-	-	24,042.00
Total Instruction	20,160.00	-	-	-	-	123,204.86	660,137.06	603,868.00
Support Services:								
Salaries	-	10,129.00	-	-	-	-	42,259.79	31,781.00
Employee Benefits	-	-	-	-	-	-	71,285.00	70,720.00
Purchased Professional Services (300 Series)	-	-	57,519.00	20,859.00	6,271.00	17,479.00	323,817.01	388,687.00
Travel	-	-	-	-	-	-	750.00	-
General Supplies	-	-	-	-	-	-	-	2,805.00
Miscellaneous Expenditure	-	-	-	-	-	-	-	2,000.00
Total Support Services	-	10,129.00	57,519.00	20,859.00	6,271.00	17,479.00	438,111.80	495,993.00
Capital Outlay								
Instructional Equipment	-	-	-	-	-	-	6,495.00	12,995.00
Total Capital Outlay	-	-	-	-	-	-	6,495.00	12,995.00
Total Expenditures	\$ 20,160.00	\$ 10,129.00	\$ 57,519.00	\$ 20,859.00	\$ 6,271.00	\$ 17,479.00	\$ 1,111,238.86	\$ 1,112,856.00

**SOUTH AMBOY SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
For the fiscal year ended June 30, 2014**

<u>DISTRICT-WIDE TOTALS</u>	2014 Budgeted	2014 Actual	Variance
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 87,905.70	\$ 87,905.70	\$ -
Salaries of Other Instruction	17,274.30	17,274.30	-
General Supplies	18,045.00	18,024.86	20.14
	<hr/>		
Total Instruction	123,225.00	123,204.86	20.14
	<hr/>		
Support Services:			-
Salaries	12,000.00	12,000.00	-
Employee Benefits	34,238.00	34,238.00	-
Purchased Professional Services (300 Series)	12,454.00	12,454.00	-
	<hr/>		
Total Support Services	58,692.00	58,692.00	-
	<hr/>		
Capital Outlay			
Instructional Equipment	6,495.00	6,495.00	-
	<hr/>		
Total Capital Outlay	6,495.00	6,495.00	-
	<hr/>		
Total Expenditures	\$ 188,412.00	\$ 188,391.86	\$ 20.14
	<hr/> <hr/>		

SUMMARY OF LOCATION TOTALS

Total revised 2013-14 Preschool Education Aid Allocation	\$ 188,412.00
Add: Actual ECPA/PEA Carryover (June 30, 2013)	-
Add: Prior Year Cancelled Encumbrances	-
Add: Budgeted Transfer from the General Fund 2013-14	<hr/> -
Total Preschool Education Aid Funds Available for 2013-14 Budget	<hr/> 188,412.00
Less:	
2013-14 Budgeted Preschool Education Aid (Including prior-year budget carryover)	<hr/> (188,412.00)
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2014	-
Add:	
June 30, 2014 Unexpended Preschool Education Aid	<hr/> 20.14
2013-14 Carryover - Preschool Education Aid Programs	<hr/> \$ 20.14
2013-14 Preschool Education Aid Carryover Budgeted for Preschool Programs 2014-	<hr/> <hr/> -

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F. Capital Projects Fund

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**SOUTH AMBOY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES
For the year ended June 30, 2014**

Project Title/Issue	Date	Revised Appropriations	Expenditures to Date			Unexpended Balance
			Prior Years	Current Year	Adjustment	
Elementary School Renovation	03/14/13	\$ 8,470,000.00	\$ 154,413.69	\$ 1,625,719.14		\$ 6,689,867.17
Middle/High School Roof	04/28/14	254,440.00	-	14,580.00	-	239,860.00
		<u>\$ 8,724,440.00</u>	<u>\$ 154,413.69</u>	<u>\$ 1,640,299.14</u>	<u>\$ -</u>	<u>\$ 6,929,727.17</u>
Balance Per B-2						\$ 6,691,967.17
Unearned Revenue						<u>237,760.00</u>
						<u>\$ 6,929,727.17</u>

**SOUTH AMBOY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
For the year ended June 30, 2014**

Revenues:	
Bond & Note Proceeds	\$7,320,000.00
Transfer From Capital Reserve	<u>16,680.00</u>
Total Revenues	<u>7,336,680.00</u>
Expenditures and Other Financing Sources:	
Expenditures:	
Legal Services	46,722.94
Architectural/Engineering Services	533,057.50
Purchased Professional and Technical Services	19,147.31
Construction Services	<u>1,041,371.39</u>
Total Expenditures	<u>1,640,299.14</u>
Excess/(Deficiency) of Revenues	
Over/(Under) Expenditures	5,696,380.86
Fund Balance - July 1	<u>995,586.31</u>
Fund Balance - June 30	<u><u>\$6,691,967.17</u></u>

**SOUTH AMBOY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
ELEMENTARY SCHOOL RENOVATION
From inception and for the year ended June 30, 2014**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
Bond and Note Proceeds	\$ 1,150,000.00	\$ 7,320,000.00	\$ 8,470,000.00	\$ 8,470,000.00
Total Revenues	1,150,000.00	7,320,000.00	8,470,000.00	8,470,000.00
Expenditures and Other Financing Sources:				
Legal Services	3,697.00	46,722.94	50,419.94	53,697.50
Architectural/Engineering Services	140,646.69	518,477.50	659,124.19	685,000.00
Purchased Professional and Technical Services	10,000.00	19,147.31	29,147.31	466,602.50
Construction Services	70.00	1,041,371.39	1,041,441.39	7,264,700.00
Total Expenditures	154,413.69	1,625,719.14	1,780,132.83	8,470,000.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ 995,586.31	\$ 5,694,280.86	\$ 6,689,867.17	\$ -

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Note Authorization Date	03/14/13
Notes Authorized	1,150,000.00
Notes Issued	1,150,000.00
Bonds Authorized Date	06/24/13
Bonds Authorized	8,470,000.00
Bonds Issued	8,470,000.00
Original Authorization Cost	8,470,000.00
Additional Authorization Cost	-
Revised Authorization Cost	8,470,000.00
Percentage Increase over Original Authorized Cost	
Percentage Completion	21.02%
Original Target Completion Date	08/31/15
Revised Target Completion Date	

**SOUTH AMBOY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS - BUDGETARY BASIS
MIDDLE/HIGH SCHOOL PARTIAL ROOF REPLACEMENT
From inception and for the year ended June 30, 2014**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources:				
ROD Grant Proceeds	\$ -	\$ -	\$ -	\$ 101,776.00
Transfer From Capital Reserve	-	16,680.00	16,680.00	152,664.00
			-	
Total Revenues	-	16,680.00	16,680.00	254,440.00
Expenditures and Other Financing Sources:				
Architectural/Engineering Services	-	14,580.00	14,580.00	16,680.00
Construction Services	-	-	-	237,760.00
			-	
Total Expenditures	-	14,580.00	14,580.00	254,440.00
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	\$ -	\$ 2,100.00	\$ 2,100.00	\$ -
Additional Project Information:				
Project Number	4830-030-14-1001			
Grant Date	9/04/14			
Note Authorization Date	Not Applicable			
Notes Authorized	Not Applicable			
Notes Issued	Not Applicable			
Original Authorization Cost	254,440.00			
Additional Authorization Cost	Not Applicable			
Revised Authorization Cost	Not Applicable			
Percentage Increase over Original Authorized Cost	Not Applicable			
Percentage Completion	5.73%			
Original Target Completion Date	12/31/14			
Revised Target Completion Date				

G. Proprietary Funds

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Enterprise Funds

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**SOUTH AMBOY SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

ASSETS	BUSINESS-TYPE ACTIVITIES - <u>ENTERPRISE FUND</u>		
	FOOD SERVICE	2014	2013
Current Assets:			
Cash & Cash Equivalents	\$ 50,941.10	\$ 50,941.10	\$ 56,854.71
Accounts Receivable:			
State	651.78	651.78	593.16
Federal	16,118.59	16,118.59	11,080.91
Local	120.00	120.00	-
Inventories	16,159.96	16,159.96	12,975.24
Total Current Assets	<u>83,991.43</u>	<u>83,991.43</u>	<u>81,504.02</u>
Noncurrent Assets:			
Furniture, Machinery & Equipment	295,890.00	295,890.00	295,890.00
Less: Accumulated Depreciation	<u>(279,694.00)</u>	<u>(279,694.00)</u>	<u>(277,982.00)</u>
Total Noncurrent Assets	<u>16,196.00</u>	<u>16,196.00</u>	<u>17,908.00</u>
Total Assets	<u>100,187.43</u>	<u>100,187.43</u>	<u>99,412.02</u>
NET POSITION			
Net Investment in Capital Assets	16,196.00	16,196.00	17,908.00
Unrestricted	<u>83,991.43</u>	<u>83,991.43</u>	<u>81,504.02</u>
Total Net Position	<u>\$ 100,187.43</u>	<u>\$ 100,187.43</u>	<u>\$ 99,412.02</u>

**SOUTH AMBOY SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND		
	FOOD SERVICE	2014	2013
Operating Revenues:			
Charges for Services:			
Daily Sales - Reimbursable Programs	\$ 110,940.18	\$ 110,940.18	\$ -
Daily Sales - Nonreimbursable Programs	75,858.93	75,858.93	188,454.00
Miscellaneous Expense	3,110.40	3,110.40	2,459.00
	<hr/>		
Total Operating Revenues	189,909.51	189,909.51	190,913.00
	<hr/>		
Operating Expenses:			
Salaries	152,275.56	152,275.56	143,794.00
Employee Benefits	39,178.87	39,178.87	39,796.00
Purchase Professional Services	40,489.90	40,489.90	21,235.00
General Supplies	29,187.75	29,187.75	28,481.00
Depreciation	1,712.00	1,712.00	1,712.00
Repairs and Maintenance	8,123.04	8,123.04	4,341.00
Miscellaneous	8,346.18	8,346.18	24,404.00
Cost of Sales	174,463.72	174,463.72	138,011.00
	<hr/>		
Total Operating Expenses	453,777.02	453,777.02	401,774.00
	<hr/>		
Operating Loss	(263,867.51)	(263,867.51)	(210,861.00)
	<hr/>		
Nonoperating Revenues/(Expenses):			
State Sources:			
State School Lunch Program	5,396.89	5,396.89	5,493.00
Federal Sources:			
National School Lunch Program	192,966.33	192,966.33	192,907.00
National School Lunch Program - PB Lunch	6,207.66	6,207.66	5,682.00
National School Breakfast Program	23,932.08	23,932.08	23,185.00
Special Milk	666.99	666.99	677.00
U.S.D.A. Commodities	35,472.97	35,472.97	-
	<hr/>		
Total Nonoperating Revenues/(Expenses)	264,642.92	264,642.92	227,944.00
	<hr/>		
Other Financing Sources:			
Insurance Damage Reimbursement	-	-	12,950.00
	<hr/>		
Total Other Financing Sources	-	-	12,950.00
	<hr/>		
Change in Net Position	775.41	775.41	30,033.00
Total Net Position - Beginning - as Restated	99,412.02	99,412.02	69,379.02
	<hr/>		
Total Net Position - Ending	\$ 100,187.43	\$ 100,187.43	\$ 99,412.02
	<hr/>		

**SOUTH AMBOY SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD</u>		
	SERVICE	2014	2013
Cash Flows From Operating Activities:			
Receipts from Customers	\$ 189,789.51	\$ 189,789.51	\$ 190,913.00
Payments to Employees & Benefits	(191,454.43)	(191,454.43)	(183,590.00)
Payments to Suppliers	(228,322.34)	(228,322.34)	(206,078.00)
	<hr/>	<hr/>	<hr/>
Net Cash Flows from Operating Activities	(229,987.26)	(229,987.26)	(198,755.00)
	<hr/>	<hr/>	<hr/>
Cash Flows From Noncapital Financing Activities:			
State Sources	5,338.27	5,338.27	5,125.00
Federal Sources	218,735.38	218,735.38	220,801.00
	<hr/>	<hr/>	<hr/>
Net Cash Flows from Noncapital Financing Activities	224,073.65	224,073.65	225,926.00
	<hr/>	<hr/>	<hr/>
Cash Flows From Extraordinary Activities:			
Insurance Damage Reimbursement	-	-	12,950.00
	<hr/>	<hr/>	<hr/>
Net Cash Flows from Investing Activities	-	-	12,950.00
	<hr/>	<hr/>	<hr/>
Change in Cash & Cash Equivalents	(5,913.61)	(5,913.61)	40,121.00
Balances - Beginning of Year	56,854.71	56,854.71	16,733.71
	<hr/>	<hr/>	<hr/>
Balances - End of Year	\$ 50,941.10	\$ 50,941.10	\$ 56,854.71
	<hr/>	<hr/>	<hr/>

Reconciliation of Operating Loss to Net Cash Flows from Operating Activities:

Operating Loss	\$ (263,867.51)	\$ (263,867.51)	\$ (210,861.00)
Adjustments to Reconcile Operating Loss to Net Cash Flows from Operating Activities:			
Food Distribution Program	35,472.97	35,472.97	-
Depreciation Expense	1,712.00	1,712.00	1,712.00
(Increase)/Decrease in Inventories	(3,184.72)	(3,184.72)	(8,363.00)
(Increase)/Decrease in Accounts Receivable	(120.00)	(120.00)	18,857.00
Increase/(Decrease) in Accounts Payable	-	-	(100.00)
Increase/(Decrease) in Deferred Revenue	-	-	-
	<hr/>	<hr/>	<hr/>
Total Adjustments	33,880.25	33,880.25	12,106.00
	<hr/>	<hr/>	<hr/>
Net Cash Flows from Operating Activities	\$ (229,987.26)	\$ (229,987.26)	\$ (198,755.00)
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Internal Service Fund

Not Applicable

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H. Fiduciary Fund

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**SOUTH AMBOY SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

ASSETS	PRIVATE PURPOSE		AGENCY		2013
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIPS AND DONATIONS	PAYROLL FUND	STUDENT ACTIVITY FUND	
Cash & Cash Equivalents	\$ 112,286.35	\$ 36,523.07	\$ 393,236.44	\$ 123,517.20	\$ 571,194.83
Intrafund Receivable			7,101.00	7,101.00	7,101.00
Total Assets	112,286.35	36,523.07	400,337.44	123,517.20	578,295.83
LIABILITIES					
Cash Deficit	-	-	-	-	-
Intrafund Payable	7,101.00			7,101.00	7,101.00
Payable to State Government	6,362.63			6,362.63	31.00
Payroll Deductions & Withholdings			400,337.44	400,337.44	355,033.00
Due to Student Groups				123,517.20	142,644.00
Total Liabilities	13,463.63		400,337.44	537,318.27	504,809.00
NET POSITION					
Reserve for Scholarship Held in Trust for Unemployment Claims & Other Purposes		36,523.07		36,523.07	36,776.50
Total Net Position	\$ 98,822.72	\$ 36,523.07	\$ -	\$ 135,345.79	\$ 73,486.83

**SOUTH AMBOY SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014
(With Comparative Totals for June 30, 2013)**

ADDITIONS	PRIVATE PURPOSE		2014	2013
	UNEMPLOYMENT COMPENSATION TRUST	SCHOLARSHIP AND DONATIONS		
Contributions:				
District	\$ 60,000.00		\$ 60,000.00	\$ 75,000.00
Employees	14,744.04		14,744.04	14,638.00
Other		4,284.46	4,284.46	6,543.00
Total Contributions	74,744.04	4,284.46	79,028.50	96,181.00
Investment Earnings:				
Interest		0.11	0.11	78.00
Net Investment Earnings	-	0.11	0.11	78.00
Total Additions	74,744.04	4,284.57	79,028.61	96,259.00
DEDUCTIONS				
Scholarship Awarded		4,538.00	4,538.00	8,847.00
Unemployment Claims	12,631.65		12,631.65	71,914.00
Total Deductions	12,631.65	4,538.00	17,169.65	80,761.00
Change in Net Position	62,112.39	(253.43)	61,858.96	15,498.00
Net Position - Beginning of the Year	36,710.33	36,776.50	73,486.83	57,988.83
Net Position - End of the Year	\$ 98,822.72	\$ 36,523.07	\$ 135,345.79	\$ 73,486.83

**SOUTH AMBOY SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

ASSETS	BALANCE JULY 1, 2013	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2014
Cash & Cash Equivalents - High School	\$ 113,932.54	\$ 173,718.26	\$ 189,475.81	\$ 98,174.99
Cash & Cash Equivalents - Athletic	28,711.05	17,433.17	20,802.01	25,342.21
Total Assets	\$ 142,643.59	\$ 191,151.43	\$ 210,277.82	\$ 123,517.20
LIABILITIES				
Due to Student Groups	142,643.59	191,151.43	210,277.82	123,517.20
Total Liabilities	\$ 142,643.59	\$ 191,151.43	\$ 210,277.82	\$ 123,517.20

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

ASSETS	BALANCE JULY 1, 2013	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2014
Cash & Cash Equivalents	\$ 347,932.00	\$ 11,008,521.44	\$ 10,963,217.00	\$ 393,236.44
Interfund Accounts Receivable	7,101.00	-		7,101.00
Total Assets	355,033.00	11,008,521.44	10,963,217.00	400,337.44
LIABILITIES				
Payroll Deductions & Withholdings	355,033.00	5,570,470.39	5,525,165.95	400,337.44
Net Payroll	-	5,438,051.05	5,438,051.05	-
Total Liabilities	\$ 355,033.00	\$ 11,008,521.44	\$ 10,963,217.00	\$ 400,337.44

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I. Long-Term Debt

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**SOUTH AMBOY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
JUNE 30, 2014**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	ANNUAL PAYMENTS DATE	ANNUAL PAYMENTS AMOUNT	INTEREST RATE	AMOUNT OUTSTANDING		AMOUNT OUTSTANDING JUNE 30, 2014	
						JUNE 30, 2013	ISSUED		
School Refunding ERIP Bonds, Series 2005	06/23/05	\$ 415,000.00	09/15/14	35,000.00	5.000%	\$ 190,000.00	\$ -	\$ 35,000.00	
			09/15/15	40,000.00	5.000%				
			09/15/16	40,000.00	5.000%				
			09/15/17	40,000.00	5.000%				
School Refunding Bonds, Series 2005	05/12/05	3,640,000.00				385,000.00	-	385,000.00	
School Bomds, Series 2013	08/20/13	8,470,000.00	09/01/15	350,000.00	3.000%	-	8,470,000.00	-	8,470,000.00
			09/01/16	315,000.00	3.000%				
			09/01/17	325,000.00	3.000%				
			09/01/18	335,000.00	3.000%				
			09/01/19	345,000.00	3.000%				
			09/01/20	360,000.00	3.000%				
			09/01/21	370,000.00	3.000%				
			09/01/22	380,000.00	3.000%				
			09/01/23	395,000.00	3.000%				
			09/01/24	405,000.00	3.000%				
			09/01/25	420,000.00	3.400%				
			09/01/26	430,000.00	3.400%				
			09/01/27	445,000.00	3.400%				
			09/01/28	460,000.00	4.000%				
09/01/29	480,000.00	4.000%							
09/01/30	495,000.00	4.000%							
09/01/31	515,000.00	4.100%							
09/01/32	530,000.00	4.200%							
09/01/33	550,000.00	4.300%							
09/01/34	565,000.00	4.400%							
Total						\$ 575,000.00	\$8,470,000.00	\$ 420,000.00	\$8,625,000.00

**SOUTH AMBOY SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
JUNE 30, 2014**

SERIES	INTEREST RATE	AMOUNT OF ORIGINAL ISSUE	AMOUNT OUTSTANDING JUNE 30, 2013	ISSUED	RETIRED CURRENT YEAR	AMOUNT OUTSTANDING JUNE 30, 2014
Wireless Network and Security Cameras	2.323%	\$ 131,979.54	\$ -	\$ 131,979.54	\$ 15,000.00	\$ 116,979.54
Total			\$ -	\$ 131,979.54	\$ 15,000.00	\$ 116,979.54

SOUTH AMBOY SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013

	JUNE 30, 2014			JUNE 30, 2013			VARIANCE POSITIVE/ (NEGATIVE) FINAL TO ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	BUDGET TRANSFERS	ORIGINAL BUDGET	FINAL BUDGET	
Revenues:							
Local Sources:							
Local Tax Levy	\$ 576,120.00	\$ 576,120.00	\$ 576,120.00	\$ -	\$ 576,120.00	\$ 576,120.00	\$ -
State Sources:							
Debt Service Aid Type II	234,222.00	234,222.00	234,222.00	-	243,334.00	243,334.00	-
Miscellaneous	-	-	9,029.39	-	-	-	-
Total Revenues	810,342.00	810,342.00	819,371.39	-	819,454.00	819,454.00	-
Expenditures:							
Regular Debt Service:							
Interest on Bonds	26,191.00	26,191.00	9,500.20	-	28,678.00	28,678.00	-
Interest on Early Retirement Bonds	8,625.00	8,625.00	8,625.00	-	10,250.00	10,250.00	-
Redemption of Principal	775,526.00	775,526.00	775,526.00	-	780,526.00	780,526.00	-
Total Regular Debt Service	810,342.00	810,342.00	793,651.20	-	819,454.00	819,454.00	-
Total Expenditures	810,342.00	810,342.00	793,651.20	-	819,454.00	819,454.00	-
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-	-	25,720.19	-	-	-	-
Other Financing Sources/(Uses):							
Transfers In	-	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-	-	-
Excess/(Deficiency) of Revenues & Other Financing Sources Over/(Under) Expenditures & Other Financing	1.00	1.00	25,720.19	-	1.00	1.00	1.00
Fund Balance, July 1	-	-	-	-	-	-	-
Fund Balance, June 30	\$ 1.00	\$ 1.00	\$ 25,721.19	\$ -	\$ 1.00	\$ 1.00	\$ -

**SOUTH AMBOY SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF LOANS PAYABLE
JUNE 30, 2014**

ISSUE	DATE OF ISSUE	AMOUNT OF ISSUE	AMOUNT OUTSTANDING JUNE 30, 2013	ISSUED	RETIRED	AMOUNT OUTSTANDING JUNE 30, 2014
NJ. Public School Facilities Loan	07/15/93	6,755,000.00	\$ 355,526.00	\$ -	\$ 355,526.00	\$ -
Short Term Note	03/14/13	1,150,000.00	1,150,000.00	-	1,150,000.00	-
			Total		\$ 1,505,526.00	\$ -

STATISTICAL SECTION (Unaudited)

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SOUTH AMBOY BOARD OF EDUCATION
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Governmental Activities:										
Net Investment in Capital Assets	\$ 2,602,943.22	\$ 8,184,106.00	\$ 9,175,959.88	\$ 8,284,843.00	\$ 7,382,118.00	\$ 6,562,737.00	\$ 6,080,895.00	\$ 5,470,592.00	\$ 4,829,624.00	\$ 4,399,854.00
Restricted	7,372,766.68	1,809,703.00	810,072.74	553,855.00	402,708.00	210,547.00	76,357.00	419,252.00	695,806.00	439,270.00
Unrestricted	(500,571.71)	(703,164.00)	(615,218.19)	(328,141.00)	(427,903.00)	(376,588.00)	(92,583.00)	(105,683.00)	(130,800.00)	(105,125.00)
Total Governmental Activities	\$ 9,475,138.19	\$ 9,290,645.00	\$ 9,370,814.43	\$ 8,510,557.00	\$ 7,356,923.00	\$ 6,396,696.00	\$ 6,064,669.00	\$ 5,784,161.00	\$ 5,394,630.00	\$ 4,733,999.00
Business-Type Activities:										
Net Investment in Capital Assets	\$ 16,196.00	\$ 17,908.00	\$ 28,043.46	\$ 29,493.00	\$ 36,993.00	\$ 10,285.00	\$ 11,700.00	\$ 9,312.00	\$ 21,908.00	\$ 47,085.00
Restricted	-	-	-	20,999.00	20,999.00	20,999.00	20,999.00	20,999.00	20,999.00	20,999.00
Unrestricted	83,991.43	81,504.00	49,757.92	49,572.00	42,544.00	9,302.00	7,019.00	50,967.00	49,239.00	32,092.00
Total Business-Type Activities	\$ 100,187.43	\$ 99,412.00	\$ 77,801.38	\$ 100,064.00	\$ 100,536.00	\$ 40,586.00	\$ 39,718.00	\$ 81,278.00	\$ 92,146.00	\$ 100,176.00
District-Wide:										
Net Investment in Capital Assets	\$ 2,619,139.22	\$ 8,202,014.00	\$ 9,204,003.34	\$ 8,314,336.00	\$ 7,419,111.00	\$ 6,573,022.00	\$ 6,092,595.00	\$ 5,479,904.00	\$ 4,851,532.00	\$ 4,446,939.00
Restricted	7,372,766.68	1,809,703.00	810,072.74	574,854.00	423,707.00	231,546.00	97,356.00	440,251.00	716,805.00	460,269.00
Unrestricted	(416,580.28)	(621,660.00)	(565,460.27)	(278,569.00)	(385,359.00)	(367,286.00)	(85,564.00)	(54,716.00)	(81,561.00)	(73,033.00)
Total District Net Position	\$ 9,575,325.62	\$ 9,390,057.00	\$ 9,448,615.81	\$ 8,610,621.00	\$ 7,457,459.00	\$ 6,437,282.00	\$ 6,104,387.00	\$ 5,865,439.00	\$ 5,486,776.00	\$ 4,834,175.00

Source: District CAFR, Schedule A-1

**SOUTH AMBOY SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCURAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ (4,690,540.71)	\$ (4,608,357.00)	\$ (7,266,397.96)	\$ (7,178,755.00)	\$ (7,682,620.00)	\$ (7,390,206.00)	\$ (7,280,561.00)	\$ (6,677,479.00)	\$ (6,271,349.00)	\$ (5,910,011.00)
Special Education	(2,067,469.99)	(2,120,159.00)	(2,045,480.51)	(1,931,783.00)	(1,996,166.00)	(1,930,458.00)	(2,239,866.00)	(1,842,550.00)	(1,601,797.00)	(1,467,357.00)
Other Special Education	(52,448.71)	(55,658.00)	(356,945.37)	(125,032.00)	(108,127.00)	(107,843.00)	(170,514.00)	(221,158.00)	(220,571.00)	(147,913.00)
Other Instruction	(230,656.01)	(268,091.00)	(244,461.09)	(281,085.00)	(279,161.00)	(280,764.00)	(374,596.00)	(367,684.00)	(346,349.00)	(384,858.00)
Support Services:										
Tuition	(1,688,058.77)	(1,580,405.00)	(1,303,971.03)	(890,539.00)	(764,049.00)	(739,111.00)	(638,294.00)	(572,386.00)	(507,504.00)	(405,790.00)
Student & Instruction Related Services	(1,630,638.06)	(1,701,874.00)	(2,006,403.74)	(2,199,333.00)	(2,214,753.00)	(2,306,857.00)	(2,690,910.00)	(2,700,072.00)	(2,497,053.00)	(2,173,374.00)
School Administrative Services	(670,794.28)	(645,410.00)	(820,150.84)	(891,351.00)	(856,744.00)	(724,495.00)	(832,977.00)	(856,567.00)	(771,085.00)	(732,999.00)
General & Business Administrative Services	(735,962.82)	(775,242.00)	(571,764.68)	(787,335.00)	(873,835.00)	(1,012,973.00)	(743,264.00)	(884,319.00)	(1,007,038.00)	(1,056,078.00)
Plant Operations & Maintenance	(1,090,171.17)	(1,021,540.00)	(1,382,360.23)	(1,486,353.00)	(1,467,512.00)	(1,459,434.00)	(1,389,553.00)	(1,405,594.00)	(1,251,822.00)	(1,269,336.00)
Pupil Transportation	(461,275.08)	(440,783.00)	(484,807.30)	(492,918.00)	(540,031.00)	(663,073.00)	(610,366.00)	(504,173.00)	(414,807.00)	(318,984.00)
Central Services			(270,913.82)							
Administrative Informational Technology			(45,716.57)							
Unallocated Benefits	(4,004,231.57)	(4,147,624.00)								
Interest & Other Charges on Long-Term Debt	(267,698.55)	(34,925.00)	(54,687.57)	(79,035.00)	(70,222.00)	(147,285.00)	(178,809.00)	(209,886.00)	(214,694.00)	(368,464.00)
Capital Outlay							(30,171.00)	(1,100.00)		
Unallocated Amortization of Bond Costs	-	(2,500.00)								
Unallocated Increase/(Decrease) in Compensated Absences	(52,964.00)	(24,873.00)								
Unallocated Depreciation	(540,641.00)	(540,641.00)								
Total Governmental Activities Expenses	(18,183,550.72)	(17,968,082.00)	(16,854,060.71)	(16,343,539.00)	(16,853,220.00)	(16,762,499.00)	(17,179,881.00)	(16,544,252.00)	(15,473,511.00)	(14,620,802.00)
Business-Type Activities:										
Food Service	(453,777.02)	(401,774.00)	(446,074.26)	(445,217.00)	(484,806.00)	(441,389.00)	(482,335.00)	(421,463.00)	(394,074.00)	(399,361.00)
Total Business-Type Activities Expense	(453,777.02)	(401,774.00)	(446,074.26)	(445,217.00)	(484,806.00)	(441,389.00)	(482,335.00)	(421,463.00)	(394,074.00)	(399,361.00)
Total District Expenses	\$ (18,637,327.74)	\$ (18,369,856.00)	\$ (17,300,134.97)	\$ (16,788,756.00)	\$ (17,338,026.00)	\$ (17,203,888.00)	\$ (17,662,216.00)	\$ (16,965,715.00)	\$ (15,867,585.00)	\$ (15,020,163.00)
Program Revenues:										
Governmental Activities:										
Charge for Services	\$ -	\$ -	\$ 930.20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants & Contributions	1,342,264.52	1,160,640.00	249,378.00	662,790.00	187,855.00	211,050.00	1,095,516.00	1,086,445.00	1,025,277.00	1,088,178.00
Total Governmental Activities Program Revenues	1,342,264.52	1,160,640.00	250,308.20	662,790.00	187,855.00	211,050.00	1,095,516.00	1,086,445.00	1,025,277.00	1,088,178.00

**SOUTH AMBOY SCHOOL DISTRICT
CHANGES IN NET POSITION - (ACCRUAL BASIS OF ACCOUNTING)
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Business-Type Activities:										
Charges for Services:										
Grants & Contributions	264,642.92	227,944.00	224,890.46	229,304.00	256,124.00	204,251.00	190,673.00	167,544.00	133,367.00	117,032.00
Food Service	189,909.51	190,913.00	193,795.54	215,333.00	242,748.00	238,006.00	250,102.00	243,051.00	252,522.00	233,371.00
Total Business Type Activities	454,552.43	418,857.00	418,686.00	444,637.00	498,872.00	442,257.00	440,775.00	410,595.00	385,889.00	350,403.00
Program Revenues										
Total District Program Revenues	\$ 1,796,816.95	\$ 1,579,497.00	\$ 668,994.20	\$ 1,107,427.00	\$ 686,727.00	\$ 653,307.00	\$ 1,536,291.00	\$ 1,497,040.00	\$ 1,411,166.00	\$ 1,438,581.00
Net (Expense)/Revenue:										
Governmental Activities	\$ (16,841,286.20)	\$ (16,807,442.00)	\$ (16,603,752.51)	\$ (15,680,749.00)	\$ (16,665,365.00)	\$ (16,551,449.00)	\$ (16,084,365.00)	\$ (15,457,807.00)	\$ (14,448,234.00)	\$ (13,532,624.00)
Business-Type Activities	775.41	17,083.00	(27,388.26)	(580.00)	14,066.00	868.00	(41,560.00)	(10,868.00)	(8,185.00)	(48,958.00)
Total District-Wide Net Expense	\$ (16,840,510.79)	\$ (16,790,359.00)	\$ (16,631,140.77)	\$ (15,681,329.00)	\$ (16,651,299.00)	\$ (16,550,581.00)	\$ (16,125,925.00)	\$ (15,468,675.00)	\$ (14,456,419.00)	\$ (13,581,582.00)
General Revenues & Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 8,297,895.00	\$ 8,135,191.00	\$ 7,975,677.00	\$ 7,819,292.00	\$ 7,544,615.00	\$ 7,254,438.00	\$ 6,975,421.00	\$ 6,768,167.00	\$ 6,638,436.00	\$ 6,431,401.00
Taxes Levied for Debt Service	576,120.00	576,120.00	590,929.00	761,346.00	720,533.00	730,001.00	747,659.00	736,936.00	711,839.00	636,972.00
Unrestricted Grants & Contributions	8,060,389.36	8,453,621.00	8,958,499.82	8,235,410.00	9,348,697.00	8,884,047.00	8,720,792.00	8,317,795.00	7,735,759.00	7,062,902.00
Transfers	-	-	1,704.00	1,590.00	3,056.00	3,105.00	4,067.00	5,582.00	6,291.00	(7,500.00)
Investment Earnings	-	-	8,200.00	16,745.00	8,691.00	11,885.00	39,160.00	18,858.00	24,040.00	15,063.00
Miscellaneous Income	91,374.65	51,660.00	-	-	-	-	-	-	-	-
Total Governmental Activities	17,025,779.01	17,216,592.00	17,535,009.82	16,834,383.00	17,625,592.00	16,883,476.00	16,487,099.00	15,847,338.00	15,108,865.00	14,152,958.00
Business-Type Activities:										
Insurance Damage Reimbursement	-	12,950.00	-	108.00	45,884.00	-	-	-	155.00	4,094.00
Miscellaneous Income	-	-	5,126.00	108.00	45,884.00	-	-	-	155.00	4,094.00
Total Business-Type Activities	-	12,950.00	5,126.00	108.00	45,884.00	-	-	-	155.00	4,094.00
Total District-Wide	\$ 17,025,779.01	\$ 17,229,542.00	\$ 17,540,135.82	\$ 16,834,491.00	\$ 17,671,476.00	\$ 16,883,476.00	\$ 16,487,099.00	\$ 15,847,338.00	\$ 15,109,020.00	\$ 14,157,052.00
Change in Net Position:										
Governmental Activities	\$ 184,492.81	\$ 409,150.00	\$ 931,257.31	\$ 1,153,634.00	\$ 960,227.00	\$ 332,027.00	\$ 402,734.00	\$ 389,531.00	\$ 660,631.00	\$ 620,334.00
Business-Type Activities	775.41	30,033.00	(22,262.26)	(472.00)	59,950.00	868.00	(41,560.00)	(10,868.00)	(8,030.00)	(44,864.00)
Total District	\$ 185,268.22	\$ 439,183.00	\$ 908,995.05	\$ 1,153,162.00	\$ 1,020,177.00	\$ 332,895.00	\$ 361,174.00	\$ 378,663.00	\$ 652,601.00	\$ 575,470.00

Source: District CAFR, Schedule A-2

**SOUTH AMBOY BOARD OF EDUCATION
FUND BALANCES AND GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ 553,851.00	\$ 402,317.00	\$ 209,780.00	\$ 75,590.00	\$ 418,831.00	\$ 688,887.00	\$ 402,263.00
Unreserved	-	-	-	(309,372.00)	(403,363.00)	(394,141.00)	(45,030.00)	(50,204.00)	(67,530.00)	(34,202.00)
Restricted	915,591.00	822,057.00	605,188.00	-	-	-	-	-	-	-
Assigned	-	69,655.00	456,575.00	-	-	-	-	-	-	-
Unassigned	(40,704.51)	(172,275.00)	(252,030.00)	-	-	-	-	-	-	-
Total General Fund	\$ 874,886.49	\$ 719,437.00	\$ 809,733.00	\$ 244,479.00	\$ (1,046.00)	\$ (184,361.00)	\$ 30,560.00	\$ 368,627.00	\$ 621,357.00	\$ 368,061.00
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ -	\$ 45.00	\$ 346.00	\$ 421.00	\$ 421.00	\$ 421.00	\$ 14,296.00	\$ 109,268.00
Unassigned, Reported in:										
Special Revenue Fund	(18,841.20)	(18,253.00)	(18,018.00)							
Capital Projects Fund	6,691,967.17									
Debt Service Fund	25,721.86	1.00		(41.00)	(298.00)	(30.00)	346.00	421.00	(7,377.00)	(72,261.00)
Total All Other Governmental Funds	\$ 6,698,847.83	\$ (18,252.00)	\$ (18,018.00)	\$ 4.00	\$ 48.00	\$ 391.00	\$ 767.00	\$ 421.00	\$ 6,919.00	\$ 37,007.00

Source: District CAFR, Schedule B-1

**SOUTH AMBOY BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues:										
Tax Levy	\$ 8,874,015.00	\$ 8,711,311.00	\$ 8,566,606.00	\$ 8,580,638.00	\$ 8,265,148.00	\$ 7,984,439.00	\$ 7,723,080.00	\$ 7,505,103.00	\$ 7,350,275.00	\$ 7,068,373.00
Tuition Charges	-	1,818.00	930.20	-	-	-	-	-	-	-
Interest	-	742.00	1,704.11	1,590.00	3,056.00	3,105.00	4,067.00	5,582.00	6,291.00	6,620.00
Miscellaneous	91,374.65	50,918.00	8,200.06	16,745.00	11,941.00	14,835.00	39,160.00	18,858.00	24,040.00	15,063.00
State Sources	8,685,703.81	8,769,644.00	8,177,949.09	7,979,969.00	7,638,297.00	8,374,709.00	9,118,513.00	8,545,665.00	8,126,019.00	7,492,163.00
Federal Sources	716,950.07	844,617.00	1,029,928.73	918,231.00	1,895,005.00	717,438.00	697,795.00	858,575.00	635,017.00	658,917.00
Total Revenue	18,368,043.53	18,379,050.00	17,785,318.19	17,497,173.00	17,813,447.00	17,094,526.00	17,582,615.00	16,933,783.00	16,141,642.00	15,241,136.00
Expenditures:										
Instruction:										
Regular Instruction	4,690,540.71	4,608,357.00	4,953,442.37	5,275,156.00	5,623,409.00	5,386,679.00	5,334,754.00	5,187,431.00	5,094,077.00	5,046,539.00
Special Education										
Instruction	2,067,469.99	2,120,159.00	1,465,170.21	1,375,783.00	1,429,821.00	1,384,675.00	1,568,959.00	1,310,239.00	1,208,597.00	1,089,695.00
Other Special Instruction	52,448.71	55,658.00	54,174.78	88,998.00	77,755.00	77,975.00	119,668.00	157,396.00	166,395.00	110,155.00
Other Instruction	230,656.01	268,091.00	244,461.09	216,757.00	214,379.00	214,637.00	280,336.00	281,888.00	277,402.00	311,078.00
Support Services:										
Student & Instruction										
Related Services	3,333,696.83	3,282,279.00	3,011,260.00	2,695,140.00	2,578,553.00	2,598,624.00	2,827,252.00	2,788,087.00	2,640,461.00	2,214,915.00
School Administrative										
Services	670,794.28	645,410.00	628,799.00	642,022.00	621,623.00	526,443.00	589,430.00	616,783.00	587,038.00	547,217.00
General & Business										
Administration Services	735,962.82	775,242.00	767,572.00	746,203.00	710,835.00	700,674.00	628,490.00	699,076.00	696,539.00	885,145.00
Plant Operations &										
Maintenance	1,090,171.17	1,022,561.00	1,146,334.00	1,254,456.00	1,251,146.00	1,260,370.00	1,177,360.00	1,202,214.00	1,086,637.00	1,090,326.00
Pupil Transportation	461,275.08	440,783.00	484,807.00	429,335.00	486,234.00	607,232.00	551,333.00	449,158.00	377,602.00	290,553.00
Unallocated Benefits	4,004,231.57	4,147,624.00	3,636,133.00	3,377,104.00	3,515,447.00	3,418,638.00	3,652,763.00	3,326,436.00	2,580,057.00	2,626,510.00
Capital Outlay	1,812,161.76	438,377.00	5,623.00	63,249.00	7,728.00	3,136.00	32,730.00	1,100.00	3,329.00	220,596.00
Debt Service:										
Principal	775,526.00	780,526.00	780,526.00	1,000,526.00	990,526.00	975,526.00	970,526.00	955,526.00	970,453.00	880,530.00
Interest & Other Charges	18,125.20	38,928.00	59,784.00	86,963.00	123,019.00	155,214.00	186,735.00	217,677.00	222,347.00	297,541.00
Total Expenditures	19,943,060.13	18,623,995.00	17,238,086.45	17,251,692.00	17,630,475.00	17,309,823.00	17,920,336.00	17,193,011.00	15,910,934.00	15,610,780.00
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,575,016.60)	(244,945.00)	547,231.74	245,481.00	182,972.00	(215,297.00)	(337,721.00)	(259,228.00)	230,708.00	(369,644.00)

**SOUTH AMBOY BOARD OF EDUCATION
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Other Financing Sources/(Uses):										
Proceeds from Borrowing	7,320,000.00	1,150,000.00	-	-	-	-	-	(7,500.00)	-	-
Transfers in	16,680.00	-	-	-	-	-	-	31,651.00	-	-
Transfers Out	(16,680.00)	-	-	-	-	-	-	(31,651.00)	-	-
Capital Leases (Nonbudgeted)	131,979.54	-	-	-	-	-	-	-	-	-
Total Other Financing Sources/ (Uses)	7,451,979.54	1,150,000.00	-	-	-	-	-	(7,500.00)	-	-
Net Change in Fund Balances	\$ 5,876,962.94	\$ 905,055.00	\$ 547,231.74	\$ 245,481.00	\$ 182,972.00	\$ (215,297.00)	\$ (337,721.00)	\$ (266,728.00)	\$ 230,708.00	\$ (369,644.00)
Debt Service as a Percentage of Noncapital Expenditures	4.38%	4.51%	4.88%	6.33%	6.32%	6.53%	6.47%	6.82%	7.50%	7.65%

Source: District CAFR, Schedule B-2

SOUTH AMBOY BOARD OF EDUCATION
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

FISCAL YEAR ENDING JUNE 30,	INTEREST ON INVESTMENTS	TUITION	PRIOR YEAR REFUNDS	MISCELLANEOUS	TOTAL
2014	\$ 747.79	\$ -	\$ 6,920.81	\$ 74,675.99	\$ 82,344.59
2013	742.00	1,818.00		50,918.00	53,478.00
2012	1,704.00	930.00		8,200.00	10,834.00
2011	1,590.00			16,745.00	18,335.00
2010	3,056.00			8,691.00	11,747.00
2009	3,060.00			118,895.00	121,955.00
2008	3,722.00			39,160.00	42,882.00
2007	5,582.00			18,560.00	24,142.00
2006	6,168.00			24,040.00	30,208.00
2005	6,547.00			839.00	7,386.00

Source: District records

**SOUTH AMBOY BOARD OF EDUCATION
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

FISCAL YEAR ENDED JUNE 30,	VACANT LAND	RESIDENTIAL	FARM REG.	QFARM	COMMERCIAL INDUSTRIAL	APARTMENT	COMMUNICATION EQUIPMENT	NET VALUATION TAXABLE	TAX EXEMPT PROPERTY	TOTAL ASSESSED VALUE	TOTAL DIRECT SCHOOL TAX RATE
2014								\$ 857,814,200.00	\$ 126,777,000.00	\$ 984,591,200.00	1.058
2013								N/A	N/A	N/A	N/A
2012								742,737,200.00	126,382,900.00	869,120,100.00	2.336
2011								-	-	-	-
2010								-	-	-	-
2009								-	-	-	-
2008								-	-	-	-
2007								-	-	-	-
2006								-	-	-	-
2005								-	-	-	-

DATA NOT AVAILABLE

Source: Abstract of Ratables "Assessed Value by Classification"

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

@ = Revaluation

SOUTH AMBOY BOARD OF EDUCATION
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Rate per \$100 of Assessed Value)

FISCAL YEAR ENDED JUNE 30,	SCHOOL DISTRICT DIRECT RATE			OVERLAPPING RATES		TOTAL DIRECT AND OVERLAPPING TAX RATE
	BASIC RATE	GENERAL OBLIGATION DEBT SERVICE	(From J-6) TOTAL DIRECT SCHOOL TAX RATE	CITY OF SOUTH AMBOY	MIDDLESEX COUNTY	
2014	0.989	0.069	1.058	1.122	0.385	2.565
2013	N/A	N/A	N/A	N/A	N/A	N/A
2012	N/A	N/A	N/A	N/A	N/A	N/A
2011	N/A	N/A	N/A	N/A	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A	N/A
2005	N/A	N/A	N/A	N/A	N/A	N/A

Source: Abstract of Ratables, Breakdown of General Tax Rate

**SOUTH AMBOY BOARD OF EDUCATION
PRINCIPAL PROPERTY TAX PAYERS,
CURRENT YEAR AND NINE YEARS AGO**

TAXPAYER	FOR YEAR ENDED DECEMBER 31, 2014		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
		1	
		2	
		3	
		4	
	DATA NOT AVAILABLE	5	DATA NOT AVAILABLE
		6	
		7	
		8	
		9	
		10	
Total	<hr/> <hr/>		<hr/> <hr/>

TAXPAYER	FOR YEAR ENDED DECEMBER 31, 2005		
	TAXABLE ASSESSED VALUE	RANK	% OF TOTAL DISTRICT NET ASSESSED VALUE
		1	
		2	
		3	
		4	
	DATA NOT AVAILABLE	5	DATA NOT AVAILABLE
		6	
		7	
		8	
		9	
		10	
Total	<hr/> <hr/>		<hr/> <hr/>

Source: Municipal Tax Assessor and Treasurer

**SOUTH AMBOY BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

YEAR ENDED December 31,	TAXES LEVIED FOR THE YEAR	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS
		AMOUNT	PERCENTAGE OF LEVY	
2014	\$ 8,874,015.00	\$ 8,874,015.00	100.00%	N/A
2013	8,711,311.00	8,711,311.00	100.00%	N/A
2012	8,566,606.00	8,566,606.00	100.00%	N/A
2011	8,580,638.00	8,580,638.00	100.00%	N/A
2010	8,422,893.00	8,422,893.00	100.00%	N/A
2009	8,124,794.00	8,124,794.00	100.00%	N/A
2008	7,863,309.00	7,863,309.00	100.00%	N/A
2007	15,699,395.00	15,675,104.00	99.85%	N/A
2006	13,702,690.00	13,678,051.00	99.82%	N/A
2005	13,320,222.00	13,103,547.00	98.37%	N/A

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Dollars in Thousands, Except per Capita)**

FISCAL YEAR ENDED JUNE 30,	<u>GOVERNMENTAL ACTIVITIES</u>			PER CAPITA	% of PERSONAL INCOME
	GENERAL OBLIGATION BONDS	CAPITAL LEASES *	TOTAL DISTRICT		
2014	\$ 8,625,000.00	116,979.54	8,741,979.54	N/A	N/A
2013	2,080,526.00	-	2,080,526.00	N/A	N/A
2012	1,711,053.00	-	1,711,053.00	N/A	N/A
2011	1,104,000.00	-	1,104,000.00	N/A	N/A
2010	1,504,000.00	215,000.00	1,719,000.00	N/A	N/A
2009	1,909,000.00	415,000.00	2,324,000.00	N/A	N/A
2008	2,319,000.00	600,000.00	2,919,000.00	N/A	N/A
2007	2,734,000.00	775,073.00	3,509,073.00	N/A	N/A
2006	3,149,000.00	935,073.00	4,084,073.00	N/A	N/A
2005	3,569,000.00	1,100,000.00	4,669,000.00	N/A	N/A

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

* Exhibit I-1, I-2, I-3; CAFR

SOUTH AMBOY SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Dollars in Thousands, Except per Capita)

FISCAL YEAR ENDED JUNE 30,	GENERAL BONDED DEBT OUTSTANDING		NET GENERAL BONDED DEBT OUTSTANDING	PERCENTAGE OF ACTUAL TAXABLE VALUE OF PROPERTY	PER CAPITA
	GENERAL OBLIGATION BONDS	DEDUCTIONS			
2014	\$ 8,625,000.00	N/A	\$ 8,625,000.00	1.01%	N/A
2013	2,080,526.00	N/A	2,080,526.00	N/A	236.16
2012	1,711,053.00	N/A	1,711,053.00	N/A	196.20
2011	1,104,000.00	N/A	1,104,000.00	N/A	127.22
2010	1,504,000.00	N/A	1,504,000.00	N/A	174.07
2009	1,909,000.00	N/A	1,909,000.00	N/A	245.69
2008	2,319,000.00	N/A	2,319,000.00	N/A	299.46
2007	2,734,000.00	N/A	2,734,000.00	N/A	353.60
2006	3,149,000.00	N/A	3,149,000.00	N/A	406.11
2005	3,569,000.00	N/A	3,569,000.00	N/A	454.19

Sources: District records, Per Capita Personal income - NJ Dept of Labor

SOUTH AMBOY SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2014

GOVERNMENTAL UNIT		ESTIMATED PERCENTAGE APPLICABLE	DEBT OUTSTANDING
Overlapping Debts:			
City of South Amboy	15,417,283.52	100.00%	\$ 15,417,283.52
Middlesex County General Obligation Debt	702,823,005.00	0.873%	<u>6,132,328.57</u>
Subtotal, Overlapping Debt			21,549,612.09
South Amboy Township Board of Education Direct Debt			<u>8,625,000.00</u>
Total Direct & Overlapping Debt			<u><u>\$ 30,174,612.09</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Middlesex County Board of
 Debt outstanding data provided by each governmental unit.

**SOUTH AMBOY SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt Limit	35,703,346.84	25,299,238.31								
Total Net Debt Applicable to Limit	\$ 8,625,000.00	\$ 2,080,526.00	N/A							
Legal Debt Margin	\$ 27,078,346.84	\$ 23,218,712.31								
Total Net Debt Applicable to the Limit as a % of Debt Limit	24.16%	8.22%	N/A							

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized Valuation Basis	
2013	\$ 873,326,595.00
2012	877,415,674.00
2011	<u>927,008,744.00</u>
	<u>\$2,677,751,013.00</u>
	<u>\$ 892,583,671.00</u>
	\$ 35,703,346.84
	<u>8,625,000.00</u>
	<u>\$ 27,078,346.84</u>

Average Equalized Valuation of Taxable Property

Debt Limit (4.0 % of A-3)
Net Bonded School Debt

Legal Debt Margin

Source: Equalized valuation bases were obtained from the Annual Debt Statement, City of South Amboy

a Limit set by NISA 18A:24-19 for a K through 12 district; other-% limits would be applicable for other districts

**SOUTH AMBOY BOARD OF EDUCATION
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

YEAR	POPULATION (a)	PERSONAL INCOME	PER CAPITA PERSONAL INCOME (b)	UNEMPLOYMENT RATE (c)
2014	8810	278,307,900	31,590.00	7.80%
2013	8,810	N/A	N/A	7.8%
2012	8,721	255,193,902	29,262	N/A
2011	8,678	299,347,610	34,495	N/A
2010	8,640	272,937,600	31,590	N/A
2009	7,770	203,511,840	26,192	8.4%
2008	7,744	N/A	N/A	5.4%
2007	7,732	N/A	N/A	4.0%
2006	7,754	341,346,588	44,022	4.6%
2005	7,858	322,005,124	40,978	4.5%

Source:

- a Population information provided by the NJ Dept of Labor and Workforce Development
- b Per Capita Personal income - NJ Dept of Labor
- c Unemployment data provided by the NJ Dept of Labor and Workforce Development

**PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

	2014	
	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
		RANK
		1
		2
		3
		4
	DATA NOT AVAILABLE	5
		6
		7
		8
		9
		10
Total	=====	=====
Total Labor Force	=====	

2005 DATA NOT AVAILABLE

Source: Middlesex County Department of Economic Development and Tourism;
The Township of South Amboy, Official Statements

**SOUTH AMBOY BOARD OF EDUCATION
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

Function/Program	FISCAL YEAR ENDING JUNE 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Instruction:										
Regular	67		67							
Special Education	20		19							
Other Special Education	3		2							
Other Instruction	1		1							
Support Services:			23							
Student & Instruction Related Services	27		2							
General Administration	2	DATA NOT AVAILABLE	4							
School Administrative Services	9		2							DATA NOT AVAILABLE
Other Administrative Services	3		5							
Central Services	5		1							
Technical Administrative Services	1		11							
Plant Operations & Maintenance	13									
Pupil Transportation	1		2							
Total	152		139							

Source: District Personnel Records

**SOUTH AMBOY BOARD OF EDUCATION
OPERATING STATISTICS
LAST TEN FISCAL YEARS**

SCHOOL 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
2014	1,150	\$ 16,443,942.07	14,299.08	-8.52%	100	12.0	1,166	1,101.0	-3.25%	94.43%
2013	1,175	18,366,164.00	15,630.78	20.14%	111	10.6	1,153	1,138.0	3.36%	98.70%
2012	1,183	15,391,904.00	13,010.91	-6.75%	111	10.7	1,153	1,101.0	-0.18%	95.49%
2011	1,154	16,100,954.00	13,952.30	0.82%	100	11.5	1,154	1,103.0	-1.34%	95.58%
2010	1,193	16,509,202.00	13,838.39	-4.78%	100	11.9	1,193	1,118.0	7.81%	93.71%
2009	1,113	16,175,947.00	14,533.65	-2.62%	102	10.9	1,099	1,037.0	-4.07%	94.36%
2008	1,121	16,730,345.00	14,924.48	9.10%	101	11.1	1,121	1,081.0	-5.34%	96.43%
2007	1,171	16,018,708.00	13,679.51	6.63%	100	11.7	1,171	1,142.0	3.82%	97.52%
2006	1,147	14,714,805.00	12,828.95	3.27%	171	6.7	1,147	1,100.0	-0.54%	95.90%
2005	1,144	14,212,113.00	12,423.18	N/A	171	6.7	1,144	1,106.0	N/A	96.68%

Sources: District records

Note: Enrollment based on annual October District count.

a. Operating expenditures equal total expenditures less debt service and capital outlay. (Sch B-2)

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).

**SOUTH AMBOY BOARD OF EDUCATION
SCHOOL BUILDING INFORMATION
LAST NINE FISCAL YEARS**

DISTRICT BUILDINGS	FISCAL YEAR ENDING JUNE 30,								
	2014	2013	2012	2011	2010	2009	2008	2007	2006
Elementary:									
South Amboy Elementary:									
Square Feet	89,573	N/A	73,205	N/A	58,934	N/A	N/A	N/A	N/A
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	643	N/A	727	N/A	646	N/A	N/A	N/A	N/A
Middle/High School									
Governor Harold G. Hoffman									
Middle/High School									
Square Feet	117,615	N/A	117,615	N/A	114,335	N/A	N/A	N/A	N/A
Capacity (Students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	466	N/A	526	N/A	508	N/A	N/A	N/A	N/A

Source: District Facilities Office

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

Note: This schedule does not contain 10 years of information, shown for only years since adoption in fiscal year 2006.

**SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS**

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES

	Projects	Elementary	High School	Other Facilities	TOTAL
2014	N/A	\$ 167,483.45	\$ 138,147.45	\$ 24,447.41	\$ 330,078.31
2013	N/A	171,540.00	117,991.00	7,295.00	296,826.00
2012	N/A	235,245.00	126,671.00	19,048.00	380,964.00
2011	N/A	37,602.00	9,325.00	N/A	N/A
2010	N/A	N/A	N/A	N/A	N/A
2009	N/A	N/A	N/A	N/A	N/A
2008	N/A	N/A	N/A	N/A	N/A
2007	N/A	N/A	N/A	N/A	N/A
2006	N/A	N/A	N/A	N/A	N/A
2005	N/A	48,136.00	93,452.00	N/A	N/A

Source: District records, M-1

**SOUTH AMBOY BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2014**

	LIMITS	DEDUCTIBLE
Middlesex County Municipal Joint Insurance Fund		
Risk Management Plan		
Property (Blanket Building and Contents)	\$ 37,837,000.00	\$ 1,000.00
Boiler and Machinery	25,000,000.00	1,000.00
Equipment Floater	Included	1,000.00
Auto Physical Damage (inc. Garage Keepers Legal Liability)	Actual Cash Value	250/500
Blanket Bond	1,000,000.00	1,000.00
Auto Liability (inc. Garage Keepers Legal Liability)	11,000,000.00	
General Liability	11,000,000.00	
Educator's Legal Liability	6,000,000.00	
Public Official Liability	11,000,000.00	
Employers Liability	11,000,000.00	
Workers' Compensation	Statutory	
Source: District records		

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SINGLE AUDIT SECTION

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EXHIBIT K-1

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

Honorable President and Members
of the Board of Education
South Amboy School District
County of Middlesex
South Amboy, New Jersey

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 and business-type activities, each major fund and the aggregate remaining fund information of the South Amboy School District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise South Amboy School District's basic financial statements, and have issued our report thereon dated November 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the South Amboy School 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 South Amboy School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the South Amboy School 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and federal and state awarding agencies and pass-through entities, in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read 'R. Allison', written over a horizontal line.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 21, 2014



EXHIBIT K-2

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-
133 AND NEW JERSEY OMB CIRCULAR 04-04.**

Honorable President and Members
of the Board of Education
South Amboy School District
County of Middlesex
South Amboy, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the South Amboy School District’s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District’s major federal and state programs for the year ended June 30, 2014. The South Amboy School District’s major federal and state programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the South Amboy School District’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; the *New Jersey State Aid/Grant Compliance Supplement*; the audit requirements prescribed by the Office of School 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, OMB Circular A-133 and New Jersey OMB's 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the South Amboy School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the South Amboy School District's compliance with those requirements.

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

Management of the South Amboy School District 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 South Amboy School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's 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 South Amboy School District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB's Circular 04-04. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

HOLMAN FRENIA ALLISON, P.C.

A handwritten signature in black ink, appearing to read "R. Allison", with a long horizontal stroke extending to the left.

Robert W. Allison
Certified Public Accountant
Public School Accountant, No. 897

Freehold, New Jersey
November 21, 2014

**SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2013	CASH RECEIVED	BUDGETARY EXPENDITURES	DEFERRED REVENUE AT JUNE 30, 2014	(ACCOUNTS RECEIVABLE) JUNE 30, 2014	DUE TO GRANTOR JUNE 30, 2014
U.S. DEPARTMENT OF AGRICULTURE PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:										
National School Lunch Program	10.555	5120-201-372573-63	192,907.00	7/1/12-6/30/13	\$ (9,414.00)	\$ 9,414.00	\$ -	\$ -	\$ -	\$ -
National School Lunch Program	10.555	5120-201-372573-63	192,966.33	7/1/13-6/30/14	-	179,244.90	(192,966.33)	-	(13,721.43)	-
National School Lunch Program - PB Lunch	10.555		5,682.00	7/1/12-6/30/13	(299.00)	299.00	-	-	-	-
National School Lunch Program - PB Lunch	10.555		6,207.66	7/1/13-6/30/14		5,793.00	(6,207.66)		(414.66)	
Food Distribution Program	10.550		35,472.97	7/1/13-6/30/14		35,472.97	(35,472.97)			
Special Milk Program	10.556		677.00	7/1/12-6/30/13	(37.00)	37.00	-	-	-	-
Special Milk Program	10.556		666.99	7/1/13-6/30/14	-	617.40	(666.99)	-	(49.59)	-
National School Breakfast Program	10.553	5120-201-372573-63	23,185.00	7/1/12-6/30/13	(1,331.00)	1,331.00	-	-	-	-
National School Breakfast Program	10.553	5120-201-372573-63	23,932.08	7/1/13-6/30/14	-	21,999.17	(23,932.08)	-	(1,932.91)	-
Total U.S. Department of Agriculture					(11,081.00)	254,208.44	(259,246.03)	-	(16,118.59)	-

U.S. DEPARTMENT OF LABOR PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:										
General Fund:										
Medical Assistance Program (SEMI)	93.778	N/A	38,385.15	7/1/13-6/30/14	-	38,385.15	(38,385.15)	-	-	-
Education Jobs Fund	84.410A	N/A	101,483.00	9/1/10-9/30/12	(564.00)	564.00	-	-	-	-
Total U.S. Department of Labor					(564.00)	38,949.15	(38,385.15)	-	-	-

U.S. DEPARTMENT OF EDUCATION PASSED-THROUGH STATE DEPARTMENT OF EDUCATION:										
Title I	84.010A	NCLB	289,329.00	9/1/13-8/31/14	-	204,839.00	(278,308.63)	-	(73,469.63)	-
Title II A	84.367A	NCLB	63,029.00	9/1/13-8/31/14	-	50,076.00	(62,700.37)	-	(12,624.37)	-
Title III Immigrant	84.365A	NCLB	16,624.00	9/1/13-8/31/14	-	8,866.00	(16,385.00)	-	(7,519.00)	-
I.D.E.A. Part B, Basic Regular	84.027A	IDEIA	353,696.00	9/1/13-8/31/14	-	297,301.00	(350,177.83)	-	(52,876.83)	-
I.D.E.A. Part B, Basic Regular	84.027A	IDEIA	387,561.00	9/1/12-8/31/13	(129,030.00)	138,647.00	(9,617.00)	-	-	-
I.D.E.A. Preschool	84.173A	IDEIA	7,161.00	9/1/13-8/31/14	-	7,161.00	(7,161.00)	-	-	-
Total U.S. Department of Education					(129,030.00)	706,890.00	(724,349.83)	-	(146,489.83)	-
Total Federal Financial Assistance					\$ (140,675.00)	\$ 1,000,047.59	\$ (1,021,981.01)	\$ -	\$ (162,608.42)	\$ -

**SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2013	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	(ACCOUNTS RECEIVABLE) JUNE 30, 2014	DUE TO GRANTOR JUNE 30, 2014	MEMO ONLY	
										BUDGETARY	CUMULATIVE
										BUDGETARY	TOTAL
										RECEIVABLE	EXPENDITURES
State Department of Education:											
General Fund:											
Transportation Aid	14-495-034-5120-014	\$ 43,463.00	7/1/13-6/30/14	\$ -	\$ 43,463.00	\$ (43,463.00)	\$ -	\$ -	-	\$ (4,276.35)	\$ 43,463.00
Special Education Categorical Aid	14-495-034-5120-089	678,015.00	7/1/13-6/30/14	-	678,015.00	(678,015.00)	-	-	-	(66,710.23)	678,015.00
Security Aid	14-495-034-5120-084	56,004.00	7/1/13-6/30/14	-	56,004.00	(56,004.00)	-	-	-	(5,510.26)	56,004.00
Equalization Aid	14-495-034-5120-078	5,720,187.00	7/1/13-6/30/14	-	5,720,187.00	(5,720,187.00)	-	-	-	(562,508.77)	5,720,187.00
Under Adequacy Aid	14-495-034-5120-083	75,497.00	7/1/13-6/30/14	-	75,497.00	(75,497.00)	-	-	-	(7,428.19)	75,497.00
Extraordinary Aid	14-495-034-5120-473	167,842.00	7/1/12-6/30/13	(167,842.00)	167,842.00	-	-	-	-	-	-
Extraordinary Aid	14-495-034-5120-473	176,109.00	7/1/13-6/30/14	-	-	(176,109.00)	-	(176,109.00)	-	-	176,109.00
On-Behalf TPAF Post-Retirement											
Medical (Nonbudgeted)	14-100-034-5095-116	497,233.00	7/1/13-6/30/14	-	497,233.00	(497,233.00)	-	-	-	-	497,233.00
On-Behalf TPAF Pension											
Contributions (Nonbudgeted)	14-100-034-5095-116	303,261.00	7/1/13-6/30/14	-	303,261.00	(303,261.00)	-	-	-	-	303,261.00
Reimbursed TPAF Social Security											
Contributions (Nonbudgeted)	13-100-034-5095-002	521,954.00	7/1/12-6/30/13	(25,432.00)	25,432.00	-	-	-	-	-	-
Reimbursed TPAF Social Security											
Contributions (Nonbudgeted)	14-100-034-5095-002	511,790.01	7/1/13-6/30/14	-	486,605.97	(511,790.01)	-	(25,184.04)	-	-	511,790.01
Total General Fund				(193,274.00)	8,053,539.97	(8,061,559.01)	-	(201,293.04)	-	(646,433.80)	8,061,559.01
Special Revenue Fund:											
Preschool Education Aid	14-495-034-5120-086	188,412.00	7/1/13-6/30/14	-	188,412.00	(188,391.86)	-	20.14	-	(18,841.20)	188,391.86
N.J. Nonpublic Aid:											
Textbooks Aid	14-100-034-5120-064	22,818.00	7/1/13-6/30/14	-	22,818.00	(22,572.87)	-	0.00	245.13	-	22,572.87
Nursing Services Aid	13-100-034-5120-070	33,370.00	7/1/12-6/30/13	282.00	-	-	(282.00)	-	-	-	-
Nursing Services Aid	14-100-034-5120-070	32,115.00	7/1/13-6/30/14	-	32,115.00	(32,115.00)	-	-	-	-	32,115.00
Technology Aid	14-100-034-5120-373	8,320.00	7/1/13-6/30/14	-	8,320.00	(8,314.33)	-	0.00	5.67	-	8,314.33
Home Instruction	13-100-034-5120-066	4,722.00	7/1/12-6/30/13	(4,722.00)	4,722.00	-	-	-	-	-	-
Home Instruction	14-100-034-5120-066	3,626.00	7/1/13-6/30/14	-	-	(3,077.97)	-	(3,077.97)	-	-	3,077.97
N.J. Nonpublic Auxiliary Services Aid:											
Compensatory Education	13-100-034-5120-067	86,952.00	7/1/12-6/30/13	33,444.00	-	-	(33,444.00)	-	-	-	-
Compensatory Education	14-100-034-5120-067	82,174.00	7/1/13-6/30/14	-	82,174.00	(57,519.00)	-	-	24,655.00	-	57,519.00
Transportation	13-100-034-5120-067	14,782.00	7/1/12-6/30/13	1.00	-	-	(1.00)	-	-	-	-
Transportation	14-100-034-5120-067	14,474.00	7/1/13-6/30/14	-	14,474.00	(10,129.00)	-	-	4,345.00	-	10,129.00
ESL	13-100-034-5120-067	16,199.00	7/1/12-6/30/13	16,199.00	-	-	(16,199.00)	-	-	-	-
ESL	14-100-034-5120-067	28,806.00	7/1/13-6/30/14	-	28,806.00	(20,160.00)	-	-	8,646.00	-	20,160.00
N.J. Nonpublic Handicapped Aid:											
Supplemental Instruction	13-100-034-5120-066	33,998.00	7/1/12-6/30/13	18,733.00	-	-	(18,733.00)	-	-	-	-
Supplemental Instruction	14-100-034-5120-066	24,978.00	7/1/13-6/30/14	-	24,978.00	(17,479.00)	-	-	7,499.00	-	17,479.00
Examination and Classification	13-100-034-5120-066	30,579.00	7/1/12-6/30/13	9,875.00	-	-	(9,875.00)	-	-	-	-
Examination and Classification	14-100-034-5120-066	27,243.00	7/1/13-6/30/14	-	27,243.00	(20,859.00)	-	-	6,384.00	-	20,859.00
Corrective Speech	14-100-034-5120-066	9,999.00	7/1/13-6/30/14	-	9,999.00	(6,271.00)	-	-	3,728.00	-	6,271.00
Total Special Revenue Fund				73,812.00	444,061.00	(386,889.03)	(78,534.00)	(3,057.83)	55,507.80	(18,841.20)	386,889.03

**SOUTH AMBOY BOARD OF EDUCATION
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

STATE GRANTOR/ PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	AWARD AMOUNT	GRANT PERIOD	BALANCE AT JUNE 30, 2013	CASH RECEIVED	BUDGETARY EXPENDITURES	REPAYMENT OF PRIOR YEARS' BALANCES	(ACCOUNTS RECEIVABLE) JUNE 30, 2014	DUE TO GRANTOR JUNE 30, 2014	MEMO ONLY CUMULATIVE TOTAL BUDGETARY RECEIVABLE EXPENDITURES	
Debt Service Fund:											
Debt Service Type II Aid	14-495-034-5120-017	234,222.00	7/1/13-6/30/14	-	234,222.00	(234,222.00)	-	-	-	234,222.00	
Total Debt Service Fund				-	234,222.00	(234,222.00)	-	-	-	234,222.00	
Enterprise Fund											
State School Lunch Program	13-100-010-3350-021	5,147.00	7/1/12-6/30/13	(593.00)	593.00	-	-	-	-	-	
State School Lunch Program	12-100-010-3350-021	5,396.89	7/1/13-6/30/14	-	4,745.11	(5,396.89)	-	(651.78)	-	5,396.89	
Total Enterprise Fund				(593.00)	5,338.11	(5,396.89)	-	(651.78)	-	5,396.89	
				\$ (120,055.00)	\$ 8,737,161.08	(8,688,066.93)	\$ (78,534.00)	\$ (205,002.65)	\$ 55,507.80	\$ (665,275.00)	\$ 8,688,066.93
Less: Grants Not Subject to New Jersey OMB Circular 04-04:											
On-Behalf TPAF Post-Retirement Medical (Nonbudgeted)	14-100-034-5095-116	497,233.00	7/1/12-6/30/13			497,233.00					
On-Behalf TPAF Pension Contributions (Nonbudgeted)	14-100-034-5095-116	303,261.00	7/1/12-6/30/13			303,261.00					
						<u>799,494.00</u>					
										<u>\$ (7,887,572.93)</u>	
Total State Financial Assistance subject to New Jersey OMB Circular 04-04											

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2014**

1. General

The accompanying schedules of expenditures of federal awards and state financial assistance include federal awards and state financial assistance programs of the South Amboy School District. The Board of Education is defined in Note 1 to the District's basic financial statements. All Federal and State awards received directly from Federal and State agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

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. This basis of accounting is described in Note 1 to the District's basic financial statements.

3. Relationship to Basic 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 \$3,908.20 for the general fund and \$(46,659.34) for the special revenue fund. See Note 1 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 District's basic financial statements on a GAAP basis as presented as follows:

SOUTH AMBOY SCHOOL DISTRICT

**NOTES TO THE SCHEDULES OF FINANCIAL ASSISTANCE (continued)
FOR THE YEAR ENDED JUNE 30, 2014**

3. Relationship to Basic Financial Statements (continued):

	State	Federal	Total
General Fund	\$ 8,065,467.21	\$ 38,385.15	\$ 8,103,852.36
Special Revenue Fund	386,014.60	678,564.92	1,064,579.52
Debt Service Fund	234,222.00	-	234,222.00
Food Service Fund	5,396.89	259,246.03	264,642.92
Total Financial Assistance	<u>\$ 8,691,100.70</u>	<u>\$ 976,196.10</u>	<u>\$ 9,667,296.80</u>

4. Relationship to Federal and State Financial Reports

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

5. Other

Revenues and expenditures reported under the Food Distribution Program represents 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 the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

Note 6. Federal and State Loans Outstanding

The South Amboy School District had no loan balance outstanding at June 30, 2014.

**SOUTH AMBOY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:				
1. Material weakness(es) identified?	_____	yes	_____ X _____	no
2. Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	_____ X _____	none reported
Type of auditor's report issued on compliance for major programs:			Unmodified	
<hr/>				
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?	_____	yes	_____ X _____	no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027	<u>Special Education Cluster:</u>
84.173	IDEA Part B, Regular
	IDEA Part B, Preschool

Dollar threshold used to distinguish between type A and type B programs:			\$300,000.00	
<hr/>				
Auditee qualified as low-risk auditee?	_____ X _____	yes	_____ _____	no

**SOUTH AMBOY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Section I - Summary of Auditor's Results (continued):

Financial Statements

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

State Awards

Dollar threshold used to distinguish between type A and type B programs?		\$300,000.00		
<hr/>				
Auditee qualified as low-risk auditee?	_____	yes	_____ X _____	no
Type of auditor's report issued in compliance for major programs:			Unmodified	
<hr/>				
Internal Control over major programs:				
1) Material weakness(es) identified?	_____	yes	_____ X _____	no
2) Significant deficiencies identified that are not considered to be material weaknesses?	_____	yes	_____ X _____	none reported
Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 04-04?	_____	yes	_____ X _____	no

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
_____	_____
_____	_____
495-034-5120-078	State Aid Public Cluster:
495-034-5120-089	Equalization Aid
495-034-5120-084	Special Education Aid
495-034-5120-083	Security Aid
_____	Under Adequacy Aid

**SOUTH AMBOY SCHOOL DISTRICT
SCHEDULE OF FINDINGS & QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2014**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements for which *Government Auditing Standards* requires reporting in a Circular A-133 audit.

No Current Year Findings

Section III – Federal Awards & State Financial Assistance Finding & Questioned Costs

This section identifies audit findings required to be reported by section .510(a) of Circular A-133 and New Jersey OMB's Circular Letter 04-04.

No Current Year Findings

**SOUTH AMBOY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
For the Fiscal Year Ended June 30, 2014**

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

Status of Prior Year Findings

State Aid Public Cluster

Finding 2013-01

Application for State School Aid (A.S.S.A.) has errors on Resident Low Income and Resident LEP Low Income.

Condition

A.S.S.A. has errors on Resident Low Income where A.S.S.A. reported does not agree to workpapers reported. Resident LEP Low Income sample selected does not agree to verified test score and register.

Current Status

This finding has been corrected in 2013-2014.