

**SCHOOL DISTRICT**  
**OF**  
**HIGH BRIDGE BOROUGH**

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

**Comprehensive Annual Financial Report**  
**For The Fiscal Year Ended June 30, 2015**

# **Comprehensive Annual**

## **Financial Report**

**of the**

**High Bridge Borough School District**

**Board of Education**

**High Bridge, New Jersey**

**For the Fiscal Year Ending June 30, 2015**

**Prepared by**

**High Bridge Borough School District**

**Board of Education**

**Finance Department**

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# Introductory Section



# HIGH BRIDGE SCHOOL DISTRICT

High Bridge, New Jersey 08829

**Gregory A. Hobaugh, Ed.D.**  
Superintendent / Middle School Principal  
**Brian J. Bizzoco**  
Elementary School Principal  
**Lisa M. Fallon**  
Supervisor of Special Education  
**Richard J. Kolton**  
Supervisor of Curriculum and Technology  
**Michele R. McCann**  
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November 16, 2015

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

Dear Mr. Robert Imhoff and Board Members:

The comprehensive annual financial report of the High Bridge Borough School District for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the district's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The district is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments", and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payment". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

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

The district provides a full range of educational programs and services appropriate to grade levels preschool disabilities classes, ages 3 to 5, and kindergarten through eighth. These grade levels include regular education programs in addition to special education classes for classified learning disabled students enrolled in preschool disabled, language/learning disabled, and resource center programs. During the 2014-2015 fiscal year, the district had an Average Daily Enrollment (ADE) of 377 students, a 2.41% increase from the 2013-14 ADE. The following table details the changes in the student average daily enrollment of the district over the last twenty years:

***AVERAGE DAILY ENROLLMENT***

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change: increase</b>
2014-15	376.9	2.41%
2013-14	368.0	5.74%
2012-13	348.0	(10.49)%
2011-12	388.8	(0.41)%
2010-11	390.4	(2.20)%
2009-10	399.1	(0.70)%
2008-09	401.9	1.95 %
2007-08	394.2	(6.40)%
2006-07	421.0	(5.10)%
2005-06	443.5	(3.40)%
2004-05	459.3	(1.39)%
2003-04	465.8	1.13 %
2002-03	460.6	1.12 %
2001-02	495.7	4.07 %
2000-01	476.3	0.23 %
1999-00	466.3	(6.63)%
1998-99	499.4	0.56 %
1997-98	496.6	(0.68)%
1996-97	500.0	(2.53)%
1995-96	513.0	2.04 %
1994-95	502.7	(2.49)%

**2. ECONOMIC CONDITION AND OUTLOOK:** The Borough of High Bridge is a small suburban community, which is primarily residential with small percentages of its land dedicated for commercial business and open space. The Mayor and Council have worked diligently to develop and upgrade the downtown business area by

creating a merchant center through zoning changes and incentives. This combined effort has resulted in a much more picturesque Main Street.

The Mayor and Council embarked upon a program in the middle 1990's to preserve the few parcels of open space left undeveloped in the borough. Today, 50% of the Borough is either open space or dedicated to recreation. Preserving open space has not only preserved the character and quality of life of the borough but kept unrestrained residential development in check. Unrestrained residential development or sprawl is one of the leading causes of an uncontrolled tax rate. This is due in part to the cost generation of school age children, infrastructure needs and services required from the borough. As evidenced of this commitment the borough has increased its open space inventory from approximately 7 acres of open space in 1995 to approximately 496 as of 2012. Four proposed housing developments have not come to fruition.

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

The number of ratables, both commercial and residential, decreased from 1487 to 1472 from the years 2007 to 2014, residential properties have remained constant at 1342. Exempt properties (open space) have increased. Educational costs and increased educational spending continue to drive the property tax rate as is experienced throughout the State. Increased educational spending or costs could quickly extinguish any revenue increases from the business sector or from the municipal golf course. High Bridge's current and future economic condition relies on a delicate balance of saving open space, preventing unrestrained residential development, protecting revenue sources and controlling educational and governmental spending and costs.

### **3. MAJOR INITIATIVES**

#### **3.1 *Program Improvement Plan***

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

Staff worked to update the Health and Music curriculums to ensure they were compliant with the Common Core State Standards. Both the elementary and middle schools implemented an on-line world language program as well as a reading support program (Achieve 3000).

Staff members were observed through Techscape and wrote out Student Growth Objectives (SGOs). Our students successfully completed the PARCC assessment which will replace the NJASK.

### ***3.2 Staff Development***

#### Professional Development Activities

The district staff actively participated in numerous professional development opportunities during the 2014-2015 school year based on the district's comprehensive Staff Development plan.

The staff development/professional development opportunities reflected:

- District Goals
- Staff Surveys
- No Child Left Behind District Needs Assessment
- Analysis of State/Standardized Test Results
- District Level Objectives
- SGOs/SGPs
- College Courses
- Coaching/Classroom Visitations
- Continuing training and implementation of Foundation and Wilson Reading Programs

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

### ***3.3 Special Education and Least Restrictive Environment***

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

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

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

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

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

### **3.4 *COMPUTER/TECHNOLOGY***

During the 2014-2015 school year, the High Bridge School District continued to implement the goals set forth in the 2013 – 2016 district technology plan. Additional classroom based technology was purchased and installed providing

teachers and students with greater access to internet programs. The initiatives successfully completed during the 2013 – 2014 were further enhanced during the 2014-2015 school year through acquisition of additional equipment, wireless access sites and software applications.

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

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

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

**5. BUDGETARY CONTROLS:** In addition to internal accounting controls, the district maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project fund. The final budget amount, as amended for the fiscal year, is reflected in the financial section.

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

**6. ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principals, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the district is

organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

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

**8. DEBT ADMINISTRATION:** On January 15, 1996, the district issued \$6,865,000 in general obligation bonds (30 year) to fund a voter-approved referendum for capital building projects at the district's two facilities. On December 1, 1997 the district issued \$1,500,000 in general obligation bonds (15 year) to fund a voter-approved referendum for the Middle School Asbestos Abatement Project. At June 30, 2015 the outstanding debt balance was \$4,410,000.

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

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

**11. OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Co., LLP, was reappointed at the May 2013, reorganization meeting. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**12. ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the High Bridge School Board for their concern in providing fiscal

accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Gregory A. Hobaugh', written in a cursive style.

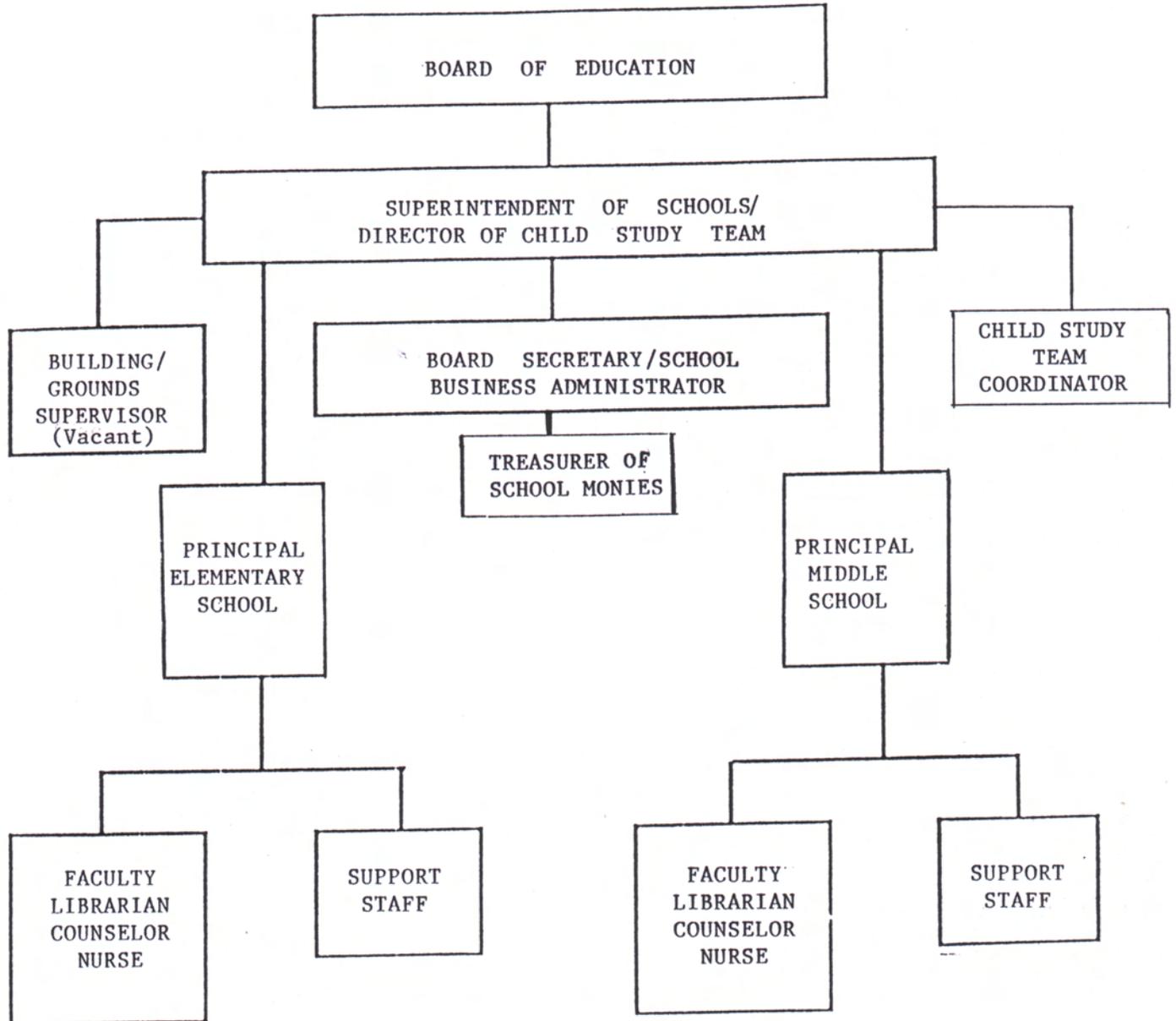
Gregory A. Hobaugh, Ed.D.  
Superintendent

*Joseph T. Bellino*

Joseph T. Bellino  
Interim School Business Administrator

# HIGH BRIDGE SCHOOL DISTRICT

## HIGH BRIDGE SCHOOL DISTRICT ORGANIZATIONAL CHART (UNIT CONTROL)





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

**ROSTER OF OFFICIALS**

**JUNE 30, 2015**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Robert Imhoff, <i>President</i>	2017
Kay Daughters-Musnuff, <i>Vice-President</i>	2015
Stephen Johnson	2015
Karyn Grove	2016
Todd Honeycutt	2016
Michael Estrada	2015
Alan Schwartz	2015

**Other Officials**

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

Michele McCann, *School Business Administrator/Board Secretary*

Patti Fischer, *Treasurer of School Monies*

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

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

**CONSULTANTS AND ADVISORS**

**ARCHITECTS**

**USA Architects**  
20 Doughty Avenue  
Somerville, New Jersey 08876

**The Reynolds Group**  
626 North Thompson Street  
Raritan, New Jersey 08869

**AUDIT FIRM**

**Ardito & Co., LLP**  
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**BOARD ATTORNEY**

**Schwartz, Simon, Edelstein, Celso & Kessler, LLP**  
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**OFFICIAL DEPOSITORIES**

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# Financial Section

# Independent Auditor's Report



## **ARDITO & Co., LLP**

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### **Independent Auditor's Report**

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

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the High Bridge Borough School District Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

-Continued-

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the High Bridge Borough School District Board of Education, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as identified 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 High Bridge Borough School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circulars 04-04 and 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of the High Bridge Borough School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP  
November 16, 2015



Licensed Public School Accountant No. 2369

**Required Supplementary Information -  
Part I**

**Management's Discussion and Analysis**

HIGH BRIDGE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

The discussion and analysis of High Bridge Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- ◆ In total, Net Position increased \$176,975 which represents a 2.9% increase from 2014.
- ◆ General revenues accounted for \$5,754,226 in revenue or 61.5% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,604,565 or 38.5% of total revenues of \$9,358,791.
- ◆ Total assets of governmental activities increased by \$392,920, as cash and cash equivalents increased by \$742,697, receivables decreased by \$92,934, and capital assets decreased by \$256,681.
- ◆ The School District had \$9,181,816 in expenses; only \$3,604,565 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$5,754,226 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$7,750,819 in revenues and \$7,469,642 in expenditures. The General Fund's surplus balance increased \$281,177 over 2014, which compares favorably to the budgeted decrease of \$69,601.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

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

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT  
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**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 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 24. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
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**Governmental Funds**

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's Net Position for 2015 compared to 2014.

	<u>2015</u>	<u>2014</u>
<b>Table 1 Net Position</b>		
<b>Assets</b>		
Current and Other Assets	\$ 1,939,251	\$ 1,289,650
Capital Assets	<u>11,306,677</u>	<u>11,563,358</u>
<b>Total Assets</b>	<u>13,245,928</u>	<u>12,853,008</u>
<b>Deferred Outflows of Resources</b>	<u>313,786</u>	<u>74,458</u>
<b>Liabilities</b>		
Long-Term Liabilities	4,801,828	4,986,093
Other Liabilities	<u>2,450,172</u>	<u>1,911,357</u>
<b>Total Liabilities</b>	<u>7,252,000</u>	<u>6,897,450</u>
<b>Deferred Inflows of Resources</b>	<u>100,723</u>	<u>-</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	6,896,677	7,150,892
Restricted	1,135,006	1,027,239
Unrestricted	<u>(1,824,692)</u>	<u>(2,148,115)</u>
<b>Total Net Position</b>	<u>\$ 6,206,991</u>	<u>\$ 6,030,016</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Total assets of governmental activities increased by \$392,920, as cash and cash equivalents increased by \$742,697, receivables decreased by \$92,934, and capital assets decreased by \$256,681.

The cash decrease was mainly due to use of surplus to support budgeted operations, and the decrease in capital assets was due entirely to depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2014.

**Table 2  
Changes in Net Position**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 207,658	\$ 176,059
Operating Grants and Contributions	3,396,907	2,506,848
General Revenues:		
Property Taxes	5,736,139	5,467,998
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	2,047	1,548
Other	<u>16,040</u>	<u>41,797</u>
<b>Total Revenues</b>	<u>9,358,791</u>	<u>8,194,250</u>
<b>Program Expenses</b>		
Instruction	5,203,723	4,878,957
Support Services:		
Tuition	110,371	62,163
Pupils and Instructional Staff	1,843,458	1,206,011
General Administration, School Administration, Business	771,523	632,252
Operations and Maintenance of Facilities	783,523	638,963
Pupil Transportation	107,887	100,735
Business-Type Activities	108,505	96,055
Interest and Fiscal Charges	<u>252,826</u>	<u>264,669</u>
<b>Total Expenses</b>	<u>9,181,816</u>	<u>7,879,805</u>
Increase in Net Position	<u>\$ 176,975</u>	<u>\$ 314,445</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**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 61.3% percent of revenues for governmental activities for the High Bridge Borough School District for the fiscal year 2015.

Instruction comprises 56.7% of district expenses. Support services expenses make up 39.4% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	5,203,723	3,200,252	\$ 4,878,957	\$ 3,261,016
Support Services:				
Tuition	110,371	70,845	62,163	43,463
Pupils and Instructional Staff	1,843,458	1,069,956	1,206,011	747,478
General Admin., School Admin., Business	771,523	495,224	632,252	442,056
Operation and Maintenance of Facilities	783,523	502,926	638,963	446,748
Pupil Transportation	107,887	69,250	100,735	70,432
Business-Type Activities	108,505	(8,341)	96,055	(5,235)
Interest and Fiscal Charges	<u>252,826</u>	<u>177,139</u>	<u>264,669</u>	<u>190,940</u>
<b>Total Expenses</b>	<u>\$ 9,181,816</u>	<u>\$ 5,577,251</u>	<u>\$ 7,879,805</u>	<u>\$ 5,196,898</u>

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

Tuition activities are for those expenditures related to sending district resident students to high school and other special schools.

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

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

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

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.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

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

The dependence upon tax revenues is apparent. Over 61.5% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 61.1%. The community, as a whole, is the primary support for the High Bridge Borough School District.

### **The School District's Funds**

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$8,408,489 and expenditures of \$8,111,970. The General Fund's surplus balance increased \$281,177 over 2014, which compares favorably to the budgeted decrease of \$69,601.

### **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 2015 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$7,012,251, \$59,620 over original budgeted estimates of \$6,952,631. This difference was due primarily to an increase in extraordinary aid over budgeted amounts.

General fund revenues exceeded expenditures by \$283,463. Again this surplus compares to a budgeted deficit of \$69,601, which was due to the budgeted use of surplus and maintenance reserve needed to balance the 2014-2015 budget. The budgeted deficit was reduced due to cost savings in the areas of instruction, administration, operations and transportation.

Overall general fund balance (budget basis) was \$1,674,840, and amounts ear-marked and reserved for future purposes were \$1,446,063, creating a surplus in unreserved fund balance of \$228,777. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
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**Capital Assets**

At the end of the fiscal year 2015, the School District had \$11,306,677 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2015 balances compared to 2014.

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

	<u>2015</u>	<u>2014</u>
Land	\$ 4,826,600	\$ 4,826,600
Land Improvements	138,346	174,603
Buildings and Improvements	6,341,731	6,555,305
Machinery and Equipment	<u>                  -</u>	<u>                  6,850</u>
 Totals	 <u>\$ 11,306,677</u>	 <u>\$ 11,563,358</u>

Overall capital assets decreased \$256,681 from fiscal year 2014 to fiscal year 2015. The decrease in capital assets was due to depreciation expense for the year, net of capital additions.

Capital improvements of \$29,263 were purchased during fiscal year 2015.

**Debt Administration**

At June 30, 2015, the School District had \$5,101,828 as outstanding long term debt. Of this amount, \$691,828 is for compensated absences, and \$4,410,000 is for bonds payable.

At June 30, 2015, the School District's overall legal debt margin was \$6,302,546 and the unvoted debt margin was the same.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
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**For the Future**

The High Bridge Borough School District is in very good financial condition presently. A major concern is the continued reliance on local property taxes in light of possible state funding decreases. However, future finances are not without challenges as the community continues to grow and state funding is expected to decrease.

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

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

**Contacting the School District's Financial Management**

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

# Basic Financial Statements

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

## HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit A-1

## STATEMENT OF NET POSITION

JUNE 30, 2015

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,738,718	\$ 29,500	\$ 1,768,218
Receivables from Other Governments	147,802	1,677	149,479
Other Receivables	751	975	1,726
Interfund Receivables	10,454	4,891	15,345
Inventory		4,483	4,483
Capital Assets, Net (Note 6):	11,306,677		11,306,677
<b>Total Assets</b>	<b>13,204,402</b>	<b>41,526</b>	<b>13,245,928</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	313,786		313,786
<b>LIABILITIES</b>			
Accounts Payable	636	2,874	3,510
Interfund Payables	4,891	6,752	11,643
Unearned Revenue	361,166	2,665	363,831
Accrued Interest	81,048		81,048
Net Pension Liability (Note 8)	1,690,140		1,690,140
Noncurrent Liabilities (Note 7):			
Due Within One Year	300,000		300,000
Due Beyond One Year	4,801,828		4,801,828
<b>Total Liabilities</b>	<b>7,239,709</b>	<b>12,291</b>	<b>7,252,000</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	100,723		100,723
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	6,896,677		6,896,677
Reserved for:			
Other Purposes	1,135,006		1,135,006
Unrestricted	(1,853,927)	29,235	(1,824,692)
<b>Total Net Position</b>	<b>\$ 6,177,756</b>	<b>\$ 29,235</b>	<b>\$ 6,206,991</b>

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
<b>Functions/Programs</b>						
Governmental Activities:						
Instruction:						
Regular	\$ 3,823,787	\$ 125,491	\$ 1,383,795		\$ (2,314,501)	\$ (2,314,501)
Special Education	1,121,448		401,615		(719,833)	(719,833)
Other Special Instruction	206,774		74,050		(132,724)	(132,724)
School Sponsored Cocurricular	51,714		18,520		(33,194)	(33,194)
Support Services:						
Tuition	110,371		39,526		(70,845)	(70,845)
Student & Instruction Related Serv.	1,843,458		773,502		(1,069,956)	(1,069,956)
School Administrative Services	290,230		103,938		(186,292)	(186,292)
General and Business Admin. Serv.	481,293		172,361		(308,932)	(308,932)
Plant Operations and Maintenance	783,523		280,597		(502,926)	(502,926)
Pupil Transportation	107,887		38,637		(69,250)	(69,250)
Interest on Long-Term Debt	224,232		75,687		(148,545)	(148,545)
Unallocated Depreciation	28,594				(28,594)	(28,594)
Total Governmental Activities	9,073,311	125,491	3,362,228		(5,585,592)	(5,585,592)
Business-Type Activities:						
Food Service	87,505	55,917	34,679		\$ 3,091	3,091
Preschool Program	21,000	26,250			5,250	5,250
Total Business-Type Activities	108,505	82,167	34,679	-	-	8,341
<b>Total Primary Government</b>	<b>\$ 9,181,816</b>	<b>\$ 207,658</b>	<b>\$ 3,396,907</b>		<b>\$ (5,585,592)</b>	<b>\$ 8,341</b>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net					\$ 5,281,889	\$ 5,281,889
Taxes Levied for Debt Service					454,250	454,250
Investment Earnings					2,047	2,047
Miscellaneous Income					14,665	\$ 1,375
Total General Revenues, Special Items, Extraor. Items and Transfers					5,752,851	1,375
Change in Net Position					167,259	9,716
Net Position—Beginning					6,010,497	19,519
Net Position—Ending					\$ 6,177,756	\$ 29,235
						\$ 6,206,991

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

## **FUND FINANCIAL STATEMENTS**

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



HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,722,101		\$ 15,372	\$ 1,245	\$ 1,738,718
Interfund Receivables	32,805	\$ 11,779			44,584
Other Receivables	751				751
Receivables from Other Governments	132,395	15,407			147,802
<b>TOTAL ASSETS</b>	<b>\$ 1,888,052</b>	<b>\$ 27,186</b>	<b>15,372</b>	<b>\$ 1,245</b>	<b>\$ 1,931,855</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 636				\$ 636
Interfund Payable	12,395	\$ 11,254	\$ 15,372		39,021
Unearned Revenue	344,574	16,592			361,166
<b>Total Liabilities</b>	<b>357,605</b>	<b>27,846</b>	<b>15,372</b>	<b>-</b>	<b>400,823</b>
<b>Fund Balances:</b>					
<u>Restricted for:</u>					
Capital Reserve Account	609,667				609,667
Maintenance Reserve Account	497,842				497,842
<u>Assigned to:</u>					
General Fund - Designated for Subsequent Year's Expenditures	27,497				27,497
Year-End Encumbrances	311,057				311,057
Special Revenue Fund		(660)			(660)
Debt Service Fund			-		-
Capital Projects Fund				1,245	1,245
<u>Unassigned:</u>					
General Fund	84,384				84,384
<b>Total Fund Balances</b>	<b>1,530,447</b>	<b>(660)</b>	<b>-</b>	<b>1,245</b>	<b>1,531,032</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,888,052</b>	<b>\$ 27,186</b>	<b>15,372</b>	<b>\$ 1,245</b>	<b>\$ 1,931,855</b>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$16,680,647 and the accumulated depreciation is \$5,373,970.

11,306,677

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)

313,786

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8)

(100,723)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)

(1,690,140)

Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)

(81,048)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)

(5,101,828)

Net Position of governmental activities

\$6,177,756

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
<b>Local sources:</b>					
Local Tax Levy	\$ 5,281,889			\$ 454,250	\$ 5,736,139
Tuition	125,491				125,491
Miscellaneous	16,712				16,712
<b>Total - Local Sources</b>	<b>5,424,092</b>	-	-	<b>454,250</b>	<b>5,878,342</b>
<b>State Sources</b>	<b>2,326,727</b>	<b>\$ 6,600</b>	-	<b>75,687</b>	<b>2,409,014</b>
<b>Federal Sources</b>		<b>121,133</b>			<b>121,133</b>
<b>Total Revenues</b>	<b>7,750,819</b>	<b>127,733</b>	-	<b>529,937</b>	<b>8,408,489</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Regular Instruction	2,618,309	14,413			2,632,722
Special Education Instruction	886,081				886,081
Other Special Instruction	163,377				163,377
School Sponsored Cocurricular	40,860				40,860
Support services and undistributed costs:					
Tuition	110,371				110,371
Student and Instruction Related Services	1,343,237	113,320			1,456,557
School Administrative Services	229,317				229,317
Other Administrative Services	379,780			500	380,280
Plant Operations and Maintenance	619,079				619,079
Pupil Transportation	107,887				107,887
Unallocated Benefits	926,628				926,628
Transfer to Charter School					-
<b>Debt Service:</b>					
Principal				285,000	285,000
Interest and Other Charges				229,095	229,095
<b>Capital Outlay</b>	<b>44,716</b>	-	-		<b>44,716</b>
<b>Total Expenditures</b>	<b>7,469,642</b>	<b>127,733</b>	-	<b>514,595</b>	<b>8,111,970</b>
Excess (Deficiency) of Revenues Over Expenditures	281,177		-	15,342	296,519
Net Change in Fund Balances	281,177	-	-	15,342	296,519
Fund Balance—July 1	1,249,270	(660)	\$ 1,245	(15,342)	1,234,513
<b>Fund Balance—June 30</b>	<b>\$ 1,530,447</b>	<b>\$ (660)</b>	<b>\$ 1,245</b>	<b>-</b>	<b>\$ 1,531,032</b>

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ 296,519

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

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

Depreciation Expense	\$ (285,944)	
Capital Outlays	<u>29,263</u>	(256,681)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (46,707)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position and is not reported in the statement of activities. 285,000

In the statement of activities, compensated absence debt is accrued, regardless of when paid. In the governmental funds, the related expense is reported when paid. This is the amount by which current year's debt amount of exceeds the prior year's amount. (115,735)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which current year's amount of interest accrual exceeds the prior year's amount. 4,863

**Change in Net Position of Governmental Activities** \$ 167,259

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION  
 PROPRIETARY FUNDS

JUNE 30, 2015

	Business-Type Activities- Enterprise Funds		
	<u>Food Service</u>	<u>Preschool Program</u>	<u>Totals</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and Cash Equivalents	\$ 29,500		\$ 29,500
Accounts Receivable-Governmental	1,677		1,677
Other Receivables		\$ 975	975
Interfund Receivable	616	4,275	4,891
Inventories	4,483		4,483
<b>Total Current Assets</b>	<u>36,276</u>	<u>5,250</u>	<u>41,526</u>
<b>Noncurrent Assets:</b>			
Furniture, Machinery and Equipment	139,368		139,368
Less Accumulated Depreciation	(139,368)		(139,368)
<b>Total Noncurrent Assets</b>			
	<u>36,276</u>	<u>5,250</u>	<u>41,526</u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts Payable	2,874		2,874
Interfund Payable	6,752		6,752
Deferred Revenue	2,665		2,665
<b>Total Current Liabilities</b>	<u>12,291</u>		<u>12,291</u>
	<u>12,291</u>		<u>12,291</u>
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt			
Unrestricted	23,985	5,250	29,235
<b>Total Net Position</b>	<u>\$ 23,985</u>	<u>\$ 5,250</u>	<u>\$ 29,235</u>

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2015

	<b>Business-type Activities- Enterprise Fund</b>		
	<b>Food Service</b>	<b>Preschool Program</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>			
Charges for Services:			
Daily Sales - Reimbursable	\$ 40,551		\$ 40,551
Daily Sales - Non-Reimb. Programs	15,366		15,366
Miscellaneous	1,375	\$ 26,250	27,625
<b>Total Operating Revenues</b>	57,292	26,250	83,542
 <b>Operating Expenses:</b>			
Cost of Sales			
Salaries	41,219		41,219
Employee Benefits	28,580	21,000	49,580
Other Purchased Professional Services	7,585		7,585
Miscellaneous	7,064		7,064
<b>Total Operating Expenses</b>	87,505	21,000	108,505
Operating Income (Loss)	(30,213)	5,250	(24,963)
 <b>Nonoperating Revenues (Expenses):</b>			
State Sources:			
State School Lunch Program	58		58
Federal Sources:			
National School Lunch Program	29,952		29,952
Special Milk Program			
Food Distribution Program	4,642		4,642
Interest Income	27		27
<b>Total Nonoperating Revenues (Expenses)</b>	34,679		34,679
Income (Loss) Before Contributions and Transfers	4,466	5,250	9,716
Transfers In (Out)			
Change in Net Position	4,466	5,250	9,716
Total Net Position—Beginning	19,519		19,519
<b>Total Net Position—Ending</b>	\$ 23,985	\$ 5,250	\$ 29,235

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

## HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2015

	<b>Business-Type Activities- Enterprise Funds</b>		
	<b><u>Food Service</u></b>	<b><u>Preschool Program</u></b>	<b><u>Total Enterprise</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers	\$ 57,292	\$ 25,275	82,567
Payments to Employees and Benefits	(36,165)	(21,000)	(57,165)
Payments to Suppliers	(48,787)		(48,787)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(27,660)</b>	<b>4,275</b>	<b>(23,385)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	1,032		1,032
Federal Sources	29,077		29,077
Operating Subsidies and Transfers from Other Funds	1,680	(4,275)	1,680
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>31,789</b>	<b>(4,275)</b>	<b>31,789</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest Income	17		17
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>17</b>		<b>17</b>
Net Increase (Decrease) in Cash and Cash Equivalents	4,146		8,421
Balances—Beginning of Year	25,354		25,354
<b>Balances—End of Year</b>	<b>\$ 29,500</b>	<b>-</b>	<b>\$ 33,775</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>			
Operating Income (Loss)	\$ (30,213)	\$ 5,250	\$ (24,963)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:			
Federal Commodities	4,642		4,642
(Increase) Decrease in Accounts Receivable, Net	(511)	(975)	(1,486)
(Increase) Decrease in Inventories	(162)		(162)
Increase (Decrease) in Accounts Payable	(1,416)		(1,416)
Total Adjustments	2,553	(975)	1,578
Net Cash Provided by (used for) Operating Activities	\$ (27,660)	\$ 4,275	\$ (23,385)

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

JUNE 30, 2015

	<b>Unemployment Compensation Trust</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 14,615	\$ 64,905
Interfund Receivable	<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 14,615</u>	<u>\$ 64,905</u>
<b>LIABILITIES</b>		
Accounts Payable		\$ 53,359
Payable to Student Groups		<u>11,546</u>
<b>Total Liabilities</b>		<u>64,905</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 14,615</u>	<u>                    </u>

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit B-8

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the Year Ended June 30, 2015

	<b>Unemployment Compensation <u>Trust</u></b>
<b>ADDITIONS</b>	
Total Contributions	
Plan Member	\$ 8,059
Employer	<u>-</u>
Total Contributions	<u>8,059</u>
Investment Earnings:	
Interest	<u>18</u>
Net Investment Earnings	<u>18</u>
<b>Total Additions</b>	<u>8,077</u>
<b>DEDUCTIONS</b>	
Unemployment Claims	<u>19,807</u>
<b>Total Deductions</b>	<u>19,807</u>
Change in Net Position	(11,730)
Net Position—Beginning of the Year	<u>26,345</u>
<b>Net Position—End of the Year</b>	<u>\$ 14,615</u>

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

# Notes to Financial Statements



HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, and GAASB No. 68, Accounting for Pensions, and amendment of GASB No. 27. The implementation of these statements effected net position balances as previously reported for the fiscal year ended June 30, 2014 as noted in Note 20.

**A. Reporting Entity:**

The High Bridge Borough School District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The High Bridge Borough School District had an approximate enrollment at June 30, 2015, of 380 students.

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

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

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting:**

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

**Basis of Presentation**

*District-wide Statements:* The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's

governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

**GOVERNMENTAL FUNDS**

The District reports the following governmental funds:

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**GOVERNMENTAL FUNDS (Continued)**

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

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

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

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

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Additionally, the District reports the following fund type:

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

**Basis of Accounting**

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

*District-wide, Proprietary, and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**D. Encumbrance Accounting:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

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

**Interfund Transactions:**

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

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

**Inventories:**

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

**Allowance for Uncollectible Accounts:**

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

**Capital Assets:**

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

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

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

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

**Compensated Absences:**

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

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

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

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

**Unearned (Deferred) Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations, have been recorded as unearned revenue. Grants and entitlement received before the eligible requirements are met are also recorded as unearned revenue.

**Accrued Liabilities and Long-Term Obligations:**

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Net Position:**

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

**Fund Balance Reserves:**

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

**Revenues—Exchange and Nonexchange Transactions**

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

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

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

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Operating Revenues and Expenses:**

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

**Allocation of Indirect Expenses:**

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

**Extraordinary and Special Items:**

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

**Management Estimates:**

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

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

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

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

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued):**

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2015, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Checking Accounts	<u>\$1,768,218</u>	<u>\$79,520</u>	<u>\$1,847,738</u>
	<u>\$1,768,218</u>	<u>\$79,520</u>	<u>\$1,847,738</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$1,847,738 and the bank balance was \$2,071,928. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,821,928 was covered by collateral pool.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2015, consisted of tuition charges and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Government-Wide Financial Statements</u>
State Aid	\$132,395	\$132,453
Federal Aid	15,407	17,026
Other Receivables	-	-
Gross Receivable	147,802	149,479
Less: Allow. for Uncollectibles		
Total Receivables, Net	\$147,802	\$149,479

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2015, consisted of the following:

Food	\$3,726
Supplies	<u>757</u>
	<u>\$4,483</u>

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

**NOTE 5: DEFERRED BOND ISSUANCE COSTS**

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

**NOTE 6: CAPITAL ASSETS**

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

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 4,826,600			\$ 4,826,600
Total Capital Assets Not Being Depreciated	<u>4,826,600</u>			<u>4,826,600</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	725,140			725,140
Buildings and Building Improvements	10,816,538	29,263		10,845,801
Machinery and Equipment	283,106	-		283,106
Total at Historical Cost	<u>11,824,784</u>	<u>29,263</u>	<u>-</u>	<u>11,854,047</u>
Less Accumulated Depreciation for:				
Land Improvements	(550,537)	(36,257)		(586,794)
Building and Improvements	(4,261,233)	(242,837)		(4,504,070)
Equipment	(276,256)	(6,850)		(283,106)
Total Accumulated Depreciation	<u>(5,088,026)</u>	<u>(285,944)</u>	<u>-</u>	<u>(5,373,970)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>6,736,758</u>	<u>(256,681)</u>	<u>-</u>	<u>6,480,077</u>
<b>Government Activity Capital Assets, Net</b>	<b>\$ 11,563,358</b>	<b>\$ (256,681)</b>	<b>-</b>	<b>\$ 11,306,677</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 6: CAPITAL ASSETS - (CONTINUED)**

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 257,350
Unallocated	<u>28,594</u>
Total	<u><u>\$ 285,944</u></u>

**NOTE 7: LONG-TERM OBLIGATIONS**

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

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2015, are as follows:

	Balance <u>7/1/14</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/15</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Debt	\$ 4,695,000		\$ (285,000)	\$ 4,410,000	\$ 300,000
Other Liabilities:					
Compensated Absences Payable	576,093	\$ 115,735		691,828	
<b>Total</b>	<u><u>\$ 5,271,093</u></u>	<u><u>\$ 115,735</u></u>	<u><u>\$ (285,000)</u></u>	<u><u>\$ 5,101,828</u></u>	<u><u>\$ 300,000</u></u>

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

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

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 7: LONG-TERM OBLIGATIONS (Continued)**

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

For the year ended June 30, 2015, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			Balance 6/30/2015
	Issue Dates	Interest Rates	Date of Maturity	
1999 Advance Refunding 1996 Bonds	5/1/99	4.0-5.0%	2/15/26	\$ 4,410,000
Total Bonds				<u>\$ 4,410,000</u>

**B. Debt Service Requirements:**

Debt Service requirements on serial bonds payable at June 30, 2015, is as follows:

Year Ending June 30,	Principal	Interest	Total
2016	300,000	216,127	516,127
2017	315,000	202,327	517,327
2018	335,000	187,680	522,680
2019	355,000	171,935	526,935
2020	375,000	155,250	530,250
Thereafter	<u>2,730,000</u>	<u>500,002</u>	<u>3,230,002</u>
	<u>\$4,410,000</u>	<u>\$ 1,433,321</u>	<u>\$ 5,843,321</u>

As of June 30, 2015, the District had no authorized but not issued bonds.

**C. Advance Refunding:**

The 1999 Series Refunding Bonds were issued for the purpose of advance refunding the school's 1996 School Bonds. The 1996 Bonds were originally issued to provide funding for various improvements to the elementary and middle schools.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS**

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

*Teachers' Pension and Annuity Fund (TPAF)* - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

*Summary of Significant Accounting Policies* - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$18,943,275 as measured on June 30, 2014 and \$18,340,878 as measured on June 30, 2013.

*For the year ended June 30, 2015, the District recognized pension expense of \$1,019,326 and revenue of \$1,019,326 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2015 is based upon changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2013 and June 30, 2014.*

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	-	\$2,306,623,861
Collective deferred inflows of resources	-	\$1,763,205,593
Collective net pension liability (Nonemployer-State of New Jersey)	\$50,539,213,484	\$53,446,745,367
State's portion of the net pension liability that was associated with the district	\$18,340,878	\$18,943,275
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.036290%	0.035443%

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

Inflation:	2.5%
Salary Increases:	Varies based on experience
Investment Rate of Return:	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

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

*Discount rate.* The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determinir

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* Since the District's has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf15.pdf>

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

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

*Summary of Significant Accounting Policies* - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2015, the District reported a liability of \$1,690,140 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. At June 30, 2014, the District's proportion was 0.00903% which was an increase of 0.00115% from its proportion measured as of June 30, 2013.

*For the year ended June 30, 2015, the District recognized pension expense of \$121,126. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:*

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	-	-
Changes of assumptions	\$ 53,147	
Net difference between projected and actual earnings on pension plan investments		\$ 100,723
Changes in proportion and differences between District contributions and proportionate share of contributions	186,220	
District contributions subsequent to the measurement date	74,419	
Total	<u>\$ 313,786</u>	<u>\$ 100,723</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

\$74,419 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2015	\$44,910
2016	\$44,910
2017	\$44,910
2018	\$44,910
2019	(\$28,470)
Thereafter	<u>(\$12,527)</u>
Total	<u>\$138,644</u>

	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources		- \$ 952,194,675
Collective deferred inflows of resources		- 1,479,224,662
Collective net pension liability (Non State - Local Group)	\$19,111,986,911	\$18,722,735,003
District's portion of net pension liability	\$1,504,828	\$1,690,140
District's proportion %	0.00787374%	0.00902721%

*Actuarial assumptions*. The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.01%
Salary Increases:	
2012-2012	2.15%-4.40% based on age
Therafter	3.15%-5.40% based on age
Investment Rate of Return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

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

*Discount rate.* The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5.39%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(4.39%)</u>	<u>(5.39%)</u>	<u>(6.39%)</u>
District's proportionate share of the net pension liability	\$ 2,126,254	\$ 1,690,140	\$ 1,323,916

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

**Defined Contribution Retirement Plan (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**PERS and TPAF Vesting and Benefit Provisions** - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A: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 60 and are generally determined to be 1/60 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.

**Significant Legislation** - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8: PENSION PLANS (Continued)**

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee’s annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78’s effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems’ unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**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 (PERS) and N.J.S.A. 18:66 (TPAF) 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% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2015	\$74,419	100 %	-0-
6/30/2014	\$62,750	100	-0-
6/30/2013	\$54,695	100	-0-

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2015	\$187,245	100 %	-0-
6/30/2014	\$149,940	100	-0-
6/30/2013	\$234,493	100	-0-

During the fiscal year ended June 30, 2015, the State of New Jersey did contribute \$484,496 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$256,358 during the year ended June 30, 2015, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 9: POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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

**NOTE 10: DEFERRED COMPENSATION**

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

Siracusa  
Prudential  
Lincoln National Life

**NOTE 11: COMPENSATED ABSENCES**

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

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

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 11: COMPENSATED ABSENCES-(Continued)**

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, 2015, no liability existed for compensated absences in the proprietary fund types.

**NOTE 12: RISK MANAGEMENT**

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$18	\$8,059	\$19,807	\$14,615
2013-2014	\$21	\$8,181	\$6,996	\$26,345
2012-2013	\$41	\$7,753	\$34,249	\$25,139

**NOTE 13: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

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

**LITIGATION**

The Board is involved in one civil dispute arising from parents seeking special education classification and reimbursement of tuition for their child. The district is opposing the matter. Annual tuition for the special school is estimated at \$50,000 per year, however any potential for loss can not be estimated with any degree of accuracy. Management is of the opinion that any outcome resulting from these actions would not have a material effect on the District's financial position.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 14: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1)- Of the \$1,530,447 General Fund fund balance at June 30, 2015, \$311,057 is reserved for encumbrances; \$609,667 has been reserved in the Capital Reserve Account; \$497,842 has been reserved in the Maintenance Reserve Account; \$27,497 is appropriated and included as anticipated revenue for the year ending June 30, 2016, and \$84,384 is unreserved and undesignated.

**NOTE 15: CAPITAL RESERVE ACCOUNT**

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

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 559,737
Interest Earnings	430
Withdrawal-Exec. County Superintendent 12/16/14	(50,500)
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/22/15	100,000
Ending Balance, June 30, 2015	<u>\$ 609,667</u>

**NOTE 16: MAINTENANCE RESERVE ACCOUNT**

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

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 16: MAINTENANCE RESERVE ACCOUNT-(Continued)**

The activity of the maintenance reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 447,502
Interest Earnings	340
Budgeted Withdrawal	(50,000)
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/22/15	<u>100,000</u>
Ending Balance, June 30, 2015	<u>\$ 497,842</u>

**NOTE 17: INTERFUND RECEIVABLES AND PAYABLES**

An interfund payable of \$4,275 is due to the enterprise preschool fund from the current fund for cash advances. A net \$6,136 payable is due to the food service fund for state and federal subsidies received but not yet transferred to the food service fund, and for cash advances. A net interfund receivable of \$3,702 is due from the student activity fund to the current fund for cash advances.

**NOTE 18: DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$660 in the Special Revenue Fund as of June 30, 2015, as reported in the fund statements (modified accrual basis). P.L.2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No.33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district can not recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payments, the Special Revenue Fund balance deficit does not alone indicate that the district is facing financial difficulties.

**NOTE 19: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is zero.

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 20: RETROACTIVE RESTATEMENT OF NET POSITION**

**Restatement of Prior Period:**

The District adopted GASB No. 68 -*Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27* during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the measurement date of the net pension liability is June 30, 2014 (as described in Note 8), the restatement adjustments to Net Position relate to the *beginning* net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71 -*Pension Transition for Contributions Made Subsequent to the Measurement Date*, The district restated its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

<u>Governmental Activities Net Position:</u>	
Net Position (per A-1), June 30, 2014	\$ 7,440,867
Restatement of Net Pension Liability	(1,504,828)
Restatement of Deferred Outflows-Pension	<u>74,458</u>
Net Position (per A-1), June 30, 2015, as Restated	<u>\$ 6,010,497</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 5,281,889		\$ 5,281,889	\$ 5,281,889	
Tuition	126,013		126,013	125,491	\$ (522)
Miscellaneous	8,900		8,900	16,712	7,812
<b>Total - Local Sources</b>	<b>5,416,802</b>		<b>5,416,802</b>	<b>5,424,092</b>	<b>7,290</b>
<b>State Sources:</b>					
Equalization Aid	1,041,918		1,041,918	1,041,918	
School Choice Aid	10,116		10,116	10,116	
Transportation Aid	14,219		14,219	14,219	
Special Education Aid	207,062		207,062	207,062	
Security Aid	29,645		29,645	29,645	
Adjustment Aid	145,709		145,709	145,709	
PARCC Readiness Aid	3,330		3,330	3,330	
Per Pupil Growth Aid	3,330		3,330	3,330	
Other State Aid	80,500	86,320	166,820	132,830	(33,990)
TPAF Pension (On-Behalf - Non-Budgeted)				187,245	187,245
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				297,251	297,251
TPAF Social Security (Reimbursed - Non-Budgeted)				256,358	256,358
<b>Total State Sources</b>	<b>1,535,829</b>	<b>86,320</b>	<b>1,622,149</b>	<b>2,329,013</b>	<b>706,864</b>
<b>TOTAL REVENUES</b>	<b>6,952,631</b>	<b>86,320</b>	<b>7,038,951</b>	<b>7,753,105</b>	<b>714,154</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Kindergarten - Salaries of Teachers	153,319	(357)	152,962	148,130	4,832
Grades 1-5 - Salaries of Teachers	977,487	91,876	1,069,363	1,038,803	30,560
Grades 6-8 - Salaries of Teachers	729,872	(78,763)	651,109	632,334	18,775
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	5,000	(857)	4,143	4,038	105
Purchased Professional-Educational Services		2,714	2,714	2,700	14
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	70,515	(31,231)	39,284	39,284	
Purchased Technical Services	77,847	9,871	87,718	76,781	10,937
Other Purchased Services (400-500 series)	7,500	5,063	12,563	6,355	6,208
General Supplies	98,238	60,479	158,717	82,107	76,610
Textbooks	25,298	(9,630)	15,668	15,091	577
Other Objects	10,000	(735)	9,265	7,699	1,566
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>2,155,076</b>	<b>48,430</b>	<b>2,203,506</b>	<b>2,053,322</b>	<b>150,184</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Multiply Disabled:</b>					
Salaries of Teachers	55,932	3,247	59,179	57,455	1,724
General Supplies	6,000	566	6,566	6,559	7
<b>Total Multiply Disabled</b>	<b>61,932</b>	<b>3,813</b>	<b>65,745</b>	<b>64,014</b>	<b>1,731</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	625,534	(26,357)	599,177	579,550	19,627
General Supplies	2,050	14,140	16,190	14,953	1,237
<b>Total Resource Room/Resource Center</b>	<b>627,584</b>	<b>(12,217)</b>	<b>615,367</b>	<b>594,503</b>	<b>20,864</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Autisim:</b>					
Salaries of Teachers	98,452	28,425	126,877	123,180	3,697
Other Salaries for Instruction	32,215	(591)	31,624	29,089	2,535
Other Purchased Services (400-500 series)	1,500	(69)	1,431	80	1,351
General Supplies	6,500	(1,536)	4,964	2,451	2,513
<b>Total Autisim</b>	<b>138,667</b>	<b>26,229</b>	<b>164,896</b>	<b>154,800</b>	<b>10,096</b>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	52,986	3,055	56,041	54,215	1,826
Other Salaries for Instruction	15,351	(2,925)	12,426	3,753	8,673
<b>Total Preschool Disabilities - Part-Time</b>	<b>68,337</b>	<b>130</b>	<b>68,467</b>	<b>57,968</b>	<b>10,499</b>
<b>Other Special Education:</b>					
General Supplies	-	6,509	6,509	6,202	307
<b>Total Other Special Education</b>	<b>-</b>	<b>6,509</b>	<b>6,509</b>	<b>6,202</b>	<b>307</b>
<b>Other Special Education:</b>					
Salaries of Teachers	-	8,594	8,594	8,594	
<b>Total Other Special Education</b>	<b>-</b>	<b>8,594</b>	<b>8,594</b>	<b>8,594</b>	
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>896,520</b>	<b>33,058</b>	<b>929,578</b>	<b>886,081</b>	<b>43,497</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	210,579	(9,965)	200,614	163,145	37,469
General Supplies	1,000	-	1,000	232	768
<b>Total Basic Skills/Remedial - Instruction</b>	<b>211,579</b>	<b>(9,965)</b>	<b>201,614</b>	<b>163,377</b>	<b>38,237</b>
<b>TOTAL INSTRUCTION</b>	<b>3,263,175</b>	<b>71,523</b>	<b>3,334,698</b>	<b>3,102,780</b>	<b>231,918</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>School-Sponsored Co/Extra Curricular Activities - Instruction:</b>					
Salaries	35,500	1,227	36,727	35,662	1,065
Purchased Services (300-500 series)	5,200	(262)	4,938	4,250	688
Supplies and Materials	500	572	1,072	948	124
Other Objects	500	(310)	190	-	190
<b>Total School-Spon.Co/Extra Curric. Activities - Instruc.</b>	<b>41,700</b>	<b>1,227</b>	<b>42,927</b>	<b>40,860</b>	<b>2,067</b>
<b>Instruction:</b>					
Tuition to Other LEAs within the State-Special	97,644	2,018	99,662	99,659	3
Tuition to Private Schools for Disabled		10,712	10,712	10,712	
<b>Total Instruction</b>	<b>97,644</b>	<b>12,730</b>	<b>110,374</b>	<b>110,371</b>	<b>3</b>
<b>Attendance &amp; Social Work:</b>					
Salaries	47,140	(423)	46,717	45,303	1,414
<b>Total Attendance &amp; Social Work</b>	<b>47,140</b>	<b>(423)</b>	<b>46,717</b>	<b>45,303</b>	<b>1,414</b>
<b>Health Services:</b>					
Salaries	127,719	(4,973)	122,746	117,652	5,094
Purchased Professional and Technical Services	4,050	(2,250)	1,800	1,800	
Other Purchased Services (400-500 series)	1,600	(515)	1,085	289	796
Supplies and Materials	6,800	(2,153)	4,647	3,728	919
<b>Total Health Services</b>	<b>140,169</b>	<b>(9,891)</b>	<b>130,278</b>	<b>123,469</b>	<b>6,809</b>
<b>Other Supp. Services Students-Related Services:</b>					
Salaries	83,144	(3,244)	79,900	77,337	2,563
Purchased Professional - Educational Services	3,791	12,000	15,791	15,379	412
Supplies and Materials	1,800	-	1,800	1,341	459
<b>Total Other Supp. Services Students-Related Services</b>	<b>88,735</b>	<b>8,756</b>	<b>97,491</b>	<b>94,057</b>	<b>3,434</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp. Services Students-Extra Services:</b>					
Salaries	187,407	58,552	245,959	240,188	5,771
Purchased Professional - Educational Services	13,750	205	13,955	13,017	938
<b>Total Other Supp. Services Students-Extra Services</b>	<b>201,157</b>	<b>58,757</b>	<b>259,914</b>	<b>253,205</b>	<b>6,709</b>
<b>Other Supp. Services Students-Regular:</b>					
Salaries of Other Professional Staff	118,156	(2,954)	115,202	109,810	5,392
Salaries of Secretarial and Clerical Assistants	56,130	-	56,130	34,040	22,090
Purchased Professional - Educational Services	900	-	900	425	475
Supplies and Materials	700	1	701	643	58
<b>Total Other Supp. Services Students-Regular</b>	<b>175,886</b>	<b>(2,953)</b>	<b>172,933</b>	<b>144,918</b>	<b>28,015</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	208,098	20,833	228,931	220,382	8,549
Salaries of Secretarial and Clerical Assistants	28,730		28,730	27,200	1,530
Purchased Professional - Educational Services	20,000	(9,640)	10,360	7,008	3,352
Other Purchased Professional and Technical Services	2,900	10,032	12,932	11,272	1,660
Misc. Purchased Services (400-500 series O/than Resid.Costs)	7,500	(480)	7,020	7,020	
Supplies and Materials	2,500	13,879	16,379	16,338	41
Other Objects	1,750	-	1,750	1,654	96
<b>Total Other Supp. Services Students-Special</b>	<b>271,478</b>	<b>34,624</b>	<b>306,102</b>	<b>290,874</b>	<b>15,228</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Improvement of Instruction Services :</b>					
Salaries of Supervisor of Instruction	20,000	5,419	25,419	25,419	
Salaries of Secretarial and Clerical Assistants	10,000	300	10,300	10,000	300
Other Salaries	11,980	(1,552)	10,428	1,926	8,502
Supplies and Materials	-	5,300	5,300	5,300	
<b>Total Improvement of Instruction Services</b>	<b>41,980</b>	<b>9,467</b>	<b>51,447</b>	<b>42,645</b>	<b>8,802</b>
<b>Educational Media Services/School Library:</b>					
Salaries	135,512	2,642	138,154	125,309	12,845
Purchased Professional and Technical Services	7,000	255	7,255	6,657	598
Supplies and Materials	4,000	4,652	8,652	8,618	34
<b>Total Educational Media Services/School Library</b>	<b>146,512</b>	<b>7,549</b>	<b>154,061</b>	<b>140,584</b>	<b>13,477</b>
<b>Instructional Staff Training Services:</b>					
Purchased Professional - Educational Services	2,700	(2,680)	20	20	
Other Purchased Services (400-500 series)	1,500	-	1,500	1,347	153
Supplies and Materials	825	3,606	4,431	528	3,903
<b>Total Instructional Staff Training Services</b>	<b>5,025</b>	<b>926</b>	<b>5,951</b>	<b>1,895</b>	<b>4,056</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Supp. Services - General Administration:</b>					
Salaries	98,648	2,500	101,148	97,765	3,383
Legal Services	15,000	(241)	14,759	6,005	8,754
Audit Fees	19,000	-	19,000	18,547	453
Architectural/Engineering Fees	1,500	(50)	1,450	-	1,450
Other Purchased Professional Services	5,000	(700)	4,300	4,040	260
Purchased Technical Services	3,300	-	3,300	1,563	1,737
Communications/Telephone	37,000	(3,751)	33,249	19,522	13,727
BOE Other Purchased Services	7,500	(4,250)	3,250	3,250	
Other Purchased Services (400-500 series)	1,000	(314)	686	686	
General Supplies	1,500	5,507	7,007	6,734	273
Miscellaneous Expenditures	4,550	5,498	10,048	9,715	333
BOE Membership Dues & Fees	5,100	364	5,464	5,119	345
<b>Total Supp. Services - General Administration</b>	<b>199,098</b>	<b>4,563</b>	<b>203,661</b>	<b>172,946</b>	<b>30,715</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	141,459	300	141,759	141,399	360
Salaries of Secretarial and Clerical Assistants	47,135	(1,237)	45,898	40,865	5,033
Supplies and Materials	2,000	-	2,000	1,059	941
Other Objects	2,000	(134)	1,866	1,089	777
<b>Total Support Services - School Administration</b>	<b>192,594</b>	<b>(1,071)</b>	<b>191,523</b>	<b>184,412</b>	<b>7,111</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Central Services:</b>					
Salaries	111,654	4,988	116,642	116,140	502
Purchased Technical Services	21,000	(513)	20,487	20,184	303
Misc. Purchased Services (400-500 series)	1,000	(9)	991	953	38
Supplies and Materials	2,320	(970)	1,350	854	496
Other Objects	4,000	679	4,679	4,429	250
<b>Total Central Services</b>	<b>139,974</b>	<b>4,175</b>	<b>144,149</b>	<b>142,560</b>	<b>1,589</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	101,347	6,945	108,292	98,566	9,726
Cleaning, Repair and Maintenance Services	35,900	(10,052)	25,848	24,425	1,423
<b>Total Required Maintenance for School Facilities</b>	<b>137,247</b>	<b>(3,107)</b>	<b>134,140</b>	<b>122,991</b>	<b>11,149</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	124,145	(6,468)	117,677	107,505	10,172
Salaries of Non-Instructional Aides		6,072	6,072	6,072	
Purchased Professional and Technical Services	33,986	(1,330)	32,656	32,656	
Cleaning, Repair and Maintenance Services	54,209	(2,000)	52,209	46,080	6,129
Lease Purchase Pymts-Energy Savings Impr Prog	30,000	-	30,000	-	30,000
Other Purchased Property Services	14,950	-	14,950	13,870	1,080
Insurance	77,303	(21,710)	55,593	55,093	500
General Supplies	33,000	6,131	39,131	33,440	5,691
Energy (Natural Gas)	53,500	(6,255)	47,245	43,867	3,378
Energy (Electricity)	83,700	9,084	92,784	92,784	
Energy (Gasoline)	3,450	(2,811)	639	35	604
Other Objects	812	-	812	601	211
<b>Total Other Operations and Maintenance of Plant</b>	<b>509,055</b>	<b>(19,287)</b>	<b>489,768</b>	<b>432,003</b>	<b>57,765</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Student Transportation Services:</b>					
Salaries of Non-Instructional Aides		4,328	4,328	3,698	630
Salaries for Pupil Trans.(Bet.Home & Sch.)-Sp.Ed.	19,546	(16,221)	3,325	3,325	
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	9,200	1,973	11,173	10,289	884
Contracted Services - Aid in Lieu of Payments-Charter School	4,400	(4,400)	-	-	
Contract Services - (Between Home and School) - Vendors		1,730	1,730	1,730	
Contract Services (Other than Between Home & School)-Vendors	20,900	(10,356)	10,544	6,846	3,698
Contr Serv (Spl. Ed. Students) - Vendors	6,000	-	6,000	5,890	110
Contracted Services (Special Education Students)-Joint Agrmnts.		63,946	63,946	50,236	13,710
Contracted Services (Special Education Students)-ESCs & CTSA's	52,949	(26,000)	26,949	25,873	1,076
Miscellaneous Purchased Services-Transportation	75	-	75	-	75
<b>Total Student Transportation Services</b>	<b>113,070</b>	<b>15,000</b>	<b>128,070</b>	<b>107,887</b>	<b>20,183</b>
<b>ALLOCATED BENEFITS</b>					
<b>Regular Programs-Instruction:</b>					
Workmen's Compensation	39,918	1,198	41,116	39,918	1,198
Health Benefits	507,906	4,505	512,411	512,411	
Tuition Reimbursement	10,000	4,480	14,480	12,658	1,822
<b>Total Regular Programs-Instruction</b>	<b>557,824</b>	<b>10,183</b>	<b>568,007</b>	<b>564,987</b>	<b>3,020</b>
<b>Health Services:</b>					
Workmen's Compensation	1,916	57	1,973	1,916	57
Health Benefits	43,977	-	43,977	43,977	
<b>Total Health Services</b>	<b>45,893</b>	<b>57</b>	<b>45,950</b>	<b>45,893</b>	<b>57</b>
<b>Other Supp Services-Students-Extraord:</b>					
Workmen's Compensation	10,350	(2,264)	8,086	7,850	236
Health Benefits	93,315	(5,989)	87,326	87,326	
<b>Total Other Supp Services-Students-Extraord</b>	<b>103,665</b>	<b>(8,253)</b>	<b>95,412</b>	<b>95,176</b>	<b>236</b>
<b>Other Supp Services-Guidance</b>					
Workmen's Compensation	1,725	52	1,777	1,725	52
Health Benefits	8,106	-	8,106	8,106	
<b>Total Other Supp Services-Guidance</b>	<b>9,831</b>	<b>52</b>	<b>9,883</b>	<b>9,831</b>	<b>52</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp Services-CST</b>					
Workmen's Compensation	2,300	69	2,369	2,300	69
Health Benefits	23,423	-	23,423	23,423	
<b>Total Other Supp Services-CST</b>	<b>25,723</b>	<b>69</b>	<b>25,792</b>	<b>25,723</b>	<b>69</b>
<b>Educational Media Services/School Library:</b>					
Workmen's Compensation	1,725	-	1,725	1,725	
Health Benefits	27,939	-	27,939	27,939	
<b>Total Educational Media Services/School Library</b>	<b>29,664</b>	<b>-</b>	<b>29,664</b>	<b>29,664</b>	
<b>General Administration:</b>					
Workmen's Compensation	1,150	(1,150)	-	-	
Health Benefits	17,415	-	17,415	17,415	
<b>Total General Administration</b>	<b>18,565</b>	<b>(1,150)</b>	<b>17,415</b>	<b>17,415</b>	
<b>School Administration:</b>					
Workmen's Compensation	2,300	-	2,300	2,300	
Health Benefits	42,605	-	42,605	42,605	
<b>Total School Administration</b>	<b>44,905</b>	<b>-</b>	<b>44,905</b>	<b>44,905</b>	
<b>Central Services:</b>					
Workmen's Compensation	2,300	-	2,300	2,300	
Health Benefits	44,559	-	44,559	44,559	
<b>Total Central Services</b>	<b>46,859</b>	<b>-</b>	<b>46,859</b>	<b>46,859</b>	
<b>Operations and Maintenance of Plant:</b>					
Workmen's Compensation	1,725	52	1,777	1,725	52
Health Benefits	62,360	-	62,360	62,360	
<b>Total Operations and Maintenance of Plant</b>	<b>64,085</b>	<b>52</b>	<b>64,137</b>	<b>64,085</b>	<b>52</b>
<b>TOTAL ALLOCATED BENEFITS</b>	<b>947,014</b>	<b>1,010</b>	<b>948,024</b>	<b>944,538</b>	<b>3,486</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>UNALLOCATED BENEFITS:</b>					
Social Security Contributions	95,569	(3,342)	92,227	78,988	13,239
Other Retirement Contributions - PERS	71,865	(3,600)	68,265	68,220	45
Other Retirement Contributions - Regular	16,225	(4,027)	12,198	9,500	2,698
Unemployment Compensation	35,000	(21,370)	13,630	2,309	11,321
Health Benefits	-	-	-	-	
Other Employee Benefits	24,912	2,841	27,753	26,757	996
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>243,571</b>	<b>(29,498)</b>	<b>214,073</b>	<b>185,774</b>	<b>28,299</b>
On-behalf TPAF pension Contrib. (non-budgeted)				187,245	(187,245)
On-behalf TPAF PRM Contrib. (non-budgeted)				297,251	(297,251)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				256,358	(256,358)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>740,854</b>	<b>(740,854)</b>
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	<b>1,190,585</b>	<b>(28,488)</b>	<b>1,162,097</b>	<b>1,871,166</b>	<b>31,785</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>3,739,049</b>	<b>92,554</b>	<b>3,831,603</b>	<b>4,322,146</b>	<b>250,311</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>7,002,224</b>	<b>164,077</b>	<b>7,166,301</b>	<b>7,424,926</b>	<b>482,229</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>CAPITAL OUTLAY</b>					
<b>Equipment:</b>					
Grades 1-5		8,393	8,393	5,708	2,685
<b>Total Equipment</b>	-	8,393	8,393	5,708	2,685
<b>Facilities Acquisition and Construction Services</b>					
Construction Services	20,000	51,390	71,390	39,008	32,382
Assessment for Debt Service on SDA Funding	8	-	8	-	8
<b>Total Facilities Acquisition and Construction Services</b>	20,008	51,390	71,398	39,008	32,390
<b>TOTAL CAPITAL OUTLAY</b>	<b>20,008</b>	<b>59,783</b>	<b>79,791</b>	<b>44,716</b>	<b>35,075</b>
<b>TOTAL EXPENDITURES</b>	<b>7,022,232</b>	<b>223,860</b>	<b>7,246,092</b>	<b>7,469,642</b>	<b>517,304</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(69,601)	(137,540)	(207,141)	283,463	490,604
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(69,601)	(137,540)	(207,141)	283,463	490,604
<b>Fund Balance, July 1</b>	1,391,377		1,391,377	1,391,377	
<b>Fund Balance, June 30</b>	\$ 1,321,776	\$ (137,540)	\$ 1,184,236	\$ 1,674,840	\$ 490,604

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				\$ 609,667	
Maintenance Reserve				497,842	
<b>Assigned to:</b>					
Designated for Subsequent Year's Expenditures				27,497	
Year-End Encumbrances				311,057	
<b>Unassigned:</b>					
Unrestricted Fund Balance				<u>228,777</u>	
<b>Fund Balance, June 30</b>				<u>\$ 1,674,840</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				\$ 1,674,840	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				<u>(144,393)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 1,530,447</u>	



HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2015

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
State Sources	\$ 6,600	-	\$ 6,600	\$ 6,600	-
Federal Sources	90,816	\$ 40,098	130,914	123,364	\$ (7,550)
<b>Total Revenues</b>	<b>97,416</b>	<b>40,098</b>	<b>137,514</b>	<b>129,964</b>	<b>(7,550)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	6,600	-	6,600	6,600	
General Supplies	-	1,087	1,087	1,001	86
<b>Total Instruction</b>	<b>6,600</b>	<b>1,087</b>	<b>7,687</b>	<b>7,601</b>	<b>86</b>
<b>Support Services</b>					
Other Purchased Professional Services	90,816	39,011	129,827	122,363	7,464
<b>Total Support Services</b>	<b>90,816</b>	<b>39,011</b>	<b>129,827</b>	<b>122,363</b>	<b>7,464</b>
Total Expenditures	97,416	40,098	137,514	129,964	7,550
<b>Total Outflows</b>	<b>\$ 97,416</b>	<b>\$ 40,098</b>	<b>\$ 137,514</b>	<b>\$ 129,964</b>	<b>\$ 7,550</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>					None
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis					(660)
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>					<u>(660)</u>

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

For the Fiscal Year Ended June 30, 2015

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 7,753,105	\$ 129,964
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	6,811
Current Year Encumbrances	N/A	(9,042)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	142,107	660
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(144,393)</u>	<u>(660)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 7,750,819</u>	<u>\$ 127,733</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 7,469,642	\$ 129,964
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	6,811
Current Year Encumbrances	N/A	(9,042)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u>                    </u>	<u>                    </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 7,469,642</u>	<u>\$ 127,733</u>

**High Bridge School District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years \***

**Exhibit L-3**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset) **	N/A	N/A								
District's proportionate share of the net pension liability (asset) **	N/A	N/A								
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 18,943,275</u>	<u>\$ 18,340,878</u>								
Total	<u>\$ 18,943,275</u>	<u>\$ 18,340,878</u>								
District's covered employee payroll	\$ 3,659,903	\$ 3,612,941								
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A								
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%								

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

**Exhibit L-1**

**Public Employees' Retirement System (PERS)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset)	0.009027208%	0.007873737%								
District's proportionate share of the net pension liability (asset)	<u>\$ 1,690,140</u>	<u>\$ 1,504,828</u>								
District's covered employee payroll	\$ 1,006,094	\$ 1,028,282								
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	167.99%	146.34%								
Plan fiduciary net position as a percentage of the total pension liability (Local)	52.08%	48.72%								

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**High Bridge School District  
Schedule of District Contributions  
Last Ten Fiscal Years \***

**Exhibit L-2**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractually required contribution **	N/A	N/A								
Contributions in relation to the contractually required contribution **	N/A	N/A								
Contribution deficiency (excess)	N/A	N/A								
District's covered employee payroll	\$ 3,659,903	\$ 3,612,941								
Contributions as a percentage of covered-employee payroll	N/A	N/A								

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

**Public Employees' Retirement System (PERS)**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractually required contribution	\$ 62,750	\$ 54,695								
Contributions in relation to the contractually required contribution	(62,750)	(54,695)								
Contribution deficiency (excess)	-	-								
District's covered employee payroll	\$ 1,006,094	\$ 1,028,282								
Contributions as a percentage of covered-employee payroll	6.24%	5.32%								

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

HIGH BRIDGE SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Pension Schedules**

For the Fiscal Year Ended June 30, 2015

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

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

*Changes of assumptions.* Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

**Public Employees' Retirement System (PERS)**

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

*Changes of assumptions.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.



**OTHER SUPPLEMENTARY INFORMATION**

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

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2015

	<b>Title I Part A</b>	<b>Title I I Part A</b>	<b>Title III</b>	<b>IDEA Basic</b>	<b>IDEA Pre-School</b>	<b>Pre-Sch. Educ. Aid</b>	<b>Totals</b>
<b>REVENUES</b>							
State Sources						\$ 6,600	\$ 6,600
Federal Sources	\$16,104	\$10,444	\$ 249	\$ 92,823	\$ 3,744		123,364
<b>TOTAL REVENUES</b>	<b>16,104</b>	<b>10,444</b>	<b>249</b>	<b>92,823</b>	<b>3,744</b>	<b>6,600</b>	<b>129,964</b>
<b>EXPENDITURES:</b>							
<b>Instruction:</b>							
Salaries of Teachers						6,600	6,600
General Supplies			249		752		1,001
<b>Total Instruction</b>	<b>-</b>	<b>-</b>	<b>249</b>	<b>-</b>	<b>752</b>	<b>6,600</b>	<b>7,601</b>
<b>Support Services:</b>							
Purchased Professional Serv.	16,104	10,444		92,823	2,992		122,363
<b>Total Support Services</b>	<b>16,104</b>	<b>10,444</b>	<b>-</b>	<b>92,823</b>	<b>2,992</b>	<b>-</b>	<b>122,363</b>
<b>TOTAL EXPENDITURES</b>	<b>16,104</b>	<b>10,444</b>	<b>249</b>	<b>92,823</b>	<b>3,744</b>	<b>6,600</b>	<b>129,964</b>
<b>Total Outflows</b>	<b>16,104</b>	<b>10,444</b>	<b>249</b>	<b>92,823</b>	<b>3,744</b>	<b>6,600</b>	<b>129,964</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>							

**HIGH BRIDGE BOROUGH SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Preschool Education Aid Schedule of Expenditures**  
**Preschool - All Programs**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2015**

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

**CALCULATION OF BUDGET & CARRYOVER**

Total 2014-2015 PreK Aid Allocation	\$ 6,600
Add: Actual ECPA Carryover June 30, 2014	-
Add: Budgeted Transfer From General Fund	-
Total Funds Available for 2014-2015 Budget	<u>6,600</u>
Less: 2014-2015 Budgeted PreK & ECPA (Including prior year budgeted carryover)	<u>(6,600)</u>
Available & Unbudgeted Funds as of June 30, 2015	-
Add: June 30, 2015 Unexpended PreK Aid	-
2014-2015 Actual Carryover - PreK Aid	<u>-</u>
2014-2015 ECPA Carryover Budgeted in 2015-2016	<u>-</u>

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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



HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit F-1

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

For the Fiscal Year Ended June 30, 2015

<u>Issue/Project Title</u>	<u>Approval</u>	<u>Original Date</u>	<u>Original Appropriations</u>	<u>Revised Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2015</u>
					<u>Prior Years</u>	<u>Current Year</u>	
Roof Replacement	Board of Education	10/8/12	\$ 82,000	\$ 82,000	\$ 80,755	-	\$ 1,245
Totals			<u>\$ 82,000</u>	<u>\$ 82,000</u>	<u>\$ 80,755</u>	<u>-</u>	<u>1,245</u>
						Fund Balance	<u>1,245</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

**Exhibit F-2**

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

For the Fiscal Year Ended June 30, 2015

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit F-2a

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

From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from capital outlay	\$ 82,000		\$ 82,000	\$ 82,000
Total Revenues	<u>82,000</u>	<u>-</u>	<u>82,000</u>	<u>82,000</u>
<b>Expenditures and Other Financing Sources</b>				
Purchased professional and technical services	\$ 14,695		\$ 14,695	\$ 15,000
Construction services	66,060		66,060	67,000
Total Expenditures	<u>80,755</u>	<u>-</u>	<u>80,755</u>	<u>82,000</u>
Excess(deficiency) of revenues over(under) expenditures	<u>1,245</u>	<u>-</u>	<u>\$ 1,245</u>	

**Additional project information:**

Project number	N/A
Authorized Date	10/8/12
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$82,000
Additional Authorized Cost	
Revised Authorized Cost	\$82,000
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	98%
Original Target Completion Date	6/30/13
Revised Target Completion Date	9/30/2015

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

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

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

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

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

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

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

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

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



HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015**

	<b>UNEMPLOYMENT COMPENSATION INSURANCE TRUST</b>	<b>AGENCY FUNDS STUDENT ACTIVITY</b>	<b>PAYROLL AGENCY</b>	<b>TOTALS</b>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$14,615	\$11,546	\$ 53,359	\$79,520
Interfund Receivable			-	
<b>TOTAL ASSETS</b>	<b>\$14,615</b>	<b>\$11,546</b>	<b>\$53,359</b>	<b>\$79,520</b>
<b>LIABILITIES:</b>				
Liabilities:				
Payroll Deductions and Withholdings			\$53,359	\$53,359
Payable to Student Groups		\$11,546		11,546
<b>Total Liabilities</b>		<b>11,546</b>	<b>53,359</b>	<b>64,905</b>
<b>NET POSITION</b>				
Held in Trust for Unemployment Claims and Other Purposes	\$14,615			14,615
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$14,615</b>	<b>\$11,546</b>	<b>\$53,359</b>	<b>\$79,520</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit H-2

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

	<b>UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u></b>	<b><u>TOTALS</u></b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 8,059	\$ 8,059
Employer	<u>-</u>	<u>-</u>
Total Contributions	<u>8,059</u>	<u>8,059</u>
Investment Earnings:		
Interest	<u>18</u>	<u>18</u>
Net Investment Earnings	<u>18</u>	<u>18</u>
<b>Total Additions</b>	<u>8,077</u>	<u>8,077</u>
<b>DEDUCTIONS</b>		
Unemployment Claims	<u>19,807</u>	<u>19,807</u>
<b>Total Deductions</b>	<u>19,807</u>	<u>19,807</u>
Change in Net Position	(11,730)	(11,730)
Net Position—Beginning of the Year	<u>26,345</u>	<u>26,345</u>
<b>Net Position—End of the Year</b>	<u>\$ 14,615</u>	<u>\$ 14,615</u>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit H-3

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

	<u>BALANCE</u> <u>JULY 1, 2014</u>	<u>TRANSFERS</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2015</u>
Student Activity	\$ 10,933		\$ 47,523	\$ 46,910	\$ 11,546

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit H-4

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

	<u>BALANCE</u> <u>JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2015</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 24,800	\$ 5,179,024	\$ 5,159,332	\$ 53,359
Interfund Receivable	<u>8,867</u>	<u>-</u>	<u>8,867</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 33,667</u>	<u>\$ 5,179,024</u>	<u>\$ 5,168,199</u>	<u>\$ 53,359</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 5,505	\$ 2,339,787	\$ 2,334,657	\$ 10,635
Flexible Spending Account	4,858	20,049	24,909	(2)
Summer Pay	23,304	42,726	23,304	42,726
Salaries and Wages	<u>-</u>	<u>2,776,462</u>	<u>2,776,462</u>	<u>-</u>
<b>Total Liabilities</b>	<u>\$ 33,667</u>	<u>\$ 5,179,024</u>	<u>\$ 5,159,332</u>	<u>\$ 53,359</u>

## **LONG-TERM DEBT SCHEDULES**

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



HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit I-1

**SCHEDULE OF SERIAL BONDS  
AS OF ENDED JUNE 30, 2015**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JULY 1, 2014</u>	<u>RETIRED</u>	<u>BALANCE JUNE 30, 2015</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Advance Refunding - Series of 96 Bonds	5/1/99	\$ 6,405,000	2/15/16	\$ 300,000	4.00% to 5.00%	\$ 4,695,000	\$ 285,000	\$ 4,410,000
			2/15/17	315,000				
			2/15/18	335,000				
			2/15/19	355,000				
			2/15/20	375,000				
			2/15/21	395,000				
			2/15/22	415,000				
			2/15/23	440,000				
			2/15/24	465,000				
			2/15/25	495,000				
			2/15/26	520,000				
			Total					

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Positive/ (Negative) Final to Actual</b>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 454,250		\$ 454,250	\$ 454,250	
State Sources:					
Debt Service Aid Type II	75,687		75,687	75,687	
Total - State Sources	75,687		75,687	75,687	
<b>TOTAL REVENUES</b>	<b>529,937</b>		<b>529,937</b>	<b>529,937</b>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	229,095		229,095	229,095	-
Redemption of Principal	300,342	\$ (15,342)	285,000	285,000	
Fiduciary Fees	500		500	500	
Total Regular Debt Service	529,937	(15,342)	514,595	514,595	-
<b>TOTAL EXPENDITURES</b>	<b>529,937</b>	<b>(15,342)</b>	<b>514,595</b>	<b>514,595</b>	
Excess (Deficiency) of Revenues Over Expenditures	-	15,342	15,342	15,342	-
Fund Balance, July 1	(15,342)		(15,342)	(15,342)	
Fund Balance, June 30	(15,342)		(15,342)	(15,342)	
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance					

High Bridge Borough School District  
**Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
	97-102
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	
<b>Revenue Capacity (J-6 thru J-9)</b>	103-106
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	
<b>Debt Capacity (J-10 thru J-13)</b>	107-110
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	
<b>Demographic and Economic Information (J-14 and J-15)</b>	111-112
These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	
<b>Operating Information (J-16 thru J-20)</b>	113-117
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	

**Sources:**

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



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

*(accrual basis of accounting)*

**Exhibit J-1**

	2006		2007		2008		2009		Fiscal Year Ending June 30,		2010		2011		2012		2013		2014		2015		
<b>Governmental activities</b>																							
Invested in capital assets, net of related debt	\$	6,604,755	\$	6,684,755	\$	6,666,492	\$	6,687,114	\$	6,757,656	\$	6,804,279	\$	6,716,877	\$	6,716,877	\$	6,716,877	\$	7,150,892	\$	6,896,677	
Restricted		4,766		4,920		4,920		3,630		117,592		263,935		701,557		852,280		1,027,239		1,135,006			
Unrestricted		48,636		57,549		282,244		307,922		296,335		472,727		(501,691)		(435,228)		(737,264)		(1,853,927)			
<b>Total governmental activities net position</b>	<b>\$</b>	<b>6,658,157</b>	<b>\$</b>	<b>6,747,224</b>	<b>\$</b>	<b>6,953,656</b>	<b>\$</b>	<b>6,998,666</b>	<b>\$</b>	<b>7,171,583</b>	<b>\$</b>	<b>7,540,941</b>	<b>\$</b>	<b>6,916,743</b>	<b>\$</b>	<b>7,133,929</b>	<b>\$</b>	<b>7,440,867</b>	<b>\$</b>	<b>6,177,756</b>			
<b>Business-type activities</b>																							
Invested in capital assets, net of related debt	\$	27,824	\$	13,887	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	
Restricted		-		-		-		-		-		-		-		-		-		-			
Unrestricted		11,757		12,203		7,830		7,182		9,474		11,343		12,489		12,012		19,519		29,235			
<b>Total business-type activities net position</b>	<b>\$</b>	<b>39,581</b>	<b>\$</b>	<b>26,090</b>	<b>\$</b>	<b>7,830</b>	<b>\$</b>	<b>7,182</b>	<b>\$</b>	<b>9,474</b>	<b>\$</b>	<b>11,343</b>	<b>\$</b>	<b>12,489</b>	<b>\$</b>	<b>12,012</b>	<b>\$</b>	<b>19,519</b>	<b>\$</b>	<b>29,235</b>			
<b>District-wide</b>																							
Invested in capital assets, net of related debt	\$	6,632,579	\$	6,698,642	\$	6,666,492	\$	6,687,114	\$	6,757,656	\$	6,804,279	\$	6,716,877	\$	6,716,877	\$	6,716,877	\$	7,150,892	\$	6,896,677	
Restricted		4,766		4,920		4,920		3,630		117,592		263,935		701,557		852,280		1,027,239		1,135,006			
Unrestricted		60,393		69,752		290,074		315,104		305,809		484,070		(489,202)		(423,216)		(717,745)		(1,824,692)			
<b>Total district net position</b>	<b>\$</b>	<b>6,697,738</b>	<b>\$</b>	<b>6,773,314</b>	<b>\$</b>	<b>6,961,486</b>	<b>\$</b>	<b>7,005,848</b>	<b>\$</b>	<b>7,181,057</b>	<b>\$</b>	<b>7,552,284</b>	<b>\$</b>	<b>6,929,232</b>	<b>\$</b>	<b>7,145,941</b>	<b>\$</b>	<b>7,460,386</b>	<b>\$</b>	<b>6,206,991</b>			

Source: CAFR Schedule A-1

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

**Exhibit J-2**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 2,442,794	\$ 2,781,454	\$ 3,124,828	\$ 3,133,809	\$ 3,267,390	\$ 3,157,305	\$ 3,660,783	\$ 3,137,938	\$ 3,618,789	\$ 3,823,787
Special education	938,614	972,540	703,337	715,699	759,047	863,925	1,141,845	1,138,708	1,011,013	1,121,448
Other special education	338,005	291,732	324,770	323,061	264,619	275,505	294,072	286,591	202,430	206,774
School sponsored cocurricular	49,649	38,324	39,902	38,845	42,935	47,383	47,808	51,967	46,725	51,714
Support Services:										
Tuition	5,034	-	-	86,190	12,204	3,060	76,900	79,600	62,163	110,371
Student & instruction related services	1,328,867	1,535,795	1,555,834	1,467,184	1,613,185	1,519,446	1,347,699	1,463,455	1,206,011	1,843,458
School administrative services	242,730	220,893	231,517	199,551	197,712	232,046	263,053	318,968	257,812	290,230
General and business administrative services	510,071	478,670	473,288	481,427	452,161	433,154	458,793	456,093	374,440	481,293
Plant operations and maintenance	661,855	734,743	715,273	789,653	675,263	704,512	675,216	696,800	638,963	783,523
Pupil transportation	48,045	44,080	51,163	53,349	50,055	37,784	72,022	78,740	100,735	107,887
Interest on long-term debt	343,887	333,931	322,481	310,346	297,342	283,265	280,618	251,583	236,416	224,232
Unallocated depreciation	27,384	32,798	33,320	30,960	30,960	30,960	27,779	29,699	28,253	28,594
Total governmental activities expenses	<u>6,936,935</u>	<u>7,464,960</u>	<u>7,575,713</u>	<u>7,630,074</u>	<u>7,662,873</u>	<u>7,588,345</u>	<u>8,346,588</u>	<u>7,990,142</u>	<u>7,783,750</u>	<u>9,073,311</u>
Business-type activities:										
Food service	125,512	128,592	126,344	105,765	103,428	86,913	90,284	85,920	96,055	87,505
Preschool Program										21,000
Total business-type activities expense	<u>125,512</u>	<u>128,592</u>	<u>126,344</u>	<u>105,765</u>	<u>103,428</u>	<u>86,913</u>	<u>90,284</u>	<u>85,920</u>	<u>96,055</u>	<u>108,505</u>
Total district expenses	<u>\$ 7,062,447</u>	<u>\$ 7,593,552</u>	<u>\$ 7,702,057</u>	<u>\$ 7,735,839</u>	<u>\$ 7,766,301</u>	<u>\$ 7,675,258</u>	<u>\$ 8,436,872</u>	<u>\$ 8,076,062</u>	<u>\$ 7,879,805</u>	<u>\$ 9,181,816</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction-regular	\$ 121,635	\$ 117,964	\$ 103,854	\$ 118,857	\$ 94,129	\$ 143,788	\$ 139,017	\$ 142,770	\$ 111,371	\$ 125,491
Tuition										
Operating grants and contributions	2,360,625	2,605,776	2,690,895	2,345,104	2,497,936	2,404,297	2,479,005	2,563,578	2,470,246	3,362,228
Capital grants and contributions									-	-
Total governmental activities program revenues	<u>2,482,260</u>	<u>2,723,740</u>	<u>2,794,749</u>	<u>2,463,961</u>	<u>2,592,065</u>	<u>2,548,085</u>	<u>2,618,022</u>	<u>2,706,348</u>	<u>2,581,617</u>	<u>3,487,719</u>
Business-type activities:										
Charges for services:										
Food service	89,077	87,616	79,644	73,537	66,259	58,112	63,391	52,426	64,688	55,917
Preschool Program										26,250
Operating grants and contributions	24,809	24,446	23,932	25,506	31,111	24,336	27,031	27,616	36,602	34,679
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>113,886</u>	<u>112,062</u>	<u>103,576</u>	<u>99,043</u>	<u>97,370</u>	<u>82,448</u>	<u>90,422</u>	<u>80,042</u>	<u>101,290</u>	<u>116,846</u>
Total district program revenues	<u>\$ 2,596,146</u>	<u>\$ 2,835,802</u>	<u>\$ 2,898,325</u>	<u>\$ 2,563,004</u>	<u>\$ 2,689,435</u>	<u>\$ 2,630,533</u>	<u>\$ 2,708,444</u>	<u>\$ 2,786,390</u>	<u>\$ 2,682,907</u>	<u>\$ 3,604,565</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (4,454,675)	\$(4,741,220)	\$(4,780,964)	\$(5,166,113)	\$(5,070,808)	\$(5,040,260)	\$(5,728,566)	\$(5,283,794)	\$(5,202,133)	\$(5,585,592)
Business-type activities	(11,626)	(16,530)	(22,768)	(6,722)	(6,058)	(4,465)	138	(5,878)	5,235	8,341
Total district-wide net expense	<u>\$ (4,466,301)</u>	<u>\$(4,757,750)</u>	<u>\$(4,803,732)</u>	<u>\$(5,172,835)</u>	<u>\$(5,076,866)</u>	<u>\$(5,044,725)</u>	<u>\$(5,728,428)</u>	<u>\$(5,289,672)</u>	<u>\$(5,196,898)</u>	<u>\$(5,577,251)</u>

ntinued

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

**Exhibit J-2**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 4,105,877	\$ 4,311,838	\$ 4,483,896	\$ 4,636,252	\$ 4,728,192	\$ 4,822,157	\$ 4,811,071	\$ 4,851,221	\$ 5,055,774	\$ 5,281,889
Taxes levied for debt service	468,006	492,701	493,937	495,135	502,755	523,926	532,656	540,344	412,224	454,250
Unrestricted grants and contributions										
Federal and State Capital Grants							(150,255)	11,823		
Investment earnings	15,650	25,598	9,413	3,877	4,087	4,187	3,305	1,351	1,548	2,047
Miscellaneous income	1,782	150	150	75,859	8,691	59,348	81,216	96,241	39,525	14,665
Transfers										
Total governmental activities	<u>4,591,315</u>	<u>4,830,287</u>	<u>4,987,396</u>	<u>5,211,123</u>	<u>5,243,725</u>	<u>5,409,618</u>	<u>5,277,993</u>	<u>5,500,980</u>	<u>5,509,071</u>	<u>5,752,851</u>
Business-type activities:										
Miscellaneous Income	1,493	3,039	4,508	6,074	8,350	6,334	1,008	5,401	2,272	1,375
Transfers										
Total business-type activities	<u>1,493</u>	<u>3,039</u>	<u>4,508</u>	<u>6,074</u>	<u>8,350</u>	<u>6,334</u>	<u>1,008</u>	<u>5,401</u>	<u>2,272</u>	<u>1,375</u>
Total district-wide	<u>\$ 4,592,808</u>	<u>\$ 4,833,326</u>	<u>\$ 4,991,904</u>	<u>\$ 5,217,197</u>	<u>\$ 5,252,075</u>	<u>\$ 5,415,952</u>	<u>\$ 5,279,001</u>	<u>\$ 5,506,381</u>	<u>\$ 5,511,343</u>	<u>\$ 5,754,226</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 136,640	\$ 89,067	\$ 206,432	\$ 45,010	\$ 172,917	\$ 369,358	\$ (450,573)	\$ 217,186	\$ 306,938	\$ 167,259
Business-type activities	(10,133)	(13,491)	(18,260)	(648)	2,292	1,869	1,146	(477)	7,507	9,716
Total district	<u>\$ 126,507</u>	<u>\$ 75,576</u>	<u>\$ 188,172</u>	<u>\$ 44,362</u>	<u>\$ 175,209</u>	<u>\$ 371,227</u>	<u>\$ (449,427)</u>	<u>\$ 216,709</u>	<u>\$ 314,445</u>	<u>\$ 176,975</u>

Source: CAFR Schedule A-2

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

*(modified accrual basis of accounting)*

**Exhibit J-3**

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 96,049	\$ 117,887	\$ 178,247	\$ 109,694	\$ 147,872	\$ 389,179	\$ 707,058	\$ 852,399	\$ 1,113,880	\$ 1,446,063
Unreserved	(38,860)	(28,477)	84,729	169,874	266,700	317,418	199,214	129,959	135,390	84,384
Total general fund	<u>\$ 57,189</u>	<u>\$ 89,410</u>	<u>\$ 262,976</u>	<u>\$ 279,568</u>	<u>\$ 414,572</u>	<u>\$ 706,597</u>	<u>\$ 906,272</u>	<u>\$ 982,358</u>	<u>\$ 1,249,270</u>	<u>\$ 1,530,447</u>
All Other Governmental Funds										
Reserved									\$ -	-
Unreserved, reported in:										
Special revenue fund				\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)	\$ (660)
Capital projects fund	\$ 202,996	\$ 202,996	\$ 202,996	202,996	202,996	202,996		1,245	1,245	1,245
Debt service fund		1,500	1,500						(15,342)	-
Total all other governmental funds	<u>\$ 202,996</u>	<u>\$ 204,496</u>	<u>\$ 204,496</u>	<u>\$ 202,336</u>	<u>\$ 202,336</u>	<u>\$ 202,336</u>	<u>\$ (660)</u>	<u>\$ 585</u>	<u>\$ (14,757)</u>	<u>\$ 585</u>

Source: CAFR Schedule B-1

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

**Exhibit J-4**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>										
Tax levy	\$ 4,573,883	\$ 4,804,539	\$ 4,977,833	\$ 5,131,387	\$ 5,230,947	\$ 5,346,083	\$ 5,343,727	\$ 5,391,565	\$ 5,467,998	\$ 5,736,139
Tuition charges	121,635	117,964	103,854	118,857	94,129	143,788	139,017	142,770	111,371	125,491
Miscellaneous	17,432	25,748	9,563	79,736	12,778	63,535	84,521	97,592	41,073	16,712
State sources	2,243,715	2,482,948	2,558,942	2,222,875	2,206,067	2,126,918	2,140,107	2,449,089	2,342,436	2,409,014
Federal sources	116,910	122,828	131,953	122,229	291,869	277,379	188,643	126,312	127,810	121,133
<b>Total revenue</b>	<b>7,073,575</b>	<b>7,554,027</b>	<b>7,782,145</b>	<b>7,675,084</b>	<b>7,835,790</b>	<b>7,957,703</b>	<b>7,896,015</b>	<b>8,207,328</b>	<b>8,090,688</b>	<b>8,408,489</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	1,713,308	2,154,758	2,490,261	2,645,082	2,737,184	2,596,671	2,514,912	2,444,147	2,982,108	2,632,722
Special education instruction	727,178	860,055	624,808	666,524	700,605	786,763	1,034,608	998,682	883,640	886,081
Other special instruction	261,865	257,990	288,509	300,864	244,245	250,898	266,454	251,349	176,927	163,377
Other instruction	38,465	33,891	35,447	36,176	39,629	43,151	43,318	45,577	40,838	40,860
<b>Support Services:</b>										
Tuition	5,034	-	-	86,190	12,204	3,060	76,900	79,600	62,163	110,371
Student & instruction related services	951,094	1,358,163	1,382,122	1,366,375	1,488,979	1,383,736	1,221,129	1,283,495	1,054,071	1,456,557
School administrative services	188,052	195,344	205,668	185,840	182,489	211,321	238,348	279,745	225,331	229,317
Other administrative services	395,170	423,306	420,444	448,349	417,347	394,467	408,406	390,770	327,266	380,280
Plant operations and maintenance	512,763	649,762	631,806	710,397	623,272	641,588	611,803	611,115	558,463	619,079
Pupil transportation	48,045	44,080	51,163	53,349	50,055	37,784	72,022	78,740	100,735	107,887
Unallocated employee benefits	1,458,413	806,938	800,406	491,217	559,925	646,044	740,927	928,482	926,773	926,628
<b>Special Revenue</b>										
Charter Schools	8,638	8,954	-	-	-	-	-	-	-	-
Capital Outlay	168,289	133,932	81,017	70,219	37,379	56,405	46,481	105,252	8	44,716
<b>Debt service:</b>										
Principal	210,000	255,000	270,000	285,000	305,000	325,000	350,000	375,000	260,000	285,000
Interest and other charges	347,340	338,133	326,928	315,070	302,473	288,790	274,028	258,043	240,795	229,095
<b>Total expenditures</b>	<b>7,033,654</b>	<b>7,520,306</b>	<b>7,608,579</b>	<b>7,660,652</b>	<b>7,700,786</b>	<b>7,665,678</b>	<b>7,899,336</b>	<b>8,129,997</b>	<b>7,839,118</b>	<b>8,111,970</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>39,921</b>	<b>33,721</b>	<b>173,566</b>	<b>14,432</b>	<b>135,004</b>	<b>292,025</b>	<b>(3,321)</b>	<b>77,331</b>	<b>251,570</b>	<b>296,519</b>
<b>Other Financing Sources (uses)</b>										
Capital leases (non-budgeted)										
Bond proceeds										
Proceeds of refunding debt										
Payment to refunded debt escrow agent										
Transfers in										
Transfers out									-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 39,921</b>	<b>\$ 33,721</b>	<b>\$ 173,566</b>	<b>\$ 14,432</b>	<b>\$ 135,004</b>	<b>\$ 292,025</b>	<b>\$ (3,321)</b>	<b>\$ 77,331</b>	<b>\$ 251,570</b>	<b>\$ 296,519</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>8.1%</b>	<b>8.0%</b>	<b>7.9%</b>	<b>7.9%</b>	<b>7.9%</b>	<b>8.1%</b>	<b>7.9%</b>	<b>7.9%</b>	<b>6.4%</b>	<b>6.4%</b>

Source: CAFR Schedule B-2

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

Exhibit J-5

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	\$ 15,650			\$ 121,635	\$ 960	\$ 138,245
2007	25,598			117,964		143,562
2008	9,413			103,854		113,267
2009	3,877	\$ 57,861		118,857	16,763	197,358
2010	4,087			94,129	8,691	106,907
2011	4,187	27,685		143,788	31,663	207,323
2012	3,305	63,429	\$ 8,100	139,017	9,687	223,538
2013	1,351	11,505	9,200	142,770	75,536	240,362
2014	1,548	19,683	8,475	142,770	11,367	183,843
2015	2,047		8,775	125,491	5,890	142,203

SOURCE: District Records

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

**Exhibit J-6**

<u>Fiscal Year Ended June 30.</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2006	\$5,474,600	\$347,569,200	\$1,084,200	\$19,100	\$10,888,200	\$11,236,700	\$3,786,200	\$408,689,800	\$27,505,600	\$1,126,000	\$380,058,200	\$1.201	\$365,321,396
2007	4,372,900	348,097,300	1,084,200	19,100	10,813,500	10,554,700	3,870,900	408,363,505	28,233,900	1,317,005	378,812,600	1.265	399,979,755
2008	4,188,800	350,188,600	1,084,200	14,200	10,530,400	10,728,706	3,782,200	410,454,112	28,891,200	1,045,806	380,517,106	1.309	447,196,154
2009	7,594,000	355,408,106	1,084,200	14,200	11,947,400	8,024,000	509,600	414,518,512	28,891,200	1,045,806	384,581,506	1.334	446,007,901
2010	2,203,100	354,311,900	1,084,200	14,200	11,947,400	8,024,000	509,600	413,076,511	34,077,900	904,211	378,998,611	1.380	429,523,246
2011	2,183,000	354,003,700	1,084,200	14,200	11,947,800	7,338,600	509,600	412,093,634	34,077,900	934,634	378,015,734	1.414	425,978,607
2012	2,000,900	353,222,800	1,084,200	14,200	11,947,800	7,338,600	509,600	411,034,117	33,990,900	925,117	377,043,217	1.417	410,415,386
2013	1,961,400	348,613,800	1,478,600	9,254	11,964,200	7,338,600	509,600	406,916,399	34,119,500	921,445	372,796,899	1.446	387,670,007
2014	1,478,400	339,991,100	1,478,600	9,254	11,767,400	7,906,400	509,600	394,384,574	30,292,700	951,120	364,091,874	1.502	359,381,771
2015	1,635,700	337,046,400	1,478,600	9,254	11,767,400	7,221,000	509,600	389,960,654	30,292,700	-	359,667,954	1.595	349,430,504

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

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

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	High Bridge Borough Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Regional School District	High Bridge Borough	Library	Hunterdon County	
2006	\$1.006	\$0.195	\$1.201	\$0.545	\$0.278	\$0.027	\$0.339	\$2.390
2007	\$1.135	\$0.130	\$1.265	\$0.558	\$0.391	\$0.028	\$0.348	\$2.590
2008	\$1.179	\$0.130	\$1.309	\$0.538	\$0.750	\$0.030	\$0.363	\$2.990
2009	\$1.204	\$0.130	\$1.334	\$0.524	\$0.785	\$0.028	\$0.357	\$3.028
2010	\$1.247	\$0.133	\$1.380	\$0.509	\$0.784	\$0.028	\$0.361	\$3.062
2011	\$1.275	\$0.139	\$1.414	\$0.566	\$0.784	\$0.027	\$0.359	\$3.150
2012	\$1.276	\$0.141	\$1.417	\$0.580	\$0.789	\$0.027	\$0.346	\$3.159
2013	\$1.301	\$0.145	\$1.446	\$0.539	\$0.818	\$0.030	\$0.335	\$3.168
2014	\$1.357	\$0.145	\$1.502	\$0.623	\$0.843	\$0.030	\$0.325	\$3.323
2015	\$1.469	\$0.126	\$1.595	\$0.602	\$0.876	\$0.030	\$0.326	\$3.429

Source: District Records and Municipal Tax Collector

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

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

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

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

**Exhibit J-8**

Taxpayer	2014			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Glassman Family Realty, LLC	\$3,085,400	1	0.86%	\$ 1,871,900	2	1.30%
1742 Square Assoc. Ltd.	2,695,100	2	0.75%	2,761,600	3	0.93%
Country Club Self Storage. LLC	1,706,000	3	0.47%	1,283,174	6	0.64%
Individual Taxpayer #1	1,695,500	4	0.47%			
United Telephone Co.	904,211	5	0.25%	1,074,000	7	0.53%
Individual Taxpayer #2	845,200	6	0.23%	1,392,000	5	0.69%
Individual Taxpayer #3	832,500	7	0.23%	803,296	10	0.40%
Individual Taxpayer #4	816,900	8	0.23%	1,048,000	8	0.52%
K&J Brokerage	781,700	9	0.22%			
Individual Taxpayer #5	600,000	10	0.17%			
37 Main Street, LLC				844,800	9	0.42%
Heilands, LLC				2,761,600	1	1.37%
Komline Sanderson Eng.Corp.				1,501,400	4	0.74%
<b>Total</b>	<b>\$ 13,962,511</b>		<b>3.88%</b>	<b>\$ 15,341,770</b>		<b>7.54%</b>

Source: District CAFR & Municipal Tax Assessor

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$4,573,883	\$4,573,883	100.00%	-
2007	\$4,804,539	\$4,804,539	100.00%	-
2008	\$4,977,833	\$4,977,833	100.00%	-
2009	\$5,131,387	\$5,131,387	100.00%	-
2010	\$5,230,947	\$5,230,947	100.00%	-
2011	\$5,346,083	\$5,346,083	100.00%	-
2012	\$5,343,727	\$5,343,727	100.00%	-
2013	\$5,391,565	\$5,391,565	100.00%	-
2014	\$5,467,998	\$5,467,998	100.00%	-
2015	\$5,736,139	\$5,736,139	100.00%	-

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

**Note:**

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

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

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2006	\$ 7,120,000	-0-	-0-	-0-	-0-	\$ 7,120,000	2.95%	\$1,913.46
2007	\$ 6,865,000	-0-	\$ 113,282	-0-	-0-	\$ 6,978,282	2.75%	\$1,875.38
2008	\$ 6,595,000	-0-	\$ 88,108	-0-	-0-	\$ 6,683,108	2.62%	\$1,800.41
2009	\$ 6,310,000	-0-	\$ 62,934	-0-	-0-	\$ 6,372,934	2.62%	\$1,722.41
2010	\$ 6,005,000	-0-	\$ 37,760	-0-	-0-	\$ 6,042,760	2.49%	\$1,634.50
2011	\$ 5,680,000	-0-	\$ 12,586	-0-	-0-	\$ 5,692,586	2.24%	\$1,560.90
2012	\$ 5,330,000	-0-	-0-	-0-	-0-	\$ 5,330,000	1.97%	\$1,467.92
2013	\$ 4,955,000	-0-	-0-	-0-	-0-	\$ 4,955,000	1.82%	\$1,373.34
2014	\$ 4,695,000	-0-	-0-	-0-	-0-	\$ 4,695,000	1.73%	\$1,304.53
2015	\$ 4,410,000	-0-	-0-	-0-	-0-	\$ 4,410,000	1.63%	\$1,229.10

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

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

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

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

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 7,120,000	-0-	\$ 7,120,000	1.87%	\$ 1,913
2007	\$ 6,865,000	-0-	\$ 6,865,000	1.81%	\$ 1,845
2008	\$ 6,595,000	-0-	\$ 6,595,000	1.73%	\$ 1,777
2009	\$ 6,310,000	-0-	\$ 6,310,000	1.64%	\$ 1,705
2010	\$ 6,005,000	-0-	\$ 6,005,000	1.58%	\$ 1,624
2011	\$ 5,680,000	-0-	\$ 5,680,000	1.50%	\$ 1,557
2012	\$ 5,330,000	-0-	\$ 5,330,000	1.41%	\$ 1,468
2013	\$ 4,955,000	-0-	\$ 4,955,000	1.33%	\$ 1,373
2014	\$ 4,695,000	-0-	\$ 4,695,000	1.29%	\$ 1,305
2015	\$ 4,410,000	-0-	\$ 4,410,000	1.23%	\$ 1,229

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

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

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

R Revised

\* Current data unavailable

**High Bridge Borough School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2015**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of High Bridge	\$ 12,892,353	100.00%	\$ 12,892,353
<b>Other debt</b>			
North Hunterdon Regional School District	2,815,000	1.703%	47,934
Hunterdon County	70,347,424	1.680%	<u>1,182,120</u>
Subtotal, overlapping debt			14,122,407
<b>High Bridge Borough School District Direct Debt</b>			<u>4,410,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 18,532,407</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2015

Equalized valuation basis	
2012	364,226,693
2013	350,285,284
2014	356,742,664
<b>[A]</b>	<b>\$ 1,071,254,641</b>

Average equalized valuation of taxable property	<b>[A/3]</b>	\$ 357,084,880
Debt limit (3 % of average equalization value)	<b>[B]</b>	10,712,546
Net bonded school debt	<b>[C]</b>	4,410,000
Legal debt margin	<b>[B-C]</b>	<b>\$ 6,302,546</b>

	Fiscal Year									
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$10,101,700	\$11,249,693	\$12,297,014	\$12,833,652	\$12,917,489	\$12,648,955	\$12,188,203	\$11,599,807	\$11,027,429	10,712,546
Total net debt applicable to limit	7,120,000	6,865,000	6,595,000	6,310,000	6,005,000	5,680,000	5,680,000	4,955,000	4,695,000	4,410,000
Legal debt margin	<u>\$2,981,700</u>	<u>\$4,384,693</u>	<u>\$5,702,014</u>	<u>\$6,523,652</u>	<u>\$6,912,489</u>	<u>\$6,968,955</u>	<u>\$6,508,203</u>	<u>\$6,644,807</u>	<u>\$6,332,429</u>	<u>\$6,302,546</u>
Total net debt applicable to the limit as a percentage of debt limit	70.48%	61.02%	53.63%	49.17%	46.49%	44.90%	46.60%	42.72%	42.58%	41.17%

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

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

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

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2006	3,721	\$ 241,578,483	\$64,923 R	3.5%
2007	3,721	\$ 254,110,811	\$68,291 R	3.1%
2008	3,712	\$ 255,188,864	\$68,747 R	4.0%
2009	3,700	\$ 243,086,300	\$65,699 R	7.2%
2010	3,697	\$ 242,859,627	\$65,691 R	7.4%
2011	3,647	\$ 254,257,899	\$69,717 R	7.3%
2012	3,631	\$ 270,632,954	\$74,534 R	7.5%
2013	3,608	\$ 272,486,984	\$75,523 R	8.4%
2014	3,599	\$ 271,807,277	\$75,523 *	5.5%
2015	3,588	\$ 270,976,524	\$75,523 *	*

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal Income provided by US Dept of Commerce

<sup>c</sup> Per Capita provided by US Dept of Commerce

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

P =Projected

R =Revised

\* Current data unavailable



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

**Exhibit J-16**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	54.00	39.90	43.74	43.88	40.48	34.19	34.78	31.60	31.80	31.80
Special education	22.47	33.40	30.93	30.78	28.70	30.96	33.53	33.00	34.70	34.70
Support Services:										
General administrative services	2.45	2.45	2.35	1.85	3.38	2.90	2.90	2.90	2.90	2.90
School administrative services	2.85	2.85	2.85	2.85	3.10	3.10	3.10	3.10	3.10	3.10
Business administrative services	1.60	1.60	1.60	1.60	1.60	1.60	1.80	1.80	1.80	1.80
Plant operations and maintenance	5.74	5.74	5.50	5.68	4.90	0.00	5.30	5.30	5.30	5.30
Pupil transportation	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Total	<u>89.21</u>	<u>86.04</u>	<u>87.07</u>	<u>86.74</u>	<u>82.26</u>	<u>72.85</u>	<u>81.51</u>	<u>77.80</u>	<u>79.70</u>	<u>79.70</u>

**Source:** District Personnel Records

High Bridge Borough School District  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary				
2006	445	\$6,299,387	14,156	-56.18%	58	1:7.7	443.5	426.6	0.11%	96.19%
2007	436	\$6,784,287	15,560	9.92%	57	1:7.6	420.0	411.0	-5.30%	97.86%
2008	402	\$6,930,634	17,240	10.80%	51	1:7.9	394.2	380.9	-6.14%	96.63%
2009	409	\$6,990,363	17,091	-0.86%	50	1:8.2	401.9	387.4	1.95%	96.39%
2010	406	\$7,055,934	17,379	1.68%	49	1:8.4	399.1	382.3	-0.70%	95.79%
2011	392	\$6,995,483	17,846	2.68%	49	1:8.0	390.4	372.2	-2.18%	95.34%
2012	394	\$7,228,827	18,347	2.81%	51	1:7.7	388.8	374.9	-0.41%	96.42%
2013	367	\$7,391,702	20,141	9.78%	47	1:7.8	348.0	337.0	-10.49%	96.84%
2014	375	\$7,391,702	19,711	-2.13%	45	1:8.3	368.0	352.5	5.75%	95.79%
2015	380	\$7,553,159	19,877	0.84%	45	1:8.4	376.9	359.9	2.42%	95.49%

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

**Note:** Enrollment based on annual October district count.

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

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

**Exhibit J-18**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2014</u>	<u>2015</u>	<u>2015</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
(1966, 1998 Addition)										
Square Feet	46,459	46,459	46,459	46,459	46,459	46,459	46,459	46,459	46,459	46,459
Capacity (students)	349	349	349	349	349	349	349	349	349	349
Enrollment	294	277	260	269	259	226	253	258	270	265
<b><u>High Bridge Middle School (1903)</u></b>										
Additions - 1918, 1948, 1998										
Square Feet	54,584	54,584	54,584	54,584	54,584	54,584	54,584	54,584	54,584	54,584
Capacity (students)	126	126	126	126	126	126	126	126	126	126
Enrollment	140	134	142	140	147	145	136	109	107	115

Number of Schools at June 30, 2015

**Source:** District records, ASSA

Elementary = 1  
Middle School = 1

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

HIGH BRIDGE BOROUGH SCHOOL DISTRICT  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
Last Ten Fiscal Years Ending June 30, 2015

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
High Bridge Middle School	N/A	\$45,032	\$36,620	\$40,244	\$49,662	\$49,662	\$87,836	\$113,845	\$168,698	\$67,710	\$65,185	\$724,494
High Bridge Elementary School	N/A	39,934	32,474	35,688	44,040	44,040	77,892	100,956	149,600	60,045	57,806	642,475
Total School Facilities		84,966	69,094	75,932	93,702	93,702	165,728	214,801	318,298	127,755	122,991	1,366,969
Other Facilities		NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE
<b>Grand Total</b>		<b>\$84,966</b>	<b>\$69,094</b>	<b>\$75,932</b>	<b>\$93,702</b>	<b>\$93,702</b>	<b>\$165,728</b>	<b>\$214,801</b>	<b>\$318,298</b>	<b>\$127,755</b>	<b>\$122,991</b>	<b>\$1,366,969</b>

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

INSURANCE SCHEDULE  
JUNE 30, 2015  
UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<b>SCHOOL PACKAGE POLICY - School Alliance Insurance Fund:</b>		
Property-Blanket Building and Contents	\$ 150,000,000	\$ 1,000
Comprehensive General Liability	5,000,000	1,000
<b>BOILER AND MACHINERY - School Alliance Insurance Fund</b>	Included in Property	1,000
<b>UMBRELLA LIABILITY - School Alliance Insurance Fund</b>	10,000,000	N/A
<b>SCHOOL BOARD LEGAL LIABILITY - School Alliance Insurance Fund:</b> (\$10,000,000 aggregate)	5,000,000	35,000
<b>PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE</b>		
<b>BLANKET POSITION BOND - Selective Insurance Company</b>		
Treasurer Position Bond	300,000	
Board Secretary/School Business Administrator Position	300,000	
<b>BLANKET DISHONESTY BOND</b>		
Per Loss	500,000	1,000
<b>WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY -</b> <b>School Alliance Insurance Fund</b>	100,000 Statutory	

SOURCE: District Records



# Single Audit Section





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

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

#### Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the High Bridge Borough School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the High Bridge Borough School District Board of Education's basic financial statements, and have issued our report thereon dated November 16, 2015.

#### **Internal Control Over Financial Reporting**

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

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

-Continued-

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

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the Borough of High Bridge School District, in a separate letter dated November 16, 2015 entitled "*Auditor's Management Report on Administrative Findings*".

**Purpose of this Report**

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

*Ardito & Co., LLP*

ARDITO & CO., LLP  
November 16, 2015

*Cynthia Cecile*

Licensed Public School Accountant No.2369



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### **Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circulars 04-04 and 15-08**

#### Independent Auditor's Report

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

#### **Report on Compliance for Each Major State Program**

We have audited the High Bridge Borough School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circulars 04-04 and 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2015. The High Bridge Borough School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

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

**Opinion on Each Major State Program**

In our opinion, the High Bridge Borough School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of the High Bridge Borough School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circulars 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the High Bridge Borough School District Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB circulars 04-04 and 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

*ARDITO & Co., LLP*

ARDITO & CO., LLP  
November 16, 2015

*Carmen Cecile*

Licensed Public School Accountant No.2369

HIGH BRIDGE BOROUGH SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2015

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2014	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2015			MEMO			
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.		
<b>State Department of Education</b>													*			
<b>General Fund:</b>													*			
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 1,041,918			\$ 1,041,918	\$ (1,041,918)							*	\$ 103,375	\$ 1,041,918
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	10,116			10,116	(10,116)							*	1,004	10,116
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	14,219			14,219	(14,219)							*	1,411	14,219
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	207,062			207,062	(207,062)							*	20,544	207,062
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	29,645			29,645	(29,645)							*	2,941	29,645
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	145,709			145,709	(145,709)							*	14,458	145,709
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	3,330			3,330	(3,330)							*	330	3,330
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	3,330			3,330	(3,330)							*	330	3,330
Non-Public Transportation Aid	15-100-034-5120-068	7/1/14-6/30/15	1,566				(1,566)			\$ (1,566)				*		1,566
Non-Public Transportation Aid	14-100-034-5120-068	7/1/13-6/30/14	4,514	\$ (4,514)		4,514								*		4,514
Extraordinary Aid	14-495-034-5120-057	7/1/13-6/30/14	166,820	(165,096)		166,820	(1,724)							*		166,820
Extraordinary Aid	15-495-034-5120-057	7/1/14-6/30/15	129,540				(129,540)			(129,540)				*		129,540
On-behalf TPAF Pension Contrib.	15-495-034-5094-006	7/1/14-6/30/15	187,245			187,245	(187,245)							*		187,245
Reimbursed TPAF Soc.Secur.Contrib.	15-495-034-5094-003	7/1/14-6/30/15	256,358	(13,022)		268,091	(256,358)			(1,289)				*		256,358
<b>Total General Fund</b>				<u>(182,632)</u>		<u>2,081,999</u>	<u>(2,031,762)</u>	<u>-</u>		<u>(132,395)</u>				*	<u>144,393</u>	<u>2,201,372</u>
<b>Special Revenue Fund:</b>													*			
Pre-School Education Aid	15-495-034-5120-086	7/1/15-6/30/15	6,600			6,600	(6,600)							*	660	6,600
<b>Total Special Revenue Fund</b>				<u>-</u>		<u>6,600</u>	<u>(6,600)</u>	<u>-</u>		<u>-</u>				*	<u>660</u>	<u>6,600</u>
<b>Debt Service Fund:</b>													*			
Debt Service Aid	15-495-034-5120-017	7/1/15-6/30/15	75,687			75,687	(75,687)							*		75,687
<b>State Department of Agriculture:</b>													*			
<b>Enterprise Fund:</b>													*			
Nat.School Lunch Prog.(State Share)	14-100-010-3350-023	7/1/13-6/30/14		(65)		65								*		
Nat.School Lunch Prog.(State Share)	15-100-010-3350-023	7/1/15-6/30/15	1,026			968	(1,026)			(58)				*		1,026
<b>Total Enterprise Fund</b>				<u>(65)</u>		<u>1,033</u>	<u>(1,026)</u>	<u>-</u>		<u>(58)</u>				*		<u>1,026</u>
<b>Total State Financial Assistance</b>				<u>\$ (182,697)</u>		<u>\$ 2,165,319</u>	<u>\$ (2,115,075)</u>	<u>-</u>		<u>\$ (132,453)</u>				*	<u>\$ 145,053</u>	<u>\$ 2,284,685</u>

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2015**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$2,286) for the general fund and (\$2,231) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2015

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 2,326,727	\$ 2,326,727
Special Revenue Fund	\$ 121,133	6,600	127,733
Debt Service Fund		75,687	75,687
Food Service Fund	<u>34,594</u>	<u>58</u>	<u>34,652</u>
Total Financial Assistance	<u>\$ 155,727</u>	<u>\$ 2,409,072</u>	<u>\$ 2,564,799</u>

**NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I - Summary of Auditor's Results

**Financial Statement Section**

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

**Federal Awards Section**

N/A

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

**CFDA NUMBER(S)**

**NAME OF FEDERAL PROGRAM OR CLUSTER**

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I - Summary of Auditor's Results

**State Financial Assistance Section**

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x yes    no
- L) Type of auditor's report on compliance for major programs: Unmodified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified?    yes x no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses?    yes x none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04?    yes x no
- O) Identification of major programs:

**GMIS Number(s)**

**Name of State Program**

15-495-034-5120-078  
15-495-034-5094-003

Equalization Aid  
Reimb. TPAF Soc. Sec. Reimbursement

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Section II-Financial Statement Findings**

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

**Section III - State Financial Assistance Findings and Questioned Costs**

**STATE FINANCIAL ASSISTANCE**-There are no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circulars 04-04 or 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**STATUS OF PRIOR YEAR FINDINGS**

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